



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES



# Financial Statements

For the Year Ended  
March 31, 2010



# House of Commons

## TABLE OF CONTENTS

Statement of Management Responsibility .....	3
Auditors' Report to the Clerk of the House of Commons .....	4
Statement of Financial Position .....	5
Statement of Operations .....	6
Statement of Equity of Canada.....	7
Statement of Cash Flow .....	8
Notes to the Financial Statements .....	9 to 24



# House of Commons

## 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, 2010 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, 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 attainment of House of Commons objectives, and that transactions reflect by-laws approved by the Board of Internal Economy and statutory requirements.

In addition, management is responsible for keeping the records of its portion of the Members of Parliament Retiring Allowances Account and Retirement Compensation Arrangements Account related to the pension plan for Members of Parliament administered by Public Works and Government Services Canada.

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

On behalf of the House of Commons,  
on the 11<sup>th</sup> day of June 2010.

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Audrey O'Brien  
Clerk of the House of Commons

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Claire Kennedy, CMA  
Chief Financial Officer



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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, 2010 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, 2010 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 11, 2010



# House of Commons

STATEMENT OF FINANCIAL POSITION  
AT MARCH 31  
(in thousands of dollars)

	<b>2010</b>	<b>2009</b>
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash	\$818	\$850
Accounts receivable <i>(Note 4)</i>	20,249	20,561
Inventory held for sale	185	154
Advances <i>(Note 5)</i>	<u>359</u>	<u>356</u>
	\$21,611	\$21,921
<b>Non-financial assets</b>		
Prepaid expenses	\$49	\$141
Inventories	2,451	1,919
Tangible capital assets <i>(Note 6)</i>	<u>10,509</u>	<u>10,976</u>
	\$13,009	\$13,036
<b>TOTAL ASSETS</b>	<b>\$34,620</b>	<b>\$34,957</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 7)</i>	\$14,986	\$14,007
Accrued salary	3,159	10,536
Accrued vacation leave	6,771	6,660
Lease obligations for tangible capital assets <i>(Note 8)</i>	443	1,387
Employee severance benefits <i>(Note 9)</i>	44,719	50,141
Members' pension benefits <i>(Note 10)</i>	<u>698,359</u>	<u>645,589</u>
	\$768,437	\$728,320
Equity of Canada	\$(733,817)	\$(693,363)
<b>TOTAL LIABILITIES AND EQUITY OF CANADA</b>	<b>\$34,620</b>	<b>\$34,957</b>
Contingent liabilities <i>(Note 11)</i>		
Contractual obligations <i>(Note 12)</i>		

Approved by:

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Audrey O'Brien  
Clerk of the House of Commons

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Claire Kennedy, CMA  
Chief Financial Officer

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



# House of Commons

STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED MARCH 31  
(in thousands of dollars)

	<b>2010</b>	<b>2009</b>
<b>EXPENSES</b> (NOTE 13)		
House Administration	\$246,838	\$255,024
Members and House Officers	<u>248,416</u>	<u>248,426</u>
Total expenses	\$495,254	\$503,450
<b>REVENUES</b> (NOTE 14)		
Food and other services to Members	\$2,355	\$2,074
<b>NET COST OF OPERATIONS</b>	<b>\$492,899</b>	<b>\$501,376</b>

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



# House of Commons

STATEMENT OF EQUITY OF CANADA  
AT MARCH 31  
(in thousands of dollars)

	<b>2010</b>	<b>2009</b>
<b>EQUITY OF CANADA, BEGINNING OF YEAR</b>	<b>\$(693,363)</b>	<b>\$(638,523)</b>
Net cost of operations	(492,899)	(501,376)
Current year appropriations used <i>(Note 3a)</i>	427,692	417,180
Change in net position in the Consolidated Revenue Fund <i>(Note 3c)</i>	(47,189)	(47,063)
Services received without charge <i>(Note 16)</i>	<u>71,942</u>	<u>76,419</u>
<b>EQUITY OF CANADA, END OF YEAR</b>	<b>\$(733,817)</b>	<b>\$(693,363)</b>

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



# House of Commons

STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED MARCH 31  
(in thousands of dollars)

	<b>2010</b>	<b>2009</b>
<b>OPERATING ACTIVITIES</b>		
<b>Net cost of operations</b>	\$492,899	\$501,376
Non-cash items:		
Services received without charge	(71,942)	(76,419)
Amortization of tangible capital assets	(3,570)	(4,043)
Net loss on disposal of tangible capital assets	(28)	(1,053)
Variations in Statement of Financial Position:		
Increase in liabilities	(40,117)	(53,684)
Decrease in accounts receivable and advances	(309)	678
Increase in inventories, and inventory held for sale	563	(268)
Decrease in prepaid expenses	(92)	130
Cash used by operating activities	<u>\$377,404</u>	<u>\$366,717</u>
<b>CAPITAL INVESTMENT ACTIVITIES</b>		
Acquisition of tangible capital assets	\$3,156	\$3,157
Proceeds from disposal of tangible capital assets	<u>(25)</u>	<u>(10)</u>
Cash used by capital investment activities	\$3,131	\$3,147
<b>FINANCING ACTIVITIES</b>		
Net cash provided by Government of Canada	\$(380,503)	\$(370,117)
<b>NET CASH USED (PROVIDED)</b>	<b>\$32</b>	<b>\$(253)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>\$850</b>	<b>\$597</b>
<b>CASH, END OF YEAR</b>	<b>\$818</b>	<b>\$850</b>

*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, 2010

## 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 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.

### Members and House Officers

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 also assume additional functions such as: the Speaker, Deputy Speaker, House Leaders and Chief Whips.

### House Administration

House employees are responsible for providing services to the Members elected during a Parliament and, in addition, serve 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 in 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 the 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, which employ the equivalent of 1,882 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.



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of presentation

The financial statements have been prepared in accordance with accounting policies generally applied to the Government of Canada and approved by the Board of Internal Economy.

### (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 Government

The House of Commons operates within the Consolidated Revenue Fund (CRF). 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. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between the House of Commons and federal government departments.

### (d) Change in net position in the Consolidated Revenue Fund

Change in net position in the Consolidated Revenue Fund (CRF) 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) 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 held for sale

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



# House of Commons

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

### (g) Inventories

Inventories consist of consumable parts, material and office supplies not intended for re-sale and having a value of \$50,000 or more. Inventories are valued at the lower of cost or net realizable value using the average cost method for office supplies included in the perpetual inventory system, and using the first in, first out method for other items.

### (h) Tangible capital assets

All tangible capital assets having an initial cost of \$10,000 or more are recorded as capital assets at their acquisition cost. Similar items under \$10,000 are expensed in the statement of operations. The House of Commons does not capitalize intangibles, works of art and 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:

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

### (i) Salaries and benefits and vacation leave

Salaries and benefits, and vacation leave are expensed as the salary benefits accrue to employees under their respective terms of employment. The employee salaries and benefits liability is calculated based on the respective terms of employment using the employees' 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 accruing to employees. Employee vacation pay liabilities payable on cessation of employment represent obligations of the House of Commons that are normally funded through future years' appropriations.



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## (j) Pensions and other future benefits

### i. 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 pension obligation of the House of Commons. The House of Commons is not required under current legislation to make contributions for any actuarial deficiencies of the plan.

Eligible Members of Parliament 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. The House of Commons' contributions to the Plan, including any actuarial deficit adjustment, are charged to expenses in the year incurred.

### 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.

Members of Parliament who are not eligible for an immediate pension are entitled to a severance allowance under the *Parliament of Canada Act* upon ceasing to be a Member. The severance allowance liability is reported in the Government of Canada financial statements.

## (k) 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.

## (l) Revenues

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



# House of Commons

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

### (m) **Services received without charge from federal government departments**

Services received without charge from federal government departments are recorded as operating expenses at their estimated cost. A corresponding amount is reported directly in the statement of equity of Canada.

### (n) **Contributions**

Contributions 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.

### (o) **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.

### p) **Measurement uncertainty**

The preparation of these financial statements in accordance with accounting policies generally applied to the Government of Canada and approved by the Board of Internal Economy, requires management to 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 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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

### 3. PARLIAMENTARY APPROPRIATIONS

The House of Commons receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the 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 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 APPROPRIATIONS USED:

	(in thousands of dollars)	
	<i>2010</i>	<i>2009</i>
<b>NET COST OF OPERATIONS</b>	\$492,899	\$501,376
<b>Adjustments for items affecting net cost of operations but not affecting appropriations:</b>		
Services received without charge	(71,942)	(76,419)
Employee severance benefits	5,422	(7,701)
Inventory used	(3,448)	(4,327)
Amortization of tangible capital assets	(3,570)	(4,043)
Net loss on disposal of tangible capital assets	(28)	(1,053)
Elimination of internal transactions - Food Services	711	654
Adjustment of prior year payables	629	408
Other	514	1,030
Vacation leave	<u>(111)</u>	<u>325</u>
	\$421,076	\$410,250
<b>Adjustments for items not affecting net cost of operations but affecting appropriations:</b>		
Acquisition of tangible capital assets	\$ 3,097	\$ 2,944
Tangible capital asset lease principal payments	996	1,004
Inventory purchased	2,487	2,859
Prepaid expenses	<u>36</u>	<u>123</u>
<b>CURRENT YEAR APPROPRIATIONS USED</b>	<b>\$427,692</b>	<b>\$417,180</b>



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## (B) APPROPRIATIONS PROVIDED AND USED:

(in thousands of dollars)

	<i>2010</i>	<i>2009</i>
<b>Parliamentary appropriations provided:</b>		
Voted - Operating expenditures	\$292,110	\$279,673
Statutory amounts	<u>150,678</u>	<u>146,035</u>
	\$442,788	\$425,708
Lapsed appropriations — Operating expenditures	(15,096)	(8,528)
<b>CURRENT YEAR APPROPRIATIONS USED</b>	<b>\$427,692</b>	<b>\$417,180</b>

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## (C) RECONCILIATION OF NET CASH PROVIDED BY GOVERNMENT TO CURRENT YEAR APPROPRIATIONS USED

(in thousands of dollars)

	<i>2010</i>	<i>2009</i>
<b>NET CASH PROVIDED BY GOVERNMENT</b>	<b>\$380,503</b>	<b>\$370,117</b>
Variation in accounts receivable and advances	309	(678)
Variation in accounts payable, accrued liabilities and accrued salary	(6,398)	(834)
Variation in Members' pension benefits	52,771	48,142
Other adjustments	<u>507</u>	<u>433</u>
	\$47,189	\$47,063
<b>CURRENT YEAR APPROPRIATIONS USED</b>	<b>\$427,692</b>	<b>\$417,180</b>

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# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 4. ACCOUNTS RECEIVABLE

	(in thousands of dollars)	
	<b>2010</b>	<b>2009</b>
Receivable from Treasury Board Secretariat - Interest on Members' pension benefits	\$17,349	\$16,060
Receivables - Federal government departments, agencies and Crown corporations	2,318	3,858
Receivables - External parties	<u>592</u>	<u>653</u>
	\$20,259	\$20,571
Allowance for doubtful accounts on external receivables	<u>(10)</u>	<u>(10)</u>
<b>TOTAL</b>	<b>\$20,249</b>	<b>\$20,561</b>

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## 5. ADVANCES

	(in thousands of dollars)	
	<b>2010</b>	<b>2009</b>
Petty cash for Members of Parliament	\$290	\$288
Petty cash and floats for House of Commons employees	39	39
Postage-related advances	19	19
Other advances to House of Commons employees	<u>11</u>	<u>10</u>
<b>TOTAL</b>	<b>\$359</b>	<b>\$356</b>

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# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 6. TANGIBLE CAPITAL ASSETS

(in thousands of dollars)

	COST				NET BOOK VALUE	
	March 31, 2009	Acquisition	Disposals, write-offs & transfers	March 31, 2010	2010	2009
Informatics hardware and infrastructure	\$5,959	\$1,324	\$(402)	\$6,881	\$1,566	\$885
Machinery and equipment	6,007	294	(274)	6,027	1,564	1,734
Vehicles	531	587	(59)	1,059	804	359
Other equipment	4,024	247	(169)	4,102	773	748
Computer software	10,668	242	(834)	10,076	1,590	1,418
Leasehold improvements	5,411	290	—	5,701	3,459	3,710
Assets under development	1,071	113	(784)	400	400	1,071
<b>SUBTOTAL</b>	<b>\$33,671</b>	<b>\$3,097</b>	<b>\$(2,522)</b>	<b>\$34,246</b>	<b>\$10,156</b>	<b>\$9,925</b>
Leased equipment	\$6,892	\$59	\$(28)	\$6,923	\$353	\$1,051
<b>TOTAL</b>	<b>\$40,563</b>	<b>\$3,156</b>	<b>\$(2,550)</b>	<b>\$41,169</b>	<b>\$10,509</b>	<b>\$10,976</b>



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 6. TANGIBLE CAPITAL ASSETS (CONTINUED)

(in thousands of dollars)

	<b>ACCUMULATED AMORTIZATION</b>			
	March 31, 2009	Amortization	Disposals, write-offs & transfers	March 31, 2010
Informatics hardware and infrastructure	\$5,075	\$635	\$(395)	\$5,315
Machinery and equipment	4,273	378	(188)	4,463
Vehicles	171	114	(30)	255
Other equipment	3,276	291	(238)	3,329
Computer software	9,250	854	(1,618)	8,486
Leasehold improvements	1,701	541	—	2,242
<b>SUBTOTAL</b>	<b>\$23,746</b>	<b>\$2,813</b>	<b>\$(2,469)</b>	<b>\$24,090</b>
Leased equipment	\$5,841	\$757	\$(28)	\$6,570
<b>TOTAL</b>	<b>\$29,587</b>	<b>\$3,570</b>	<b>\$(2,497)</b>	<b>\$30,660</b>

Amortization expense for the year is \$3,570,335 (2009 - \$4,042,600).



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands of dollars)

	<b>2010</b>	<b>2009</b>
Payables - External parties	\$12,878	\$13,196
Payables - Federal government departments, agencies and Crown corporations	<u>2,108</u>	<u>811</u>
<b>TOTAL</b>	<b>\$14,986</b>	<b>\$14,007</b>

## 8. LEASE OBLIGATIONS FOR TANGIBLE CAPITAL ASSETS

The House of Commons has entered into agreements to rent equipment under capital lease with a cost as at March 31, 2010 of \$6,922,746 (\$6,891,985 as at March 31, 2009) and accumulated amortization of \$6,569,779 (\$5,840,679 as at March 31, 2009). The House of Commons has recorded a capital lease obligation of \$442,523 as of March 31, 2010 (\$1,386,898 at March 31, 2009).

### Minimum lease payments

(in thousands of dollars)

	2011	2012	2013	2014	2015 & thereafter	Total
Equipment	\$414	\$29	\$6	\$1	—	\$450
Less: Imputed interest	6	1	—	—	—	7

**Balance of lease obligations for tangible capital assets**

**\$443**



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 9. EMPLOYEE FUTURE 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 2 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. The 2009-2010 expense amounts to \$32,401,927 (\$29,770,616 in 2008-2009), which represents approximately 2.6 times the employees' contributions.

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) Employee 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:

	(in thousands of dollars)	
	<i>2010</i>	<i>2009</i>
<b>Accrued benefit obligation, beginning of year</b>	\$50,141	\$42,440
Expense for the year	(2,265)	14,466
Benefits paid during the year	<u>(3,157)</u>	<u>(6,765)</u>
<b>EMPLOYEE SEVERANCE BENEFITS</b>		
<b>LIABILITY, END OF YEAR</b>	<b>\$44,719</b>	<b>\$50,141</b>



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 10. MEMBERS' PENSION BENEFITS

Members of Parliament are eligible at age 55 to receive a basic retiring allowance upon termination of membership 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.

The liability for Members of Parliament pension benefits represents the House of Commons' obligations for the pension plan, which is sponsored and administered by the Government of Canada. It is recorded through the following accounts:

- Members of Parliament Retiring Allowances (MPRA) account, which was established to provide pension benefits to eligible Members of Parliament who contributed to the plan. The 2009-2010 House of Commons contributions represent approximately 3.7 times the Members' contributions (3.7 in 2008-2009).
- Members of Parliament Retirement Compensation Arrangements (MPRCA) account, which was established to provide for benefits with respect to pension credits accrued by Members of Parliament that are not payable out of the MPRA account. The 2009-2010 House of Commons contributions represent approximately 7.4 times the Members' contributions. (7.4 in 2008-2009).

Information about the Members' pension accounts, measured as at March 31, is as follows:

	(in thousands of dollars)	
	<b>2010</b>	<b>2009</b>
<b>Members' pension accounts, beginning of year</b>	\$645,589	\$597,447
Members' contributions		
MPRA	\$1,498	\$1,433
MPRCA	2,166	2,116
Interest earned	66,957	62,003
Expense for the year	21,270	20,579
Benefits paid during the year	(26,327)	(25,681)
Actuarial deficit adjustment - MPRCA	600	600
Refundable tax remitted to Canada		
Revenue Agency - MPRCA	<u>(13,394)</u>	<u>(12,908)</u>
<b>TOTAL</b>	<b>\$698,359</b>	<b>\$645,589</b>

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, 2010

## 11. CONTINGENT LIABILITIES

As of March 31, 2010, management is not aware of any claims or possible claims against the House of Commons.

## 12. 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:

(in thousands of dollars)

	2011	2012	2013	2014	2015 & thereafter	Total
Members' constituency office leases	\$8,227	\$8,598	\$8,984	\$9,389	\$9,811	\$45,009
Members' and House equipment	852	890	930	972	1,016	4,660
Vehicles	8	—	—	—	—	8
<b>Total</b>	<b>\$9,087</b>	<b>\$9,488</b>	<b>\$9,914</b>	<b>\$10,361</b>	<b>\$10,827</b>	<b>\$49,677</b>



# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 13. EXPENSES BY MAJOR CLASSIFICATION

(in thousands of dollars)

	<i>2010</i>	<i>2009</i>
OPERATING		
Salaries and employee benefits	\$323,683	\$327,699
Accommodations	54,232	60,171
Transportation and telecommunications	51,972	49,185
Professional and special services	18,773	19,943
Utilities, materials and supplies, and other	9,952	8,764
Rentals	9,856	10,113
Informatics, office equipment, furniture and fixtures	7,539	6,931
Repair and maintenance	5,625	6,137
Advertising	5,037	4,459
Printing and publication services	4,009	3,952
Amortization of tangible capital assets	3,570	4,043
Loss on disposal of tangible capital assets	<u>29</u>	<u>1,053</u>
	\$494,277	\$502,450
CONTRIBUTIONS TO INTERNATIONAL ASSOCIATIONS	977	1,000
<b>TOTAL</b>	<b>\$495,254</b>	<b>\$503,450</b>

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## 14. REVENUES

(in thousands of dollars)

	<i>2010</i>	<i>2009</i>
Food Services — Sales	\$2,252	\$1,985
Room allocation fees	31	25
Membership fees — Parliamentary associations	24	28
Gymnasium fees	19	20
Other	<u>29</u>	<u>16</u>
<b>TOTAL</b>	<b>\$2,355</b>	<b>\$2,074</b>

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# House of Commons

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2010

## 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.

During 2009-2010, the House of Commons incurred expenses of \$130,695,972 (\$131,607,778 in 2008-2009) and earned revenues of \$10,440 (\$11,925 in 2008-2009) from transactions in the normal course of business with other federal government departments, agencies and Crown corporations. These expenses include services received without charge as described in Note 16.

## 16. SERVICES RECEIVED WITHOUT CHARGE

During the year, the House of Commons received services that were obtained without charge from other departments and agencies. These services received without charge have been recorded in the House of Commons' statement of operations as follows :

	(in thousands of dollars)	
	<b>2010</b>	<b>2009</b>
Public Works and Government Services Canada - Accommodation	\$54,232	\$60,171
Treasury Board Secretariat - Employer's share of insurance premiums	17,330	15,877
Human Resources and Skills Development Canada - Administrative related to Worker's Compensation payments	380	371
<b>TOTAL</b>	<b>\$71,942</b>	<b>\$76,419</b>

The Government 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 payroll and cheque issuance services, 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.

## 17. COMPARATIVE INFORMATION

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