



HOUSE OF COMMONS
CHAMBRE DES COMMUNES



Financial Statements

For the Year Ended
March 31, 2009



House of Commons

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House of Commons

STATEMENT OF MANAGEMENT RESPONSIBILITY

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with House of Commons management.

These financial statements have been prepared by management in accordance with accounting policies generally applied to the Government of Canada and approved by the Board of Internal Economy, based on generally accepted accounting principles for the public sector, 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 has developed and maintains books, records, internal controls and management practices designed to provide reasonable assurance that the financial information is reliable, that House of Commons' assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of House of Commons objectives, and that transactions are in accordance with accepted Government of Canada accounting policies and House of Commons' policies and statutory requirements.

In addition, management is responsible for administering the portion of the pension plan for Members of Parliament relating to the House of Commons and for keeping the records of its portion of the Members of Parliament Retiring Allowances Account and Retirement Compensation Arrangements Account. In addition, a large part of the day-to-day administration of the House of Commons



House of Commons

STATEMENT OF MANAGEMENT RESPONSIBILITY (CONTINUED)

portion of the pension plan for Members of Parliament is discharged by Public Works and Government Services Canada under the terms of a Memorandum of Understanding established many years ago.

At the request of management, these financial statements have been audited by KPMG.

On behalf of the House of Commons,
on the 12th day of June 2009.

Audrey O'Brien
Clerk of the House of Commons

Claire Kennedy, CMA
Chief Financial Officer



KPMG LLP
Chartered Accountants
Suite 2000
160 Elgin Street
Ottawa, ON K2P 2P8
Canada

Telephone (613) 212-KPMG (5764)
Fax (613) 212-2896
Internet www.kpmg.ca

Auditors' Report to the Clerk of the House of Commons:

We have audited the statements of Financial Position and Equity of Canada of the House of Commons as at March 31, 2009 and the statements of Operations and Cash Flow for the year then ended. These financial statements have been prepared to comply with the accounting policies generally applied to the Government of Canada and approved by the Board of Internal Economy of the House of Commons. The significant accounting policies are disclosed in note 2 to the financial statements. These financial statements are the responsibility of the management of the House of Commons. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position and Equity of Canada of the House of Commons as at March 31, 2009 and the net cost of its operations and its cash flow for the year then ended in accordance with the accounting policies as described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the House of Commons, the Board of Internal Economy and the Treasury Board of Canada Secretariat. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada
June 12, 2009



House of Commons

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31

| | <i>2009</i> | <i>2008</i> |
|--------------------------------------|--------------------------|--------------------------|
| EXPENSES (NOTE 4) | | |
| House Administration | \$255,024,019 | \$234,602,837 |
| Members and House Officers | 248,426,486 | 235,005,782 |
| Total expenses | \$503,450,505 | \$469,608,619 |
| NON-TAX REVENUES (NOTE 5) | | |
| House Administration | \$2,074,006 | \$2,212,889 |
| Members and House Officers | — | — |
| Total non-tax revenues | \$2,074,006 | \$2,212,889 |
| NET COST OF OPERATIONS | \$501,376,499 | \$467,395,730 |

The accompanying notes form an integral part of these financial statements.



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STATEMENT OF FINANCIAL POSITION
AT MARCH 31

| | <i>2009</i> | <i>2008</i> |
|--|---------------------|---------------------|
| ASSETS | | |
| Financial assets | | |
| Cash | \$850,066 | \$597,133 |
| Accounts receivable (<i>Note 6</i>) | 20,560,584 | 19,894,576 |
| Inventory for resale — Food Services | 154,339 | 160,322 |
| Advances (<i>Note 7</i>) | 356,058 | 343,616 |
| Total financial assets | \$21,921,047 | \$20,995,647 |
| Non-financial assets | | |
| Prepaid expenses | \$141,428 | \$11,500 |
| Inventories of consumable supplies | 1,918,649 | 2,181,525 |
| Tangible capital assets (<i>Note 8</i>) | 10,976,334 | 12,924,524 |
| Total non-financial assets | \$13,036,411 | \$15,117,549 |
| TOTAL | \$34,957,458 | \$36,113,196 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$24,543,908 | \$25,377,366 |
| Vacation pay and compensatory leave | 6,659,889 | 6,984,957 |
| Lease obligations for tangible capital assets (<i>Note 9</i>) | 1,386,898 | 2,385,983 |
| Severance benefits (<i>Note 10b</i>) | 50,141,321 | 42,440,386 |
| Members' pension accounts (<i>Note 11</i>) | 645,588,774 | 597,446,922 |
| Total liabilities | \$728,320,790 | \$674,635,614 |
| Equity of Canada | (\$693,363,332) | (\$638,522,418) |
| TOTAL | \$34,957,458 | \$36,113,196 |
| Contingent liabilities (<i>Note 12</i>) | | |
| Contractual obligations (<i>Note 13</i>) | | |

The accompanying notes form an integral part of these financial statements.



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STATEMENT OF EQUITY OF CANADA
AT MARCH 31

| | <i>2009</i> | <i>2008</i> |
|---|------------------------|------------------------|
| EQUITY OF CANADA, BEGINNING OF YEAR | (\$638,522,418) | (\$589,216,045) |
| Net cost of operations | (501,376,499) | (467,395,730) |
| Current year appropriations used (<i>Note 3a</i>) | 417,180,081 | 400,856,119 |
| Change in net position in the Consolidated Revenue Fund (<i>Note 3c</i>) | (47,063,318) | (46,949,897) |
| Services received without charge from other government departments (<i>Note 14a</i>) | 76,418,822 | 64,183,135 |
| EQUITY OF CANADA, END OF YEAR | (\$693,363,332) | (\$638,522,418) |

The accompanying notes form an integral part of these financial statements.



House of Commons

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31

| | <i>2009</i> | <i>2008</i> |
|--|--------------------|-------------------|
| OPERATING ACTIVITIES | | |
| NET COST OF OPERATIONS | \$501,376,499 | \$467,395,730 |
| Non-cash items: | | |
| Amortization of tangible capital assets | (4,042,600) | (3,456,051) |
| Net gain (loss) on disposal of tangible capital assets | (1,053,052) | (53,294) |
| Services received without charge | (76,418,822) | (64,183,135) |
| Variations in Statement of Financial Position: | | |
| Accounts receivable and advances | 678,450 | (578,613) |
| Prepaid expenses | 129,929 | (4,018) |
| Inventory | (268,860) | 60,392 |
| Liabilities | (53,685,177) | (48,432,846) |
| Cash used by operating activities | \$366,716,367 | \$350,748,165 |
| CAPITAL INVESTMENT ACTIVITIES | | |
| Acquisition of tangible capital assets | \$3,157,379 | \$3,126,848 |
| Proceeds on disposal of leased capital assets | (9,916) | — |
| Cash used by capital investment activities | \$3,147,463 | \$3,126,848 |
| FINANCING ACTIVITIES | | |
| Net cash provided by Government of Canada | (\$370,116,763) | (\$353,906,222) |
| NET CASH USED (PROVIDED) | (\$252,933) | (\$31,209) |
| CASH, BEGINNING OF YEAR | \$597,133 | \$565,924 |
| CASH, END OF YEAR | \$850,066 | \$597,133 |

The accompanying notes form an integral part of these financial statements.



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 1 — AUTHORITY AND OBJECTIVES

The powers of the House of Commons derive essentially from the *Constitution Act, 1867* and from the *Parliament of Canada Act*.

The mandate of the House Administration is to support Members by providing the infrastructure, services and advice they need to carry out their work as legislators and representatives in the Chamber, in committee, in caucus, in their Parliament Hill offices and in their constituencies.

The Board of Internal Economy is the governing body of the House of Commons and oversees its financial management and administration on behalf of the Members and Canadians. It is chaired by the Speaker and composed 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. The House Administration comprises six Service Areas, which employ the equivalent of 1,871 full-time workers and report to the Clerk: Procedural Services; the Office of the Law Clerk and Parliamentary Counsel; Information Services; Parliamentary Precinct Services; Finance Services; and Human Resources, Corporate Planning and Communications Services.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) The financial statements of the House of Commons have been prepared on an accrual basis of accounting in accordance with accounting policies generally applied to the Government of Canada and approved by the Board of Internal Economy, based on Canadian generally accepted accounting principles for the public sector.
- b) Parliamentary appropriations — The House of Commons is funded by the Government of Canada through parliamentary appropriations. Appropriations provided to the House of Commons do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.
- c) Net cash provided by the Government of Canada — The House of Commons operates within the Consolidated Revenue Fund (CRF) with the exception of the day-to-day operations of Food Services, which has its own bank accounts. The CRF 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. Net cash provided by the Government of Canada is the difference between all cash receipts and all cash disbursements, including transactions between the House of Commons and federal departments.



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

- d) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government of Canada and appropriations used in a year. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.
- e) Non-tax revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- f) Expenses are recorded when the underlying transaction or event occurred, subject to the following:
- Transfer payments are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
 - Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
 - Services received without charge from other government departments for accommodation, the employer's contribution to the health and dental insurance plans, and the administrative charges for Workers' Compensation Boards and Commissions are recorded as operating expenses at their estimated cost.
- g) Employee future benefits
- i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer plan 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 organizational obligation to the Plan. Current legislation does not require the House to make contributions for any actuarial deficiencies of the Plan.
- ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. 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.
- h) Members of Parliament future benefits
- i) Pension accounts: A large part of the day-to-day administration of the House of Commons' portion of the pension plan for Members of Parliament is discharged by Public Works and Government Services Canada. The House of Commons' contributions to the Plan, including any annual actuarial adjustment, are charged to expenses in the year incurred.
- ii) Severance allowance for former Members of Parliament: Under the *Parliament of Canada Act*, Members who are not eligible for an immediate pension are entitled to a severance



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

allowance upon ceasing to be a Member. The severance allowance liability is reported in the Government of Canada financial statements.

- i) Accounts receivable and advances are stated as amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.
- j) 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.
- k) Inventory for resale — Food Services — These are items in the canteens, cafeterias and the Parliamentary Restaurant and are valued at the lower of cost or net realizable value, the cost being determined using the first in, first out (FIFO) method.
- l) Inventories of consumable supplies of \$50,000 and over — These are valued at the lower of cost or net realizable value, the cost being determined using the average cost method for office supplies included in the perpetual inventory system, and using the FIFO method for other inventory items.
- m) Foreign currency transactions — Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions.
- n) Tangible capital assets — Capital assets and leasehold improvements having a cost of \$10,000 or more are recorded at their acquisition cost. The House of Commons does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value. Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the asset, as follows:

| Asset Class | Amortization Period |
|---|--|
| Motor vehicles | 5 and 7 years |
| Machinery and equipment | 7 to 10 years |
| Other equipment | 5 to 10 years |
| Informatics hardware | 3 years |
| Software and licenses | 3 years |
| Leased tangible capital assets – Motor vehicles | 5 and 7 years |
| Leased tangible capital assets – Machinery and equipment | 5 to 10 years |
| Leasehold improvements | The lesser of 10 years or the term of the lease plus a renewal period |



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

- o) Measurement uncertainty — The preparation of these financial statements in accordance with Government of Canada accounting policies, which are based on generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, non-tax 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 the liability for employee severance 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.
- p) Internal transactions with Food Services have been eliminated in the preparation of these financial statements.

NOTE 3 — PARLIAMENTARY APPROPRIATIONS

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



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 3A) RECONCILIATION OF NET COST OF OPERATIONS TO CURRENT YEAR APPROPRIATIONS USED

| | <i>2009</i> | <i>2008</i> |
|---|----------------------|----------------------|
| NET COST OF OPERATIONS | \$501,376,499 | \$467,395,730 |
| Adjustments for items affecting net cost of operations but not affecting appropriations: | | |
| Add (Less): | | |
| Services received without charge | (76,418,822) | (64,183,135) |
| Provision — employee severance benefits | (7,700,935) | (2,819,617) |
| Inventory used | (4,327,393) | (4,861,768) |
| Amortization of tangible capital assets | (4,042,600) | (3,456,051) |
| Balance of sales — Food Services | 1,250,546 | 1,139,521 |
| Loss on disposal of tangible capital assets | (1,053,171) | (53,294) |
| Elimination of internal transactions — | | |
| Food Services | 653,626 | 701,200 |
| Operating expenses — Food Services | (572,422) | (459,270) |
| Adjustment of prior year payables | 408,140 | 18,084 |
| Other | 352,217 | 260,814 |
| Vacation pay and compensatory leave | 325,067 | (320,558) |
| Sub-total | \$410,250,752 | \$393,361,656 |
| Adjustments for items not affecting net cost of operations but affecting appropriations: | | |
| Add (Less): | | |
| Tangible capital asset acquisitions | 2,944,251 | 2,924,278 |
| Inventory purchased — consumable supplies | 2,858,717 | 3,555,449 |
| Tangible capital asset lease principal payments | 1,003,741 | 1,010,695 |
| Prepaid Expenses | 122,620 | 4,041 |
| CURRENT YEAR APPROPRIATIONS USED | \$417,180,081 | \$400,856,119 |



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 3B) APPROPRIATIONS PROVIDED AND USED

| | <i>2009</i> | <i>2008</i> |
|---|----------------------|----------------------|
| Vote 5 — Operating expenditures | \$279,672,766 | \$275,453,046 |
| Statutory amounts | 146,035,024 | 136,554,388 |
| CURRENT YEAR APPROPRIATIONS PROVIDED | \$425,707,790 | \$412,007,434 |
| Less: | | |
| Lapsed appropriations: Operating | (8,527,709) | (11,151,315) |
| CURRENT YEAR APPROPRIATIONS USED | \$417,180,081 | \$400,856,119 |

NOTE 3C) RECONCILIATION OF NET CASH PROVIDED BY GOVERNMENT TO CURRENT YEAR APPROPRIATIONS USED

| | <i>2009</i> | <i>2008</i> |
|--|----------------------|----------------------|
| NET CASH PROVIDED BY GOVERNMENT | \$370,116,763 | \$353,906,222 |
| Change in net position in the Consolidated Revenue Fund: | | |
| Variation in accounts receivable and advances | (\$678,450) | \$578,613 |
| Variation in accounts payable and accrued liabilities | (833,458) | 4,387,391 |
| Variation in Members' pension accounts | 48,141,852 | 41,868,323 |
| Other adjustments | 433,374 | 115,570 |
| Sub-total | \$47,063,318 | \$46,949,897 |
| CURRENT YEAR APPROPRIATIONS USED | \$417,180,081 | \$400,856,119 |



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 4 - EXPENSES

| | <i>2009</i> | <i>2008</i> |
|--|----------------------|----------------------|
| OPERATING | | |
| Personnel | \$327,698,343 | \$309,057,066 |
| Operating and maintenance | 168,661,209 | 154,999,182 |
| Amortization of tangible capital assets | 4,042,600 | 3,456,051 |
| Loss on disposal of tangible capital assets | 1,053,171 | 53,294 |
| Food Services — cost of sales | 906,438 | 1,008,503 |
| Interest portion on leased tangible capital assets | 71,342 | 107,096 |
| Other | 17,330 | 2,698 |
| Sub-total | \$502,450,433 | \$468,683,890 |
| TRANSFER PAYMENTS | | |
| International | 1,000,072 | 924,729 |
| TOTAL | \$503,450,505 | \$469,608,619 |

NOTE 5 - NON-TAX REVENUES

| | <i>2009</i> | <i>2008</i> |
|--|--------------------|--------------------|
| Food Services — sales | \$1,984,667 | \$2,141,032 |
| Membership fees — Parliamentary Associations | 28,325 | 20,160 |
| Room allocation fees | 25,508 | 26,138 |
| Gymnasium fees | 20,100 | 16,200 |
| Other | 15,287 | 9,359 |
| Gain on disposal of tangible capital assets | 119 | — |
| TOTAL | \$2,074,006 | \$2,212,889 |



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 6 — ACCOUNTS RECEIVABLE

| | <i>2009</i> | <i>2008</i> |
|--|---------------------|---------------------|
| ACCOUNTS RECEIVABLE | | |
| From other federal government departments (OGD): | | |
| • Interest receivable from Treasury Board — Members' pension accounts (4th quarter) | \$16,060,273 | \$14,941,599 |
| • Other receivables | 3,857,370 | 4,513,131 |
| From external parties | 652,941 | 449,846 |
| Sub-total | \$20,570,584 | \$19,904,576 |
| | | |
| ALLOWANCE FOR DOUBTFUL ACCOUNTS ON EXTERNAL RECEIVABLES | (10,000) | (10,000) |
| | | |
| TOTAL | \$20,560,584 | \$19,894,576 |

NOTE 7 — ADVANCES

| | <i>2009</i> | <i>2008</i> |
|--|------------------|------------------|
| Members' petty cash for office expenses | \$287,687 | \$275,800 |
| Employee petty cash, House post office floats and Food Services cash floats | 39,325 | 39,375 |
| Postage-related advances | 19,048 | 19,048 |
| Employee travel and salary advances | 9,998 | 9,393 |
| | | |
| TOTAL | \$356,058 | \$343,616 |



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 8 — TANGIBLE CAPITAL ASSETS



| Capital asset class | COST | | | |
|-------------------------|---------------------|--------------------|---------------------------|---------------------|
| | Opening balance | Acquisitions | Disposals and adjustments | Closing balance |
| Owned | | | | |
| Informatics hardware | \$6,980,846 | \$639,752 | (\$1,661,325) | \$5,959,273 |
| Machinery and equipment | 6,153,202 | 124,026 | (270,691) | 6,006,537 |
| Motor vehicles | 214,314 | 316,287 | — | 530,601 |
| Other equipment | 4,117,549 | 75,934 | (169,351) | 4,024,132 |
| Software and licenses | 10,561,865 | 207,956 | (102,178) | 10,667,643 |
| Work in progress | 1,077,125 | 554,726 | (561,026) | 1,070,825 |
| Sub-total | \$29,104,901 | \$1,918,681 | (\$2,764,571) | \$28,259,011 |
| Leased | | | | |
| Machinery and equipment | \$6,982,651 | \$14,572 | (\$105,238) | \$6,891,985 |
| Leasehold improvements | \$6,464,049 | \$1,224,126 | (2,277,062) | \$5,411,113 |
| TOTAL | \$42,551,601 | \$3,157,379 | (\$5,146,871) | \$40,562,109 |



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 8 — TANGIBLE CAPITAL ASSETS (CONTINUED)



| Capital asset class | ACCUMULATED AMORTIZATION CURRENT YEAR | | | | NET BOOK VALUE | |
|-------------------------|--|--------------------|---------------------------------|---------------------|---------------------|---------------------|
| | Opening balance | Amortization | Disposals and adjustments | Closing balance | 2009 | 2008 |
| Owned | | | | | | |
| Informatics hardware | \$5,839,158 | \$818,736 | (\$1,583,333) | \$5,074,561 | \$884,712 | \$1,141,688 |
| Machinery and equipment | 4,044,607 | 466,034 | (237,843) | 4,272,798 | 1,733,739 | 2,108,595 |
| Motor vehicles | 106,925 | 64,389 | — | 171,314 | 359,287 | 107,389 |
| Other equipment | 3,133,738 | 302,601 | (160,065) | 3,276,274 | 747,858 | 983,811 |
| Software and licenses | 8,451,042 | 900,870 | (102,178) | 9,249,734 | 1,417,909 | 2,110,823 |
| Work in progress | — | — | — | — | 1,070,825 | 1,077,125 |
| Sub-total | \$21,575,470 | \$2,552,630 | (\$2,083,419) | \$22,044,681 | \$6,214,330 | \$7,529,431 |
| Leased | | | | | | |
| Machinery and equipment | \$5,070,966 | \$864,886 | (\$95,173) | \$5,840,679 | \$1,051,306 | \$1,911,685 |
| Leasehold improvements | \$2,980,641 | \$625,084 | (\$1,905,310) | \$1,700,415 | \$3,710,698 | \$3,483,408 |
| TOTAL | \$29,627,077 | \$4,042,600 | (\$4,083,902) | \$29,585,775 | \$10,976,334 | \$12,924,524 |

Amortization expense for the year ended March 31, 2009 is \$4,042,600 (2008: \$3,456,051).



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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 9 — LEASE OBLIGATIONS FOR TANGIBLE CAPITAL ASSETS

| | <i>2009</i> | <i>2008</i> |
|-------------------------|--------------------|--------------------|
| A) BALANCE OWING | | |
| Machinery and equipment | \$1,386,898 | \$2,385,983 |
| TOTAL | \$1,386,898 | \$2,385,983 |

| | <i>2009</i> |
|---|--------------------|
| B) CAPITAL PORTION | |
| Minimum lease payments: | |
| (2009-2010) | \$1,006,271 |
| (2010-2011) | 395,022 |
| (2011-2012) | 24,072 |
| (2012-2013) | 3,176 |
| Sub-total | \$1,428,541 |
| Less: imputed interest | (41,643) |
| BALANCE OF LEASE OBLIGATIONS FOR TANGIBLE CAPITAL ASSETS | \$1,386,898 |



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 10 — EMPLOYEE FUTURE BENEFITS

- a) 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 Canada Pension Plan and Quebec Pension Plan benefits and are indexed based on inflation.

Both the employees and the House of Commons contribute to the cost of the Plan. The 2008-2009 expense amounts to \$29,770,616 (\$29,282,663 in 2007-2008), which represents approximately 2.6 times the contributions by employees.

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

| | <i>2009</i> | <i>2008</i> |
|---|---------------------|---------------------|
| EMPLOYEE SEVERANCE BENEFITS LIABILITY, BEGINNING OF YEAR | \$42,440,386 | \$39,620,769 |
| Expense for the year | \$14,465,950 | \$5,005,243 |
| Benefits paid during the year | (6,765,015) | (2,185,626) |
| Sub-total | \$7,700,935 | \$2,819,617 |
| EMPLOYEE SEVERANCE BENEFITS LIABILITY, END OF YEAR | \$50,141,321 | \$42,440,386 |



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 11 — MEMBERS' PENSION ACCOUNTS *

| | <i>2009</i> | <i>2008</i> |
|--------------------------------|----------------------|----------------------|
| MPRA - House of Commons | \$486,265,253 | \$451,419,044 |
| RCA - House of Commons | \$311,011,527 | \$285,408,147 |
| Refundable tax remitted to CRA | (152,288,006) | (139,380,269) |
| Actuarial deficit adjustment | 600,000 | — |
| Sub-total | \$159,323,521 | \$146,027,878 |
| TOTAL | \$645,588,774 | \$597,446,922 |

* Please note that the above figures pertain only to the House of Commons.

Members of Parliament Retiring Allowances Account (MPRA)

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the House of Commons or of the Senate. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

Members of Parliament Retirement Compensation Arrangements Account (RCA)

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits with respect to pension credits accrued by Members of Parliament that are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses and/or eligible dependent children of Members.

Refundable tax remitted to CRA

Transactions pertaining to the RCA, such as contributions, benefits and interest credits, are recorded in the RCA Account, which is maintained in the Accounts of Canada. The RCA Account earns interest quarterly and is registered with the Canada Revenue Agency (CRA). Annually, depending on the net cash flow position of the Account, a transfer is made between the RCA Account and CRA to either remit a 50 percent refundable tax with respect to the net contributions and interest credits, or to receive a reimbursement based on their net benefit payments.

Actuarial deficit adjustment

The results of an actuarial review of the Members of Parliament Retirement Compensation Arrangements Account, conducted by the Chief Actuary of the Office of the Superintendent of Financial Institutions, were received in a letter dated May 8, 2009. As of March 31, 2009, there was an estimated actuarial deficit of \$3.2 million. It was determined that an actuarial adjustment of \$600,000 would be processed starting with the 2008-2009 fiscal year and continue each year for the next six fiscal years to eliminate the deficit in the pension account. This annual adjustment, which includes the interest portion, is subject to change based on future reviews.



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 12 — CONTINGENT LIABILITIES

In the normal course of its operations, the House of Commons may become involved in various legal actions. As of March 31, 2009, management is not aware of any claims or possible claims against the House of Commons.

NOTE 13 — CONTRACTUAL OBLIGATIONS

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

| | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 & thereafter | Total |
|--|--------------------|--------------------|--------------------|---------------------|---------------------------|---------------------|
| Members' Constituency Office Leases | \$7,906,157 | \$8,261,934 | \$8,633,721 | \$9,022,238 | \$9,428,239 | \$43,252,288 |
| Members' & House Equipment | 952,820 | 995,696 | 1,040,503 | 1,087,325 | 1,136,255 | 5,212,599 |
| Vehicles | 54,399 | 16,791 | — | — | — | 71,190 |
| TOTAL | \$8,913,376 | \$9,274,421 | \$9,674,224 | \$10,109,563 | \$10,564,494 | \$48,536,077 |



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 14 — 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. Also, during the year, the House of Commons received services which were obtained without charge from other government departments as presented in part a).

A) SERVICES RECEIVED WITHOUT CHARGE:

During the year, the House of Commons received the following services without charge from other departments: accommodation; the employer's contribution to the health and dental insurance plans; and the administrative charges for Workers' Compensation Boards and Commissions. These services received without charge have been recorded in the House of Commons' Statement of Operations as follows:

| | <i>2009</i> | <i>2008</i> |
|--|---------------------|---------------------|
| Accommodation provided by Public Works and Government Services Canada | \$60,170,772 | \$50,305,477 |
| Contributions covering employer's share of employees' premiums for the health & dental insurance plans paid by Treasury Board Secretariat | 15,877,237 | 13,520,273 |
| Administrative charges related to the handling of claims paid by Human Resources and Skills Development Canada to provincial Workers' Compensation Boards and Commissions | 370,813 | 357,385 |
| TOTAL | \$76,418,822 | \$64,183,135 |

The Government of Canada has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department or agency performs these activities on behalf of all without charge. The cost of these services, which include translation and interpretation services provided by Public Works and Government Services Canada and postage services provided by Canada Post, is not included as an expense in the House of Commons' Statement of Operations.



House of Commons

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

NOTE 14 — RELATED PARTY TRANSACTIONS (CONTINUED)

B) PAYABLES AND RECEIVABLES OUTSTANDING AT YEAR-END WITH RELATED PARTIES:

| | <i>2009</i> | <i>2008</i> |
|---|--------------|--------------|
| Accounts receivable from other government departments and agencies | \$19,917,643 | \$19,454,730 |
| Accounts payable to other government departments and agencies | \$810,711 | \$1,412,993 |