



As at March 3, 2003

## Auditor's Report

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To the Speaker of the Legislative Assembly

I have audited the statement of financial position of the Legislative Assembly Office at March 31, 2003 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, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta  
July 4, 2003

FCA  
Auditor General



## Statement of Financial Position

As at March 31, 2003

	2003	2002
Assets		
Current assets:		
Cash	\$6,519	\$6,469
Prepaid expenses	67,718	21,038
Accounts receivable and advances	335,125	363,835
Inventory held for resale	234,153	239,665
	643,515	631,007
Capital assets (Note 4)	1,286,279	1,126,152
	\$1,929,794	\$1,757,159
Liabilities & net liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$1,240,680	\$1,052,807
Members' transition allowance (Note 6)	14,139,947	11,714,289
Vacation pay	755,127	705,992
	14,895,074	12,420,281
Net liabilities	(14,205,960)	(11,715,929)
	\$1,929,794	\$1,757,159

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

## Statement of Changes in Net Liabilities

For the year ended March 31, 2003

	2003	2002
Net liabilities at beginning of year	\$(11,715,929)	\$(4,779,669)
Net operating results	(30,688,761)	(33,609,136)
Net transfer from general revenues	28,198,730	26,672,876
Net liabilities at end of year	\$(14,205,960)	\$(11,715,929)

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

## Statement of Operations

For the year ended March 31, 2003

	2003 Budget	2003 Actual	2002 Actual
Revenues	(Note 8)		
Gift shop sales, services, and fees	\$170,000	\$420,181	\$287,607
Other	-	144,967	12,071
Contribution from Alberta Infrastructure for accommodations costs provided at no charge (Note 5)	-	622,040	1,286,882
	170,000	1,187,188	1,586,560
Expenses			
Voted:			
Electoral boundaries commission	500,000	442,120	-
Financial management and administrative services	487,000	487,463	464,419
Government Members' services	2,544,000	1,984,583	1,990,392
House services	2,880,000	2,919,941	2,674,041
Human resource services	642,000	594,990	511,274
Information systems	1,851,000	2,128,103	2,274,788
Legislative committees	260,000	207,220	150,365
Legislature Library	1,379,000	1,381,766	1,202,914
MLA administration	21,825,000	20,558,814	19,397,905
New Democrat Opposition services	287,000	296,239	289,757
Office of the Speaker	354,000	357,005	331,278
Official Opposition services	791,000	795,055	765,287
Public Information Branch	1,077,000	802,678	838,444
Vacant electoral division	53,000	-	-
	\$34,930,000	32,955,977	30,890,864
Valuation adjustments:			
Accommodation costs (Note 5)		622,040	1,286,882
Capitalization of assets expensed as supplies (Note 3b)		(1,270,489)	(1,429,608)
Amortization of capital assets (Note 3b)		1,110,361	1,067,478
Provision for (reduction in) members' transition allowance (Note 6)		(1,549,908)	3,277,375
Provision for vacation pay		49,135	53,979
Lease payments expensed (capitalized)		(46,680)	58,962
Net consumption of (increase in) inventory		5,513	(10,236)
		(1,080,028)	4,304,832
		31,875,949	35,195,696
Net operating results		\$(30,688,761)	\$(33,609,136)

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

# Statement of Cash Flows

For the year ended March 31, 2003

	2003	2002
Operating transactions:		
Net operating results	\$ (30,688,761)	\$ (33,609,136)
Add non-cash charges:		
Amortization of capital assets	1,110,362	1,067,478
Increase in vacation pay	49,135	73,979
(Increase) decrease in prepaid lease expenses	(46,680)	58,962
Decrease (increase) in accounts receivable and advances	28,710	(159,381)
Decrease (increase) in inventory	5,512	(10,236)
Increase in accounts payable and accrued liabilities	187,873	335,842
Increase in transition allowance	2,425,658	7,000,974
Cash used by operating transactions	(26,928,191)	(25,241,518)
Investing transactions:		
Acquisition of capital assets	(1,270,489)	(1,429,608)
Financing transactions:		
Net transfer from general revenues	28,198,730	26,672,876
Net cash provided	50	1,750
Cash, beginning of year	6,469	4,719
Cash, end of year	\$ 6,519	\$ 6,469

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

# Notes to the Financial Statements

For the year ended March 31, 2003

## 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 the Speaker of the Legislative Assembly in carrying out the duties of the office.
2. Support Members in carrying out their roles as elected representatives of the people of Alberta.
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 Canadian generally accepted accounting principles:

### 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 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 resale 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 and 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, vacation pay, and Members’ transition allowance 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**

2003				2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office Equipment	\$136,150	\$59,780	\$76,370	\$47,887
Furniture	1,028,986	238,133	790,853	517,087
Computer hardware and software	4,089,047	3,669,991	419,056	561,178
	\$5,254,183	\$3,967,904	\$1,286,279	\$1,126,152

**Note 5 Contribution from Alberta Infrastructure**

Included in the \$622,040 contribution from Alberta Infrastructure is \$61,620 for renovations to the Office’s space in the Legislature Annex, and \$52,505 for an upgrade to the Legislature intercom system.

**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 the 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.

Under 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 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 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 change in the liability and the amount treated as a voted expense is 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 \$418,278 for the year ending March 31, 2003 (2002 - \$367,337).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of \$301,968,000 (2001 – surplus of \$5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of \$175,528,000 (2001– actuarial surplus of \$320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$6,472,000 (2001– actuarial deficiency \$399,000).

The Office also participates in a multi-employer Long Term Disability Continuance Plan. At March 31, 2003, the Management, Opted Out and Excluded Plan reported an actuarial deficiency of \$3,053,000 (2001– actuarial deficiency of \$2,656,000). The expense for this plan is limited to employer’s annual contributions for the year.

**Note 8 Budget**

Expenses:	
2002-2003 budget <sup>(a)</sup>	\$ 34,930,000
2002-2003 actual expenses (excluding valuation adjustments)	(32,955,977)
2002-2003 unexpended (excluding valuation adjustments)	\$1,974,023

<sup>(a)</sup> Office of the Legislative Assembly Estimates released on March 19, 2002.

**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, 2003

	2003		2002
	Budget	Actual	Actual
Expenses:			
Salaries, wages and employer contributions	\$ 8,839,115	\$ 11,408,941	\$ 10,530,020
Supplies and services	13,228,285	9,400,175	8,649,386
Grants	3,000	775	-
Payments to MLAs and Executive Council	12,859,600	12,146,086	11,711,458
Total expenses	\$ 34,930,000	\$ 32,955,977	\$ 30,890,864

# Schedule 2 – Salary and Benefits Disclosure

For the year ended March 31, 2003

	2003			2002
	Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
Senior official Clerk of the Legislative Assembly <sup>(3)</sup>	\$146,164 <sup>(4)</sup>	\$40,569	\$186,733	\$191,842
Senior Management Team				
Senior Financial Officer	98,338 <sup>(4)</sup>	19,399	117,737	112,047
Senior Parliamentary Counsel	105,678 <sup>(4)</sup>	22,472	128,150	119,201
Senior Parliamentary Counsel	99,547	19,992	119,539	110,289
Director, Human Resource Services	90,401 <sup>(4)</sup>	15,981	106,382	89,941
Legislature Librarian	80,886 <sup>(4)</sup>	14,446	95,332	78,835
Clerk Assistant	85,644 <sup>(4)</sup>	15,399	101,043	86,179
Director of Visitor, Ceremonial, & Security Services and Sergeant-At-Arms	85,644 <sup>(4)</sup>	15,411	101,055	85,092
Manager Sub-total	646,138	123,100	769,238	681,584
	\$792,302	\$163,669	\$955,971	\$873,426

<sup>(1)</sup> Salary includes regular base pay, bonuses, and lump sum payments.

<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 and WCB premiums.

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

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