

Legislative Assembly Management Committee

Accountability Report 2017-18 and 2018-19



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

May 2020
FIFTH SESSION
41st PARLIAMENT

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Foreword

The Legislative Assembly Management Committee typically receives and considers an annual Accountability Report in the fall, with its decisions, key Legislative Assembly activities, and the applicable audited financial statements for the past fiscal year. This allows the reader to review the financial results in concert with the broader goals of the organization.

In December 2018, the Acting Clerk of the Legislative Assembly advised the Committee that the 2017-18 financial statements would be delayed pending further information regarding the circumstances relating to the Assembly's November 20, 2018 decision to place two senior officials on paid administrative leave. It was important to determine that there were no significant impacts on the 2017-18 financial statements, preventing their approval.

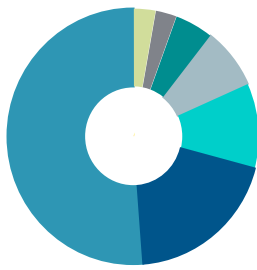
The Office of the Auditor General has now completed its audit of the 2017-18 financial statements with its opinion that they are presented accurately. In addition, the Office of the Auditor General has also completed its audit of the 2018-19 financial statements with an opinion that they are presented accurately.

Based on the above, this accountability report covers both 2017-18 and 2018-19 including the financial statements, Committee decisions, and Assembly activities.

Financial and Operational Highlights 2017-18 and 2018-19

Budgeted Net Cost of Operations 2017-18:
\$82.2 million

Budgeted Net Cost of Operations 2018-19:
\$77.4 million



2017-18 and 2018-19 Average

- Members' Services
- Legislative Operations
- Caucus Support Services
- Office of the Speaker, Office of the Clerk, and Clerk of Committees
- Hansard Services
- Sergeant-at-Arms
- Legislative Library

	2017-18*	2018-19
Members of the Legislative Assembly	87	
Sitting Days	63	70
Bills Adopted	20	58
Active Parliamentary Committees	9	15

* 85 Members until the Provincial general election held May 9, 2017.

2017-18 and 2018-19 Average



Over 230,000

Annual Visitors to the Parliament Buildings



Over 80,000

Annual Guided Tour Participants

2017-18 and 2018-19
Key Initiatives

 Members' Post-Election Transition and Orientation	 Digital Strategy Launched
 Expanded Executive Expense and Compensation Disclosure	 Electronic Business Workflow Project
 Enhanced Accessibility Upgrades	 Library Online Information
 Hansard Languages and Digital Products	 Security Readiness and Training
 Renewing Procedural and Support Positions	 Expanded Parliamentary Educational Programs

Messages from the Speaker and the Clerk

May 2020

To the Honourable Legislative Assembly of the Province of British Columbia

Honourable Members:

I have the honour to present the Legislative Assembly Management Committee's Accountability Report 2017-18 and 2018-19.

My January 21, 2019 report to the Committee documented serious issues of concern that came to my attention in the months after I became Speaker in September 2017.

The Committee has established a work plan on urgent reforms and much progress has been made. More work is needed to address the remaining issues in my report, but the Committee is on the right track as it works toward a new governance framework, more effective oversight of Assembly administration and important reforms to administrative policies.

Respectfully submitted on behalf of the Committee,

Honourable Darryl Plecas
Speaker of the Legislative Assembly



The Legislative Assembly is currently in a period of transformative change which is needed to restore the trust of British Columbians in the Assembly.

The Legislative Assembly Management Committee is leading a comprehensive reform of financial and administrative management.

Committee Members have identified areas and processes that must be strengthened, a workplace review is underway, many administrative and policy changes have been initiated and implemented and work is underway to modernize the Assembly's policies, financial controls and governance.

Along with all Legislative Assembly employees, I look forward to supporting the Committee with its important responsibilities with governance and policy reforms.

Respectfully submitted,

Kate Ryan-Lloyd
Clerk of the Legislative Assembly

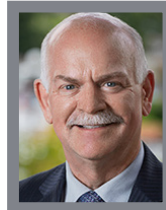


Legislative Assembly Management Committee

Members



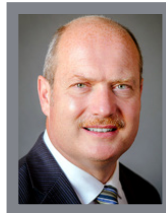
Hon. Darryl Plecas, MLA
Abbotsford South
Speaker and Chair



Garry Begg, MLA
Surrey-Guildford
Government Whip



Jagrup Brar, MLA
Surrey-Fleetwood
Government Caucus Chair
(From June 22, 2018)



Michael de Jong, Q.C., MLA
Abbotsford West
Official Opposition House Leader
(To February 10, 2018)



Hon. Mike Farnworth, MLA
Port Coquitlam
Government House Leader



Sonia Furstenu, MLA
Cowichan Valley
Third Party House Leader



Leonard Eugene Krog, MLA
Nanaimo
Government Caucus Chair
(To June 22, 2018)



Mary Polak, MLA
Langley
Official Opposition House Leader
(From February 10, 2018)



Janet Routledge, MLA
Burnaby North
Deputy Government Whip



Jackie Tegart, MLA
Fraser-Nicola
Official Opposition Caucus Chair

Legislative Assembly Executive Staff

Kate Ryan-Lloyd, Clerk of the Legislative Assembly
Hilary Woodward, Executive Financial Officer
S. Suzie Seo, Law Clerk and Parliamentary Counsel

Accountability Goals and Reporting

Goal

1

The Legislative Assembly's key functions to legislate, authorize expenditures and taxes, and undertake legislative oversight are supported.

Support to the Legislative Assembly and Members. The Legislative Assembly Management Committee approved budgets for 2017-18 and 2018-19 to provide the Assembly and its Members with financial and administrative support and resources to fulfill their responsibilities to British Columbians. The 2017-18 budget also supported transition costs following the May 9, 2017 provincial general election and subsequent change of government, including Members' transition expenditures, technological upgrades, office refurbishment, furniture replacement, technological upgrades and administrative, procedural and logistical orientation services.

Renewing Procedural and Support Positions. To support key procedural responsibilities, an auxiliary Parliamentary Counsel position was established and internal staffing was implemented in 2018-19 to sustain Committee Clerk support and staff a Procedural Clerk position.



Parliamentary Practice in British Columbia. An interdepartmental team was established to update the Legislative Assembly's procedural guide and companion to the Standing Orders, *Parliamentary Practice in British Columbia*. A new edition with updates to reflect changes since the 2008 edition, a more comprehensive approach to Assembly procedures and practices and improved accessibility for Members, staff and the public, has been published in print with the preparation of an online version to follow.

Goal

2

Effective, responsive and accountable financial management and administration.

Executive Expense and Compensation Disclosure. On December 6, 2018, the Committee approved the quarterly public disclosure of Legislative Assembly Executive staff travel expenses with receipts and compensation in line with other provincial public sector organizations.

Electronic Business Workflow Project. More electronic business processes improved efficiency and sustainability, including automated e-mail direct deposit notifications to vendors which have saved paper and postage. In 2018-19, new electronic business workflow systems were implemented to strengthen financial administration and controls for Assembly departmental and constituency office expenses, including structured approvals, web-based and mobile device applications and training for Members and caucus staff and Assembly employees.

Centralization of Constituency Office Expenses. The Committee, through the Centralization of Constituency Office Expenses Committee, oversaw the move to centralize constituency office expense processing. The new framework has enhanced administrative efficiencies and financial controls, while ensuring that Members remain in control of constituency office spending decisions. In 2018-19, a centralized constituency office expense system was implemented with enhanced administration and financial controls, successfully processing approximately 8,500 transactions for all constituency offices of the Assembly's 87 Members. A constituency office budget monitoring protocol was also formalized with high-level monitoring of constituency office expenditures to proactively identify potential issues for the attention of Members.

Human Resource Operations Initiatives. In February 2019, over 30 human resource and other policies were identified for renewal to address gaps and align with public sector best practices, including updating records management procedures. Learning and development training sessions were offered to Assembly employees on a variety of topics such as working effectively and respectfully with Indigenous peoples; respect in action, gender diversity and human rights at work; difficult conversations; stress management; and mental health.

Goal



Members and British Columbians are well-informed about the work of the Legislative Assembly.

Digital Strategy. The 2019-20 Assembly budget approved by the Committee included the establishment of a new Digital Information Office, which envisions centralized responsibility and accountability for the strategic, appropriate and effective management of Assembly information as a valuable asset critical to the effective functioning of Members and the Assembly.

Use of New Technologies by Parliamentary Committees. Increased use of social media to engage stakeholders and citizens and a new consultation portal on the Legislative Assembly's website enhanced the ability of parliamentary committees to undertake public consultations in 2017-18 and 2018-19.

Hansard Languages and Digital Reporting. Hansard Services supported the expression of language diversity by Members through enhanced capacity to publish in multiple language scripts, including Indigenous languages, and improved its broadcast automation system for viewing House and parliamentary committee proceedings by British Columbians. A fully digital publishing platform for Hansard products was launched in March 2018 with improved functionality for portable devices, an innovative text-based search utility and new features to link transcripts to video recordings and facilitate sharing over social media.

Information Technology Services. New information technology initiatives included Voice over Internet Protocol (VOIP) phone service which delivers enhanced performance at lower costs, refreshed computer software and the provision of Wi-Fi connectivity in the Parliament Buildings to ministry users of government networks.

Legislative Library Online Information. The Legislative Library modernized its public online catalogue in the 2018 fiscal year with more powerful searching options, expanded access for Members, staff and Assembly employees to hundreds of newspapers and magazines through the Pressreader service and provided public access to historical provincial government records.

Parliamentary Education Programs. To serve the over 220,000 visitors who come to the Parliament Buildings each year, the Assembly provides Members, students, educators and the public with parliamentary education and outreach services and resources. Educational services include a Little Legislators program for kindergarten to grade 3 students, Governance and Beyond workshops for elementary students, spring break and summer camps for students, a Seniors' Tea and Tour program and ongoing Parliamentary Procedure Workshops for public servants.



Goal 4

A safe and secure environment for Members, staff and citizens.

Legislative Precinct Redevelopment Plan. Work began in 2018-19 on a proposal for a long-term redevelopment plan for the Legislative Precinct. The plan will include sustainable preservation and redevelopment for the Parliament Buildings to support the Assembly's future operational requirements.

Major Capital Investments. Significant capital projects were underway in 2018-19 including heating, ventilation and air conditioning and electrical upgrades throughout the Legislative Precinct, new accessibility ramps, and the installation of a new Chamber sound system.



Business Continuity Planning. Detailed business continuity plans for Assembly departments were established and reviewed to align with public sector best practices and tested semiannually in 2017-18 and 2018-19.

Seismic Action Plan. Action items in the Assembly's Seismic Action Plan for the Legislative Precinct in 2018-19 included the preparation of a comprehensive assessment of the Parliament Buildings, the installation of post-earthquake response sensors, and soil condition testing.

Security Readiness and Training. A safe, secure and accessible environment for Members, staff and the public was sustained in 2017-18 and 2018-19 through information sharing arrangements with security organizations and strengthened training to address emerging security concerns.

Fire Alarm Updating. The phased implementation of improved fire detection devices across the Parliament Buildings was initiated in 2018-19 to support the protection and preservation of Assembly facilities.

Promoting Environmental Sustainability. Environmentally sustainable activities continued in 2017-18 and 2018-19 to target waste reduction and improved energy efficiency, including energy efficient lighting, recycling programs, composting of Parliamentary Dining Room waste and the installation of Electric Vehicle Recharging Stations.

Performance Measures and Indicators

Goal 1 – The Legislative Assembly’s key functions to legislate, authorize expenditures and taxes, and undertake legislative oversight are supported				
	2015/16 Actual	2016/17 Actual	2017/18* Actual	2018/19 Actual
Legislative Assembly sitting days	74	48	63	70
Sitting hours (Chamber and Estimates debates)	633	379	506	642
Active parliamentary committees	13	10	9	15
Parliamentary committee meeting hours	243	319	208	270
Bills processed accurately through all stages	38	28	20	58
Bills introduced	63	84	47	63
Parliamentary documents accurately prepared	497	315	309	460
Goal 2 – Effective, responsive and accountable financial management and administration				
	2015/16 Actual	2016/17 Actual	2017/18* Actual	2018/19 Actual
The external auditor has provided an unqualified (clean) opinion on the Financial Statements (Yes or No)	Yes	Yes	Yes	Yes
Legislative Assembly has maintained expenditures within its annual budget appropriation (Yes or No)	Yes	Yes	Yes	Yes
Percentage of expense disclosure (Members’ travel and constituency office expenses, parliamentary committee travel, and executive travel) released within three months of the close of the quarterly reporting period	100%	75%**	75%**	100%
Goal 3 – Members and British Columbians are well-Informed about the work of the Legislative Assembly				
	2015/16 Actual	2016/17 Actual	2017/18* Actual	2018/19 Actual
Visitors to the Parliament Buildings	265,876	284,343	249,327	224,687
Visitors who participated in a guided Parliament Buildings tour	88,397	83,274	79,860	83,066
Visits to the Legislative Assembly’s website	1,344,536	654,202	801,420	844,941
Parliamentary committee consultation participants (presentations, submissions and applications)	1,435	1,204	1,335	1,381
Library information requests	2,246	2,445	3,252	3,217
Percentage of Library resources in digital form	35%	37%	40%	41%
Parliamentary education workshop participants	529	553	608	709
Goal 4 – A safe and secure environment for Members, staff and citizens				
	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual
Security plan up to date and tested (Yes or No)	Yes	Yes	Yes	Yes
Annual business continuity plan test exercises ***	2	2	2	2

*Provincial general election held May 9, 2017.

** Fourth quarter of 2016-17 and first quarter of 2017-18 releases were extended by two months and two weeks, respectively, due to the electoral period and subsequent change in government.

***Testing using alternative emergency command post and equipment stored in a secure location.

Legislative Assembly Management Committee Decisions

The Legislative Assembly Management Committee met twice in 2017-18, on November 29, 2017 and December 13, 2017, and seven times in 2018-19, on October 30, 2018, December 6, 2018, December 19, 2018, January 21, 2019, February 21, 2019, February 25, 2019 and March 6, 2019.

Decisions from April 1, 2017 to March 31, 2019, by subject

The Legislative Assembly Management Committee's decisions from April 1, 2017 to March 31, 2019 are listed below as per the Committee's meeting minutes.

Allowances

The Committee resolved that the Finance and Audit Committee review the recommendations resulting from the independent review of caucus resources and the caucus funding formula, and provide a recommendation for implementation on April 1, 2019 for consideration by the Legislative Assembly Management Committee. (December 13, 2017)

The Committee resolved that pending an independent review of caucus resources and the caucus funding formula to be completed prior to September 2018, the Committee approve interim funding for the Office of the Leader of the Third Party equal to fifty percent (50%) of the funding received by the Office of the Leader of the Official Opposition. (December 13, 2017)

The Committee resolved that clause 5.01 as noted within the current leased space in Policy 7520 Caucus Funding – Leader's Office, be amended to remove the following words: "and +/- 53 square meters for the Leader of the Third Party." The amended clause 5.01 shall read: "The Legislative Assembly's central budget will incur the cost of Leader's office space in Vancouver, defined as +/- 200 square meters for the Leader of the Official Opposition." (December 19, 2018)

The Committee approved the recommendations contained in the Finance and Audit Committee Report related to the Taxation of Member Allowances. (December 19, 2018)

Benefits

The Committee amended the Transitional Assistance Policy to allow former Members in receipt of "Member pension benefits" to receive transitional assistance beyond the initial first four months; and that any transitional assistance payments received beyond the initial first four months be reduced by the amount of Member pension benefits received; and further; and that the amendment be retroactive to May 9, 2017. (December 13, 2017)

The Committee approved the recommendations contained in the Finance and Audit Committee Report related to the *Members' Remuneration and Pensions Act* (R.S.B.C. 1996, c. 257). (December 19, 2018)

Committee Administration

The Committee approved the Financial Statements of the Legislative Assembly of British Columbia for the year ending March 31, 2017, as presented. (November 29, 2017)

The Committee approved the Legislative Assembly's quarterly financial reports for the following periods as presented: April 1, 2016 to December 31, 2016 (Quarter 3); April 1, 2016 to March 31, 2017 (Quarter 4); April 1, 2017 to June 30, 2017 (Quarter 1); and April 1, 2017 to September 30, 2017 (Quarter 2). (November 29, 2017)

The Committee approved the 2018-19 expenditures for the following capital projects related to security enhancement: card access system upgrade; chime system upgrade; and security detection systems. (December 6, 2018)

The Committee adopted the report of the Finance and Audit Committee dated December 19, 2018, as amended. (December 19, 2018)

The Committee resolved that on behalf of the Committee, the Acting Clerk seek legal advice with respect to the appropriateness and potential scope of an audit, forensic audit or examination under Section 13 of the *Auditor General Act* (S.B.C. 2003, c. 2), given the active police investigation, to ensure that any action taken by the Committee on that advice does not impede the ongoing investigation; and that this information be provided to the Committee at its January 21, 2019 meeting. (December 19, 2018)

The Committee agreed that the proposed Capital Plan Project Number 53 as noted in 2019/20 Budget Submission – Vote 1: Capital Projects – Supporting Documents regarding chair lifts for the East and West Annexes, originally scheduled to begin in 2020/21, be undertaken in 2019/20. (December 19, 2018)

The Committee resolved to urge all House Leaders to consider the serious allegations raised in the Report by the Speaker, invite a written response by the Clerk and Sergeant-at-Arms by Friday, February 1, and determine what action, if any, the Legislative Assembly should take with respect to the motion adopted on November 20, 2018 regarding the Clerk and Sergeant-at-Arms. (January 21, 2019)

The Committee resolved that the Acting Clerk undertake to develop the scope and terms of a comprehensive financial audit to address matters contained in the Report by the Speaker, for the consideration and approval of the Committee. Once the Committee has approved the scope and terms of the audit, an Auditor General from another Canadian jurisdiction shall be invited to undertake the work. The resulting audit report shall be made public. (January 21, 2019)

The Committee resolved that the Acting Clerk develop a framework for a workplace review of Legislative Assembly departments, subject to criteria to be determined by the Committee, in order to address matters raised in the Report by the Speaker. (January 21, 2019)

The Committee resolved to publicly release the Report on the Written Responses by the Speaker. (February 21, 2019)

The Committee resolved to publicly release the legal submissions and written responses of the Clerk and the Sergeant-at-Arms. (February 21, 2019)

The Committee rescinded its January 21, 2019 resolution respecting a comprehensive financial audit; supported the commitments by the Auditor General of British Columbia of an audit of the Legislative

Assembly offices, as outlined in her January 25, 2019 letter to the Committee; and for greater certainty, directed the Acting Clerk of the Legislative Assembly coordinate the Legislative Assembly's working relationship with the Auditor General on behalf of the Committee, ensure that full access is provided to the Office of the Auditor General with respect to the administrative and financial records of the Legislative Assembly and its employees, and report to the Committee on any impediments to the audit or any other matter that the Committee or the Acting Clerk considers to be necessary. (February 21, 2019)

The Committee resolved:

- a. That the Committee prepare for the consideration of the House Leaders a list of specific areas of concern arising from the Report of the Speaker released on January 21, 2019, the related addendum to the Report, the written responses and legal submissions from the Clerk and the Sergeant-at-Arms received on February 7, 2019, and the Report on the Written Responses by the Speaker released on February 21, 2019;
- b. That the House Leaders develop and recommend an independent review process, conducted by an eminent jurist, to determine if the Clerk or the Sergeant-at-Arms has engaged in misconduct in the course of carrying out their duties for consideration and adoption by the Legislative Assembly in relation to the documents noted above;
- c. That the House Leaders recommend a process, which shall not overlap with the workplace review, for consideration and adoption by the Legislative Assembly to address any independent findings; and
- d. That the Committee recognize that the Speaker voluntarily stated that he shall recuse himself from any development or oversight of the independent review process. (February 21, 2019)

The Committee resolved that the Acting Clerk:

- a. Consult with the Office of the Ombudsperson, the B.C. Public Service Agency, and the Ministry of Health with respect to the workplace reconciliation activities outlined in Culture Change: Organizational Reconciliation Program – Actions to Build a Healthy Organizational Culture;
- b. Utilize the advice and best practices employed by the Public Service Agency and the Ministry of Health in the development of the aforementioned report;
- c. Based on the advice received, develop a shortlist of three qualified external consultants for consideration by a working group of the Committee;
- d. Following the selection of an external consultant, develop a work plan for an organizational reconciliation program for current and former staff of the Legislative Assembly; and
- e. Report to Committee with details of the work plan for an organizational reconciliation program no later than May 1, 2019. (March 6, 2019)

The Committee resolved that the Committee's advisory subcommittee, the Finance and Audit Committee, be comprised of the Chair, Hon. Darryl Plecas, MLA, Jagrup Brar, MLA, Sonia Furstenau, MLA, Mary Polak, MLA, Janet Routledge, MLA, Jackie Tegart, MLA, and Kate Ryan-Lloyd, Acting Clerk (ex officio). (March 6, 2019)

The Committee adopted the 2019 work plan and proposed meeting schedule as amended, and referred existing and new business outlined in the 2019 work plan to the Finance and Audit Committee for further consideration. (March 6, 2019)

The Committee resolved that a Subcommittee on Agenda and Procedure be established and be comprised of the Chair, Hon. Darryl Plecas, MLA, Hon. Mike Farnworth, MLA, Sonia Furstenu, MLA, and Mary Polak, MLA. (March 6, 2019)

The Committee approved and adopted its report to the Legislative Assembly as presented, and resolved that the Chair present the Committee's report to the Legislative Assembly at the earliest opportunity. (March 6, 2019)

The Committee resolved, that the correspondence from the Official Opposition Caucus, the Government Caucus, and the Information and Privacy Commissioner, the Merit Commissioner, and the Ombudsperson be referred to the Finance and Audit Committee for further consideration. (March 6, 2019)

Disclosure

The Committee directed the Acting Clerk to disclose Assembly Executive compensation on a quarterly basis, and to enhance current public disclosure of Assembly Executive travel expenses, commencing with the period beginning on January 1, 2019 (Quarter 4 of Fiscal Year 2018/19). (December 6, 2018)

Staff

The Committee requested further background information from staff in order to consider the matter of constituency office staffing at a subsequent Committee meeting. In particular, the Committee requested a report on the jurisdictional role of the Committee with respect to constituency offices and other applicable rules and regulations which exist in this regard. The report will consider the question with respect to both Executive Assistants for constituency offices of Cabinet Ministers and Private Members. (November 29, 2017)

Vote 1

The Committee approved the estimates of expenditure for fiscal year 2018/19 for the Legislative Assembly for Vote 1 as presented. (December 13, 2017)

The Committee resolved that the Speaker transmit the estimates of expenditure for fiscal year 2018/19 for the Legislative Assembly for Vote 1 to the Minister of Finance on behalf of the Committee. (December 13, 2017)

The Committee approved the estimates of expenditure for fiscal year 2019/20 for the Legislative Assembly for Vote 1, as amended; and resolved that, the Speaker transmit the estimates of expenditure for fiscal year 2019/20 for the Legislative Assembly for Vote 1, as amended, to the Minister of Finance on behalf of the Committee. (December 19, 2018)

Management Discussion and Analysis

For the year ended March 31, 2018

This Management Discussion and Analysis (MD&A) reflects the continued commitment of the Legislative Assembly of British Columbia (the Legislative Assembly) to enhanced accountability and transparency. It complements the 2018 Financial Statements by providing further financial analysis relating to the financial position and the results of operations of the Legislative Assembly.

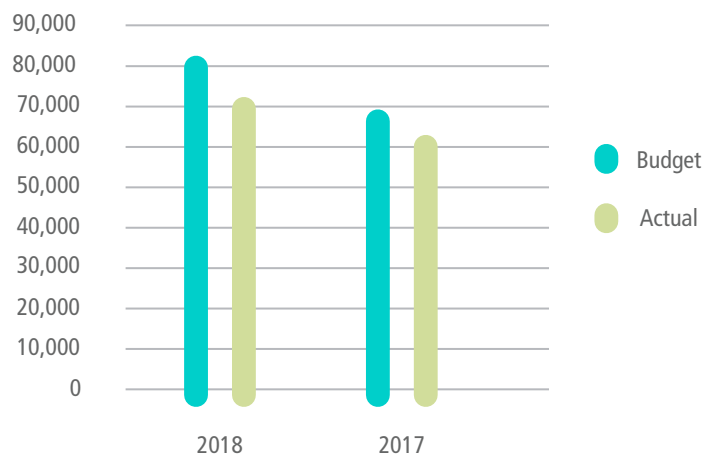
Approval and sign-off of the 2018 Financial Statements was delayed, following a decision by the Legislative Assembly on November 20, 2018 to place the then Clerk and Sergeant-at-Arms on paid administrative leave. The Office of the Auditor General has subsequently issued an unqualified opinion on both the 2018 Financial Statements on April 7, 2020.

The MD&A should be read in conjunction with the Legislative Assembly's audited Financial Statements for the year ended March 31, 2018. The financial information in this report has been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS); all totals and percentages have been rounded, and all year references are for the year ended March 31.

Financial Results

The Legislative Assembly's net cost of operations (expenses less revenues) for 2018 was \$72.3 million, which was \$9.9 million lower than the budget of \$82.2 million and \$8.1 million higher than actual spending in 2017 (see Chart 1). The Legislative Assembly incurred \$2.4 million in capital expenditures, representing an increase of \$1.3 million in comparison to 2017 and an under-spend in comparison to budget of \$1.4 million.

CHART 1: NET COST OF OPERATIONS (\$000's)

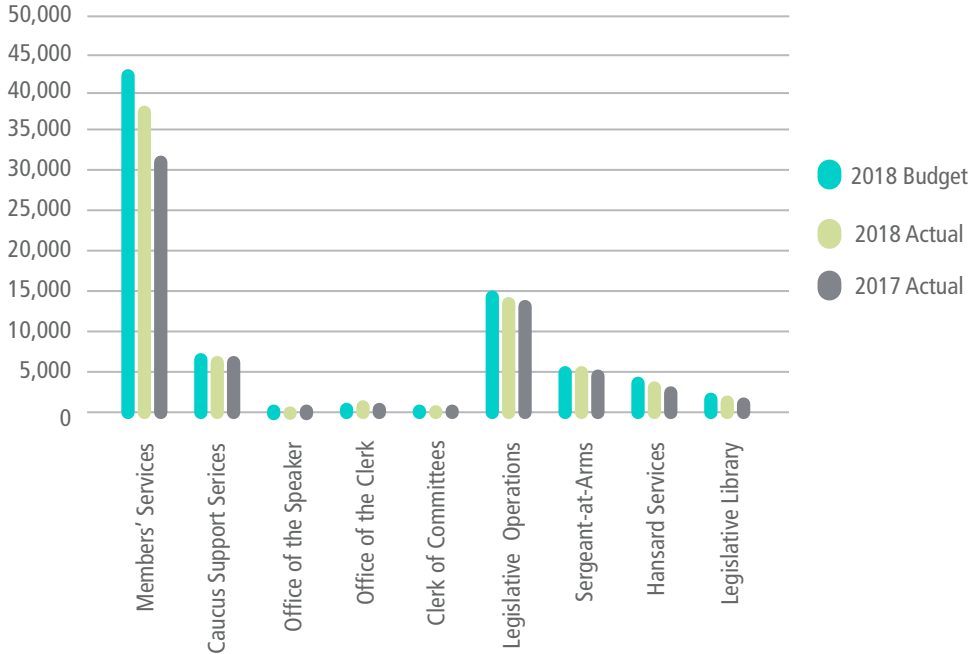


The majority of the savings in 2018 are a result of actual election-related costs being significantly lower than budget. This is discussed in more detail later in this report.

Operating Expenses by Function

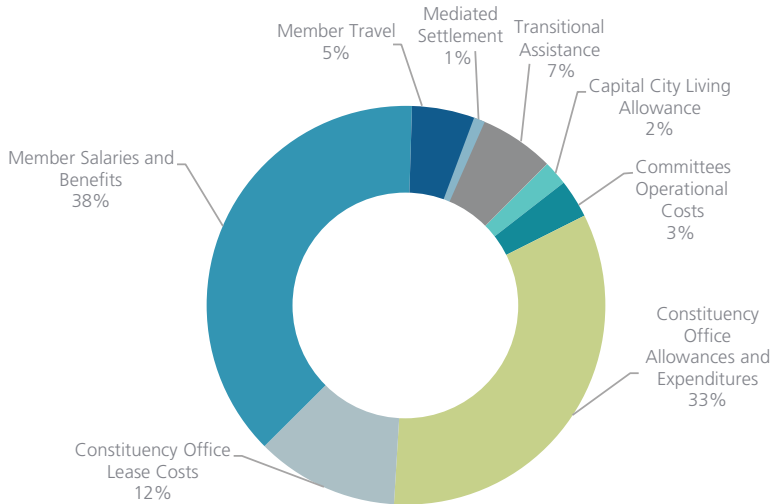
Total 2018 operating expenses were \$73.5 million, an increase of \$8.4 million from the \$65.1 million spent in 2017, and \$9.3 million less than budgeted. Expenses were lower than budgeted in most areas, but primarily in Members’ Services, Legislative Operations, and Hansard Services (see Chart 2 below).

CHART 2: OPERATING EXPENSES BY FUNCTION (\$000's)



Members’ Services consists of all expenses relating to Members of the Legislative Assembly (Members) and their constituency offices. Chart 3 shows the components of Members’ Services.

CHART 3: COMPOSITION OF 2018 MEMBERS’ SERVICES EXPENSES



The largest component is Members' salaries and benefits at 38% of the Members' Services budget, followed by constituency office allowances and expenditures at 33%. Constituency office allowances and expenditures includes the annual constituency office allowance of \$134,835 (increased to \$137,700 for fiscal 2019) per office, the new parliament start-up allowance, the furniture and equipment allowance, and expenses including but not limited to insurance, internet, phone, and security costs. Constituency office lease costs represent 11% of the Members' Services total.

Members' Services expenses were budgeted to be \$46.5 million. Actual expenses were \$39.0 million in 2018 (\$33.3 million in 2017) and were \$7.5 million lower than budget. The under-spend was primarily a result of the following:

- The budget assumed that 43 former Members would require transitional assistance payments following the May 2017 provincial general election; however, only 25 Members received transitional assistance. This resulted in savings of approximately \$3.8 million. In addition, very few former Members utilized the retraining allowance resulting in savings of \$0.4 million.
- Constituency office lease costs were \$0.9 million lower than budget as a result of lower than expected increases upon renewal of existing leases, and a longer than anticipated timeframe for new Members to find suitable office space.
- Member salaries and benefits were \$0.6 million less than budget as a result of the cessation of additional salaries during the election period, no parliamentary committee activity during the election period, and the resignation of one Member.

In March 2018, a legal action commenced against the Legislative Assembly resulting in a subsequent mediated settlement in the amount of \$0.5 million in May 2019, of which \$0.02 million was paid by the Government and the balance paid by the Legislative Assembly. The 2018 Financial Statements include an accrual for the settlement amount. This transaction is described further in note 18 of the Financial Statements.

Each caucus receives an annual formula-driven budget to fund their legislative offices and operations (Caucus Support Services). The formula is based on the number of Members within each caucus. As a result, there are minimal variances in annual expenses and budgets within each parliament. Caucus Support Services expenses were \$0.3 million over budget in 2018. This is a result of higher than expected costs to transition to the new parliament following the May 2017 provincial general election.

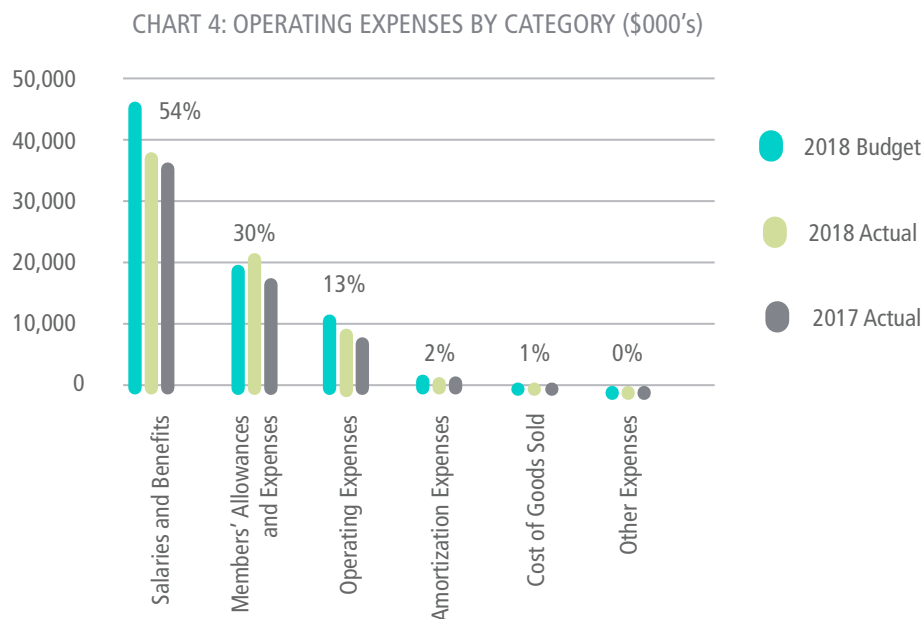
Legislative Operations expenses were \$1.7 million under budget in 2018 as a result of lower than expected operational costs to transition to the new parliament, lower consulting and maintenance costs during the election period, unfilled staff positions, lower than expected amortization costs due to capital projects not proceeding, and unspent contingency funds.

Hansard Services was \$0.5 million under budget as a result of savings on the renewal of the satellite uplink contract, temporarily vacant positions, and lower Assembly sitting days.

Variances compared to the budget and 2017 were insignificant for all other Assembly departments.

Operating Expenses by Category

The Legislative Assembly's most significant expense category is Salaries and Benefits, accounting for 54% of the Legislative Assembly's total expenses, followed by Members' Allowances and Expenses at 30% (see Chart 4). The Salaries and Benefits category includes Members' salaries and benefits.



Actual Assembly Salaries and Benefits increased by \$2.2 million compared to 2017, primarily as a result of scheduled salary increases for Members and Assembly staff and severance costs to former caucus and Members' employees following the election and resulting change in government. Salaries and Benefits were \$8.2 million lower than budget. The reason for this under-spend is that \$5.7 million in Members' Transitional Allowance costs were budgeted for in Salaries and Benefits, but the actual costs of \$2.6 million were subsequently recorded in Members' Allowances and Expenses. Other contributing factors to this under-spend include the cessation of Members' additional salaries and no parliamentary committee activity during the election period, temporarily vacant positions, lower than expected benefit costs, and staff on long-term disability.

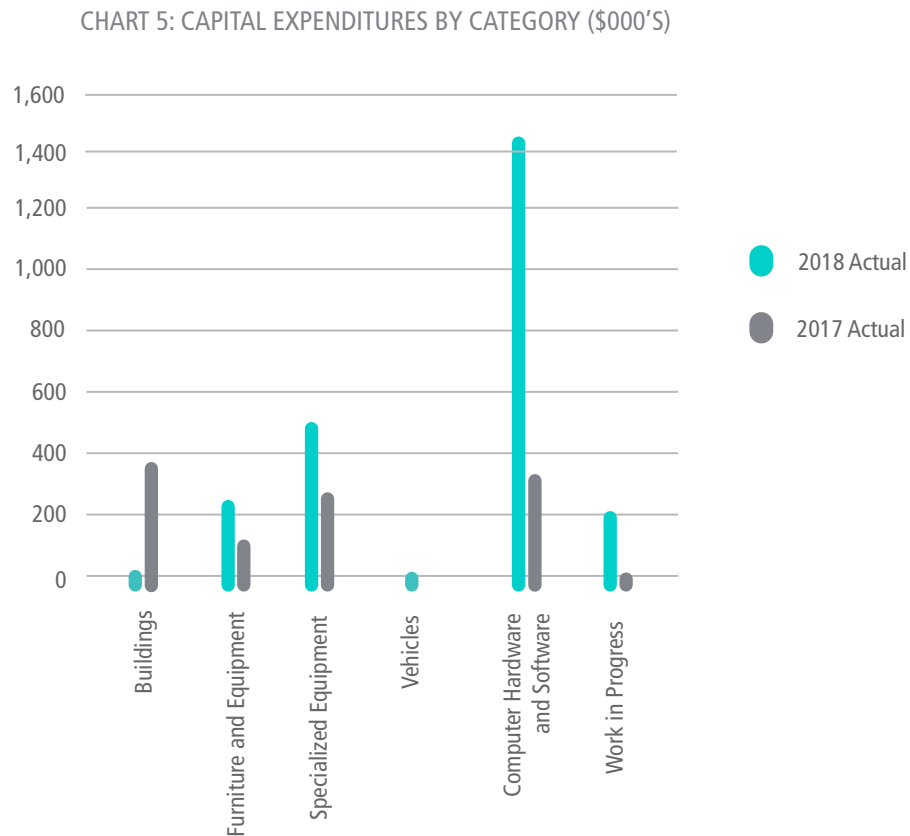
Members' Allowances and Expenses, which includes the annual constituency office allowance, increased by \$4.6 million compared to 2017 and was \$0.3 million over budget. This category was over budget because, as discussed above, \$2.6 million in Members' Transitional Allowance costs were recorded in Members' Allowances and Expenses but were initially budgeted for in Salaries and Benefits. This was partially offset by constituency office lease savings of \$0.9 million, \$0.4 million in savings resulting from lower than expected uptake by former Members of the \$9,000 per Member retraining allowance, \$0.3 million in savings resulting from lower than budgeted Member travel and legal costs, and other minor amounts.

Operating Expenses are comprised of office administration, utilities, maintenance, telecommunications, employee travel expenses and the Legislative Assembly's share of a \$0.5 million mediated settlement resulting from a legal action commenced against the Legislative Assembly in March 2018. These expenses were \$1.5 million higher than 2017, and \$1.1 million under budget due to lower than expected expenses for professional consulting services, typesetting and electronic publishing costs, election transition costs, operational steam heating costs, maintenance costs, operational contract savings, and unspent contingency funds.

Variances compared to the budget and 2017 were insignificant for the remaining operating expense categories.

Capital Expenditures by Category

Capital spending varies in amount and by category annually depending on need and priority.



The Legislative Assembly’s capital assets include the Parliament Buildings and surrounding Precinct buildings, building improvements, office furniture and equipment, computers, servers, maintenance equipment, security equipment, and specialized broadcasting equipment.

Capital spending for 2018 was \$2.4 million as compared to \$1.1 million for 2017, an increase of \$1.3 million. Significant capital additions during 2018 included information technology server and infrastructure purchases, office furniture and equipment purchases to facilitate office moves following the election and change in government, upgrades to the fountain lighting at the rear of the Parliament Buildings, the purchase of work-flow and document management software and lifecycle replacements of personal computers, tablets, and notebooks for Assembly departments.

At year-end, there were several projects underway (included in work-in-progress) such as HVAC upgrades, preliminary work on the front driveway replacement, electrical vault upgrades, implementation of work-flow and document management software (noted above), and the installation of informational kiosks on the Legislative Precinct grounds.

Expenditures Directly Relating to the Provincial General Election

The provincial general election occurred on May 9, 2017. The Legislative Assembly incurs additional operating and capital costs during election years, which have been grouped into four categories in Chart 6, below.

The most significant cost directly relating to the election is transitional assistance payments to former Members. This allowance is discussed further in note 8 of the Financial Statements. It is very difficult to predict how many Members will require transitional assistance, as this number is driven by the election results. Based on past trends, the Legislative Assembly budgeted on the basis that 43 former Members would require transitional assistance. Only 25 Members received full or reduced transitional assistance payments, resulting in savings of \$3.8 million.

During election years, the Legislative Assembly provides additional allowances and support to Members to help them establish their

constituency offices, including: lease consulting services, the constituency office start-up allowance, moving costs, IT support costs, personalized stationery, and training for constituency assistants. These costs were all on or under budget. Newly elected Members are also provided with an allowance to purchase furniture and equipment for their constituency offices.

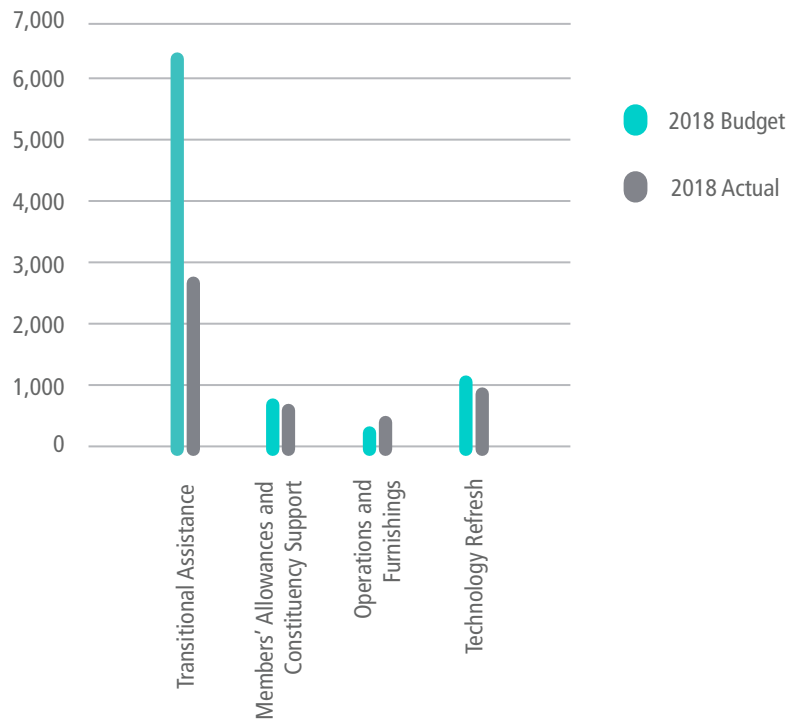
Following an election, there are often a number of office moves within the Parliament Buildings. As the May 9, 2017 provincial general election resulted in a change in government, the cost of furniture acquisitions for offices within the Parliament Buildings was higher than expected. This resulted in a slight over-spend in this category.

Finally, the Legislative Assembly schedules its lifecycle replacements of computers and mobile devices for Assembly branches, Members and constituency offices to coincide with the election. The Legislative Assembly budgeted \$1.2 million for this refresh; however, only \$1.0 million was needed.

Revenues

The Legislative Assembly generates revenue from Members, the public and Assembly departments through its Parliamentary Dining Room and Parliamentary Gift Shop operations. Combined gross revenue of over \$0.7 million was generated by these operations in 2018 (\$0.7 million in 2017). The Legislative Assembly also generates a small amount of lease revenue by leasing space on the Legislative Precinct to the media,

CHART 6: ELECTION RELATED EXPENDITURES (\$000'S)



government staff and an officer of the Legislative Assembly, on a cost recovery basis. Revenues are described further in note 13 of the Financial Statements.

Financial Position

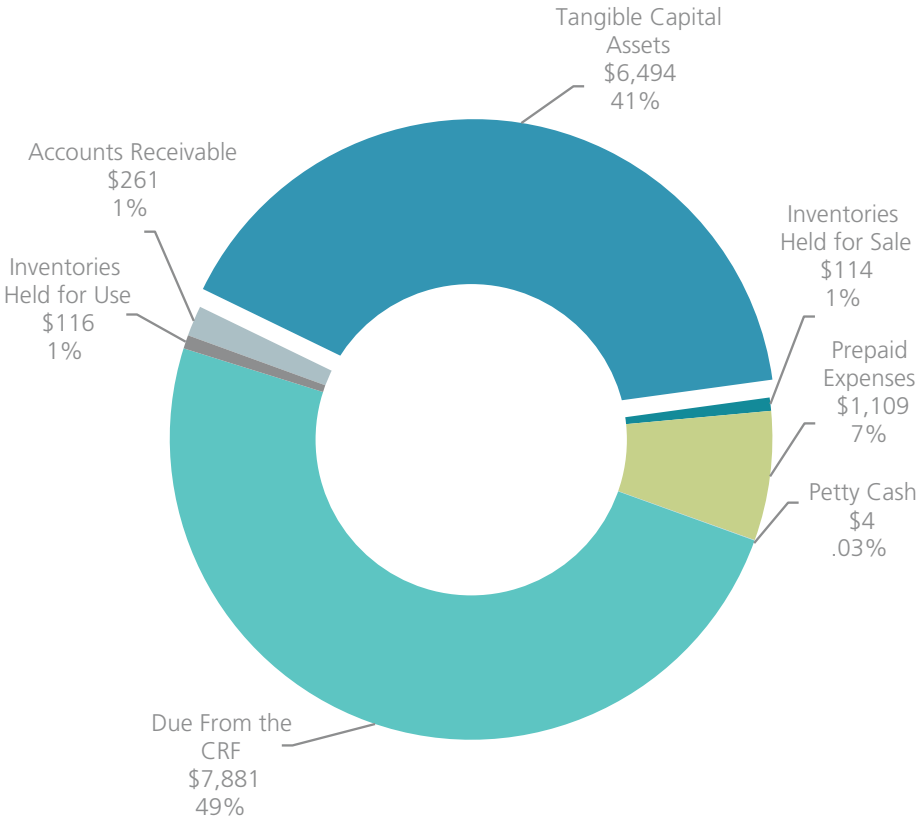
Assets

The Legislative Assembly's most significant asset balance is Tangible Capital Assets. Capital spending was higher than amortization, disposals, and write-downs in 2018, resulting in a net increase of \$1.1 million to Tangible Capital Assets. Significant capital additions for 2018 (see Chart 5) in the Capital Expenditures by Category section.

The Due from the Consolidated Revenue Fund (CRF) balance is equal to the sum of the Legislative Assembly's liabilities, less its financial assets. It represents the net amount owed to the Legislative Assembly by the CRF for expenses incurred for which Vote 1 appropriation funds had not yet been received. This balance fluctuates annually based on the changes in liabilities and financial assets.

The Legislative Assembly bank account is replenished by the Ministry of Finance throughout the year as payments are made and, therefore, it maintains a zero balance. The remainder of the Legislative Assembly's assets are relatively minor and did not change significantly in 2018 as compared to 2017.

CHART 7: 2018 COMPOSITION OF ASSETS (\$000'S)



Liabilities

The Accounts Payable and Accrued Liabilities balance increased by \$2.7 million in 2018. The majority of this increase (\$1.2 million) is due to Members' constituency offices and is explained in note 5(b) of the Financial Statements. This portion of the payable is new this year and is a direct result of the Centralization of Constituency Office Expenses project, which replaced individual constituency office bank accounts and accounting systems with a centrally administered system.

Other factors contributing to the increase in Accounts Payables and Accrued Liabilities include the impact of the change in government, following the provincial general election, a \$0.5 million mediated settlement (see note 18 of the Financial Statements) and the resulting severance obligations to former caucus and Members' employees. At year end, approximately \$0.6 million was still owed to former caucus and Members' employees.

Former Members who meet the eligibility requirements for the Transitional Assistance allowance, described further in note 8 of the Financial Statements, are entitled to receive salary continuance payments for up to fifteen months. The fifteen-month period following the May 2017 provincial general election ended in August 2018. As a result, a Transitional Assistance liability was recorded in 2018 for the estimated amounts owing to those former Members still receiving the allowance to August 2018. As this liability only occurs following an election, there was no comparable liability recorded in previous years.

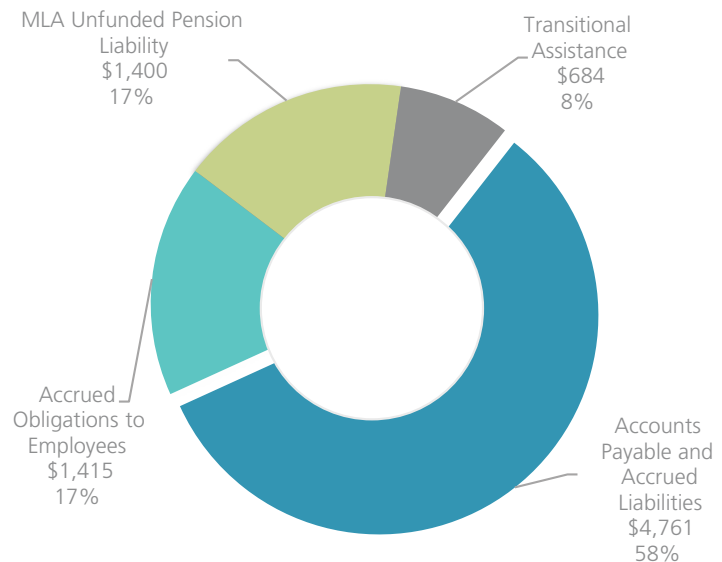
Accrued Obligations to Employees is composed of the employee retirement allowance and the employee leave liability (e.g. accrued vacation entitlement). There was no significant change in these liabilities in comparison to the previous year.

The estimated present value of the Legislative Assembly's obligation to the Member of the Legislative Assembly Superannuation Account, also known as the MLA Unfunded Pension Liability, remained unchanged in comparison to the prior year.

Looking Ahead

As the 2018 and 2019 Financial Statements are being released at the same time, the Looking Ahead section for both fiscal years is included in the 2019 MD&A.

CHART 8: 2018 COMPOSITION OF LIABILITIES (\$000'S)



Risk Management

Like other organizations, the Legislative Assembly is subject to various operational, financial, technological, facilities related, and staffing risks. In response, the Legislative Assembly has established internal controls, policies, and processes to assist in mitigating these risks and is actively managing these risks through regular meetings of its Senior Management Team and Audit Working Group. The Finance and Audit Committee also receives regular reports from the Legislative Assembly's Executive.

Financial Statements

For the year ended March 31, 2018

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Statement of Management Responsibility

For the year ended March 31, 2018

The financial statements and note disclosures of the Legislative Assembly of British Columbia have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). The integrity and objectivity of these statements and disclosures are management's responsibility. A summary of the significant accounting policies are described in note 2 to the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced, that assets are safeguarded, that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and that reliable financial information is available on a timely basis for preparation of the financial statements.

The Legislative Assembly Management Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance and Audit Committee is appointed by LAMC to review the financial statements, the adequacy of internal controls, the external audited financial statements, and financial reporting.

The Office of the Auditor General of British Columbia has performed an independent audit of the financial statements of the Legislative Assembly of British Columbia. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the financial statements. The external auditors have full and free access to the Legislative Assembly, including its financial management systems and records, as well as access to staff, senior management and the Legislative Assembly Management Committee.

On behalf of the Legislative Assembly of British Columbia,

Kate Ryan-Lloyd
Clerk of the Legislative Assembly

Hilary Woodward, CPA, CA
Executive Financial Officer

Victoria, British Columbia
On the 20th day of April 2020



INDEPENDENT AUDITOR'S REPORT

To the Speaker of the Legislative Assembly

Opinion

I have audited the accompanying financial statements of the Legislative Assembly of British Columbia (“the entity”), which comprise the statement of financial position as at March 31, 2018, and the statements of operations and change in accumulated surplus, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2018, and the results of its operations, change in its net assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the entity's financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Other Accompanying Information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the Accountability Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report I obtained the Accountability Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement

therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the entity will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

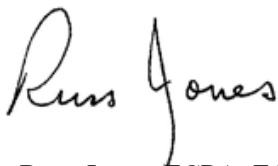
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am

required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General

Victoria, British Columbia, Canada
April 28, 2020

Statement of Financial Position

As at March 31, 2018, with comparative information for March 31, 2017

(\$000's)	2018	2017
Financial assets		
Cash (note 3)	4	4
Accounts receivable (note 4)	261	481
Inventories held for sale	114	118
Due from the CRF (note 2(d))	8,406	4,790
Total financial assets	8,785	5,393
Liabilities		
Accounts payable and accrued liabilities (note 5)	5,286	2,602
Deferred revenue	-	3
Accrued obligations to employees (note 6)	1,415	1,388
MLA unfunded pension liability (note 7(b))	1,400	1,400
Transitional assistance (note 8)	684	-
Total liabilities	8,785	5,393
Net debt (note 2(h))	-	-
Non-financial assets		
Tangible capital assets (note 11)	6,494	5,401
Prepaid expenses	1,109	833
Inventories held for use	116	112
Total non-financial assets	7,719	6,346
Accumulated surplus (note 15)	7,719	6,346

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

Authorized for issue on the 20th day of April 2020, on behalf of the Legislative Assembly Management Committee.

Hon. Darryl Plecas, MLA
Speaker

Hon. Mike Farnworth, MLA
Government House Leader

Mary Polak, MLA
Official Opposition House Leader

Sonia Furstenu, MLA
Third Party House Leader

Statement of Operations and Change in Accumulated Surplus

For the year ended March 31, 2018, with comparative information for 2017

<i>(\$000's)</i>	Budget (note 12)	2018	2017
Expenses (note 14)			
Members' Services	46,458	39,090	33,256
Caucus Support Services	7,606	7,862	7,016
Office of the Speaker	360	305	333
Office of the Clerk	867	993	891
Clerk of Committees	724	762	627
Legislative Operations	15,237	13,570	12,824
Sergeant-at-Arms	5,533	5,512	5,025
Hansard Services	3,891	3,427	3,316
Legislative Library	2,142	1,943	1,820
Total expenses	82,818	73,464	65,108
Revenues			
Miscellaneous Revenue (note 13)	627	1,162	861
Total revenues	627	1,162	861
Net cost of operations	82,191	72,302	64,247
Government funding			
Appropriation - operating (note 12)	82,191	71,305	62,921
Appropriation - capital (note 12)	3,836	2,370	1,046
Total government funding	86,027	73,675	63,967
Annual surplus (deficit)	-	1,373	(280)
Accumulated surplus - beginning of year	-	6,346	6,626
Accumulated surplus - end of year (note 15)	-	7,719	6,346

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

Statement of Change in Net Assets

For the year ended March 31, 2018, with comparative information for 2017

(\$000's)	Budget (note 12)	2018	2017
Net assets - beginning of year (note 2(h))	-	-	-
Annual (surplus) deficit	-	(1,373)	280
Change due to tangible capital assets			
Acquisition of tangible capital assets	3,836	2,370	1,046
Loss (gain) on disposal of tangible capital assets	-	(42)	(80)
Amortization of tangible capital assets	(1,550)	(1,235)	(1,251)
Total change due to tangible capital assets	2,286	1,093	(285)
Acquisition of inventories held for use	-	107	24
Acquisition of prepaid expenses	-	1,125	865
Consumption of inventories held for use	-	(102)	(71)
Use of prepaid expenses	-	(850)	(812)
Increase (decrease) in net assets	-	-	-
Net assets - end of year (note 2(h))	-	-	-

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

Statement of Cash Flows

For the year ended March 31, 2018, with comparative information for 2017

(\$000's)	2018	2017
Operating activities		
Annual surplus (deficit)	1,373	(280)
Items not involving cash:		
Amortization of tangible capital assets	1,235	1,251
Loss (gain) on disposal of tangible capital assets	42	80
Change in non-cash working capital:		
Decrease (increase) in accounts receivable	220	(175)
Decrease (increase) in inventories held for sale	4	(41)
Decrease (increase) in due from the CRF	(3,616)	307
Increase (decrease) in accounts payable and accrued liabilities	2,684	(73)
Increase (decrease) in deferred revenue	(3)	(2)
Increase (decrease) in accrued obligations to employees	27	184
Increase (decrease) in MLA unfunded pension liability	-	(200)
Increase (decrease) in transitional assistance	684	-
Decrease (increase) in inventories held for use	(4)	48
Decrease (increase) in prepaid expenses	(276)	(53)
Net change in cash from operating activities	2,370	1,046
Capital activities		
Cash used to acquire tangible capital assets	(2,370)	(1,046)
Net change in cash from capital activities	(2,370)	(1,046)
Financing activities		
None	-	-
Net change in cash from financing activities	-	-
Net change in cash	-	-
Cash, beginning of year	4	4
Cash, end of year	4	4

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

Notes to the Financial Statements

For the year ended March 31, 2018

1. Nature of Operations

The Legislative Assembly of British Columbia (the Legislative Assembly) is a self-governing, parliamentary institution. The Legislative Assembly, like all provincial legislatures in Canada, is established by the *Constitution Act, 1867* (formerly the *British North America Act, 1867*), which provides for the matters over which the provincial legislatures have lawmaking competency. The composition and governance of the Legislative Assembly of British Columbia is set out in the provincial *Constitution Act* (R.S.B.C. 1996, c. 66). Its proceedings are governed by the Standing Orders of the Legislative Assembly of British Columbia.

The 87 Members of the Legislative Assembly (Members) are elected by British Columbians to represent an electoral district (also called a riding or constituency) in a provincial general election held every four years. The main functions of the Legislative Assembly are: to consider, debate and approve legislation; to consider and approve all financial expenditures by government; and, to provide general oversight of the policies, plans and actions of the executive branch of government.

The Legislative Assembly Management Committee (LAMC) is the parliamentary management board of the Legislative Assembly and oversees its financial management and administration. Chaired by the Speaker, LAMC is comprised of Members and is reflective of the composition of the House. Both LAMC's and the Speaker's administrative and oversight responsibilities are derived from the *Legislative Assembly Management Committee Act* (R.S.B.C. 1996, c. 258). The Subcommittee on Finance and Audit Committee (SFA) is a subcommittee of LAMC mandated through its terms of reference established by LAMC to review the financial statements, the adequacy of internal controls, the audit process, and financial reporting.

The Clerk of the Legislative Assembly is the senior permanent officer and procedural advisor to the Speaker and all Members, with responsibility for the administration and financial management of the Assembly. The position directs Legislative Assembly management and staff in the provision and delivery of non-partisan services to Members.

Legislative Assembly departmental staff provide non-partisan services and support required by Members to fulfil their parliamentary duties and provide continuity in the administration of the Legislative Assembly from one Parliament to another. Advice and support are provided through a wide variety of services such as procedural, legislative, information technology, facilities management, library, educational, security, financial and food services.

2. Summary of Significant Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). All fiscal year references are for the year ended March 31.

The amounts reported in these financial statements may not be consistent with the amounts presented in the Province of B.C.'s *Public Accounts* due to timing differences and the various adjustments required to create stand-alone, non-consolidated financial statements.

The Legislative Assembly did not adopt any new accounting standards during the year ended March 31, 2018.

(b) Basis of consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the Legislative Assembly. Constituency offices are independent offices run by individual Members. The Legislative Assembly provides some administrative services to constituency offices including payroll and payables processing. However, the Legislative Assembly does not control the constituency offices, and as such their assets, liabilities, revenues, and expenses are not consolidated into these financial statements or into the Province of B.C.'s *Public Accounts*. The Legislative Assembly records an annual expense equal to the amount each Member is entitled to receive from the Legislative Assembly to run their constituency office.

(c) Inventories

Inventories held for sale are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost plus shipping costs. Net realizable value is the estimated selling price less any costs to sell. This category of inventory includes Parliamentary Gift Shop and Parliamentary Dining Room inventory.

Inventories held for use are valued at the lower of replacement value and cost, which includes the original purchase cost plus shipping costs. This category of inventory includes bulk purchases of carpeting to be installed in the Parliament Buildings and educational resources developed for public distribution.

(d) Due from the Consolidated Revenue Fund

Amounts due from the Consolidated Revenue Fund (CRF) are the result of timing differences at year-end, and represent the net cash that the Legislative Assembly is entitled to draw from the CRF to discharge its liabilities without further appropriations.

(e) Tangible capital assets

Tangible capital assets (TCAs) are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The Legislative Assembly only capitalizes TCAs that meet the acquisition cost thresholds defined in its policy manual, which is based on the Province of B.C.'s Core Policy and Procedures Manual (CPPM). The acquisition cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

<i>Asset Class</i>	<i>Useful Life</i>	<i>Threshold</i>
Buildings	40 years	≥ \$50,000
Furniture and equipment	5 years	≥ \$1,000
Specialized equipment		
Heavy equipment	10 years	≥ \$10,000
Operating equipment	5 years	≥ \$1,000
Vehicles	7 years	None
Computer hardware and software		
Hardware, servers, and related software	5 years	≥ \$10,000
Personal computer hardware, software, servers and related peripherals	3 years	≥ \$1,000

Amortization for assets under construction does not begin until the asset is available for use.

TCAs are written down when conditions indicate that they no longer contribute to the Legislative Assembly's ability to provide goods and services, or when the value of future economic benefits associated with the TCAs are less than their net book value. TCA write-downs are accounted for as expenses in the Statement of Operations.

Under PSAS, intangible assets, works of art, and historical treasures are not recognized in the financial statements.

Leases which transfer substantially all of the benefits and risks of property ownership to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred. The Legislative Assembly did not have any capital leases during the fiscal year.

(f) Prepaid expenses

Prepaid expenses include such things as advance payments of monthly Member allowances and constituency office leases, annual licenses, and other service payments that will be charged to expense over the periods the Legislative Assembly is expected to benefit from them.

(g) Accrued obligations to employees

i. Employee leave liability

Employee vacation time and banked overtime are accrued as earned and reduced when taken or paid out. Associated employee benefit costs are included in the accrual. The accrual is adjusted to reflect current pay rates. Additional information is provided in note 6.

Regular employees who retire and who are scheduled to receive a pension under the B.C. Public Service Pension Plan are granted a full vacation entitlement for the final calendar year of service, regardless of the retirement date. In these cases, a full vacation entitlement is accrued on the employee's last day of work.

ii. Employee retirement allowance

The estimated employee retirement allowance is accrued and recorded as expense in the fiscal year in which employees become eligible to receive the allowance. Each year the estimated liability is adjusted to account for new employees becoming eligible, employee retirements, and employee pay rate changes. An actuarial valuation is not performed. Additional information is provided in note 6.

(h) Net assets

The Legislative Assembly has not been required to incur any debt because it is fully funded through its Vote 1 operating and capital appropriations. As a result, its net asset position is zero.

(i) Pension plans

i. Pension benefits

The employees and Members of the Legislative Assembly belong to the B.C. Public Service Pension Plan,

which is a multi-employer joint trustees plan. This plan is a defined benefit plan, providing a pension on retirement based on age at retirement, length of service, and highest average earnings. Inflation adjustments are contingent upon available funding.

As the assets and liabilities of the plan are not segregated by institution, the Legislative Assembly accounts for the plan as a defined contribution plan. Contributions made by the Legislative Assembly are expensed as incurred.

ii. Members of the Legislative Assembly Superannuation Account

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Account represent the terminal funding that would be required from the Legislative Assembly for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

Additional information about pension plans is provided in note 7.

(j) Transitional assistance

Transitional Assistance is recorded as an expense in the fiscal year in which the former Member chose not to stand for re-election or was defeated in a provincial general election. Funds provided to former Members for the Career Retraining Allowance are expensed in the fiscal year in which the retraining occurred. Management records an estimated liability at year-end for the remaining transitional assistance payments. Additional information is provided in note 8.

(k) Financial instruments

The Legislative Assembly does not hold any derivatives or equity investments and has not elected to record any other financial instruments at fair value. Financial assets and financial liabilities are measured at cost or amortized cost, less any permanent impairment in value.

A statement of remeasurement gains and losses is not presented as the Legislative Assembly did not have any remeasurement transactions to report.

(l) Appropriation and revenue recognition

Appropriations used to purchase non-financial assets (TCAs, prepaid expenses, and inventories held for use) are recognized as revenue when these assets are purchased. All other appropriations are recognized as revenue in the period in which the underlying expense occurs.

Parliamentary Dining Room and Parliamentary Gift Shop sales are recorded as revenue in the period in which the services or goods were provided or sold.

(m) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed, regardless of when payment is made.

(n) Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction.

(o) Measurement uncertainty

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of the revenues and expenses. Items requiring the use of significant estimates include the useful life of TCAs, the employee retirement allowance, the transitional assistance accrual, and the MLA unfunded pension liability.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Where actual results differ from these estimates and assumptions, the impact is recorded in future accounting periods when the difference becomes known.

3. Cash

(\$000's)	2018	2017
Petty cash	4	4
Bank balance	-	-
Total	4	4

The Legislative Assembly bank account maintains a zero balance throughout the year. As payments are made, the Ministry of Finance deposits the Legislative Assembly's voted appropriation into the account to bring the account balance to zero.

4. Accounts Receivable

(\$000's)	2018	2017
Accounts receivable	39	135
Due from constituency offices	222	346
Total	261	481

The majority of the Legislative Assembly's receivables are due from Members' constituency offices or relate to Parliamentary Dining Room revenues charged on account. All receivables are expected to be collected. As such, no provision for doubtful accounts has been recorded.

5. Accounts Payable and Accrued Liabilities

(\$000's)	2018	2017
Accounts payable and accrued liabilities	2,236	1,438
Due to constituency offices	1,182	-
Salaries and benefits payable	1,695	920
Unreleased minister salary holdbacks	173	244
Total	5,286	2,602

(a) Accounts payable and accrued liabilities

This account contains amounts payable to suppliers, and payroll remittances for Employment Insurance, the Canada Pension Plan, and income tax.

(b) Due to constituency offices

Each Member is entitled to an annual allowance with which to operate their constituency office. The Assembly processes all payments, including payroll, as an administrative service to the constituency offices. Any unspent portion of the allowance carries forward for use by the Member's constituency office in future years, with the remaining balance due back to the Legislative Assembly when the Member ceases to be a Member. The balance in this account represents the accumulated amounts owed to those Members' constituency offices that have spent less than their annual allowance over their term of office.

(c) Salaries and benefits payable

This account contains salary and benefit amounts payable to employees and Members at fiscal year-end due to the timing of the bi-weekly payroll schedule. Ten days of unpaid work was accrued as at March 31, 2018. It also contains severance obligations payable to former employees resulting from the May 2017 provincial general election, and resulting change in government.

(d) Unreleased minister salary holdbacks

Members of the Executive Council receive additional salary for performing their respective roles set out in the *Members' Remuneration and Pensions Act*. The Legislative Assembly is responsible for the payment of the additional salaries and the full amount is recovered quarterly from the various ministries. As the full amount is recovered, the Legislative Assembly's budget and statement of operations do not contain any amounts related to these additional salaries.

A 20% holdback is applied to the salaries of the executive council as required by the *Balanced Budget and Ministerial Accountability Act* (BBMAA). The withheld salary amounts are released after the Province of B.C.'s *Public Accounts* for the fiscal year are issued, if collective and individual targets are achieved. As the *Public Accounts* are released after the Legislative Assembly's fiscal year-end, an accrual is necessary to record the amount of ministerial salary withheld during the fiscal year.

All members of the Executive Council met their individual and collective targets for fiscal 2017 and 2018 and, therefore, received their 20% ministerial salary holdback in August 2017 and September 2018 respectively.

6. Accrued Obligations to Employees

(\$000's)	2018	2017
Employee leave liability	917	936
Employee retirement allowance	498	452
Total	1,415	1,388

(a) Employee leave liability

Eligible employees receive an annual vacation entitlement which increases with length of service. One-twelfth of the annual entitlement is earned by the employee each month, and a minimum of fifteen days of current year vacation must be used each year. Employees who have unused vacation days for an employment year may have the unused vacation paid out or carried forward for use in the following year.

The employee leave liability amount contains current year vacation earned and not yet taken to March 31, 2018, vacation hours carried forward from previous years, and banked overtime hours.

Constituency assistants are employees of individual Members, and not employees of the Legislative Assembly. Their leave, therefore, is not included in this accrual. Members, as elected officials, do not accrue vacation time.

(b) Employee retirement allowance

A retirement allowance is payable upon retirement to employees who have completed five or more years of combined service with the Legislative Assembly and the B.C. Public Service (with no break in service), are at least 55 years of age, and who are scheduled to receive payments from the B.C. Public Service Pension Plan.

The retirement allowance is calculated based on the employee's years of contributory service and basic salary at retirement. The minimum number of days of retirement allowance payable is 11 days (for those who have worked 5 years) and the maximum is 65.25 days (for those who have worked 30 or more years).

Retirement allowance payments to ten former employees, totalling \$59 thousand, were made in fiscal 2018 (Payments totalling \$48 thousand were made to seven former employees in fiscal 2017). The ten former employees who received a retirement allowance payment during the year had an average contributory service of 15 years.

7. Pension Plans

(a) B.C. Public Service Pension Plan

The Legislative Assembly, the majority of its employees, and Members contribute to the B.C. Public Service Pension Plan (the Plan). The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension Plan. Basic pension benefits are based on a formula. As at March 31, 2017, the Plan had about 59 thousand active members and approximately 46 thousand retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient

to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

Pension benefits vest immediately for regular employees and after six years for Members.

The latest actuarial valuation, as at March 31, 2017, indicated a funding surplus of \$1.9 billion for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2020, with results available in early 2021.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with no consistent and reliable basis for allocating the obligation, assets, and cost to individual employers participating in the Plan.

The Legislative Assembly paid \$2.12 million for employer contributions to the Plan in fiscal 2018 (\$2.15 million in fiscal 2017). The Legislative Assembly's contribution rate for the year was 9.43% of each employee's base salary up to the maximum pensionable earnings amount, and 10.93% afterwards (employees contribute 7.93% and 9.43%).

The Legislative Assembly paid \$4.01 million for employer contributions to the Plan on behalf of Members in fiscal 2018 (\$3.96 million in fiscal 2017). The contribution rate to the Plan on behalf of Members remained consistent at 39.37% of salary; each Member contributes 11% of their salary. Member participation in the Plan was established in 2007 by Part 3 of the *Members' Remuneration and Pensions Act* and based on recommendations made by the April 2007 Report by the Independent Commission to Review MLA Compensation. Members previously participated in a separate plan which is discussed below in note 7(b).

(b) Members of the Legislative Assembly Superannuation Account

The Legislative Assembly Superannuation Account (the Account) was established under Part 2 of the *Members' Remuneration and Pensions Act* (the Act). The Account is administered by the British Columbia Pension Corporation. The Act was amended in July 1995 to discontinue the accrual of benefit entitlements under Part 2 after June 19, 1996.

As the remaining eligible Members retire, the present value of the amount required to provide a Member's future pension benefit is transferred from the Account to the B.C. Public Service Pension Plan (the Plan). Pension payments are then paid from the Plan. The Legislative Assembly provides additional funding when the present value of the liability exceeds the accumulated assets in the Account available to fund those Members' benefit entitlements. The Act provides basic pension benefits for Members based on length of service, highest four-year average earnings and Plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

None of the remaining Members whose pensions are funded by the Account retired during the year, and as such no funds were transferred from the Account to the Plan (In 2017, \$182 thousand was transferred

for one Member who began receiving their pension in fiscal 2017). As a result of a cash shortfall, the Assembly was required to contribute \$14 thousand to the Account for 2018 (\$249 thousand in 2017) to meet future pension obligations. However, the Legislative Assembly was not notified of this shortfall until after year-end, so the payment was not made until fiscal 2019.

There are currently five Members eligible to receive a future pension benefit funded by the Account. As they retire, the Legislative Assembly will need to contribute \$1.8 million to the B.C. Public Service Pension Plan. There is \$0.4 million in the Account to cover this required funding so the net liability of the Legislative Assembly is \$1.4 million (no change from fiscal 2017).

8. Transitional Assistance

A Member's term as an elected official is not considered insurable employment; therefore, Members are not eligible to contribute to the federal Employment Insurance plan. Instead, transitional assistance is available to Members who choose not to stand for re-election or who are defeated in a provincial general election. To qualify for transitional assistance, Members must complete their term of office in a parliament. Members who resign, forfeit their seat, or pass away during a parliament are not eligible for this assistance.

For eligible former Members, transitional assistance payments are based on the current annual Member basic compensation rate. Transitional assistance is payable for a minimum of four months and a maximum of 15 months. Transitional assistance payments are taxable but not pensionable, and are reduced by the gross amount of income and Member pension benefits received. Benefits coverage continues while former Members are in receipt of transitional assistance.

To qualify for the full amount of transitional assistance, a Member must have served a full term of parliament. Transitional assistance for a Member elected in a by-election is prorated based on time served.

Following the May 2017 provincial general election, 25 former Members began receiving transitional assistance payments. In total, \$1.97 million in transitional assistance was paid to former Members during fiscal 2018. In addition, the Assembly accrued \$684 thousand in estimated transitional assistance payments (including benefits) for the 18 remaining former Members who were still receiving transitional assistance payments as of March 31, 2018.

Members eligible for transitional assistance are also eligible for a career retraining allowance. The allowance provides funding for career counselling, education, and training costs up to \$9,000 during the transitional assistance period. In 2018, a total of \$22 thousand (\$1 thousand in 2017) in career retraining expenses was reimbursed to six former Members (one in 2017).

9. Contingent Liabilities

The Legislative Assembly may periodically be involved in legal proceedings, claims, and litigation that arise in the normal course of business. As at March 31, 2018, the Legislative Assembly was named in a lawsuit, in which damages have been sought (see note 18). Management is not aware of any other claims or possible claims against the Legislative Assembly.

Regular management and executive meetings are held in which operations are discussed and contingent liabilities are identified. Management identifies contingent liabilities through review of day-to-day transactions, discussion with legal counsel, and by reviewing the meeting minutes of FAC and LAMC.

10. Contractual Obligations

The Legislative Assembly is committed to minimum annual payments under various contracts for the delivery of services, the use of office equipment, and the rental of office space. In addition, Members lease office space throughout B.C. for their constituency offices. These leases are usually four years in length to coincide with the term of a parliament. These contractual obligations are included below because they are paid for by the Legislative Assembly.

(\$000's)	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Office leases	4,696	4,557	4,579	1,193	-	15,025
Service contracts	712	287	211	197	72	1,479
Office and other equipment	449	224	-	-	-	673
Licenses	333	286	81	-	-	700
Legal	48	48	48	48	48	240
Total	6,238	5,402	4,919	1,438	120	18,117

11. Tangible Capital Assets

(a) Tangible Capital Asset Schedule - March 31, 2018

(\$000's)	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2018 Total
Cost							
Opening Balance	5,036	3,814	4,609	34	5,159	361	19,013
Additions	-	183	334	33	1,334	486	2,370
Disposals	-	-	-	-	(70)	-	(70)
Transfers	49	18	128	-	96	(291)	-
Write-Downs	-	-	-	-	-	(27)	(27)
Closing Balance	5,085	4,015	5,071	67	6,519	529	21,286
Accumulated Amortization							
Opening Balance	(2,504)	(3,446)	(3,415)	(15)	(4,232)	-	(13,612)
Amortization	(73)	(159)	(455)	(7)	(541)	-	(1,235)
Disposals	-	-	-	-	55	-	55
Write-Downs	-	-	-	-	-	-	-
Closing Balance	(2,577)	(3,605)	(3,870)	(22)	(4,718)	-	(14,792)
Net Book Value	2,508	410	1,201	45	1,801	529	6,494

(b) Tangible Capital Asset Schedule - March 31, 2017

(\$000's)	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2017 Total
Cost							
Opening Balance	4,660	3,716	4,401	34	4,791	445	18,047
Additions	-	98	111	-	333	504	1,046
Disposals	-	-	-	-	-	(80)	(80)
Transfers	376	-	97	-	35	(508)	-
Write-Downs	-	-	-	-	-	-	-
Closing Balance	5,036	3,814	4,609	34	5,159	361	19,013
Accumulated Amortization							
Opening Balance	(2,441)	(3,269)	(2,850)	(10)	(3,791)	-	(12,361)
Amortization	(63)	(177)	(565)	(5)	(441)	-	(1,251)
Disposals	-	-	-	-	-	-	-
Write-Downs	-	-	-	-	-	-	-
Closing Balance	(2,504)	(3,446)	(3,415)	(15)	(4,232)	-	(13,612)
Net Book Value	2,532	368	1,194	19	927	361	5,401

(c) Work in progress

Assets under construction totalling approximately \$529 thousand (\$361 thousand at March 31, 2017) have not been amortized. Amortization of these assets will commence when the assets are available for use.

(d) Assets recognized at nominal value

During fiscal 2010, the Province of B.C. transferred 401 and 431 Menzies Street, both of which are on the Legislative Precinct, to the Legislative Assembly for a nominal value of two dollars. These buildings are recorded at their cost of one dollar each and are included in the buildings asset class.

(e) Works of art and historical treasures

Works of art and historical treasures are not recognized in the financial statements under PSAS. The Legislative Assembly has an extensive library collection of historical books, government publications, newspapers, periodicals and pamphlets. The replacement value of the library collection is estimated to be \$28 million as of the last appraisal on February 1, 2014.

(f) Other assets not recorded

The land on which the Parliament Buildings are located is Crown land owned by the Province of B.C. and consistent with the accounting policy (note 2(e)) is not capitalized or included in these financial statements.

12. Appropriations

The Legislative Assembly receives an annual appropriation (Vote 1 of the Estimates) that includes an operating and capital component. Any unused appropriations lapse at the end of the fiscal year. The budgeted figures included in these financial statements are consistent with Vote 1 and have been provided for comparison purposes. The operating appropriation of \$82.2 million (\$69.6 million in fiscal 2017) is net of \$0.6 million (\$0.6 million in fiscal 2017) in budgeted revenues and recoveries.

The Legislative Assembly has statutory spending authority which provides for additional funding should costs exceed approved budgets due to unforeseen circumstances, such as increased length of parliamentary sittings or additional work undertaken by parliamentary committees. The following table compares the Legislative Assembly's actual expenditures to approved budgets.

(\$000's)	2018			2017		
	Operating	Capital	Total	Operating	Capital	Total
Appropriations	82,191	3,836	86,027	69,565	2,422	71,987
Net cost of operations	(72,302)	-	(72,302)	(64,247)	-	(64,247)
Capital acquisitions	-	(2,370)	(2,370)	-	(1,046)	(1,046)
Unused Appropriations	9,889	1,466	11,355	5,318	1,376	6,694

13. Miscellaneous Revenue

(\$000's)	Budget	Actual	
	2018	2018	2017
Parliamentary Dining Room	486	510	604
Parliamentary Gift Shop	73	159	120
Recovery of prior year's expenses	-	30	45
Constituency Office Allowance recoveries	-	388	-
Lease revenue	68	72	67
Other miscellaneous revenue	-	3	25
Total	627	1,162	861

(a) Parliamentary Dining Room and Parliamentary Gift Shop

The Parliamentary Dining Room is a restaurant operated by the Legislative Assembly in the Parliament Buildings. It is open to Members, employees, and the public. The Legislative Assembly also operates a Parliamentary Gift Shop. Sales are reported on a gross basis, and the cost of goods sold associated with the sales are reported as an expense and are disclosed in note 14.

(b) Recovery of prior year's expenses

In fiscal 2018, \$30 thousand (\$45 thousand in fiscal 2017) was recovered related to prior year operating and salary costs. These amounts are included in the recovery of prior year's expenses category.

(c) Recoveries from constituency offices

As described in note 5(b), Members may carry forward unspent constituency office funds for use in future years. When the Member ceases to be a Member, any remaining unspent funds are due back to the Legislative Assembly. Following the May 2017 provincial general election, a total of \$388 thousand in unspent constituency office funds was returned to the Legislative Assembly from 15 former Members. This was partially offset by \$169 thousand in outstanding obligations the Legislative Assembly paid on behalf of 11 other former Members (this expenditure is included in the "Members' allowances and expenses" line in note 14.

(d) Lease revenue

The Legislative Assembly leases office space within the Parliament Buildings to several media groups, the Premier's Correspondence Branch, and the Office of the Conflict of Interest Commissioner.

(e) Other miscellaneous revenue

Other miscellaneous revenue includes minor costs recovered by the Legislative Assembly.

14. Expenses by Object

The following is a summary of expenses by object:

(\$000's)	Budget	Actual	
	2018	2018	2017
Salaries and benefits	47,908	39,682	37,483
Members' allowances and expenses	21,970	22,259	17,673
Operating expenses	10,978	9,849	8,343
Amortization expense	1,550	1,235	1,251
Cost of goods sold	392	429	348
Other expenses	20	10	10
Total	82,818	73,464	65,108

(a) Members' allowances and expenses

Members' allowances and expenses is comprised of constituency office leases, Member transitional assistance payments, the constituency office allowance, Member travel expenses, Member allowances, and other amounts. A detailed breakdown of Member travel expenses and Member constituency office expenditures is available on the Legislative Assembly's website (<https://www.leg.bc.ca/>). The total shown in this note contains amounts not included on our website, such as office lease and insurance amounts, which are paid for from the Legislative Assembly's central budget.

(b) Cost of goods sold

Cost of goods sold represents the cost of items sold in the Parliamentary Gift Shop totalling \$120 thousand (\$85 thousand in 2017), the cost of food and beverages sold in the Parliamentary Dining Room totalling \$207 thousand (\$192 thousand in 2017), and the cost of educational resources distributed totalling \$102 thousand (\$71 thousand in 2017).

(c) Other expenses

Other expenses represent grants to the Youth Parliament of British Columbia Alumni Society and the Association of Former MLAs of British Columbia.

15. Accumulated Surplus

(\$000's)	2018	2017
Accumulated surplus - beginning of year	6,346	6,626
Acquisition of tangible capital assets	2,370	1,046
Loss on disposal of tangible capital assets	(42)	(80)
Amortization of tangible capital assets	(1,235)	(1,251)
Acquisition of inventories held for use	107	24
Acquisition of prepaid expenses	1125	865
Consumption of inventories held for use	(102)	(71)
Use of prepaid expenses	(850)	(812)
Annual surplus (deficit)	1,373	(280)
Accumulated surplus - end of year	7,719	6,346

Appropriations used to purchase non-financial assets (TCAs, prepaid expenses, and inventories held for use) are recognized as revenue when these assets are purchased (note 2(l)). The expense related to these assets is recognized over time as they are used or consumed. This timing difference creates an annual surplus or deficit. The accumulation of the annual surpluses and deficits results in an accumulated surplus balance, which is equal to the total non-financial assets balance.

16. Risk Management

It is management's opinion that the Legislative Assembly is not exposed to significant interest, liquidity, currency, or credit risk arising from its financial operations. The carrying values of financial assets and liabilities approximate their fair value because of their short maturity.

The Legislative Assembly is self-insured. Any damage to Legislative Assembly property or equipment is paid for out of the Legislative Assembly's operating and capital budgets.

The Legislative Assembly pays an annual premium for a third party insurance policy covering Member constituency offices.

17. Related Party Transactions

The Legislative Assembly is related to all Province of B.C. ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Examples of related party transactions conducted in the normal course of operations include printing fees paid to Queen's Printer and heating services provided by the Ministry of Citizens' Services.

18. Subsequent Events

(a) Collective Agreement between the BC NDP MLAs (Constituency Assistants) and the B.C. Government and Service Employees Union (BCGEU)

The Collective Agreement between the BC NDP MLAs (Constituency Assistants) and the B.C. Government and Service Employees Union (BCGEU) expired on June 30, 2017. Bargaining for a new agreement began in May 2018 and a new Collective Agreement was ratified on August 8, 2018. The new agreement is retroactively effective to July 1, 2017 including retroactive salary increases for constituency assistants employed during that period.

Had the bargaining, ratification, and retroactive salary payments occurred prior to March 31, 2018, the net impact would have been an increase of \$71 thousand to the Due from Constituency Office balance shown in note 4, a decrease of \$39 thousand to the Due to Constituency Office balance shown in note 5, and an increase to Members Services' expenses for pension, CPP, and EI costs of about \$15 thousand.

(b) Mediated Settlement

A legal action against the Legislative Assembly commenced in March 2018. Subsequently a settlement was reached in the amount of \$550,000 towards pension income in relation to Ms. Turpel-Lafond's first term as the Representative for Children and Youth, legal and other expenses, of which the sum of \$25,000 was paid by the Government and the balance paid by the Legislative Assembly. The financial statements were adjusted to include an accrual for the settlement amount.

Management Discussion and Analysis

For the year ended March 31, 2019

This Management Discussion and Analysis (MD&A) reflects the continued commitment of the Legislative Assembly of British Columbia (the Legislative Assembly) to enhanced accountability and transparency. It complements the 2019 Financial Statements by providing further financial analysis and forward-looking information relating to the financial position and results of the operations of the Legislative Assembly.

Approval and sign-off of the 2019 Financial Statements was delayed following a decision by the Legislative Assembly on November 20, 2018 to place the then Clerk and Sergeant-at-Arms on paid administrative leave for alleged misconduct. The Office of the Auditor General subsequently issued an unqualified opinion on the 2019 Financial Statements on April 7, 2020.

The MD&A should be read in conjunction with the Legislative Assembly's audited Financial Statements for the year ended March 31, 2019. The financial information in this report has been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS); all totals and percentages have been rounded, and all year references are for the year ended March 31.

Financial Results

The Legislative Assembly's net cost of operations (expenses less revenues) for 2019 was \$72.6 million, which was \$4.8 million lower than the budget of \$77.4 million and \$0.3 million higher than actual spending in 2018 (see Chart 1). The Legislative Assembly incurred \$1.8 million in capital expenditures, representing a decrease of \$0.6 million in comparison to 2018 and an under-spend in comparison to budget of \$2.6 million.

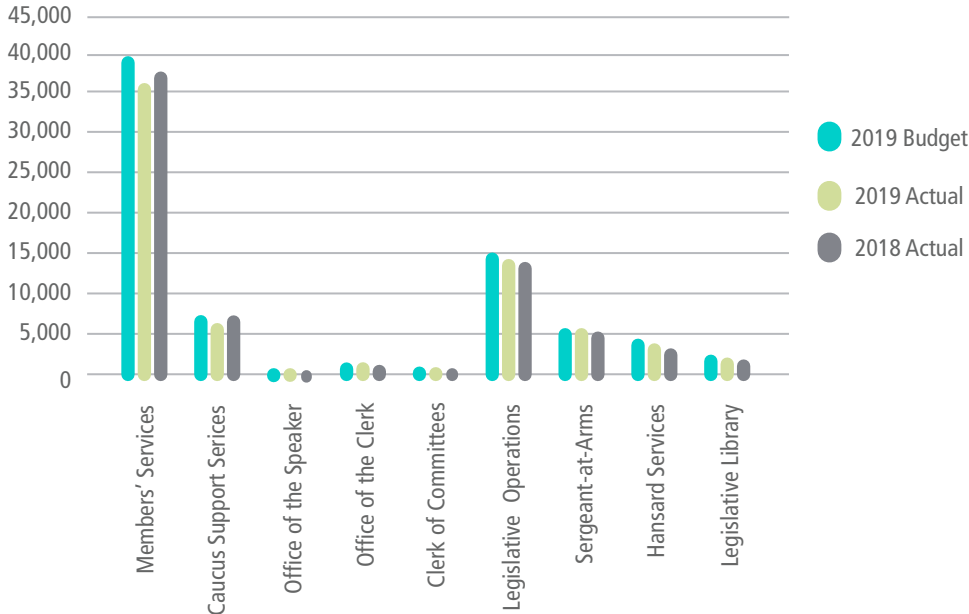
CHART 1: NET COST OF OPERATIONS (\$000's)



Operating Expenses by Function

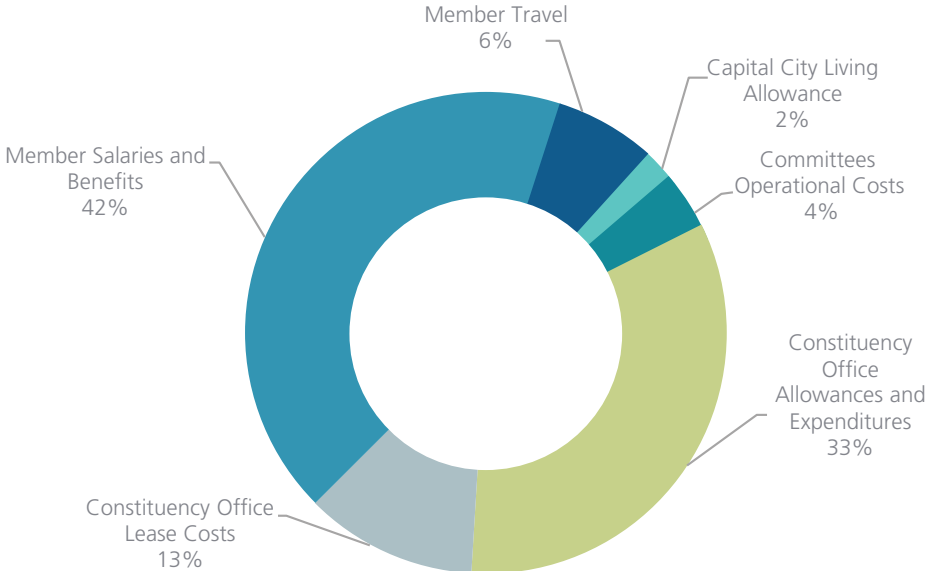
Total 2019 operating expenses were \$73.6 million, an increase of \$0.1 million from the \$73.5 million spent in 2018, and \$4.4 million less than budgeted. Expenses were lower than budgeted in most areas, but primarily in Members’ Services and Legislative Operations (see Chart 2 below).

CHART 2: OPERATING EXPENSES BY FUNCTION (\$000's)



Members’ Services consists of all expenses relating to Members of the Legislative Assembly (Members) and their constituency offices. Chart 3 shows the components of Members’ Services.

CHART 3: COMPOSITION OF 2019 MEMBERS’ SERVICES EXPENSES



The largest component is Members' salaries and benefits at 42% of the Members' Services budget, followed by constituency office allowances and expenditures at 33%. Constituency office allowances and expenditures includes the annual constituency office allowance of \$137,700 (increased to \$141,400 for fiscal 2020) per office and expenses including but not limited to insurance, internet, phone, and security costs. Constituency office lease costs represent 13% of the Members' Services total.

Members' Services expenses were budgeted to be \$40.0 million. Actual expenses were \$37.8 million in 2019 (\$39.0 million in 2018) and were \$2.2 million lower than budget. The under-spend was primarily a result of the following:

- Lower than budgeted Member salary and benefit costs as a result of fewer than budgeted Members with additional salaried positions and the resignation of one Member (\$0.3 million) and lower than budgeted overall benefit costs (\$0.7 million).
- Lower than budgeted costs incurred for Member travel, capital city living allowance and legal costs resulting (\$0.7 million)
- Lower than budgeted insurance, security, internet, lease and constituency assistant benefit costs in constituency offices (\$0.6 million).
- Higher than budgeted costs for Parliamentary Committees as a result of unanticipated expenses incurred by the Legislative Assembly Management Committee (LAMC) for the Special Independent Investigation following from the January 2019 Speaker's Report and unplanned legal expenses.
- Other Committees initiated unanticipated public consultations, including advertising and travel expenditures.

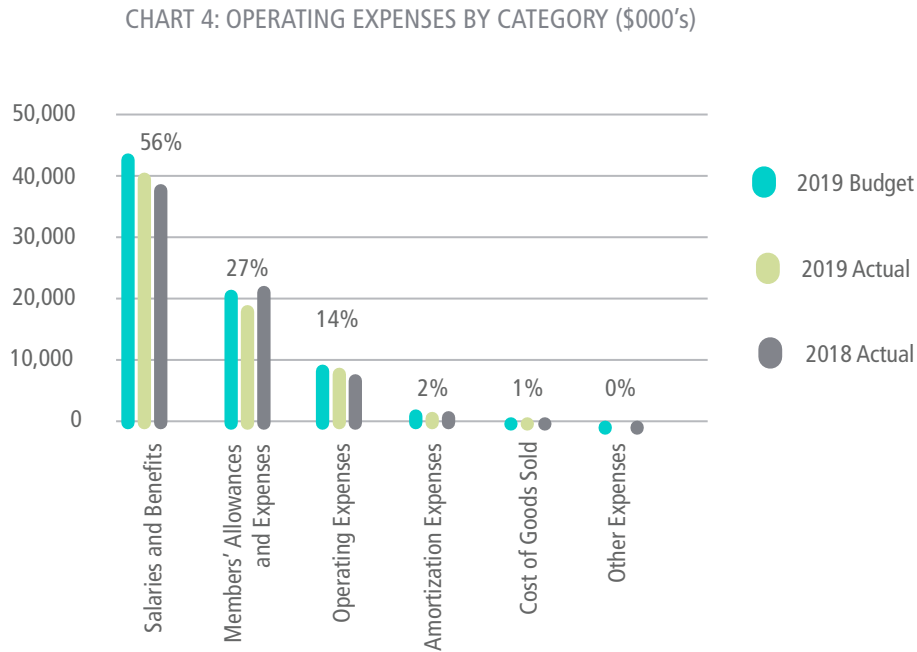
Each caucus receives an annual formula-driven budget to fund their legislative offices and operations (Caucus Support Services). The formula is based on the number of Members within each caucus. As a result, there are minimal variances in annual expenses and budgets within each parliament. Caucus Support Services expenses were \$0.8 million under budget in 2019. This was a result of unfilled vacancies, operational efficiencies and fiscal prudence, as well as savings resulting from changes in caucus composition following the approval of the budget.

Legislative Operations expenses were \$1.2 million under budget in 2019 as a result of operational savings, unfilled staff positions, lower than expected amortization costs due to capital projects not proceeding, and unspent contingency funds. These savings were partially offset by unbudgeted legal costs.

Variances compared to the budget and 2018 were insignificant for all other Assembly departments.

Operating Expenses by Category

The Legislative Assembly's most significant expense category is Salaries and Benefits, accounting for 56% of the Legislative Assembly's total expenses, followed by Members' Allowances and Expenses at 27% (see Chart 4). The Salaries and Benefits category includes Members' salaries and benefits.



Actual Assembly Salaries and Benefits increased by \$1.4 million compared to 2018, primarily as a result of scheduled salary increases for Members and Assembly staff. Salaries and Benefits were \$3.0 million lower than budget as a result of fewer than budgeted MLAs with additional salaried positions, the resignation of one MLA, temporarily vacant positions, lower than expected benefit costs and staff on long term disability.

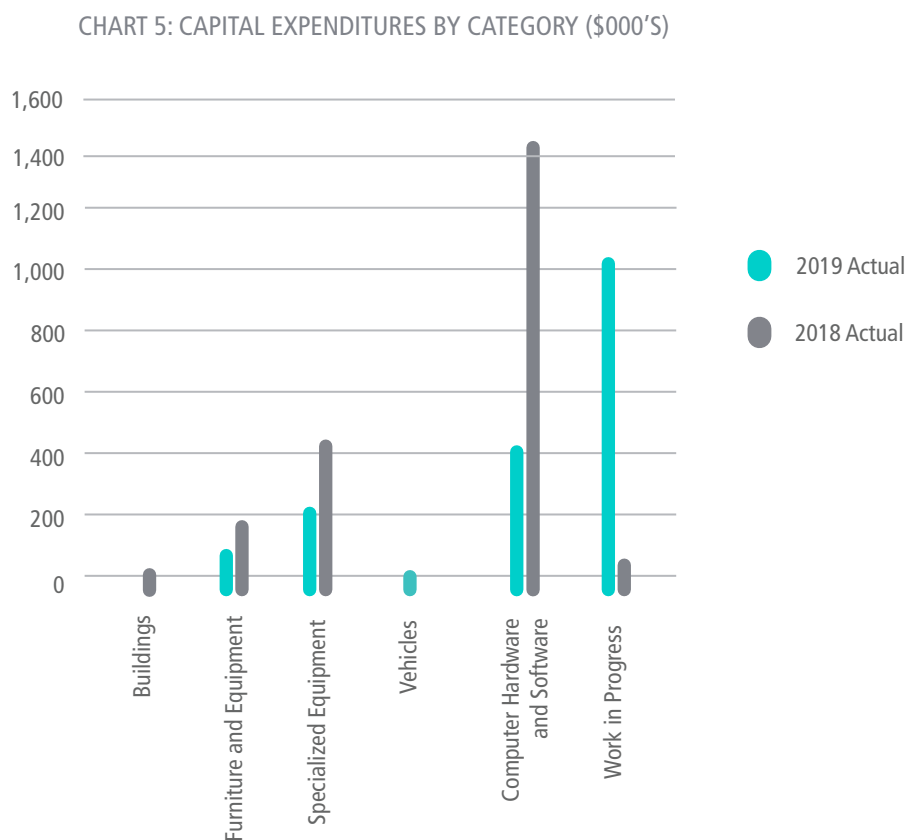
Members' Allowances and Expenses, which includes the annual constituency office allowance, decreased by \$1.9 million compared to 2018 and was \$0.9 million under budget. This category was below budget due to savings resulting from lower than budgeted Member travel, savings in the capital city living allowance, unused contingency reserves and other minor amounts.

Operating Expenses are comprised of office administration, utilities, maintenance, telecommunications, and employee travel expenses. These expenses were \$0.4 million higher than 2018, and \$0.5 million under budget due to lower than expected expenses for professional consulting services, operational and building maintenance costs, deferred projects, operational contract savings, and unspent contingency funds. The under-spend was partially offset by unexpected costs related to the Special Independent Investigation and unplanned legal expenses.

Amortization expense was \$0.1 million under budget due to lower than expected capital purchases during the year.

Capital Expenditures by Category

Capital spending varies in amount and by category annually depending on need and priority.



The Legislative Assembly's capital assets include the Parliament Buildings and surrounding Precinct buildings, building improvements, office furniture and equipment, computers, servers, maintenance equipment, security equipment, and specialized broadcasting equipment.

When compared to 2018, capital spending was lower in 2019 by \$0.6 million. Significant capital additions during 2019 included an HVAC mechanical upgrade, enhancement upgrades to security equipment and infrastructure, office furniture and equipment purchases, and lifecycle replacements of personal computers, tablets, and notebooks for Assembly departments.

At year-end, there were several projects underway (included in work-in-progress) such as the HVAC mechanical upgrade and security equipment upgrades (noted above), electrical vault upgrades, planning work for the front driveway replacement, and specialized technical equipment for Hansard operations.

Revenues

The Legislative Assembly generates revenue from the Members, the public and Assembly departments through its Parliamentary Dining Room and Parliamentary Gift Shop operations. Combined gross revenue of over \$0.8 million was generated by these operations in 2019 (\$0.7 million in 2018). The Legislative Assembly also generates a small amount of lease revenue by leasing space on the Legislative Precinct to the media, government staff and an officer of the Legislative Assembly, on a cost recovery basis. Revenues are described further in note 13 of the Financial Statements.

Financial Position

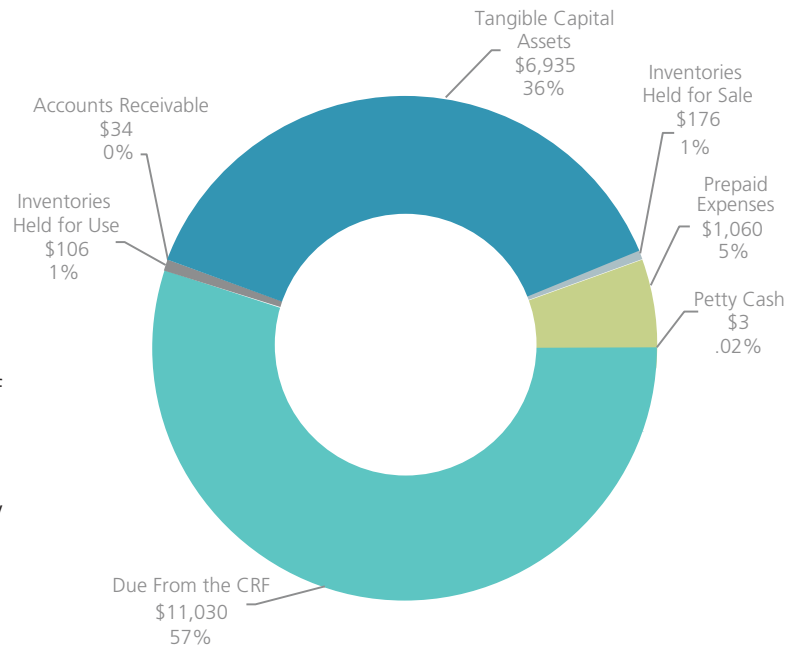
Assets

The Legislative Assembly's most significant asset balance is Tangible Capital Assets. Capital spending was higher than amortization, disposals, and write-downs in 2018, resulting in a net increase of \$1.1 million to Tangible Capital Assets. Significant capital additions for 2018 (see Chart 5) in the Capital Expenditures by Category section.

The Due from the Consolidated Revenue Fund (CRF) balance is equal to the sum of the Legislative Assembly's liabilities, less its financial assets. It represents the net amount owed to the Legislative Assembly by the CRF for expenses incurred for which Vote 1 appropriation funds had not yet been received. This balance fluctuates annually based on the changes in liabilities and financial assets.

The Legislative Assembly bank account is replenished by the Ministry of Finance throughout the year as payments are made and, therefore, it maintains a zero balance. The remainder of the Legislative Assembly's assets are relatively minor and did not change significantly in 2018 as compared to 2017

CHART 6: 2019 COMPOSITION OF ASSETS (\$000'S)

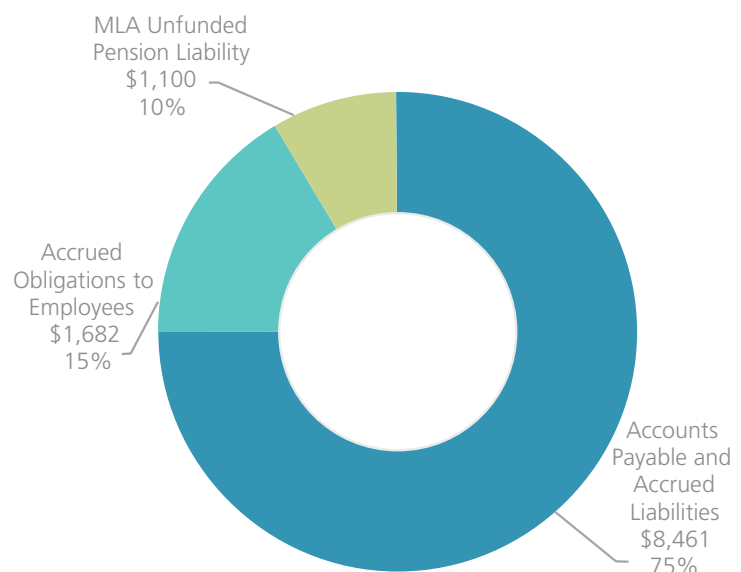


Liabilities

The Accounts Payable and Accrued Liabilities balance increased by \$3.2 million in 2019. The majority of this increase (\$3.0 million) is due to Members' constituency offices and is explained in note 5b of the Financial Statements. The remaining \$0.2 million primarily relates to the introduction of the Employer Health Tax (payroll tax).

Accrued Obligations to Employees is composed of the employee retirement allowance and the employee leave liability (e.g. accrued vacation entitlement). While there was no significant change in the employee retirement allowance in comparison to the prior year, the employee

CHART 7: 2019 COMPOSITION OF LIABILITIES (\$000'S)



leave liability increased by \$0.2 million due primarily to earned vacation hours carried forward from previous years and a small increase in staffing levels.

The estimated present value of the Legislative Assembly's obligation to the Member of the Legislative Assembly Superannuation Account (Account), also known as the MLA Unfunded Pension Liability decreased by \$0.3 million in 2019 as a result of \$0.3 million being transferred from the Account to the B.C. Public Service Pension Plan for one former MLA that began receiving their pension in 2019. In 2019, the Assembly also contributed \$0.01 million in terminal funding to the Account for 2018 to meet future pension obligations. There are four MLAs eligible to receive a future pension benefit funded by the Account.

Looking Ahead

This section provides a forecast of the future financial results of the Legislative Assembly, based on assumptions and information currently available.

The following tables and narrative summarize actual results for 2018 and 2019, budget and forecasted result for 2020, 2021 budget, and projected results for 2022. The 2020 forecast, 2021 budget and 2022 projection reflect the Legislative Assembly's planned actions based on assumptions and estimates; actual results may vary significantly from the information presented.

Projected Operating Costs

The Legislative Assembly is currently forecasting to underspend its 2020 operating budget by \$4.9 million. Forecasted savings of \$1.0 million for Members' Services are a result of lower than expected Member's travel, phone, printing, legal and constituency office lease costs. Members' compensation and benefits are also forecasted to be lower than expected, mainly as a result of a fewer than budgeted number of Members with additional positions. Forecasted savings of \$0.3 million for Caucus Support Services are primarily due to unfilled vacancies and other minor amounts. Forecasted savings of \$2.8 million for Legislative Operations are primarily due to unfilled vacancies, lower than budgeted benefit costs, project deferrals and lower than expected general operational costs.

The remaining \$0.9 million in forecasted savings is a result of anticipated under-spending in the remaining departments.

Projected Net Cost of Operations (\$000's)	Actual		Budget	Forecast	Budget	Projected
	2018	2019	2020		2021	2022
Expenses						
Members' Services	39,090	37,750	40,919	39,927	41,583	46,096
Caucus Support Services	7,862	7,032	8,067	7,772	8,158	8,290
Respectful Workplace Office	-	-	-	-	250	255
Office of the Speaker	305	390	503	472	504	504
Office of the Clerk	993	1,098	1,032	1,023	1,181	1,181
Clerk of Committees	762	885	962	885	982	982
Legislative Operations	13,570	15,028	19,673	16,883	20,116	20,174
Sergeant-at-Arms	5,512	5,737	6,227	6,134	6,594	6,644
Hansard Services	3,427	3,590	4,026	3,814	4,084	4,120
Legislative Library	1,943	2,052	2,373	2,092	2,360	2,363
	73,464	73,562	83,782	79,002	85,812	90,609
Revenues						
Parliamentary Dining Room	510	653	599	672	599	599
Parliamentary Gift Shop	159	179	100	149	130	130
Constituency office allowance recover	388	61	-	-	-	-
Recovery of Prior Year's Expenses	30	21	-	34	-	-
Lease Revenue	72	70	68	75	69	70
Other miscellaneous revenue	3	3	-	-	-	-
	1,162	987	767	930	798	799
Net Cost of Operations	72,302	72,575	83,015	78,072	85,014	89,810

2020 Forecast Assumptions

- Forecasted expenses for 2020 are based on Assembly department forecasts as at December 31, 2019.

2021 and 2022 Projection Assumptions

- Projected expenses for 2021 and 2022 are from the approved Vote 1 budget submission to the 2020/21 Provincial Estimates.
- Projected benefits are estimated using historic trends.
- Projections include a 2% per year inflationary increase to salaries and benefits..
- 2017 was an election year. The next election year will be 2022.
- Sitting days are expected to remain consistent at about 70 days per year.

Projected Capital Purchases

The Legislative Assembly is currently forecasting to underspend its 2020 capital budget by \$2.0 million. The projected underspend represents anticipated delays in infrastructure projects planned for completion in 2020, postponement of the HR and Payroll System project and Procurement and Contract Management project, and contingency reserve funds not expected to be used. In addition, some capital projects are expected to be completed under budget. The forecasted savings are partially offset by a \$0.2 million approved capital overspend for the front driveway replacement project, which was completed in December 2019.

Projected Capital Purchases (\$000's)	Actual		Budget	Forecast	Budget	Projected
	2018	2019	2020		2021	2022
Capital Purchases						
Furniture and Equipment	183	126	365	254	300	261
Computer Hardware and Software	1,581	218	515	392	572	323
Buildings	148	905	3,350	2,273	4,625	6,475
Vehicles	33	-	-	-	-	-
Specialized Equipment	425	97	1,944	1,266	453	440
Total Capital Purchases	2,370	1,846	6,174	4,185	5,950	7,499

2020 Capital Forecast Assumptions

- Forecasted expenditures for 2020 are based on Assembly department forecasts as at December 31, 2019.

2021 and 2022 Capital Projection Assumptions

- Projected capital purchases for 2021 and 2022 are from the approved Vote 1 budget submission to the 2020/21 Provincial *Estimates*.
- The Legislative Assembly is in the process of developing a Long Term Capital Plan, which if approved would result in significant changes to the projected figures going forward.

Risk Management

Like other organizations, the Legislative Assembly is subject to various operational, financial, technological, facilities, and staffing risks. In response, the Legislative Assembly has established internal controls, policies, and processes to assist in mitigating these risks and is actively managing these risks through regular meetings of its Policy Working Group, Senior Management Team and Audit Working Group. The Policy Working Group, created in March 2019, is responsible for the coordination of a comprehensive process to review policies and develop new policies, where needed. The Subcommittee on Finance and Audit (SFA) of the Legislative Assembly Management Committee also receives regular reports from the Legislative Assembly's Executive on all areas of risk management.

The Legislative Assembly has formalized its enterprise risk management policy utilizing an organization-wide risk register. The risk register is reviewed, discussed, and updated regularly by the Senior Management Team and will be presented annually to the SFA for review and consideration.

To ensure safety, continuity of government, and the provision and recovery of critical services following a range of disaster scenarios or disruptions, the Assembly has implemented a comprehensive Business Continuity Plan. The Plan is reviewed and tested on a regular basis.

Financial Statements

For the year ended March 31, 2019

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Statement of Management Responsibility

For the year ended March 31, 2019

The financial statements and note disclosures of the Legislative Assembly of British Columbia have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS). The integrity and objectivity of these statements and disclosures are management's responsibility. A summary of the significant accounting policies are described in note 2 to the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced, that assets are safeguarded, that transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and that reliable financial information is available on a timely basis for preparation of the financial statements.

The Legislative Assembly Management Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance and Audit Committee is appointed by LAMC to review the financial statements, the adequacy of internal controls, the external audited financial statements, and financial reporting.

The Office of the Auditor General of British Columbia has performed an independent audit of the financial statements of the Legislative Assembly of British Columbia. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the financial statements. The external auditors have full and free access to the Legislative Assembly, including its financial management systems and records, as well as access to staff, senior management and the Legislative Assembly Management Committee.

On behalf of the Legislative Assembly of British Columbia,

Kate Ryan-Lloyd
Clerk of the Legislative Assembly

Hilary Woodward, CPA, CA
Executive Financial Officer

Victoria, British Columbia
On the 20th day of April 2020

INDEPENDENT AUDITOR'S REPORT

To the Speaker of the Legislative Assembly

Opinion

I have audited the accompanying financial statements of the Legislative Assembly of British Columbia (“the entity”), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and change in accumulated surplus, change in net assets and cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the entity as at March 31, 2019, and the results of its operations, change in its net assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the entity's financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Other Accompanying Information

Management is responsible for the other information accompanying the financial statements. The other information comprises the information included in the Accountability Report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

Prior to the date of my auditor's report I obtained the Accountability Report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when the entity will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance about whether the entity's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

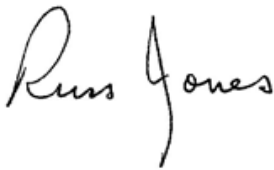
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions

are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Russ Jones, FCPA, FCA, ICD.D
Acting Auditor General

Victoria, British Columbia, Canada
April 28, 2020



OFFICE OF THE
Auditor General
of British Columbia

Statement of Financial Position

As at March 31, 2019, with comparative information for March 31, 2018

(\$000's)	2019	2018
Financial assets		
Cash (note 3)	3	4
Accounts receivable (note 4)	34	261
Inventories held for sale	176	114
Due from the CRF (note 2(d))	11,030	8,406
Total financial assets	11,243	8,785
Liabilities		
Accounts payable and accrued liabilities (note 5)	8,461	5,286
Accrued obligations to employees (note 6)	1,682	1,415
MLA unfunded pension liability (note 7(b))	1,100	1,400
Transitional assistance (note 8)	-	684
Total liabilities	11,243	8,785
Net assets (note 2(h))	-	-
Non-financial assets		
Tangible capital assets (note 11)	6,935	6,494
Prepaid expenses	1,060	1,109
Inventories held for use	106	116
Total non-financial assets	8,101	7,719
Accumulated surplus (note 15)	8,101	7,719

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

Authorized for issue on the 20th day of April 2020, on behalf of the Legislative Assembly Management Committee.

Hon. Darryl Plecas, MLA
Speaker

Hon. Mike Farnworth, MLA
Government House Leader

Mary Polak, MLA
Official Opposition House Leader

Sonia Furstenu, MLA
Third Party House Leader

Statement of Operations and Change in Accumulated Surplus

For the year ended March 31, 2019, with comparative information for 2018

(\$000's)	Budget	2019	2018
Expenses (note 14)			
Members' Services	39,965	37,750	39,090
Caucus Support Services	7,795	7,032	7,862
Office of the Speaker	389	390	305
Office of the Clerk	1,041	1,098	993
Clerk of Committees	886	885	762
Legislative Operations	16,237	15,028	13,570
Sergeant-at-Arms	5,740	5,737	5,512
Hansard Services	3,792	3,590	3,427
Legislative Library	2,202	2,052	1,943
Total expenses	78,047	73,562	73,464
Revenues			
Miscellaneous Revenue (note 13)	639	987	1,162
Total revenues	639	987	1,162
Net cost of operations	77,408	72,575	72,302
Government funding			
Appropriation - operating (note 12)	77,408	71,111	71,305
Appropriation - capital (note 12)	4,378	1,846	2,370
Total government funding	81,786	72,957	73,675
Annual surplus (deficit)	-	382	1,373
Accumulated surplus - beginning of year	-	7,719	6,346
Accumulated surplus - end of year (note 15)	-	8,101	7,719

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

Statement of Change in Net Assets

For the year ended March 31, 2019, with comparative information for 2018

(\$000's)	Budget	2019	2018
Net assets - beginning of year (note 2(h))	-	-	-
Annual (surplus) deficit	-	(382)	(1,373)
Change due to tangible capital assets			
Acquisition of tangible capital assets	4,378	1,846	2,370
Loss on disposal of tangible capital assets	-	(1)	(42)
Amortization of tangible capital assets	1,550	(1,404)	(1,235)
Total change due to tangible capital assets	5,928	441	1,093
Acquisition of inventories held for use	-	53	107
Acquisition of prepaid expenses	-	1,270	1,125
Consumption of inventories held for use	-	(64)	(102)
Use of prepaid expenses	-	(1,318)	(850)
Increase (decrease) in net assets	-	-	-
Net assets - end of year (note 2(h))	-	-	-

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

Statement of Cash Flows

For the year ended March 31, 2019 with comparative information for 2018

(\$000's)	2019	2018
Operating activities		
Annual surplus (deficit)	382	1,373
Items not involving cash:		
Amortization of tangible capital assets	1,404	1,235
Loss on disposal of tangible capital assets	1	42
Change in non-cash working capital:		
Decrease in accounts receivable	227	220
Decrease (increase) in inventories held for sale	(63)	4
Increase in due from the CRF	(2,624)	(3,616)
Increase in accounts payable and accrued liabilities	3,175	2,684
Increase (decrease) in deferred revenue	-	(3)
Increase in accrued obligations to employees	268	27
Decrease in MLA unfunded pension liability	(300)	-
Increase (decrease) in transitional assistance	(684)	684
Decrease (increase) in inventories held for use	10	(4)
Decrease (increase) in prepaid expenses	49	(276)
Net change in cash from operating activities	1,845	2,370
Capital activities		
Cash used to acquire tangible capital assets	(1,846)	(2,370)
Net change in cash from capital activities	(1,846)	(2,370)
Financing activities		
None	-	-
Net change in cash from financing activities	-	-
Net change in cash	(1)	-
Cash, beginning of year	4	4
Cash, end of year	3	4

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

Notes to the Financial Statements

For the year ended March 31, 2019

1. Nature of Operations

The Legislative Assembly of British Columbia (the Legislative Assembly) is a self-governing, parliamentary institution. The Legislative Assembly, like all provincial legislatures in Canada, is established by the *Constitution Act, 1867* (formerly the *British North America Act, 1867*), which provides for the matters over which the provincial legislatures have lawmaking competency. The composition and governance of the Legislative Assembly of British Columbia is set out in the provincial *Constitution Act* (R.S.B.C. 1996, c. 66). Its proceedings are governed by the Standing Orders of the Legislative Assembly of British Columbia.

The 87 Members of the Legislative Assembly (Members) are elected by British Columbians to represent an electoral district (also called a riding or constituency) in a provincial general election held every four years. The main functions of the Legislative Assembly are: to consider, debate and approve legislation; to consider and approve all financial expenditures by government; and, to provide general oversight of the policies, plans and actions of the executive branch of government.

The Legislative Assembly Management Committee (LAMC) is the parliamentary management board of the Legislative Assembly and oversees its financial management and administration. Chaired by the Speaker, LAMC is comprised of Members and is reflective of the composition of the House. Both LAMC's and the Speaker's administrative and oversight responsibilities are derived from the *Legislative Assembly Management Committee Act* (R.S.B.C. 1996, c. 258) The Subcommittee on Finance and Audit (SFA) is a subcommittee of LAMC mandated through its terms of reference established by LAMC to review the financial statements, the adequacy of internal controls, the audit process, and financial reporting.

The Clerk of the Legislative Assembly is the senior permanent officer and procedural advisor to the Speaker and all Members, with responsibility for the administration and financial management of the Assembly. The position directs Legislative Assembly management and staff in the provision and delivery of non-partisan services to Members.

Legislative Assembly departmental staff provide non-partisan services and support required by Members to fulfil their parliamentary duties and provide continuity in the administration of the Legislative Assembly from one Parliament to another. Advice and support are provided through a wide variety of services such as procedural, legislative, information technology, facilities management, library, educational, security, financial and food services.

2. Summary of Significant Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). All fiscal year references are for the year ended March 31.

The amounts reported in these financial statements may not be consistent with the amounts presented in the Province of B.C.'s *Public Accounts* due to timing differences and the various adjustments required to create stand-alone, non-consolidated financial statements.

The Legislative Assembly did not adopt any new accounting standards during the year ended March 31, 2019.

(b) Basis of consolidation

These financial statements reflect the assets, liabilities, revenues, and expenses of the Legislative Assembly. Constituency offices are independent offices run by individual Members. The Legislative Assembly provides some administrative services to constituency offices including payroll and payables processing. However, the Legislative Assembly does not control the constituency offices, and as such their assets, liabilities, revenues, and expenses are not consolidated into these financial statements or into the Province of B.C.'s *Public Accounts*. The Legislative Assembly records an annual expense equal to the amount each Member is entitled to receive from the Legislative Assembly to run their constituency office.

(c) Inventories

Inventories held for sale are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost plus shipping costs. Net realizable value is the estimated selling price less any costs to sell. This category of inventory includes Parliamentary Gift Shop and Parliamentary Dining Room inventory.

Inventories held for use are valued at the lower of replacement value and cost, which includes the original purchase cost plus shipping costs. This category of inventory includes bulk purchases of carpeting to be installed in the Parliament Buildings and educational resources developed for public distribution.

(d) Due from the Consolidated Revenue Fund

Amounts due from the Consolidated Revenue Fund (CRF) are the result of timing differences at year-end, and represent the net cash that the Legislative Assembly is entitled to draw from the CRF to discharge its liabilities without further appropriations.

(e) Tangible capital assets

Tangible capital assets (TCAs) are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The Legislative Assembly only capitalizes TCAs that meet the acquisition cost thresholds defined in its policy manual, which is based on the Province of B.C.'s Core Policy and Procedures Manual (CPPM). The acquisition cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

<i>Asset Class</i>	<i>Useful Life</i>	<i>Threshold</i>
Buildings	40 years	≥ \$50,000
Furniture and equipment	5 years	≥ \$1,000
Specialized equipment		
Heavy equipment	10 years	≥ \$10,000
Operating equipment	5 years	≥ \$1,000
Vehicles	7 years	None
Computer hardware and software		
Hardware, servers, and related software	5 years	≥ \$10,000
Personal computer hardware, software, servers and related peripherals	3 years	≥ \$1,000

Amortization for assets under construction does not begin until the asset is available for use.

TCAs are written down when conditions indicate that they no longer contribute to the Legislative Assembly's ability to provide goods and services, or when the value of future economic benefits associated with the TCAs are less than their net book value. TCA write-downs are accounted for as expenses in the Statement of Operations.

Under PSAS, intangible assets, works of art, and historical treasures are not recognized in the financial statements.

Leases which transfer substantially all of the benefits and risks of property ownership to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred. The Legislative Assembly did not have any capital leases during the fiscal year.

(f) Prepaid expenses

Prepaid expenses include such things as advance payments of monthly Member allowances and constituency office leases, annual licenses, and other service payments that will be charged to expense over the periods the Legislative Assembly is expected to benefit from them.

(g) Accrued obligations to employees

i. Employee leave liability

Employee vacation time and banked overtime are accrued as earned and reduced when taken or paid out. Associated employee benefit costs are included in the accrual. The accrual is adjusted to reflect current pay rates. Additional information is provided in note 6.

Regular employees who retire and who are scheduled to receive a pension under the B.C. Public Service Pension Plan are granted a full vacation entitlement for the final calendar year of service, regardless of the retirement date. In these cases, a full vacation entitlement is accrued on the employee's last day of work.

ii. Employee retirement allowance

The estimated employee retirement allowance is accrued and recorded as expense in the fiscal year in which employees become eligible to receive the allowance. Each year the estimated liability is adjusted to account for new employees becoming eligible, employee retirements, and employee pay rate changes. An actuarial valuation is not performed. Additional information is provided in note 6.

(h) Net assets

The Legislative Assembly has not been required to incur any debt because it is fully funded through its Vote 1 operating and capital appropriations. As a result, its net asset position is zero.

(i) Pension plans

i. Pension benefits

The employees and Members of the Legislative Assembly belong to the B.C. Public Service Pension Plan,

which is a multi-employer joint trusted plan. This plan is a defined benefit plan, providing a pension on retirement based on age at retirement, length of service, and highest average earnings. Inflation adjustments are contingent upon available funding.

As the assets and liabilities of the plan are not segregated by institution, the Legislative Assembly accounts for the plan as a defined contribution plan. Contributions made by the Legislative Assembly are expensed as incurred.

ii. Members of the Legislative Assembly Superannuation Account

Unfunded pension liabilities of the Members of the Legislative Assembly Superannuation Account represent the terminal funding that would be required from the Legislative Assembly for the difference between the present value of the obligations for future benefit entitlements and the amount of funds available in the account.

Additional information about pension plans is provided in note 7.

(j) Transitional assistance

Transitional Assistance is recorded as an expense in the fiscal year in which the former Member chose not to stand for re-election or was defeated in a provincial general election. Funds provided to former Members for the Career Retraining Allowance are expensed in the fiscal year in which the retraining occurred. Management records an estimated liability at year-end for the remaining transitional assistance payments. Additional information is provided in note 8.

(k) Financial instruments

The Legislative Assembly does not hold any derivatives or equity investments and has not elected to record any other financial instruments at fair value. Financial assets and financial liabilities are measured at cost or amortized cost, less any permanent impairment in value.

A statement of remeasurement gains and losses is not presented as the Legislative Assembly did not have any remeasurement transactions to report.

(l) Appropriation and revenue recognition

Appropriations used to purchase non-financial assets (TCAs, prepaid expenses, and inventories held for use) are recognized as revenue when these assets are purchased. All other appropriations are recognized as revenue in the period in which the underlying expense occurs.

Parliamentary Dining Room and Parliamentary Gift Shop sales are recorded as revenue in the period in which the services or goods were provided or sold.

(m) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed, regardless of when payment is made.

(n) Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction.

(o) Measurement uncertainty

The preparation of the financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of the revenues and expenses. Items requiring the use of significant estimates include the useful life of TCAs, the employee retirement allowance, the transitional assistance accrual, and the MLA unfunded pension liability.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Where actual results differ from these estimates and assumptions, the impact is recorded in future accounting periods when the difference becomes known.

3. Cash

(\$000's)	2019	2018
Petty cash	3	4
Bank balance	-	-
Total	3	4

The Legislative Assembly bank account maintains a zero balance throughout the year. As payments are made, the Ministry of Finance deposits the Legislative Assembly's voted appropriation into the account to bring the account balance to zero.

4. Accounts Receivable

(\$000's)	2019	2018
Accounts receivable	5	39
Due from constituency offices	29	222
Total	34	261

The majority of the Legislative Assembly's receivables are due from Members' constituency offices or relate to Parliamentary Dining Room revenues charged on account. All receivables are expected to be collected. As such, no provision for doubtful accounts has been recorded.

5. Accounts Payable and Accrued Liabilities

(\$000's)	2019	2018
Accounts payable and accrued liabilities	2,777	2,236
Due to constituency offices	4,205	1,182
Salaries and benefits payable	1,228	1,695
Unreleased minister salary holdbacks	251	173
Total	8,461	5,286

(a) Accounts payable and accrued liabilities

This account contains amounts payable to suppliers, and payroll remittances for Employment Insurance, the Canada Pension Plan, and income tax.

(b) Due to constituency offices

Each Member is entitled to an annual allowance with which to operate their constituency office. The Assembly processes all payments, including payroll, as an administrative service to the constituency offices. Any unspent portion of the allowance carries forward for use by the Member's constituency office in future years, with the remaining balance due back to the Legislative Assembly when the Member ceases to be a Member. The balance in this account represents the accumulated amounts owed to those Members' constituency offices that have spent less than their annual allowance over their term of office.

(c) Salaries and benefits payable

This account contains salary and benefit amounts payable to employees and Members at fiscal year-end due to the timing of the bi-weekly payroll schedule. Ten days of unpaid work was accrued as at March 31, 2019.

(d) Unreleased minister salary holdbacks

Members of the Executive Council receive additional salary for performing their respective roles set out in the *Members' Remuneration and Pensions Act*. The Legislative Assembly is responsible for the payment of the additional salaries and the full amount is recovered quarterly from the various ministries. As the full amount is recovered, the Legislative Assembly's budget and statement of operations do not contain any amounts related to these additional salaries.

A 20% holdback is applied to the salaries of the Executive Council as required by the *Balanced Budget and Ministerial Accountability Act* (BBMAA). The withheld salary amounts are released after the Province of B.C.'s *Public Accounts* for the fiscal year are issued, if collective and individual targets are achieved. As the *Public Accounts* are released after the Legislative Assembly's fiscal year-end, an accrual is necessary to record the amount of ministerial salary withheld during the fiscal year.

All members of the Executive Council met their individual and collective targets for fiscal 2019 and, therefore, received their 20% ministerial salary holdback in July 2019.

6. Accrued Obligations to Employees

(\$000's)	2019	2018
Employee leave liability	1,175	917
Employee retirement allowance	507	498
Total	1,682	1,415

(a) Employee leave liability

Eligible employees receive an annual vacation entitlement which increases with length of service. One-twelfth of the annual entitlement is earned by the employee each month, and a minimum of fifteen

days of current year vacation must be used each year. Employees who have unused vacation days for an employment year may have the unused vacation paid out or carried forward for use in the following year.

The employee leave liability amount contains current year vacation earned and not taken to March 31, 2019, vacation hours carried forward from previous years, and banked overtime hours.

Constituency assistants are employees of individual Members, and not employees of the Legislative Assembly. Their leave, therefore, is not included in this accrual. Members, as elected officials, do not accrue vacation time.

(b) Employee retirement allowance

A retirement allowance is payable upon retirement to employees who have completed five or more years of combined service with the Legislative Assembly and the B.C. Public Service (with no break in service), are at least 55 years of age, and who are scheduled to receive payments from the B.C. Public Service Pension Plan.

The retirement allowance is calculated based on the employee's years of contributory service and basic salary at retirement. The minimum number of days of retirement allowance payable is 11 days (for those who have worked 5 years) and the maximum is 65.25 days (for those who have worked 30 or more years).

Retirement allowance payments to seven former employees, totalling \$58 thousand, were made in fiscal 2019 (Payments totalling \$59 thousand were made to ten former employees in fiscal 2018). The seven former employees who received a retirement allowance payment during the year had an average contributory service of 18 years.

7. Pension Plans

(a) B.C. Public Service Pension Plan

The Legislative Assembly, the majority of its employees, and Members contribute to the B.C. Public Service Pension Plan (the Plan). The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension Plan. Basic pension benefits are based on a formula. As at March 31, 2018, the Plan had about 62 thousand active members and approximately 48 thousand retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

Pension benefits vest immediately for regular employees and after six years for Members.

The latest actuarial valuation, as at March 31, 2017, indicated a funding surplus of \$1.9 billion for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2020, with results available in early 2021.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, with no consistent and reliable basis for allocating the obligation, assets, and cost to individual employers participating in the Plan.

The Legislative Assembly paid \$2.4 million for employer contributions to the Plan in fiscal 2019 (\$2.12 million in fiscal 2018). The Legislative Assembly's contribution rate for the year was 9.85% of each employee's base salary (employees contribute 8.35%).

The Legislative Assembly paid \$4.3 million for employer contributions to the Plan on behalf of Members in fiscal 2019 (\$4.01 million in fiscal 2018). The contribution rate to the Plan on behalf of Members remained at 39.37% until June 30, 2018 and increased to 40.14% of salary as of July 1, 2018; each Member contributes 11% of their salary. Member participation in the Plan was established in 2007 by Part 3 of the *Members' Remuneration and Pensions Act* and based on recommendations made by the April 2007 Report by the Independent Commission to Review MLA Compensation. Members previously participated in a separate plan which is discussed below in note 7(b).

(b) Members of the Legislative Assembly Superannuation Account

The Legislative Assembly Superannuation Account (the Account) was established under Part 2 of the *Members' Remuneration and Pensions Act* (the Act). The Account is administered by the British Columbia Pension Corporation. The Act was amended in July 1995 to discontinue the accrual of benefit entitlements under Part 2 after June 19, 1996.

As the remaining eligible Members retire, the present value of the amount required to provide a Member's future pension benefit is transferred from the Account to the B.C. Public Service Pension Plan (the Plan). Pension payments are then paid from the Plan. The Legislative Assembly provides additional funding when the present value of the liability exceeds the accumulated assets in the Account available to fund those Members' benefit entitlements. The Act provides basic pension benefits for Members based on length of service, highest four-year average earnings and Plan members' age at retirement. Benefits, such as group health benefits and inflation protection for the basic pension, are not guaranteed and are contingent upon available funding.

A total of \$276 thousand was transferred from the Account to the Plan for one Member that began receiving their pension in fiscal 2019 (none in fiscal 2018). In the same year, the Legislative Assembly also contributed \$14 thousand in terminal funding to the Account for 2018 to meet future pension obligations.

There are currently four Members eligible to receive a future pension benefit funded by the Account. As they retire, the Legislative Assembly will need to contribute \$1.4 million to the B.C. Public Service Pension Plan. There is \$0.3 million in the Account to cover this required funding so the net liability of the Legislative Assembly is \$1.1 million (\$1.4 million in fiscal 2018).

8. Transitional Assistance

A Member's term as an elected official is not considered insurable employment; therefore, Members are not eligible to contribute to the federal Employment Insurance plan. Instead, transitional assistance is available to Members who choose not to stand for re-election or who are defeated in a provincial general election. To qualify for transitional assistance, Members must complete their term of office in a parliament (i.e. the period between one dissolution and the next). Members who resign, forfeit their seat, or pass away during a parliament are not eligible for this assistance.

For eligible former Members, transitional assistance payments are based on the current annual Member basic compensation rate. Transitional assistance is payable for a minimum of four months and a maximum of 15 months. Transitional assistance payments are taxable but not pensionable, and are reduced by the gross amount of income and Member pension benefits received. Benefits coverage continues while former Members are in receipt of transitional assistance.

To qualify for the full amount of transitional assistance, a Member must have served a full term of parliament. Transitional assistance for a Member elected in a by-election is prorated based on time served.

In total, \$639 thousand in transitional assistance (not including benefits) was paid to former Members during fiscal 2019.

Members eligible for transitional assistance are also eligible for a career retraining allowance. The allowance provides funding for career counselling, education, and training costs up to \$9,000 during the transitional assistance period. In 2019, a total of \$38 thousand (\$22 thousand in 2018) in career retraining expenses was reimbursed to seven former Members (six in 2018).

9. Contingent Liabilities

The Legislative Assembly may periodically be involved in legal proceedings, claims, and litigation that arise in the normal course of business. As at March 31, 2019, the Legislative Assembly was named in a lawsuit, in which damages were sought (see note 18). There was one other claim of approximately \$10,000 which was subsequently withdrawn by the applicant. Management is not aware of any other claims or possible claims against the Legislative Assembly.

Regular management and executive meetings are held in which operations are discussed and contingent liabilities are identified. Management identifies contingent liabilities through review of day-to-day transactions, discussion with legal counsel, and by reviewing the meeting minutes of FAC and LAMC.

10. Contractual Obligations

The Legislative Assembly is committed to minimum annual payments under various contracts for the delivery of services, the use of office equipment, and the rental of office space. In addition, Members lease office space throughout B.C. for their constituency offices. These leases are usually four years in length to coincide with the term of a parliament. These contractual obligations are included below because they are paid for by the Legislative Assembly.

(\$000's)	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Office leases	4,910	4,675	1,309	35	21	10,950
Service contracts	471	143	129	72	20	835
Office and other equipment	166	0	0	0	0	166
Licenses	254	56	0	0	0	310
Legal	48	48	48	48	48	240
Total	5,849	4,922	1,486	155	89	12,501

11. Tangible Capital Assets

(a) Tangible Capital Asset Schedule - March 31, 2019

(\$000's)	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2019 Total
Cost							
Opening Balance	5,085	4,015	5,071	67	6,519	529	21,286
Additions	-	126	197	-	231	1,292	1,846
Disposals	-	-	-	-	(2)	-	(2)
Transfers	-	-	57	-	219	(276)	-
Write-Downs	-	-	-	-	-	-	-
Closing Balance	5,085	4,141	5,325	67	6,967	1,545	23,130
Accumulated Amortization							
Opening Balance	(2,577)	(3,605)	(3,870)	(22)	(4,718)	-	(14,792)
Amortization	(74)	(161)	(418)	(10)	(741)	-	(1,404)
Disposals	-	-	-	-	1	-	1
Write-Downs	-	-	-	-	-	-	-
Closing Balance	(2,651)	(3,766)	(4,288)	(32)	(5,458)	-	(16,195)
Net Book Value	2,434	375	1,037	35	1,509	1,545	6,935

(b) Tangible Capital Asset Schedule - March 31, 2018

(\$000's)	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2018 Total
Cost							
Opening Balance	5,036	3,814	4,609	34	5,159	361	19,013
Additions	-	183	334	33	1,334	486	2,370
Disposals	-	-	-	-	(70)	-	(70)
Transfers	49	18	128	-	96	(291)	-
Write-Downs	-	-	-	-	-	(27)	(27)
Closing Balance	5,085	4,015	5,071	67	6,519	529	21,286
Accumulated Amortization							
Opening Balance	(2,504)	(3,446)	(3,415)	(15)	(4,232)	-	(13,612)
Amortization	(73)	(159)	(455)	(7)	(541)	-	(1,235)
Disposals	-	-	-	-	55	-	55
Write-Downs	-	-	-	-	-	-	-
Closing Balance	(2,577)	(3,605)	(3,870)	(22)	(4,718)	-	(14,792)
Net Book Value	2,508	410	1,201	45	1,801	529	6,494

(c) Work in progress

Assets under construction totalling approximately \$1.5 million (\$529 thousand at March 31, 2018) have not been amortized. Amortization of these assets will commence when the assets are available for use.

(d) Assets recognized at nominal value

During fiscal 2010, the Province of B.C. transferred 401 and 431 Menzies Street, both of which are on the Legislative Precinct, to the Legislative Assembly for a nominal value of two dollars. These buildings are recorded at their cost of one dollar each and are included in the buildings asset class.

(e) Works of art and historical treasures

Works of art and historical treasures are not recognized in the financial statements under PSAS. The Legislative Assembly has an extensive library collection of historical books, government publications, newspapers, periodicals and pamphlets. The replacement value of the library collection is estimated to be \$28 million as of the last appraisal on February 1, 2014.

(f) Other assets not recorded

The land on which the Parliament Buildings are located is Crown land owned by the Province of B.C. and consistent with the accounting policy (note 2(e)) is not capitalized or included in these financial statements.

12. Appropriations

The Legislative Assembly receives an annual appropriation (Vote 1 of the Estimates) that includes an operating and capital component. Any unused appropriations lapse at the end of the fiscal year. The budgeted figures included in these financial statements are consistent with Vote 1 and have been provided for comparison purposes. The operating appropriation of \$77.4 million (\$82.2 million in fiscal 2018) is net of \$0.6 million (\$0.6 million in fiscal 2018) in budgeted revenues and recoveries.

The Legislative Assembly has statutory spending authority which provides for additional funding should costs exceed approved budgets due to unforeseen circumstances, such as increased length of parliamentary sittings or additional work undertaken by parliamentary committees. The following table compares the Legislative Assembly's actual expenditures to approved budgets.

	2019			2018		
(\$000's)	Operating	Capital	Total	Operating	Capital	Total
Appropriations	77,408	4,378	81,786	82,191	3,836	86,027
Net cost of operations	(72,575)	-	(72,575)	(72,302)	-	(72,302)
Capital acquisitions	-	(1,846)	(1,846)	-	(2,370)	(2,370)
Unused Appropriations	4,833	2,532	7,365	9,889	1,466	11,355

13. Miscellaneous Revenue

(\$000's)	Budget	Actual	
	2019	2019	2018
Parliamentary Dining Room	486	653	510
Parliamentary Gift Shop	85	179	159
Recovery of prior year's expenses	-	21	30
Constituency Office Allowance recoveries	-	61	388
Lease revenue	68	70	72
Other miscellaneous revenue	-	3	3
Total	639	987	1,162

(a) Parliamentary Dining Room and Parliamentary Gift Shop

The Parliamentary Dining Room is a restaurant operated by the Legislative Assembly in the Parliament Buildings. It is open to Members, employees, and the public. The Legislative Assembly also operates a Parliamentary Gift Shop. Sales are reported on a gross basis, and the cost of goods sold associated with the sales are reported as an expense and are disclosed in note 14.

(b) Recovery of prior year's expenses

In fiscal 2019, \$21 thousand (\$30 thousand in fiscal 2018) was recovered related to prior year operating and salary costs. These amounts are included in the recovery of prior year's expenses category.

(c) Recoveries from constituency offices

As described in note 5(b), Members may carry forward unspent constituency office funds for use in future years. When the Member ceases to be a Member, any remaining unspent funds are due back to the Legislative Assembly. A total of \$61 thousand in unspent constituency office funds was returned to the Legislative Assembly in March 2019 from one former Member.

(d) Lease revenue

The Legislative Assembly leases office space within the Parliament Buildings to several media groups, the Premier's Correspondence Branch, and the Office of the Conflict of Interest Commissioner.

(e) Other miscellaneous revenue

Other miscellaneous revenue includes minor costs recovered by the Legislative Assembly.

14. Expenses by Object

The following is a summary of expenses by object:

(\$000's)	Budget	Actual	
	2019	2019	2018
Salaries and benefits	44,170	41,137	39,682
Members' allowances and expenses	21,242	20,333	22,259
Operating expenses	10,696	10,251	9,849
Amortization expense	1,550	1,404	1,235
Cost of goods sold	369	437	429
Other expenses	20	-	10
Total	78,047	73,562	73,464

(a) Members' allowances and expenses

Members' allowances and expenses is comprised of constituency office leases, Member transitional assistance payments, the constituency office allowance, Member travel expenses, Member allowances, and other amounts. A detailed breakdown of Member travel expenses and Member constituency office expenditures is available on the Legislative Assembly's website (<https://www.leg.bc.ca/>). The total shown in this note contains amounts not included on our website, such as office lease and insurance amounts, which are paid for from the Legislative Assembly's central budget.

(b) Cost of goods sold

Cost of goods sold represents the cost of items sold in the Parliamentary Gift Shop totalling \$124 thousand (\$120 thousand in 2018), the cost of food and beverages sold in the Parliamentary Dining Room totalling \$249 thousand (\$207 thousand in 2018), and the cost of educational resources distributed totalling \$64 thousand (\$102 thousand in 2018).

(c) Other expenses

Other expenses represent grants to the Youth Parliament of British Columbia Alumni Society and the Association of Former MLAs of British Columbia.

15. Accumulated Surplus

(\$000's)	2019	2018
Accumulated surplus - beginning of year	7,719	6,346
Acquisition of tangible capital assets	1,846	2,370
Loss on disposal of tangible capital assets	(1)	(42)
Amortization of tangible capital assets	(1,404)	(1,235)
Acquisition of inventories held for use	53	107
Acquisition of prepaid expenses	1,270	1,125
Consumption of inventories held for use	(64)	(102)
Use of prepaid expenses	(1,318)	(850)
Annual surplus (deficit)	382	1,373
Accumulated surplus - end of year	8,101	7,719

Appropriations used to purchase non-financial assets (TCAs, prepaid expenses, and inventories held for use) are recognized as revenue when these assets are purchased (note 2(l)). The expense related to these assets is recognized over time as they are used or consumed. This timing difference creates an annual surplus or deficit. The accumulation of the annual surpluses and deficits results in an accumulated surplus balance, which is equal to the total non-financial assets balance.

16. Risk Management

It is management's opinion that the Legislative Assembly is not exposed to significant interest, liquidity, currency, or credit risk arising from its financial operations. The carrying values of financial assets and liabilities approximate their fair value because of their short maturity.

The Legislative Assembly is self-insured. Any damage to Legislative Assembly property or equipment is paid for out of the Legislative Assembly's operating and capital budgets.

The Legislative Assembly pays an annual premium for a third party insurance policy covering Member constituency offices.

17. Related Party Transactions

The Legislative Assembly is related to all Province of B.C. ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Examples of related party transactions conducted in the normal course of operations include printing fees paid to Queen's Printer and heating services provided by the Ministry of Citizens' Services.

18. Subsequent Events

(a) Mediated Settlement

A legal action against the Legislative Assembly commenced in March 2018. Subsequently a settlement was reached in the amount of \$550,000 towards pension income in relation to Ms. Turpel-Lafond's first term as the Representative for Children and Youth, legal and other expenses, of which the sum of \$25,000 was paid by the Government and the balance paid by the Legislative Assembly. The 2018 financial statements included an accrual for the settlement amount.

