



# Financial Statements

For the Year Ended

March 31, 2015



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Table of Contents

Statement of Management Responsibility .....	3
Auditors' Report to the Clerk of the House of Commons .....	4
Statement of Financial Position .....	6
Statement of Operations and Net Financial Position.....	7
Statement of Change in Net Debt .....	8
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying Financial Statements of the House of Commons for the year ended March 31, 2015, and of all information contained in these statements rests with management.

These Financial Statements have been prepared by management in accordance with Canadian public sector accounting standards, using management's best estimates and judgements where appropriate and giving due consideration to materiality. Financial information submitted to the *Public Accounts of Canada* is consistent with these Financial Statements.

Management maintains a system of financial management and internal control and management practices designed to provide reasonable assurance that the financial information is reliable, that assets are safeguarded, that resources are managed economically and efficiently in the achievement of House of Commons objectives and that transactions reflect the By-laws approved by the Board of Internal Economy and statutory requirements.

Management also seeks to ensure the objectivity and integrity of data in its Financial Statements by careful selection, training, and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility; and by communication programs aimed at ensuring that regulations, policies, guidelines, standards, and managerial authorities are understood throughout the House of Commons.

At the request of management, these Financial Statements have been audited by Ernst & Young LLP, the independent auditors of the House of Commons.

On behalf of the House of Commons,

---

Marc Bosc  
Acting Clerk of the House of Commons

---

Mark G. Watters, CPA, CA  
Chief Financial Officer

Ottawa, Canada  
on the 23<sup>rd</sup> day of June 2015

## **INDEPENDENT AUDITORS' REPORT**

To the Clerk of the **House of Commons**

### **Report on the financial statements**

We have audited the accompanying financial statements of the **House of Commons**, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and net financial position, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **House of Commons** as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Ernst & Young LLP*

Ottawa, Canada  
June 23, 2015

Chartered Professional Accountants  
Licensed Public Accountants



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Statement of Financial Position

As at March 31

	2015	2014 <i>Restated</i> <i>(note 18)</i>
<i>(in thousands of dollars)</i>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities ( <i>note 4</i> )	31,135	22,090
Vacation pay and compensatory leave	7,992	7,792
Lease obligations for tangible capital assets ( <i>note 5</i> )	741	1,648
Employee benefits ( <i>note 6</i> )	35,709	32,521
Centennial Flame Research Award Fund ( <i>note 7</i> )	16	18
<i>Total liabilities</i>	<b>75,593</b>	64,069
<b>Financial assets</b>		
Cash	723	469
Due from the Consolidated Revenue Fund	28,398	18,261
Accounts receivable ( <i>note 8</i> )	7,030	4,895
Advances ( <i>note 9</i> )	823	1,529
Inventory held for sale	285	219
<i>Total financial assets</i>	<b>37,259</b>	25,373
<b>Net debt</b>	<b>38,334</b>	38,696
<b>Non-financial assets</b>		
Prepaid expenses	4,688	3,838
Inventory held for use	2,644	2,706
Tangible capital assets ( <i>note 10</i> )	16,541	15,601
<i>Total non-financial assets</i>	<b>23,873</b>	22,145
<b>Net financial position</b>	<b>14,461</b>	16,551

Contractual obligations (*note 11*)

Contingent liabilities (*note 12*)

Approved by:

\_\_\_\_\_  
Marc Bosc  
Acting Clerk of the House of Commons

\_\_\_\_\_  
Mark G. Watters, CPA, CA  
Chief Financial Officer

Ottawa, Canada  
on the 23<sup>rd</sup> day of June 2015

*The accompanying notes form an integral part of these Financial Statements.*



## Statement of Operations and Net Financial Position

For the year ended March 31

	<b>Budget</b> <i>(note 13)</i>	<b>2015</b>	<b>2014</b> <i>Restated</i> <i>(note 18)</i>
<i>(in thousands of dollars)</i>			
<b>Expenses</b>			
<b>Operating</b>			
Salaries and benefits	322,628	<b>344,472</b>	335,524
Accommodations	59,994	<b>59,994</b>	59,926
Transportation and communications	45,234	<b>35,696</b>	35,502
Professional and special services	23,519	<b>19,440</b>	16,797
Rentals	11,950	<b>13,750</b>	13,547
Computer and office equipment, furniture and fixtures	5,476	<b>7,052</b>	8,641
Utilities, materials and supplies	12,377	<b>9,724</b>	8,288
Information	10,120	<b>6,954</b>	6,300
Amortization of tangible capital assets	6,166	<b>6,166</b>	7,221
Repair and maintenance	7,674	<b>2,615</b>	1,918
Net loss (gain) on disposal of tangible capital assets	57	<b>57</b>	(136)
Other	255	<b>415</b>	421
<b>Total operating expenses</b>	505,450	<b>506,335</b>	493,949
<b>Transfer payments to international associations</b>	932	<b>983</b>	937
<b>Total expenses</b>	506,382	<b>507,318</b>	494,886
<b>Revenues</b>			
Cost recoveries	-	<b>15,123</b>	13,643
Food Services – sales	2,606	<b>2,684</b>	1,947
Other	107	<b>99</b>	59
<b>Total revenues</b>	2,713	<b>17,906</b>	15,649
<b>Net cost of operations</b>	503,669	<b>489,412</b>	479,237
<b>Government funding and transfers</b>			
Net cash provided by Government of Canada	-	<b>(411,292)</b>	(418,477)
Change in due from the Consolidated Revenue Fund	-	<b>(10,137)</b>	4,122
Services received without charge <i>(note 15 (a))</i>	-	<b>(77,671)</b>	(77,424)
Transfer of transition payments for implementing salary payments in arrears <i>(note 16)</i>	-	<b>7,598</b>	-
<b>Net cost of operations after government funding and transfers</b>	-	<b>(2,090)</b>	(12,542)
<b>Net financial position - beginning of year</b>	-	<b>16,551</b>	29,093
<b>Net financial position - end of year</b>	-	<b>14,461</b>	16,551



## Statement of Change in Net Debt For the year ended March 31

	2015	2014 <i>Restated (note 18)</i>
<i>(in thousands of dollars)</i>		
<b>Net cost of operations after government funding and transfers</b>	<b>(2,090)</b>	<b>(12,542)</b>
<b>Change due to tangible capital assets</b>		
Acquisitions of tangible capital assets	<b>7,323</b>	8,045
Amortization of tangible capital assets	<b>(6,166)</b>	(7,221)
Net gain (loss) on disposal of tangible capital assets	<b>(57)</b>	136
Proceeds from disposal of tangible capital assets	<b>(160)</b>	(185)
<b>Total change due to tangible capital assets</b>	<b>940</b>	775
Change due to inventory held for use	<b>(62)</b>	439
Change due to prepaid expenses	<b>850</b>	2,689
Net decrease in net debt	<b>(362)</b>	(8,639)
<b>Net debt - beginning of year</b>	<b>38,696</b>	47,335
<b>Net debt - end of year</b>	<b>38,334</b>	38,696





## Statement of Cash Flows

For the year ended March 31

	2015	2014 <i>Restated</i> <i>(note 18)</i>
<i>(in thousands of dollars)</i>		
<b>Operating activities</b>		
Net cost of operations	489,412	479,237
<b>Non-cash items</b>		
Services received without charge <i>(note 15 (a))</i>	(77,671)	(77,424)
Amortization of tangible capital assets	(6,166)	(7,221)
Net gain (loss) on disposal of tangible capital assets	(57)	136
<b>Transition payments for implementing salary payments in arrears <i>(note 16)</i></b>	<b>7,598</b>	-
<b>Variations in Statement of Financial Position</b>		
Increase in cash	254	60
Increase (decrease) in accounts receivable	2,135	(750)
Increase (decrease) in advances	(706)	362
Increase in prepaid expenses	850	2,689
Increase in inventory	4	478
Decrease (increase) in accounts payable and accrued liabilities	(9,045)	4,499
Increase in vacation pay and compensatory leave	(200)	(1,311)
Decrease (increase) in employee benefits	(3,188)	8,975
Decrease in Centennial Flame Research Award Fund	2	-
<b>Cash used in operating activities</b>	<b>403,222</b>	409,730
<b>Capital investing activities</b>		
Acquisitions of tangible capital assets	7,323	8,045
Proceeds from disposal of tangible capital assets	(160)	(185)
<b>Cash used in capital investing activities</b>	<b>7,163</b>	7,860
<b>Financing activities</b>		
Lease payments for tangible capital assets	907	1,027
Increase of lease obligations for tangible capital assets	-	(140)
<b>Cash used in financing activities</b>	<b>907</b>	887
<b>Net cash provided by Government of Canada</b>	<b>411,292</b>	418,477



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# Notes to the Financial Statements

For the year ended March 31

## 1. Authority and objectives

The **House of Commons** is a self-governing institution established under the *Constitution Act, 1867*. Through the Board of Internal Economy, it has the authority to act on all financial and administrative matters pursuant to the *Parliament of Canada Act*.

The **Board of Internal Economy** is the governing body of the House of Commons and oversees its financial management and administration on behalf of Members and Canadians. It is chaired by the Speaker and comprised of Members representing all recognized parties.

The **Clerk of the House of Commons** is the Secretary to the Board of Internal Economy and, as the senior official of the House Administration, reports to the Speaker.

**Members** assume the roles of legislators and elected representatives of their constituencies. In their constituencies, Members participate in events and activities and hold discussions with constituents about their concerns. In the Chamber, Members participate in debates and study and vote on legislation. Members sit on standing committees and special or joint committees, since the House of Commons delegates in-depth consideration of bills and the thorough scrutiny of the Government's programs and policies to its committees. Members also participate in parliamentary associations and interparliamentary groups, and are members of delegations in parliamentary exchanges. Finally, in caucus, Members develop strategy, discuss policy and examine important issues with fellow party members, and direct the work of party research offices. Some Members, such as the Speaker, Deputy Speaker, House Leaders and Chief Whips, assume additional functions as House Officers.

The **House Administration** provides the support required by elected Members during a Parliament and, in addition, serves the House as an institution on a permanent basis by providing continuity from one Parliament to another, access to parliamentary records, and a stable infrastructure to support Members in the democratic process. Advice and support are provided through a wide variety of services such as procedural, legislative, legal, information technology and management, building management, security, food, finance, human resources, health and safety. The staff of the House of Commons strives to support the institution and Members in their roles as legislators and representatives of 308 constituencies in the Chamber, in committee and in caucus. The House Administration comprises six Service Areas that employ the equivalent of 1,846 full-time workers and report to the Clerk: Procedural Services; the Office of the Law Clerk and Parliamentary Counsel; Information Services; Parliamentary Precinct Operations; Finance Services; and Human Resources Services.



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# Notes to the Financial Statements

For the year ended March 31

## 2. Summary of significant accounting policies

### (a) Basis of presentation

These Financial Statements have been prepared in accordance with Canadian public sector accounting standards.

### (b) Parliamentary authorities

The House of Commons is funded by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the House of Commons do not parallel financial reporting according to Canadian public sector accounting standards, since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

### (c) Net cash provided by Government of Canada

The House of Commons operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the House of Commons is deposited to the CRF and all cash disbursements made by the House of Commons are paid from the CRF. The net cash provided by Government of Canada is the difference between all cash receipts and all cash disbursements including transactions with departments of the Government of Canada.

### (d) Due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the House of Commons is entitled to draw from the CRF without further appropriations to discharge its liabilities.

### (e) Accounts receivable and advances

Accounts receivable and advances are stated as amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

### (f) Inventory

#### i. Inventory held for sale

Inventory held for sale consists of items in the canteens, cafeterias and the Parliamentary Dining Room. This inventory is valued at the lower of cost or net realizable value using the first in, first out method.



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

ii. Inventory held for use

Inventory held for use consists of consumable parts, material and office supplies held for future activities and having a value of \$50,000 or more. Inventory is valued at the lower of cost or net realizable value using the average cost method for office supplies, and using the first in, first out method for other items.

**(g) Tangible capital assets**

All tangible capital assets having an initial cost of \$10,000 or more are recorded at their acquisition cost. Similar items under \$10,000 are expensed in the Statement of Operations and Net Financial Position. The House of Commons does not capitalize intangibles, works of art or historical treasures that have cultural, aesthetic or historical value. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<u>Asset Class</u>	<u>Amortization Period</u>
Informatics hardware and infrastructure	3 years
Software	3 to 5 years
Machinery and equipment	5 to 10 years
Vehicles	5 to 7 years
Other equipment	5 to 10 years
Leasehold improvements	Lesser of 10 years or term of lease
Leased equipment	Lesser of 10 years or term of lease

**(h) Employee Benefits**

i. Salaries, benefits and vacation leave

Salaries, benefits, and vacation leave are expensed as they accrue in accordance with the terms of employment. The salaries and benefits liability is calculated based on terms of employment using the salary levels at year end and the number of days remaining unpaid at the end of the year. The liability for vacation leave is calculated at the salary levels in effect at March 31<sup>st</sup> for all unused vacation leave benefits. Vacation pay liabilities payable upon cessation of employment represent House of Commons obligations that are normally funded through future years' authorities.



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### ii. Employee severance benefits

Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as the services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government of Canada as a whole.

#### iii. Pension benefits

##### a. Employee pension benefits

Eligible employees participate in the Public Service Pension Plan under the *Public Service Superannuation Act*, which is sponsored and administered by the Government of Canada. The House of Commons' contributions to the Plan are charged to expenses in the year incurred and represent the total obligation of the House of Commons to the Plan. The House of Commons is not required under current legislation to make contributions for any actuarial deficiencies of the Plan.

##### b. Members' pension benefits

Eligible Members participate in a defined benefit pension plan under the *Members of Parliament Retiring Allowances Act*, which is sponsored and administered by the Government of Canada. Assets and liabilities for the Members' pension accounts are not included in the House of Commons Statement of Financial Position, as these accounts are the responsibility of the Government of Canada. The House of Commons' contributions to these accounts are charged to the salaries and benefits expense in the year incurred. Members who are not eligible for an immediate pension are entitled to a severance allowance under the *Parliament of Canada Act* upon ceasing to perform their parliamentary functions. The severance allowance liability is reported in the Government of Canada financial statements.

#### iv. Sick leave benefits

Employees of the House of Commons are eligible to accumulate sick leave until termination of employment. Unused sick leave is not eligible for payment on retirement or termination, nor can it be used as vacation. All sick leave is an accumulating non-vesting benefit. A liability is recorded for sick leave balances expected to be taken in excess of future allotments. The cost of sick leave as well as the present value of the obligation is determined using an actuarial valuation. Any gains and losses are recognized in net results in the period in which they arise.



## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### (i) Contingent liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the Notes to the Financial Statements.

#### (j) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

#### (k) Services received without charge

Services received without charge from federal government departments for accommodation, employer contributions to the health and dental insurance plans, and workers' compensation are recorded as operating expenses at their estimated cost.

#### (l) Transfer payments

Transfer payments to international parliamentary and independent associations are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.

#### (m) Foreign currency transactions

Transactions involving foreign currencies are converted into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions.

#### (n) Measurement uncertainty

The preparation of these Financial Statements in accordance with Canadian public sector accounting standards requires that management make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the Financial Statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits, the liability of employee sick leave benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the Financial Statements in the year they become known.



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Notes to the Financial Statements

For the year ended March 31

### 2. Summary of significant accounting policies (continued)

#### (o) Change in accounting policy

The House of Commons adopted a change in accounting policy by recognizing an obligation of \$6,683,000 as at March 31, 2015 (\$6,043,000 as at March 31, 2014) for the employee accumulated sick leave benefits that are anticipated to be used in the future. Prior to fiscal year 2015, the House of Commons recognized benefit expenses equal to its payments for the actual payouts and no liability for accumulated sick leave was recorded in the Statement of Financial Position. This change is applied retroactively and has led to a restatement of the comparative financial statements presented for the year ended March 31, 2014, which are summarized for specific line items in note 18.



## Notes to the Financial Statements

For the year ended March 31

### 3. Parliamentary authorities

The House of Commons receives most of its funding through annual parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, the House of Commons has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

#### (a) Reconciliation of net cost of operations to current year authorities used

	2015	2014
<i>(in thousands of dollars)</i>		<i>Restated (note 18)</i>
Net cost of operations	489,412	479,237
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge (note 15 (a))	(77,671)	(77,424)
Inventory used	(6,007)	(4,756)
Amortization of tangible capital assets	(6,166)	(7,221)
Employee benefits	(3,188)	8,975
Refund of previous years' expenditures	2,875	249
Net gain (loss) on disposal of tangible capital assets	(57)	136
Vacation pay and compensatory leave	(200)	(1,311)
Prepaid expenses consumption	(3,836)	(1,149)
Other	139	(129)
	(94,111)	(82,630)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisitions of tangible capital assets	7,323	7,905
Transition payments for implementing salary payments in arrears (note 16)	7,598	-
Purchases of inventory	6,011	5,234
Tangible capital asset lease principal payments	907	1,027
Prepaid expenses	4,688	3,838
	26,527	18,004
<b>Current year authorities used</b>	<b>421,828</b>	<b>414,611</b>





## Notes to the Financial Statements

For the year ended March 31

### 3. Parliamentary authorities (continued)

#### (b) Authorities provided and used

<i>(in thousands of dollars)</i>	2015	2014
Vote 5 – Operating expenditures	300,137	296,145
Statutory amounts	135,948	136,613
	436,085	432,758
Less:		
Lapsed - Operating	(14,257)	(18,147)
<b>Current year authorities used</b>	<b>421,828</b>	<b>414,611</b>

### 4. Accounts payable and accrued liabilities

<i>(in thousands of dollars)</i>	2015	2014
Payables – External parties	13,790	15,647
Payables – Federal government departments, agencies and Crown corporations	2,154	1,203
	15,944	16,850
Accrued liabilities	15,191	5,240
<b>Total accounts payable and accrued liabilities</b>	<b>31,135</b>	<b>22,090</b>



## Notes to the Financial Statements

For the year ended March 31

### 5. Lease obligations for tangible capital assets

The House of Commons has entered into agreements to lease equipment under capital leases with a cost of \$4,363,651 and accumulated amortization of \$3,695,178 as at March 31, 2015 (\$4,863,574 and \$3,338,904 respectively as at March 31, 2014). The House of Commons has recorded a capital lease obligation of \$741,292 as at March 31, 2015 (\$1,647,867 as at March 31, 2014). The obligations related to the upcoming years include the following:

<i>(in thousands of dollars)</i>	<b>2015</b>
2016	759
2017	-
Total future minimum capital lease payments	759
Imputed interest (1.3% to 12.2%)	(18)
<b>Total obligations under leased tangible capital assets</b>	<b>741</b>

### 6. Employee benefits

#### (a) Employee severance benefits

The House of Commons provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, is as follows:

<i>(in thousands of dollars)</i>	<b>2015</b>	<b>2014</b>
Employee severance benefit obligation – beginning of year	<b>26,478</b>	35,528
Expense for the year	<b>5,940</b>	(1,157)
Benefits paid during the year	<b>(3,392)</b>	(7,893)
<b>Employee severance benefit obligation – end of year</b>	<b>29,026</b>	26,478

As part of collective agreement negotiations with certain employee groups and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination of their employment. These changes have been reflected in the calculation of the outstanding severance benefit obligation.



## Notes to the Financial Statements

For the year ended March 31

### 6. Employee benefits (continued)

#### (b) Sick leave benefits

The House of Commons provides benefits for sick leave to its eligible employees consisting of one and one-quarter (1¼) days of sick leave per calendar month. Sick leave can only be used for paid time off at the employee's normal rate of pay when the employee is unable to perform their duties because of illness or injury. Unused sick leave benefits accumulate during the employee's period of service and no payment is due to employees upon termination of employment for unused days. Information about the sick leave benefits, measured as at March 31, is as follows:

<i>(in thousands of dollars)</i>	<b>2015</b>	<b>2014</b>
Employee sick leave benefit obligation – beginning of year	<b>6,043</b>	5,968
Expense for the year:		
Current service cost	<b>721</b>	780
Interest cost	<b>115</b>	87
Actuarial gain	<b>1,639</b>	992
	<b>2,475</b>	1,859
Benefits paid during the year	<b>(1,835)</b>	(1,784)
<b>Employee sick leave benefit obligation – end of year</b>	<b>6,683</b>	6,043

At the end of fiscal year 2015, an actuarial valuation of the House of Commons' employee sick leave benefit obligation was completed using the projected benefit method prorated on services. The significant actuarial assumptions adopted in measuring the employee sick leave benefit obligation are as follow:

	<b>2015</b>	<b>2014</b>
Discount rate	1.25%	2.0%
Rate of compensation economic increase per year:		
2014		2.0%
2015 and thereafter	2.0%	2.0%
Average remaining service period of active employees	16 years	16 years



## Notes to the Financial Statements

For the year ended March 31

### 7. Centennial Flame Research Award Fund

The purpose of the Centennial Flame Research Award Fund is to provide awards of money to enable persons with disabilities to conduct research and prepare reports on the contributions of one or more persons with disabilities to the public life of Canada or the activities of Parliament. Pursuant to section 3 of the *Centennial Flame Research Award Act*, the Centennial Flame Research Award Fund is credited with money collected from the Centennial Flame monument on Parliament Hill in Ottawa, as well as any money otherwise received as a donation.

### 8. Accounts receivable

<i>(in thousands of dollars)</i>	2015	2014
Receivables – Federal government departments, agencies and Crown corporations	3,562	4,384
Receivables – External parties	3,478	521
	7,040	4,905
Allowance for doubtful accounts on external receivables	(10)	(10)
<b>Total accounts receivable</b>	<b>7,030</b>	<b>4,895</b>

### 9. Advances

<i>(in thousands of dollars)</i>	2015	2014
Petty cash for Members	410	380
Travel and tuition advances	355	1,091
Petty cash and floats for House of Commons employees	39	39
Postage-related advances	19	19
<b>Total advances</b>	<b>823</b>	<b>1,529</b>



## Notes to the Financial Statements

For the year ended March 31

### 10. Tangible capital assets

(in thousands of dollars)

	Cost				March 31, 2015	Accumulated Amortization				Net Book Value	
	March 31, 2014	Acquisi- tions	Disposals and adjustments	Transfers of assets under development		March 31, 2014	Amorti- zation	Disposals	March 31, 2015	2015	2014
Informatics hardware and infrastructure	15,559	1,300	150	-	<b>17,009</b>	12,063	2,282	(100)	<b>14,245</b>	<b>2,764</b>	3,496
Software	15,670	1,337	146	948	<b>18,101</b>	12,149	1,854	-	<b>14,003</b>	<b>4,098</b>	3,521
Machinery and equipment	4,625	282	(492)	-	<b>4,415</b>	3,771	218	(496)	<b>3,493</b>	<b>922</b>	854
Vehicles	1,623	697	(562)	-	<b>1,758</b>	1,016	242	(463)	<b>795</b>	<b>963</b>	607
Other equipment	3,425	50	(171)	-	<b>3,304</b>	2,716	213	(146)	<b>2,783</b>	<b>521</b>	709
Leasehold improvements	6,746	833	(29)	398	<b>7,948</b>	3,875	501	(23)	<b>4,353</b>	<b>3,595</b>	2,871
Assets under development	2,018	2,824	(487)	(1,346)	<b>3,009</b>	-	-	-	-	<b>3,009</b>	2,018
Subtotal	49,666	7,323	(1,445)	-	<b>55,544</b>	35,590	5,310	(1,228)	<b>39,672</b>	<b>15,872</b>	14,076
Leased equipment	4,720	-	(356)	-	<b>4,364</b>	3,195	856	(356)	<b>3,695</b>	<b>669</b>	1,525
<b>Total</b>	<b>54,386</b>	<b>7,323</b>	<b>(1,801)</b>	-	<b>59,908</b>	<b>38,785</b>	<b>6,166</b>	<b>(1,584)</b>	<b>43,367</b>	<b>16,541</b>	15,601

Amortization expense for the year is \$6,165,761 (\$7,221,382 in 2013-2014).



## Notes to the Financial Statements

For the year ended March 31

### 11. Contractual obligations

The nature of the House of Commons' activities can result in some large multi-year obligations whereby the House of Commons will be obligated to make future payments when the goods are received and services are rendered. Significant contractual obligations that can be reasonably estimated are as follows:

<i>(in thousands of dollars)</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020 and thereafter</b>	<b>Total</b>
Leases	49	48	-	-	-	97

In the normal course of operations, the House of Commons assumes a contractual obligation through guarantees provided with respect to Members' constituency office leases. This guarantee covers up to 3 months of lease costs in the event a lease is terminated for various operational reasons. Based on lease costs which can be incurred by the House as at March 31, 2015, the maximum obligation is estimated to be \$1,543,271 (\$1,548,906 as at March 31, 2014).

### 12. Contingent liabilities

As of March 31, 2015, management is not aware of any claims or possible claims against the House of Commons.

### 13. Budget figures

Given the difference between parliamentary authorities and Canadian public sector accounting standards, the budget figures presented have been adjusted to conform to the basis of accounting for these Financial Statements. Note 3 provides a high-level reconciliation between the bases of reporting.



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Notes to the Financial Statements

For the year ended March 31

### 14. Pension benefits

#### (a) Employee pension benefits

Employees of the House of Commons participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada and Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the House of Commons contribute to the cost of the plan. Contributions made by the House of Commons, included in salaries and benefits expense, totalled \$21,975,392 (\$24,198,430 in 2013-2014). This amount represents approximately 1.41 times (1.6 times in 2013-2014) the employees' contributions for existing members who were required to contribute to the cost of the plan prior to January 1, 2013 and 1.39 times (1.5 times in 2013-2014) for new members required to contribute on or after January 1, 2013.

The House of Commons' responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan's sponsor.

#### (b) Members' pension benefits

Members participate in a pension plan consisting of two separate accounts, the Members of Parliament Retiring Allowances (MPRA) and the Members of Parliament Retirement Compensation Arrangements (RCA), which are sponsored and administered by the Government of Canada. Members are eligible at age 55 to receive a basic retiring allowance upon termination of their parliamentary functions and after having contributed to the plan for at least six years. The basic allowance is based on the best five years average sessional indemnity and accrues at a rate of three percent of those average indemnities. Basic allowances are indexed to inflation once recipients reach age 60.

Both the Members and the House of Commons contribute to the cost of the plan. Contributions made by the House of Commons, included in salaries and benefits expense, totalled \$22,556,790 (\$22,803,989 in 2013-2014).

The House of Commons' responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan's sponsor.



## Notes to the Financial Statements

For the year ended March 31

### 15. Related party transactions

The House of Commons is related, as a result of common ownership, to all Government of Canada departments, agencies, and Crown corporations. The House of Commons enters into transactions with these entities in the normal course of business and on normal trade terms.

#### (a) Services received without charge

During the year, the House of Commons received services that were obtained without charge from federal government departments and agencies. These services received without charge have been recorded in the House of Commons' Statement of Operations and Net Financial Position as follows:

<i>(in thousands of dollars)</i>	<b>2015</b>	<b>2014</b>
Public Works and Government Services Canada – Accommodation	<b>59,994</b>	59,926
Treasury Board Secretariat – Employer's share of insurance premiums	<b>17,362</b>	17,001
Employment and Social Development Canada – Administrative charges related to Worker's Compensation payments	<b>315</b>	497
<b>Total services received without charge</b>	<b>77,671</b>	<b>77,424</b>

The Government of Canada has centralized some of its administrative activities for efficiency purposes and economic delivery of programs to the public. As a result, common service organizations provide specific services to all federal government departments and agencies without charge. The cost of these services, such as payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the House of Commons' Statement of Operations and Net Financial Position.

#### (b) Other transactions with related parties

Expenses shown below include services received without charge as described in section (a) of this note.

<i>(in thousands of dollars)</i>	<b>2015</b>	<b>2014</b> <i>Restated (note 18)</i>
Expenses – Federal government departments and agencies	<b>139,471</b>	141,024
Recoveries – Federal government departments and agencies	<b>15,065</b>	13,559





HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## Notes to the Financial Statements

For the year ended March 31

### 16. Transfer of the transition payments for implementing salary payments in arrears

As part of a transformation initiative to streamline and modernize the pay processes, salary payments in arrears were implemented in June 2014. As a result, the House of Commons issued a one-time transition payment of \$7,598,101 to employees that were paid every two weeks on a current basis in replacement of their basic pay. This transition payment was transferred to a central account administered by Public Works and Government Services Canada, the common service organization responsible for the payroll and cheque issuance services. This change had no impact on the expenses for the year ended March 31, 2015; however, it resulted in the use of additional spending authorities by the House of Commons.

### 17. Expenses by function

	2015	2014
		<i>Restated (note 18)</i>
<i>(in thousands of dollars)</i>		
Members and House Officers	<b>248,264</b>	246,548
House Administration	<b>259,054</b>	248,338
<b>Total expenses</b>	<b>507,318</b>	494,886



## Notes to the Financial Statements

For the year ended March 31

### 18. Restatement

#### (a) Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.

#### (b) Change in presentation of previous year results

The adoption of the new basis of accounting policy related to sick leave benefits has been accounted for retrospectively. The impacts on the comparative figures are summarized for specific line items in the following table.

<i>(in thousands of dollars)</i>	<b>Previously Reported</b>	<b>Restatement</b>	<b>Restated Balance</b>
<b>Statement of Financial Position</b>			
<b>Liabilities</b>			
Employee benefits	26,478	6,043	32,521
<b>Statement of Operations and Net Financial Position</b>			
<b>Operating expenses</b>			
Salaries and benefits	335,449	75	335,524
<b>Statement of Change in Net Debt</b>			
Net cost of operations after government funding and transfers	(12,617)	75	(12,542)
Net debt – beginning of year	41,367	5,968	47,335
<b>Statement of Cash Flows</b>			
<b>Variations in Statement of Financial Position</b>			
Increase in employee benefits	9,050	(75)	8,975
<b>Notes to the Financial Statements</b>			
<i>Parliamentary authorities (note 3 (a))</i>			
Employee Benefits	9,050	(75)	8,975
<i>Expenses by function (note 17)</i>			
Members and House Officers	246,482	66	246,548
House Administration	248,329	9	248,338