

Legislative Assembly of British Columbia

2022-23 FINANCIAL STATEMENTS

November 2023



TABLE OF CONTENTS

Statement of Management Responsibility	1
Independent Auditor's Report	2
Financial Statements	5
Notes to Financial Statements	9
Management Discussion and Analysis	28



Statement of Management Responsibility

For the Year Ended March 31, 2023

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 is described in note 2 of 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 (LAMC) is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Subcommittee on Finance and Audit (SFA) 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 Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the financial statements.

On behalf of the Legislative Assembly of British Columbia,

Kate Ryan-Lloyd
Clerk of the Legislative Assembly

Kathy Humphrey, CPA, CA
Executive Financial Officer

Victoria, British Columbia
On the 30th day of October 2023



Independent Auditor's Report

*To the Members of the Legislative Assembly Management Committee, and
To the Speaker of the Legislative Assembly, Province of British Columbia*

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, 2023, and the statements of operations and change in accumulated surplus, change in net debt and cash flow 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, 2023, and the results of its operations, change in its net assets and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 Management Discussion and Analysis and the Legislative Assembly's website breakdown of member travel expenses and Constituency Office expense referenced in Note 15a of the financial statements (Expenditure break down), 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 Management Discussion and Analysis and the Expenditure breakdown. 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 the 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.

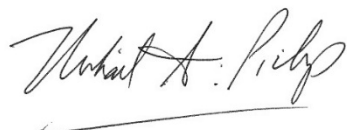
Independent Auditor's Report

Legislative Assembly of British Columbia

- 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 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.



Michael A. Pickup, FCPA, FCA

Auditor General

Victoria, British Columbia, Canada
October 30, 2023



Statement of Financial Position

As at March 31, 2023, with comparative information for March 31, 2022

<i>(in thousands of dollars)</i>	<i>Note</i>	2023	2022 Restated Note 12
Financial assets			
Cash	3	2	1
Accounts receivable	4	807	83
Inventories held for sale		186	155
Due from the CRF	2(e)	26,398	29,878
Total financial assets		27,393	30,117
Liabilities			
Accounts payable and accrued liabilities	5	9,936	12,528
Deferred revenue		-	2
Accrued obligations to employees	6	1,536	1,674
MLA unfunded pension liability	7b	490	490
Asset retirement obligations	12	15,652	15,652
Total liabilities		27,614	30,346
Net debt	2(j)	(221)	(229)
Non-financial assets			
Tangible capital assets	11	15,958	12,891
Prepaid expenses		2,235	1,564
Inventories held for use		100	104
Total non-financial assets		18,293	14,559
Accumulated surplus	16	18,072	14,330

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

Authorized for issue on the 30th day of October 2023, on behalf of the Legislative Assembly Management Committee.

Hon. Raj Chouhan, Speaker of the Legislative Assembly



Statement of Operations and Change in Accumulated Surplus

For the year ended March 31, 2023, with comparative information for 2022

<i>(in thousands of dollars)</i>	<i>Note</i>	Budget	2023	2022 Restated Note 12
Operating Expenses	15			
Members' Services		44,235	40,516	38,453
Respectful Workplace Office		250	8	88
Caucus Support Services		8,499	7,739	8,231
Office of the Speaker		346	315	270
Office of the Clerk		1,943	1,913	1,471
Clerk of Committees		1,248	1,315	1,281
Legislative Operations		23,077	22,479	20,148
Sergeant-at-Arms		6,476	6,579	6,594
Hansard Services		4,312	5,145	4,391
Legislative Library		2,406	2,453	2,214
Total operating expenses		92,792	88,462	83,141
Revenues				
Miscellaneous revenue	14	809	1,350	952
Total revenues		809	1,350	952
Net cost of operations	13	91,983	87,112	82,189
Government funding				
Appropriation - operating		91,983	85,856	80,271
Appropriation - capital	11, 13	9,473	4,998	2,402
Total government funding		101,456	90,854	82,673
Annual surplus	16	-	3,742	484
Accumulated surplus – beginning of year	16	-	14,330	13,855
Adjustment related to ARO	12	-	-	(9)
Accumulated surplus - end of year	16	-	18,072	14,330

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



Statement of Change in Net Debt

For the year ended March 31, 2023, with comparative information for 2022

<i>(in thousands of dollars)</i>	<i>Note</i>	2023	2022 Restated Note 12
Net debt - beginning of year		(229)	-
Annual surplus, restated		3,742	475
Change due to tangible capital assets	<i>11</i>		
Acquisition of tangible capital assets		4,998	2,402
Loss on disposal of tangible capital assets		(1)	(2)
Write down of work-in-progress balance		-	(162)
Amortization of tangible capital assets		(1,929)	(1,750)
Total change due to tangible capital assets		3,068	488
Acquisition of inventories held for use		65	61
Acquisition of prepaid expenses		2,435	1,587
Consumption of inventories held for use		(68)	(65)
Use of prepaid expenses		(1,758)	(1,596)
Increase (decrease) in net assets		-	-
Impact on net debt due to Asset Retirement Obligation adoption	<i>12</i>	9	(229)
Net debt – end of year	<i>2(i)</i>	(221)	(229)

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



Statement of Cash Flow

For the year ended March 31, 2023, with comparative information for 2022

<i>(in thousands of dollars)</i>	<i>Note</i>	2023	2022 Restated Note 12
Operating activities			
Annual surplus, restated	16	3,742	475
Items not involving cash:			
Amortization of tangible capital assets	11	1,929	1,750
Loss on disposal of tangible capital assets	11	1	2
Write down of work-in-progress balance	11	-	162
Change in non-cash working capital:			
Decrease (increase) in accounts receivable		(724)	-
Decrease (increase) in inventories held for sale		(31)	36
Decrease (increase) in inventories held for use		4	4
Decrease (increase) in prepaid expenses		(671)	10
Decrease (Increase) in due from the CRF		3,480	(492)
Increase (decrease) in accounts payable and accrued liabilities		(2,592)	2,806
Increase (decrease) in deferred revenue		(2)	-
Increase (decrease) in accrued obligations to employees		(138)	47
Increase (decrease) in MLA unfunded pension liability		-	(230)
Increase (decrease) in transitional assistance		-	(2,169)
Net change in cash from operating activities		4,999	2,401
Capital activities			
Cash used to acquire tangible capital assets	11,13	(4,998)	(2,402)
Net change in cash from capital activities		(4,998)	(2,402)
Financing activities			
Net change in cash from financing activities		-	-
Net change in cash		1	(1)
Cash, beginning of year		1	2
Cash, end of year		2	1

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



Notes to the Financial Statements

For the year ended March 31, 2023

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. 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 Legislative Assembly. Both LAMC's and the Speaker's administrative and oversight responsibilities are derived from the *Legislative Assembly Management Committee Act*. 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 Legislative Assembly and its Members are supported by non-partisan employees who make up the Legislative Assembly Administration. The Clerk of the Legislative Assembly is the senior permanent officer and procedural advisor to the Speaker and all Members and is head of the Legislative Administration with responsibility for the overall administration and financial management of the Legislative Assembly. The position directs Legislative Assembly management and staff in the provision and delivery of non-partisan services to Members.

Legislative Assembly Administration 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, human resources and food services.

2. Summary of Significant Accounting Policies

(a) Basis of accounting

These financial statements have been prepared in accordance with the 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 various adjustments required to create stand-alone, non-consolidated financial statements.

(b) Comparatives

Effective April 1, 2022, the Legislative Assembly adopted Public Sector Accounting Standard PS 3280 – *Asset Retirement Obligations* (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The standard was adopted on a modified retroactive approach at the date of adoption. Under the modified retroactive approach, the assumptions used on initial recognition are those as of the date of adoption of the standard. Comparative figures have been restated to conform with the current year's presentation.

(c) 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.

(d) 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 mainly includes educational resources developed for public distribution.

(e) 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.

2. Summary of Significant Accounting Policies (continued)

(f) Tangible capital assets

Tangible capital assets (TCAs) are recorded at historical cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets, plus asset retirement obligations, less accumulated amortization. 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 does not have any capital leases during the fiscal year.

(g) Asset Retirement Obligations

Effective April 1, 2022, the Legislative Assembly adopted Public Sector Accounting Standard PS 3280 – *Asset Retirement Obligations* (ARO). The legislative assembly recognized asset retirement obligations where a reasonable estimate of the fair value of the obligation and the future settlement date of the

2. Summary of Significant Accounting Policies (continued)

(g) Asset Retirement Obligations (continued)

retirement of the asset can be determined. The associated retirement costs are capitalized as part of the assets carrying value and amortized over the assets' useful lives. Legal liabilities may exist for the removal and disposal of materials such as asbestos and lead paint within buildings that will undergo major renovations or demolition. The fair value of the liability for asbestos removal or disposal is recognized in the period that is incurred if a reasonable estimate of fair value can be made.

(h) 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.

(i) 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 an 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.

(j) Net debt

The Legislative Assembly has not been required to incur any debt because it is fully funded through its Vote 1 operating and capital appropriations. The net debt balances in the current year and the prior year reflect funding needed through future appropriations to account for amortization costs related to the ARO (note 12). Net debt position related to future ARO amortization will become nil once ARO is fully amortized.

2. Summary of Significant Accounting Policies (continued)

(k) 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 trustee 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.

(l) 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.

(m) 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.

(n) Expenses

Expenses are reported on an accrual basis. Costs of all goods consumed and services received during the year are expensed, regardless of when payments are made.

(o) Foreign currency translation

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

2. Summary of Significant Accounting Policies (continued)

(p) Measurement uncertainty and use of estimates

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, asset retirement obligations, the employee retirement allowance, 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.

In addition, the Legislative Assembly's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs. Actual results will differ from these estimates.

3. Cash

<i>(in thousands of dollars)</i>	2023	2022
Petty cash	2	1
Bank balance	-	-
Total	2	1

The Legislative Assembly's 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

<i>(in thousands of dollars)</i>	2023	2022
Accounts receivable	720	29
Due from constituency offices	87	54
Total	807	83

The majority of the Legislative Assembly's receivables are due from the Ministry of Finance, Members' constituency offices or relate to lease contracts. All receivables are expected to be collected. As such, no provision for doubtful accounts has been recorded.

5. Accounts Payable and Accrued Liabilities

<i>(in thousands of dollars)</i>	2023	2022
Accounts payable and accrued liabilities	1,932	4,004
Due to constituency offices	6,437	5,910
Salaries and benefits payable	1,419	2,338
Unreleased minister salary holdbacks	148	276
Total	9,936	12,528

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. Six days of unpaid work was accrued as at March 31, 2023 as compared to fourteen days of unpaid work accrued at the end of the previous year.

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*. While the Legislative Assembly is responsible for the payment of the additional salaries, they are part of the respective Ministry budgets and are recovered from them on a quarterly basis. 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 10% 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 their 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 targets for fiscal 2023 and, therefore, received their ministerial salary holdback in September 2023.

6. Accrued Obligations to Employees

<i>(in thousands of dollars)</i>	2023	2022
Employee leave liability	997	1,095
Employee retirement allowance	539	579
Total	1,536	1,674

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 calendar 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, 2023, vacation hours carried forward from previous years, and banked overtime hours owing.

Constituency assistants are employees of individual Members and are 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 twenty 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 21.75 days (for those who have worked 20 years) and the maximum is 65.25 days (for those who have worked 30 or more years). This policy was updated in 2021, employees hired on or before December 31, 2020 have a minimum number of days of retirement allowance payable of 11 days (for those who have worked for 5 or more years as of December 31, 2020) and the same maximum of 65.25 days (with 30 or more years as of December 31, 2020).

Retirement allowance payments to thirteen former employees, totaling \$102 thousand, were made in fiscal 2023 (payments totaling \$46 thousand were made to five former employees in fiscal 2022). The thirteen former employees who received a retirement allowance payment during the year had an average contributory service of 13 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 or PSPP). 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. According to the latest Guide for Plan Members by the Plan, as at March 31, 2022, the Plan had about 68 thousand active members and approximately 54 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, 2020, indicated a funding surplus of \$2.7 billion for basic pension benefits on a going concern basis. The next valuation will be as at March 31, 2023. This valuation will be included in the 2023 Annual Report which will be published in November 2023.

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 \$3.1 million for employer contributions to the Plan on behalf of its employees in fiscal 2023 (\$2.7 million in fiscal 2022). 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 \$4.6 million for employer contributions to the Plan on behalf of Members in fiscal 2023 (\$4.4 million in fiscal 2022). The contribution rate to the Plan on behalf of Members remained at 40.14% 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).

7. Pension Plans (continued)

(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 \$10 thousand (\$146 thousand of net assets required for contribution less \$136 thousand of net assets available for benefits) was transferred from the Account to the Plan during the year as compared to \$248 thousand (\$146 thousand of net assets required for contribution less \$102 thousand deficit position in net assets available for benefits after transfer to PSP) in fiscal 2022. No Members began receiving their pension in fiscal 2023 (no Members in fiscal 2022).

There are currently two Members eligible to receive a future pension benefit funded by the Account. As they retire, the Legislative Assembly will need to contribute \$630 thousand to the B.C. Public Service Pension Plan. There is \$140 thousand in the Account to cover this required funding, so the net liability of the Legislative Assembly is \$490 thousand (\$490 thousand in fiscal 2022).

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 during the entirety of a parliament. Transitional assistance for a Member elected in a by-election is prorated based on time served.

8. Transitional Assistance (continued)

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 20 transitional assistance period.

9. Contingent Liabilities

The Legislative Assembly may periodically be involved in legal proceedings, claims, and litigation that arise in the normal course of operations. It is not possible to predict with any certainty the outcome of one pending legal matter; however, in the opinion of Management, any liability that may arise would not have a material effect on the Legislative Assembly's financial position or results of operations.

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 SFA 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 typical length of a parliament. These contractual obligations are included below because they are paid for by the Legislative Assembly.

<i>(in thousands of dollars)</i>	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Office leases	5,983	3,939	-	-	-	9,922
Service contracts	1,029	489	388	356	-	2,262
Licenses	1,814	192	-	-	-	2,006
Other - capital projects	3,885	2	-	-	-	3,887
Total	12,711	4,622	388	356	-	18,077

11. Tangible Capital Assets

(a) Tangible Capital Asset Schedule - March 31, 2023

<i>(in thousands of dollars)</i>	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2023 Total
Cost							
Opening balance	26,348	4,594	7,710	67	9,228	1,093	49,040
Additions	-	409	693	-	434	3,462	4,998
Disposals	-	-	(1)	-	-	-	(1)
Transfers	113	-	437	-	1,629	(2,179)	-
Write-downs	-	-	-	-	-	-	-
Closing balance	26,461	5,003	8,840	67	11,291	2,376	54,037
Accumulated Amortization							
Opening balance	(18,508)	(4,175)	(5,782)	(57)	(7,628)	-	(36,150)
Amortization	(216)	(149)	(647)	(5)	(903)	-	(1,920)
Disposals	-	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-	-
ARO	(9)	-	-	-	-	-	(9)
Closing balance	(18,733)	(4,324)	(6,429)	(62)	(8,531)	-	(38,079)
Net Book Value	7,728	679	2,411	5	2,760	2,376	15,958

11. Tangible Capital Assets (continued)

(b) Tangible Capital Asset Schedule - March 31, 2022

<i>(in thousands of dollars)</i>	Buildings	Furniture and Equipment	Specialized Equipment	Vehicles	Computer Hardware and Software	Work in Progress	2022 Total
Cost							
Opening balance	7,957	4,389	7,157	67	8,625	2,962	31,157
Additions	-	205	294	-	454	1,449	2,402
Disposals	-	-	(9)	-	-	-	(9)
Transfers	2,739	-	268	-	149	(3,156)	-
Write-downs	-	-	-	-	-	(162)	(162)
Closing balance	10,696	4,594	7,710	67	9,228	1,093	33,388
ARO recognition (note 12)	15,652	-	-	-	-	-	15,652
Closing balance, restated	26,348	4,594	7,710	67	9,228	1,093	49,040
Accumulated Amortization							
Opening balance	(2,894)	(4,038)	(5,205)	(52)	(6,794)	-	(18,983)
Amortization	(181)	(137)	(584)	(5)	(834)	-	(1,741)
Disposals	-	-	7	-	-	-	7
Write-downs	-	-	-	-	-	-	-
Closing balance	(3,075)	(4,175)	(5,782)	(57)	(7,628)	-	(20,717)
ARO recognition (note 12)	(15,423)	-	-	-	-	-	(15,423)
ARO	(9)	-	-	-	-	-	(9)
Closing balance, restated	(18,508)	(4,175)	(5,782)	(57)	(7,628)	-	(36,149)
Net Book Value	7,621	419	1,928	10	1,600	1,093	12,671
ARO related	220	-	-	-	-	-	220
Net Book Value, restated	7,840	419	1,928	10	1,600	1,093	12,891

11. Tangible Capital Assets (continued)

c) Work in progress

Assets under construction totaling approximately \$2.4 million (\$1.1 million as of March 31, 2022) have not been amortized. Amortization of these assets will commence when the assets are available for use.

d) Assets recognized at nominal values

During fiscal 2010, the Province of B.C. transferred 421 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 building's 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 as well as art collections gifted to the Legislative Assembly.

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 2f), is not capitalized or included in these financial statements.

12. Asset Retirement Obligations

The Legislative Assembly owns and operates several buildings including the building at 501 Belleville Street, the building at 421 and 431 Menzies Street, and the building at 612 and 614 Government Street, that are known to contain asbestos and lead paint, which represents a health hazard upon demolition of the buildings. A legal obligation to remove such hazard exists and is known as the Asset Retirement Obligations (ARO). Effective April 1, 2022, following the adoption of PS3280, *Asset Retirement Obligations*, the Legislative Assembly recognizes the ARO in the aforementioned buildings. The estimated fair values of the ARO are summarized in the table below. The associated retirement costs are capitalized as part of the building's carrying value and are amortized over each building's useful life. The building at 501 Belleville Street and the building at 421 and 431 Menzies Street are fully amortized as at April 1, 2022.

An independent evaluator was hired to assess costs related to removing and disposing asbestos and lead paint on a per square footage basis including material, labour and overhead costs. Fair value represents the amount a prudent contractor, considering all aspects of the project, would quote for the work, in the middle of the bid range in a tender process.

The Legislative Assembly will monitor any change in the fair value of the ARO on an annual basis.

Although two out of the three buildings have reached their maximum useful lives for accounting purposes, there is no settlement date when these buildings are planned to be demolished. Therefore, the liability related to the ARO has not been discounted from any future date and the full fair value of the ARO is reflected as a liability on the Statement of the Financial Positions.

The Legislative Assembly adopted PS3280 using the modified retroactive approach. Assumptions used are as at the adoption date of April 1, 2022. The adoption of this standard has resulted in the restatement of the prior period, summarized in the tables below.

12. Asset Retirement Obligations (continued)

<i>(in thousands of dollars)</i>	501 Belleville Street	421 and 431 Menzies Street	612 and 614 Government Street	Total
Fair value of recovery costs	13,340	1,973	339	15,652
Remaining useful life as of April 1, 2021	Fully amortized	Fully amortized	27 years	

<i>As at March 31, 2022</i> <i>(in thousands of dollars)</i>	As Reported	Adjustment	Restated
Statement of Financial Position			
Due from the CRF	14,455	15,423	29,878
Total financial assets	14,694	15,423	30,117
Asset retirement obligation	-	15,652	15,652
Total liabilities	14,694	15,652	30,346
Net debt	-	(229)	(229)
Tangible capital assets	12,671	220	12,891
Total non-financial assets	14,339	220	14,559
Accumulated surplus, end of year	14,339	(9)	14,330
Statement of Change in Net Debt and Statement of Cash Flow			
Annual surplus	484	(9)	475

13. Appropriations

The Legislative Assembly receives an annual appropriation (Vote 1 of the *Estimates*) that includes an operating and a 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 budgeted operating appropriation of \$92.0 million (\$86.1 million in fiscal 2022) is net of \$0.8 million (\$0.5 million in fiscal 2022) 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 sittings of the Legislative Assembly or additional work undertaken by parliamentary committees. The following table compares the Legislative Assembly's actual expenditures to approved budgets:

13. Appropriations (continued)

<i>(in thousands of dollars)</i>	2023			2022 Restated		
	Operating	Capital	Total	Operating	Capital	Total
Appropriations - Budget	91,983	9,473	101,456	86,062	6,309	92,371
Net cost of operations	(87,112)	-	(87,112)	(82,199)	-	(82,199)
Capital acquisitions	-	(4,998)	(4,998)	-	(2,402)	(2,402)
Unused Appropriations	4,871	4,475	9,346	3,863	3,907	7,770

14. Miscellaneous Revenue

<i>(in thousands of dollars)</i>	Budget	Actuals	
	2023	2023	2022
Parliamentary dining room (a)	709	889	505
Parliamentary gift shop (a)	50	190	93
Constituency Office allowance recoveries (b)	-	219	283
Lease revenue (c)	49	51	70
Other miscellaneous revenue (d)	-	-	1
Total	809	1,350	952

(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 15.

(b) Constituency Office allowance recoveries

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.

(c) Lease revenue

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

(d) Other miscellaneous revenue

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

15. Expenses by Object

The following is a summary of expenses by object:

	Budget	Actuals	
	2023	2023	2022
<i>(in thousands of dollars)</i>			Restated
Salaries and benefits	51,173	50,829	46,493
Members' allowances and expenses (a)	23,798	22,667	21,010
Operating expenses	14,664	12,469	13,551
Amortization expense	2,760	1,929	1,750
Cost of goods sold (b)	372	568	347
Other expenses (c)	25	-	-
Total	92,792	88,462	83,151

(a) Members' allowances and expenses

Members' allowances and expenses are comprised of constituency office leases, constituency office allowances, 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 as part of the detailed breakdown of Member travel expenses and Member constituency office expenditures disclosed the website, such as office lease and insurance amounts.

(b) Cost of goods sold

Cost of goods sold represents the cost of items sold from various operations of the Legislative Assembly in the table below.

<i>(in thousands of dollars)</i>	2023	2022
Parliamentary Gift Shop	119	69
Parliamentary Dining Room food and beverages	383	213
Educational resources distributed	66	65
Total cost of goods sold	568	347

(c) Other expenses

Other expenses include budget for the office of the Speaker and grants budgeted but not awarded.

16. Accumulated Surplus

	2023	2022 Restated, note 12
<i>(in thousands of dollars)</i>		
Accumulated surplus - beginning of year	14,330	13,855
Acquisition of tangible capital assets	4,998	2,402
Loss on disposal of tangible capital assets	(1)	(2)
Write down of work-in-progress balance	-	(162)
Amortization of tangible capital assets	(1,929)	(1,741)
Acquisition of inventories held for use	65	61
Acquisition of prepaid expenses	2,435	1,587
Consumption of inventories held for use	(68)	(65)
Use of prepaid expenses	(1,758)	(1,597)
Annual surplus	3,742	484
Accumulated surplus - end of year, previously stated	n/a	14,339
Adjustment related to ARO, note 12	n/a	(9)
Accumulated surplus - end of year	18,072	14,330

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.

17. 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.

18. 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.

18. Related Party Transactions (continued)

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

Management Discussion and Analysis

For the year ended March 31, 2023

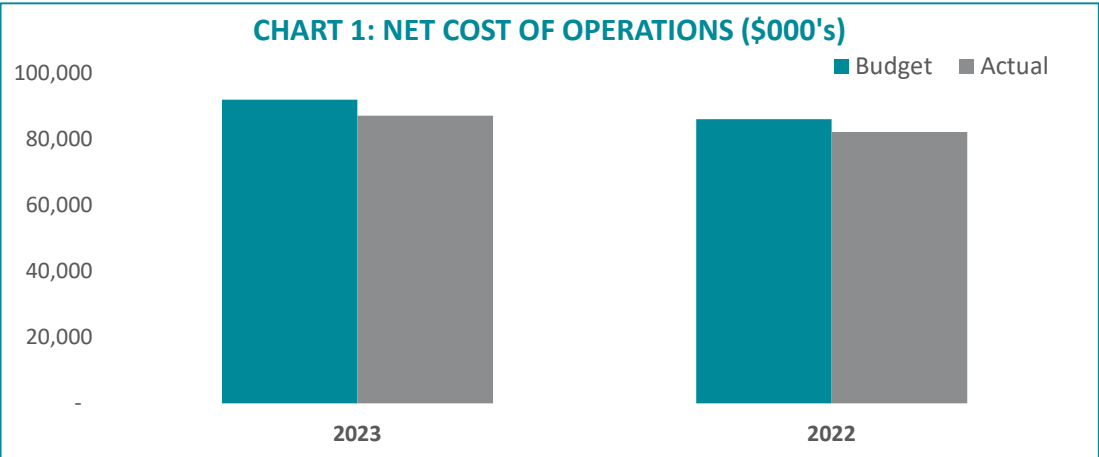
This Management Discussion and Analysis (MD&A) reflects the continued commitment of the Legislative Assembly of British Columbia (the Legislative Assembly) to enhanced accountability and transparency. It complements the 2023 audited Financial Statements by providing further financial analysis relating to the financial position and results of operations of the Legislative Assembly.

The Legislative Assembly’s financial results are consolidated in the *Public Accounts*, as part of the Consolidated Revenue Fund (CRF) as Vote 1. As an independent organization, the Legislative Assembly also produces independent audited financial statements each year. This MD&A should be read in conjunction with the Legislative Assembly’s audited Financial Statements for the year ended March 31, 2023. 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

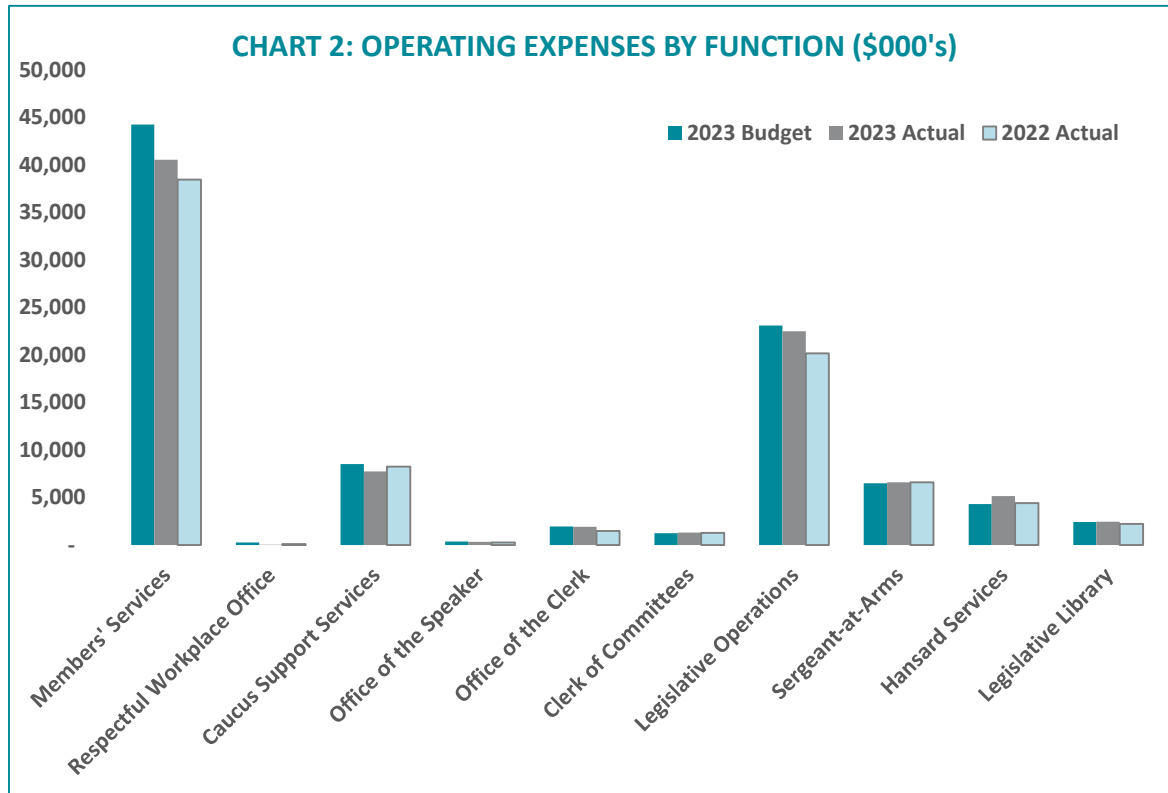
The Legislative Assembly’s Financial Statements are being presented with an unqualified audit opinion. The 2023 financial statements reflect the changes in accounting standards with the introduction of the Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations (ARO) standard. This implementation has required a restatement of the prior year (2022) statements to reflect the inclusion of the asset retirement obligation liability. The specific impact of this change is detailed in the Liability section of this report as well as in Note 12 of the financial statements.

The 2023 budget of \$101.5 million provided the funding to support the Legislative Assembly’s purpose to support the Legislative Assembly and its Members to provide services and infrastructure vital to an accessible democratic institution. The Legislative Assembly’s net cost of operations (expenses less revenues) for 2023 was \$87.1 million, which was \$4.9 million lower than the budget of \$92.0 million and \$4.9 million higher than the spending in 2022 (see Chart 1). The Legislative Assembly incurred \$5.0 million in capital expenditures, representing an increase of \$2.6 million in comparison to 2022 and an under-spend of \$4.5 million in comparison to the budget of \$9.5 million. In 2023, supply chain and project management challenges caused delays on several key building infrastructure projects which after a slow start are now slated for completion in 2024.



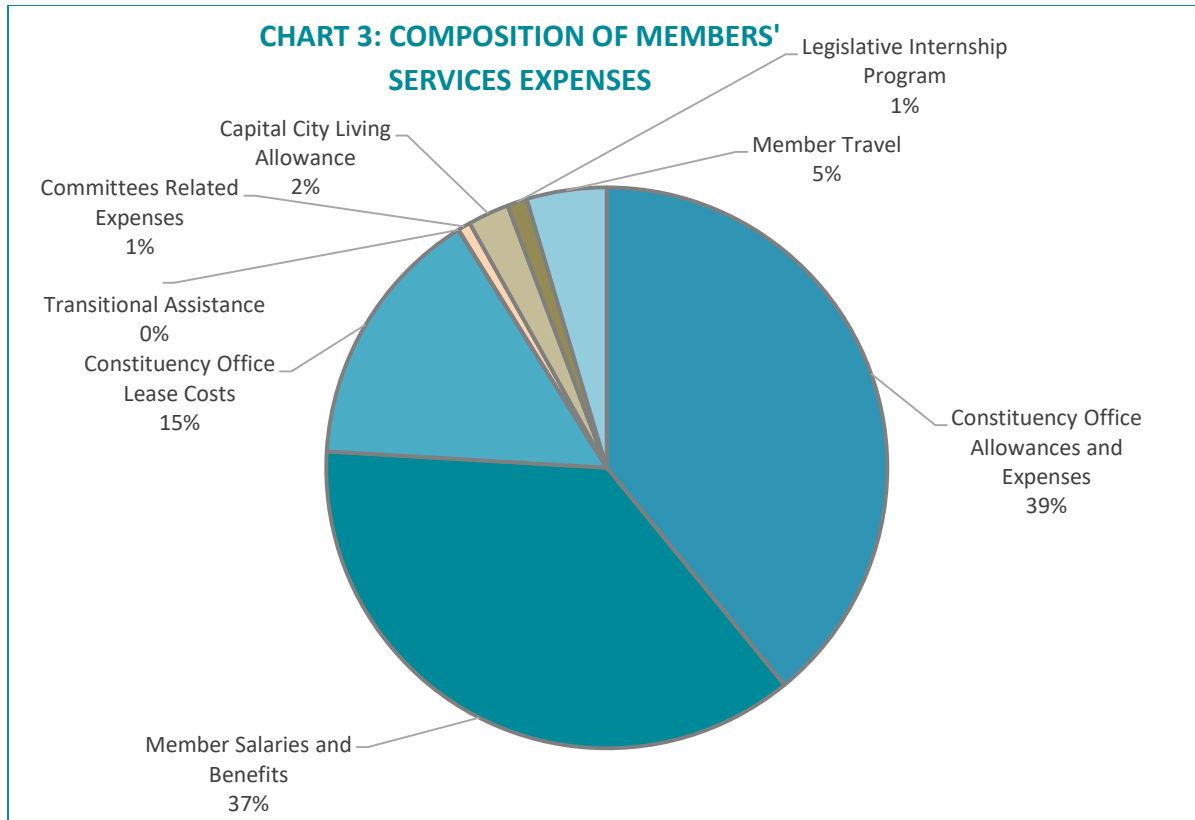
Operating Expenses by Function

In 2023 the total operating expenses of \$88.5 million were \$4.3 million under budget which was an increase of \$5.3 million from the \$83.2 million spent in 2022. The underspend results primarily from savings in Members' Services and Caucus Support Services. Planned savings within Legislative Operations offset the overspending due to operational requirements in other administrative areas such as Sergeant-at-Arms and Hansard Services (see Chart 2 below)



Members' Services consists of all expenses relating to Members of the Legislative Assembly (Members) and their constituency offices. Chart 3 shows the composition of Members' Services. The largest expense component is constituency office allowances and expenses (39%), followed by Members' salaries and benefits (37%). Constituency office allowances and expenses includes the annual per office constituency office allowance of \$150,000 (\$145,900 in 2022), furniture and equipment allowance, and expenses including but not limited to insurance, internet, phone, and security costs. The Legislative Assembly budget funds the lease costs for all the Constituency offices across the province. Constituency office lease costs represent 15% (16% in 2022) of the Members' Services total.

Members' Services expenses were budgeted to be \$44.2 million. Actual expenses were \$40.5 million in 2023 (\$38.5 million in 2022) and were \$3.7 million lower than budget. The net underspend was primarily a result of savings in salaries due to inflationary costs being lower than budgeted, savings in constituency office allowances and expenditures as well as lower Members accommodation expenses.

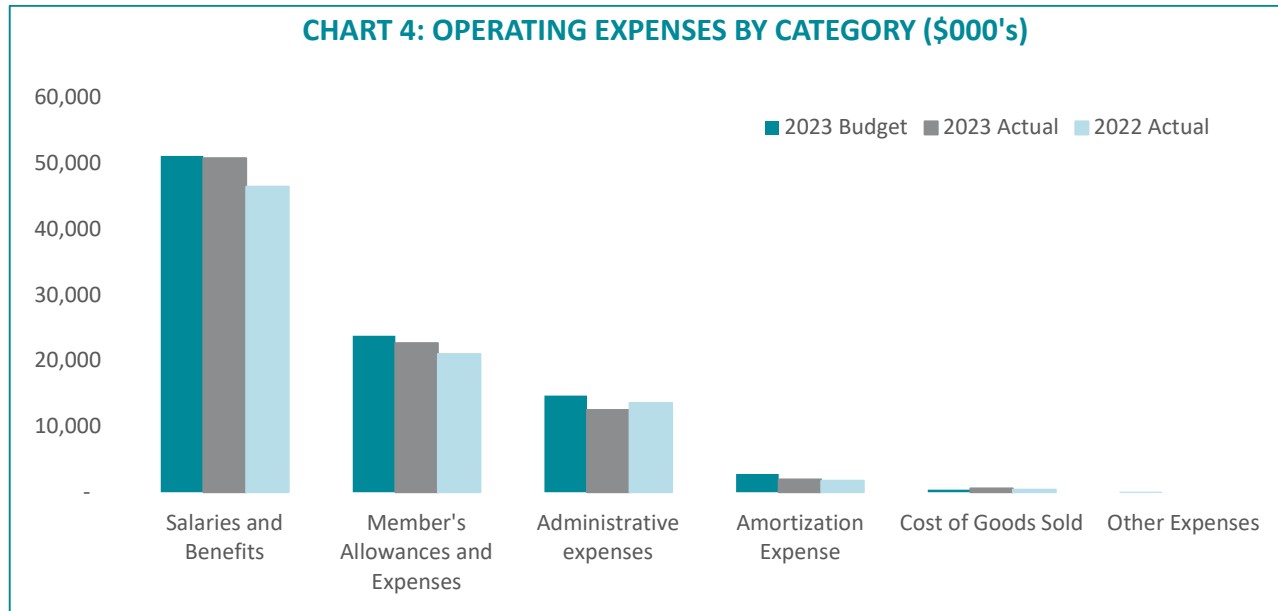


Each caucus receives an annual formula-driven budget to fund their legislative offices and responsibilities (Caucus Support Services). The policy-based formula is based on the number of Members within each caucus. As a result, there are minimal variances in annual expenses and budgets within each parliament. Caucus Support Services expenses were \$0.8 million under budget in 2023. The underspend was primarily a result of unfilled vacancies, savings in travel and advertising and publications, and operational efficiencies within the Caucus operations.

Legislative Operations expenses came in very close to budget as a result of using operational savings, unfilled staff positions, reduced travel, and lower than expected amortization costs, and unspent contingency funds to offset additional professional services costs related to ongoing technology initiatives and additional staffing costs driven by increase parliamentary and committee activities.

Operating Expenses by Category

The Legislative Assembly’s most significant expense category is Salaries and Benefits, accounting for more than half (57%) of the Legislative Assembly’s total expenses. This category includes Members’ salaries and benefits as well as Legislative Assembly administration. The next largest expense category is Members’ Allowances and Expenses at 26% (Chart 4).



The 2023 Legislative Assembly Salaries and Benefits increased as planned by \$4.3 million as compared to 2022 but was \$0.3 million lower than the approved budget.

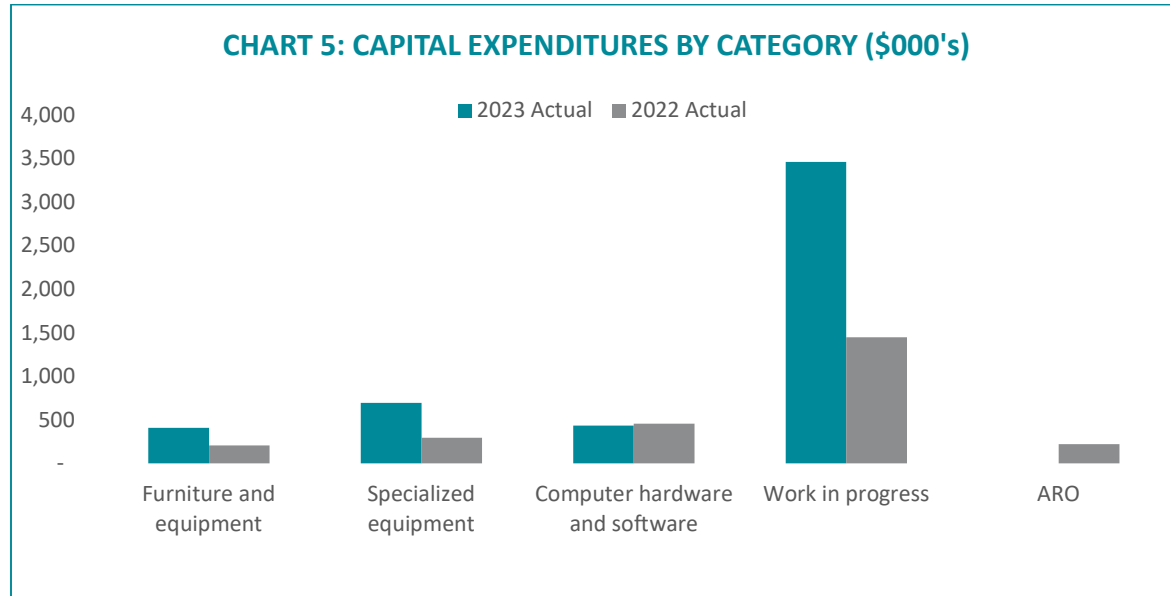
Members’ Allowances and Expenses, which include the annual constituency office allowance, increased by \$1.7 million compared to 2022 and was \$1.1 million under budget. This expense category was under budget primarily due to savings resulting from lower than budgeted Member travel, savings in the capital city living allowance, unused contingency reserves and other minor amounts.

Administrative expenses are comprised of day-to-day office costs, professional services, utilities, repairs and maintenance, communications, and employee travel expenses. These expenses were \$1.1 million lower than 2022, and \$2.2 million lower than budgeted. This expense category was below budget due to lower-than-expected expenses for travel, professional consulting services and operational and building maintenance costs.

As noted, several of the Legislative Assembly’s capital projects were delayed during the year. The underspend in capital directly impacts the amortization expense which was \$832 thousand under budget. This expense is a non-cash expense but is included in the annual budget submission.

Capital Expenditures by Category

Capital spending varies annually in amount and by category depending on the specific projects approved which are based on the strategic and operational needs and priorities of the Legislative Assembly.



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

When compared to 2022, capital spending was higher in 2023 by \$2.6 million but still lower than the budgeted amount. Significant capital additions during 2023 included:

- Deployment of enhanced security technology and end of life replacement of emergency and security equipment at the Legislative Precinct and at Constituency Offices
- Project to overhaul of the Legislative Assembly's Wi-Fi system began in 2022/23
- A major Space Planning and Design project to modernize shared workstation and collaborative workspace within the Information Technology and Sergeant at Arms departments to accommodate a growing workforce and envisioning the future of work at the Legislative Assembly.
- Critical replacement of specialized broadcasting equipment for Parliamentary proceedings in the Chamber and other committee rooms.
- Modernization of hardware, software, and security infrastructure for Legislative Assembly and Members' constituency offices
- Asset Retirement Obligations (ARO) balance is as part of the adoption of the new PSAS 3280 accounting standard and is related to the buildings on the Precinct (see Asset Retirement Obligations section below)

At year-end, several projects were still underway and recorded as work-in-progress. These multi-year projects will be completed in the 2023/24 fiscal year.

- The multi-year project focusing on safety upgrades with a project to construct fire exits at the rear Parliament building.
- The project to restore and reinforce the front entrance stairs of the Parliament Buildings.

Revenues

Revenues at the Legislative Assembly are a small share of the overall budget as they are generated from sales of goods and services on the Precinct. The Parliamentary Dining Room and the Parliamentary Gift Shop are both open to the public, as well as Members and employees, throughout most of the year. Combined, a gross revenue of over \$1.4 million was generated by these operations in 2023 (\$1.0 million in 2022). The year-over-year increase in revenues is a result of the loosening of the COVID-19 restrictions and a significant increase in visitors to the buildings.

The Legislative Assembly also generates a small amount of lease revenue by leasing space on the Legislative Precinct to some media and public sector agencies, on a cost recovery basis. Revenues are described further in note 14 of the Financial Statements.

Financial Position

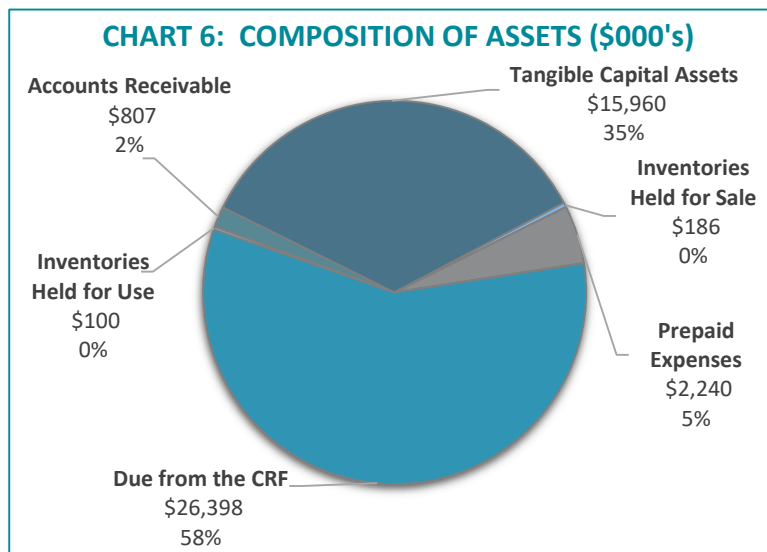
Assets

As noted in chart 6, the Legislative Assembly's most significant asset balance is its tangible capital assets. As the Legislative Assembly continues to invest in the modernization and renewal of its properties, in 2023, capital spending was higher than amortization, disposals, and write-downs, resulting in a net increase of \$3.1 million to Tangible Capital Assets. Significant capital additions for 2023 are noted above (see chart 5) in the Capital Expenditures by Category section.

The Due from the Consolidated Revenue Fund (CRF) balance is the net amount owed to the Legislative Assembly 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 accounts receivable balance increased by \$0.7 million due to the timing of the receipt of the payment of an invoice. This invoice was issued to the Ministry of Finance relating to the Ministers salary chargeback. The payment was received before the year end in the previous year.



Increase in prepaids expenses of \$0.7 million relates to contracts paid in advance for the Legislative Library's digital archive project, constituency office insurance and IT contracts for a number of initiatives including software maintenance, infrastructure, and cybersecurity.

The remainder of the Legislative Assembly's assets are of minor value and did not change significantly in 2023 as compared to 2022.

Liabilities

The Accounts Payable and Accrued Liabilities balance decreased by \$2.7 million in 2023. Most of this decrease is due to Members' constituency office carry-forward balances and timing differences for salaries and benefits payable (see note 5 in the Financial Statements)

Former Members meeting the eligibility criteria for the Transitional Assistance allowance, as outlined in note 8 of the Financial Statements, can receive salary continuance payments for up to fifteen months.

Accrued Obligations to Employees is composed of the employee retirement allowance and the employee leave liability (e.g., accrued vacation entitlement). The year-over-year change for this category was \$0.2 million, resulting from slight increases for both categories.

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 2023. As of March 31, 2023, two MLAs were eligible to receive a future pension benefit funded by the Account.

Asset Retirement Obligations

Effective April 1, 2022, the Legislative Assembly adopted Public Sector Accounting Standard PS 3280 – Asset Retirement Obligations (ARO). The intent of this new accounting standard is to enhance the transparency and accountability associated with the management of long-term infrastructure-related liabilities. This standard requires public sector entities to recognize and measure the financial obligations associated with the eventual retirement and removal of certain tangible capital assets, such as asbestos removal in retired buildings. The standard was adopted on a modified retroactive approach at the date of adoption. Under the modified retroactive approach, the assumptions used on initial recognition are those as of the date of adoption of the standard. By accounting for ARO's public sector organizations are now better equipped to more accurately reflect their total liabilities, ensuring that the costs of asset retirements are fairly distributed across time, through amortization based on useful life.

The implementation of the ARO standard has presented several challenges for the Legislative Assembly. Determining the fair value of ARO's is complex and involves making many assumptions about the timing and costs associated with assets retirement. Due to the nature of the Legislative Assembly's assets, there is no planned retirement in the foreseeable future. In addition, due to the historic nature of the buildings, detailed construction and materials documents are not available, which adds complexity to the estimates.

ARO is recorded as an asset as part of the buildings on site. The main buildings (501 Belleville Street) and the Armories buildings (421 and 431 Menzies Street) are fully amortized as of April 1, 2022, the adoption date of the new accounting standard. The Administration building (612 and 614 Government Street) is partially amortized, and the unamortized portion of the building's ARO is \$229 thousand as of March 31, 2022 and \$221 thousand as of March 31, 2023. The annual amortization of the Bunker's ARO is \$9 thousand. Currently the net debt positions on the Statement of Financial Position represent the unamortized value of the ARO to be amortized over the remaining useful life of the Administration building. The net debt position will become nil when the ARO balance is fully amortized.

ARO is also recorded as a liability to reflect the estimated future costs related to the removal of asbestos and lead paint for the buildings. The current estimated cost associated with the removal of such material is \$15.6 million, and within this amount, \$15.4 million has been recovered by Due from CRF on the Statement of Financial Position. As the ARO is fully amortized, we will anticipate the ARO liability to be fully funded by the CRF. An independent evaluator was hired to assess costs related to removing and disposing of asbestos and lead paint on a per square footage basis including material, labour and overhead costs. Fair value represents the amount a prudent contractor, considering all aspects of the project, would quote for the work in the middle of the bid range in a tender process.

The Legislative Assembly adopted PS3280 using the modified retroactive approach. Assumptions used are as at the adoption date of April 1, 2022. The adoption of this standard has resulted in the restatement of the prior period, summarized in the tables below.

(in thousands of dollars)	501 Belleville Street	421 and 431 Menzies Street	612 and 614 Government Street	Total
Fair value of recovery costs	13,340	1,973	339	15,652
Remaining useful life as of April 1, 2021	Fully amortized	Fully amortized	27 years	

As at March 31, 2022 (in thousands of dollars)	As Reported	Adjustment	Restated
Statement of Financial Position			
Due from the CRF	14,455	15,423	29,878
Total financial assets	14,694	15,423	30,117
Asset retirement obligation	-	15,652	15,652
Total liabilities	14,694	15,652	30,346
Net debt	-	(229)	(229)
Tangible capital assets	12,671	219	12,890
Total non-financial assets	14,339	219	14,558
Accumulated surplus, end of year	14,339	(10)	14,329
Statement of Operations and change in Accumulated Surplus			
Legislative Operations	20,148	10	20,158
Total operating expenses	83,141	10	83,151
Annual surplus	484	(10)	474

The Legislative Assembly will need to monitor any changes in the fair value of the ARO on an annual basis taking into consideration of inflation rate, updates and modifications done to the buildings as well as changes of methods used for asbestos and lead paint removal.

Financial Presentation

The current structure of Vote 1 has been in place for many years, with various departments and areas grouped under "Legislative Operations." To enhance program-level financial reporting and align with organizational activities, the Legislative Assembly will be restructuring the 2023-24 Vote 1 budget into key operational categories. This approach provides a more accurate representation of parliamentary and administrative functions, including separating out constituency office operations from Members' Services. The proposed structure breakdown includes Caucus Operations, Constituency Operations, Members' Remuneration, Independent Respectful Workplace Office, Parliamentary Operations, Legislative Assembly Administration, and General Centralized and Accounting Expenditures. This revised presentation will replace the existing structure in the Estimates submission while maintaining a detailed version for internal reviews and public posting.

Conclusion

In conclusion, for the year ended March 31, 2023, underscores our commitment to transparency. Financially, the Legislative Assembly managed well with a net cost of operations of \$87.1 million, slightly below budget. Expenses varied, with savings in some areas offsetting overspending elsewhere. Revenue from retail operations grew, driven by increased visitor traffic.

Our financial position remained strong, with investments in Tangible Capital Assets and well-managed liabilities. The adoption of PS 3280 for Asset Retirement Obligations enhanced transparency but presented challenges due to our unique assets.

Overall, our financial performance reflects prudent management and sets a foundation for future transparency and accountability.