



SENATE  
SÉNAT  
CANADA

# FINANCIAL STATEMENTS

of the Senate of Canada

For the Year Ended

**March 31, 2019**

## INDEPENDENT AUDITORS' REPORT

To the Chair of the Standing Committee on Internal Economy, Budgets and Administration of the Senate of Canada

### *Opinion*

We have audited the financial statements of the Senate of Canada (the Entity), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2019, and its results of operations, its accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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 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 unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We 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 our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.
- 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 we identify during our audit.

Ottawa,

Canada

27/02/2020

## The Senate of Canada

### MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

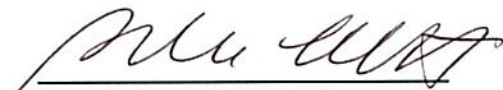
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2019, and all the information contained in these statements rests with the Senate of Canada (the "Senate") management. These financial statements have been prepared in accordance with Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the financial transactions of the Senate of Canada.

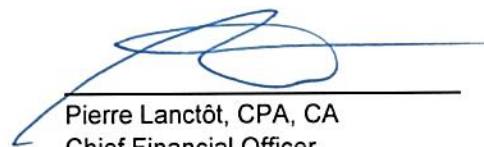
Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with the *Senate Administrative Rules* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff, through organizational arrangements that provide appropriate divisions of responsibility, and through communication programs aimed at ensuring that regulations, policies, guidelines, standards and managerial authorities are understood throughout the Senate.

These financial statements have been audited by KPMG LLP, the independent auditors of the Senate of Canada.



Pascale Legault, CPA, CA  
Clerk of the Standing Committee on  
Internal Economy, Budgets and Administration  
The Senate of Canada  
Ottawa, Canada



Pierre Lanctôt, CPA, CA  
Chief Financial Officer  
The Senate of Canada  
Ottawa, Canada

27/02/2020



# THE SENATE OF CANADA

## Statement of Financial Position

As at March 31, 2019 with comparative figures as at March 31, 2018

(In dollars)	2019	2018
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### Assets

#### Financial assets:

Cash on hand at year-end	\$ 415,946	\$ 418,175
Due from the Consolidated Revenue Fund	3,829,403	5,441,684
Accounts receivable and advances (note 4(a))	4,103,497	2,511,475
	8,348,846	8,371,334

#### Non-financial assets:

Tangible capital assets (note 5)	6,590,629	7,513,129
Prepaid expenses	529,342	274,623
	7,119,971	7,787,752

<b>Total assets</b>	<b>\$ 15,468,817</b>	<b>\$ 16,159,086</b>
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### Liabilities and Accumulated Surplus

#### Financial liabilities:

Accounts payable and accrued liabilities (note 4(b))	\$ 8,153,111	\$ 8,095,493
Vacation pay and compensatory leave	2,851,105	2,221,042
Employee severance benefits (note 7(b))	1,179,814	1,411,821
	12,184,030	11,728,356

Accumulated surplus	3,284,787	4,430,730
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<b>Total liabilities and accumulated surplus</b>	<b>\$ 15,468,817</b>	<b>\$ 16,159,086</b>
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Heritage Assets (note 6)

Contractual obligations (note 10)

Contingencies (note 11)

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

# THE SENATE OF CANADA

## Statement of Operations

Year Ended March 31, 2019 with comparative figures for 2018

(In dollars)	Budget (adjusted - note 12)	2019	2018 (recasted - note 9(c))
<b>Expenses:</b>			
Expenses subject to budgetary spending authorities:			
Salaries and benefits (note 7)	\$ 85,953,623	\$ 77,983,847	\$ 70,710,672
Transportation and communications	11,425,337	9,126,546	8,735,759
Professional services, hospitality and meals	5,612,509	4,048,984	4,385,143
Rentals and licenses	1,343,441	1,135,297	1,226,678
Materials and supplies	1,073,157	895,470	1,041,995
Repairs and maintenance	852,809	748,415	734,266
Information and publications	768,741	557,615	588,173
Machinery and equipment (adjusted - note 12)	450,000	448,894	515,994
Contribution to external organizations	430,000	440,472	485,814
Loss on disposal of tangible capital assets	-	75,587	9,380
Miscellaneous	-	1,121	784
Senators' pension plan adjustment (note 8)	-	-	15,500,000
	107,909,617	95,462,248	103,934,658
<b>Other expenses:</b>			
Services received without charge (note 9(b)):			
Accommodation		17,252,552	16,900,233
Employer's contribution to the health and dental insurance plans		5,709,928	5,704,568
Workers' compensation services		129,810	149,395
Amortization of tangible capital assets (note 5)		2,204,628	2,183,367
<b>Total expenses</b>		<b>120,759,166</b>	<b>128,872,221</b>
<b>Revenues:</b>			
Refund of previous year expenditures		184,040	152,488
Miscellaneous revenues		19,087	14,715
<b>Total revenues</b>		<b>203,127</b>	<b>167,203</b>
<b>Net cost of operations</b>		<b>120,556,039</b>	<b>128,705,018</b>
<b>Funded by:</b>			
Net cash provided from the Consolidated Revenue Fund (note 3(c))			
		97,930,087	104,500,793
Change in due from the Consolidated Revenue Fund		(1,612,281)	900,129
Services received without charge (note 9(b))		23,092,290	22,754,196
<b>Total funds provided</b>		<b>119,410,096</b>	<b>128,155,118</b>
<b>Annual deficit</b>	<b>\$</b>	<b>(1,145,943)</b>	<b>\$ (549,900)</b>

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

# THE SENATE OF CANADA

## Statement of Accumulated Surplus

Year Ended March 31, 2019 with comparative figures for 2018

(In dollars)	2019	2018
Accumulated surplus, beginning of year	\$ 4,430,730	\$ 4,980,630
Annual deficit	(1,145,943)	(549,900)
Accumulated surplus, end of year	\$ 3,284,787	\$ 4,430,730

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



# THE SENATE OF CANADA

## Statement of Cash Flows

Year Ended March 31, 2019 with comparative figures for 2018

(In dollars)	2019	2018 (recasted - note 9(c))
Cash provided by (used in):		
Operations:		
Net cost of operations	\$ 120,556,039	\$ 128,705,018
Non-cash items:		
Amortization of tangible capital assets (note 5)	(2,204,628)	(2,183,367)
Services received without charge (note 9(b))	(23,092,290)	(22,754,196)
Loss on disposal of tangible capital assets	(75,587)	(9,380)
Variations in Statement of Financial Position balances:		
Cash on hand at year-end	(2,229)	646
Accounts receivable and advances	1,592,022	384,612
Prepaid expenses	254,719	(123,085)
Accounts payable and accrued liabilities	(57,618)	(1,233,742)
Vacation pay and compensatory leave	(630,063)	(415,859)
Employee severance benefits	232,007	344,876
	96,572,372	102,715,523
Capital activities:		
Acquisitions of tangible capital assets (note 5)	1,357,952	1,785,460
Proceeds on disposal of tangible capital assets	(237)	(190)
Net cash provided from the Consolidated Revenue Fund	\$ 97,930,087	\$ 104,500,793

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

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

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### 1. Authority and objectives:

The Senate of Canada ("Senate") is a self-governing institution, established under the *Constitution Act, 1867* and its authority to act on all financial and administrative matters is provided under the *Parliament of Canada Act*. The Senate is the appointed Upper House in Canada's bicameral Parliament.

### 2. Summary of significant accounting policies:

#### (a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian public sector accounting standards.

#### (b) Parliamentary appropriations:

The Senate is funded from the Consolidated Revenue Fund of Canada through Parliamentary appropriations. Appropriations provided to the Senate do not parallel financial reporting according to Canadian public sector accounting standards since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high level reconciliation between the bases of reporting.

#### (c) Net cash provided from the Consolidated Revenue Fund:

The Senate operates within the Consolidated Revenue Fund ("CRF"), which is administered by the Receiver General for Canada. All cash received by the Senate is deposited to the CRF and all cash disbursements made by the Senate are paid from the CRF, including transactions with departments of the Government of Canada and other parliamentary institutions.

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

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

#### (e) Revenues:

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

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

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

#### (f) Expenses:

Expenses are recorded when the underlying transaction or event occurred, subject to the following:

- Transfer payments are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- Services received without charge from federal government departments for accommodation, the employer's contribution to the health and dental insurance plans, and the administrative charges for Workers' compensation services are recorded as operating expenses at their estimated costs.

#### (g) Employee future benefits:

- (i) Pension benefits: Eligible employees participate in the Public Service Superannuation Plan, a multiemployer plan administered by the Government of Canada. The Senate's contributions to the Plan are charged to expenses in the year incurred and represent the Senate's total obligation to the Plan. Current legislation does not require the Senate to make contributions for any actuarial deficiencies to the Plan.
- (ii) Severance benefits for services: Employees were entitled to severance benefits under labour contracts or the terms and conditions of employment. As with the broader public service, the accumulation of severance benefits ceased for employees of the Senate as the Senate concluded its collective agreements with unionized staff and made changes to conditions of employment. The revisions to terms and conditions of employment were made over a three year period with the final group taking effect in 2013-14. Employees subject to these changes were given the option to be immediately paid the full or partial value of benefits earned to date, or collect the full or remaining value of benefits upon termination from the Senate. For those employees who did not opt for an immediate payment, the obligation is calculated as at March 31, based on the employees' earned number of weeks and their salary as at March 31. These remaining severance benefits are not prefunded and will be paid from future appropriations in the year of departure of the employee.

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

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

#### (g) Employee future benefits (continued):

- (iii) Sick Leave: Employees are permitted to accumulate unused sick leave which they can only use in the event of an illness. Costs related to sick leave is recognized as an expense by the Senate as used. Accumulated unused sick leave upon employee termination is not payable to the employee. No related amount has been accrued in these financial statements. The accrued liability relating to this benefit is recognized in the financial statements of the Government of Canada.

#### (h) Senators' pension plan:

Assets and liabilities for the Senators' pension plan are not included in the Senate's Statement of Financial Position as these accounts are the responsibility of the Government of Canada. The Senate's contribution to the plan is charged to Salaries and Benefits expense in the year incurred. Refer to note 8 for additional information.

#### (i) Accounts receivable and advances:

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

#### (j) Contingent liabilities:

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

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

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

#### (k) Tangible capital assets:

All tangible capital assets and leasehold improvements having an initial cost of \$3,000 or more are recorded at their acquisition cost. Amounts included in assets under development are transferred to the appropriate class of asset upon completion and are then amortized.

Pooled capital assets, which are specifically identified groups of assets where there are a large number of items of a smaller value (such as information hardware and furniture and furnishings) that collectively represent a substantial investment are also included in the tangible capital assets balance.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the tangible capital asset as follows:

Asset	Amortization period
Machinery and equipment	3 to 15 years
Informatics hardware	3 to 7 years
Informatics software	2 to 5 years
Furniture and furnishings	5 to 20 years
Motor vehicles	3 to 10 years
Leasehold improvements	Over the useful life of the improvement

The Senate holds in trust for the Canadian public a collection of objects that are of historical value or interest to Canadian Heritage. Unlike tangible capital assets, these heritage assets are not recorded on the Statement of Financial Position, as the value of a heritage asset collection is not defined by its monetary value. Note 6 provides details for the heritage assets.

#### (l) Measurement uncertainty:

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



# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

### 3. Parliamentary Appropriations:

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

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

	2019	2018
Net cost of operations	\$ 120,556,039	\$ 128,705,018
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Services received without charge (note 9(b))	(23,092,290)	(22,754,196)
Amortization of tangible capital assets (note 5)	(2,204,628)	(2,183,367)
Refund of previous year expenditures	184,040	152,488
Net loss on disposal of tangible capital assets	(75,587)	(9,380)
Decrease in long term portion of employee severance benefits liability	93,140	498,637
Increase in vacation pay and compensatory leave liability	(630,063)	(415,859)
Other	(443,351)	(193,946)
	(26,168,739)	(24,905,623)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets (note 5)	1,357,952	1,785,460
Proceeds on disposal of capital assets	(237)	(190)
Increase in prepaid expenses	254,719	123,085
Other	90,397	247,197
Appropriations used	\$ 96,090,131	\$ 105,954,947

#### (b) Appropriations used:

	2019	2018
Vote 1 - Operating expenditures	\$ 74,151,222	\$ 69,584,548
Statutory Senators' salaries, allowances and retirement contributions	25,065,709	39,205,358
Statutory contributions to benefits plan	7,310,300	6,288,559
Less: lapsed appropriations - operating	(10,437,100)	(9,123,518)
Appropriations used	\$ 96,090,131	\$ 105,954,947

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

### 3. Parliamentary Appropriations (continued):

#### (c) Reconciliation of net cash provided from the Consolidated Revenue Fund to current year appropriations used:

	2019	2018
Net cash provided from the Consolidated Revenue Fund	\$ 97,930,087	\$ 104,500,793
Refund of previous year expenditures	184,040	152,488
Decrease (increase) in GST/HST/QST refundable	80,106	(51,645)
Increase (decrease) in current portion of employee severance benefits liability	(138,867)	153,761
Other	(352,954)	299,421
Change in net position in the Consolidated Revenue Fund:		
Decrease (increase) in cash on hand	2,229	(646)
Increase in accounts receivable and advances (excluding GST/HST/QST refundable)	(1,672,128)	(332,967)
Increase in accounts payable and accrued liabilities	57,618	1,233,742
	(1,612,281)	900,129
Appropriations used	\$ 96,090,131	\$ 105,954,947

### 4. Accounts receivable and payables details:

#### (a) Accounts receivable and advances:

	2019	2018
Receivables from federal government departments and agencies	\$ 4,069,175	\$ 2,305,634
Receivables from external parties	28,722	199,741
Petty cash and advances	5,600	6,100
	\$ 4,103,497	\$ 2,511,475

#### (b) Accounts payable and accrued liabilities:

	2019	2018
To internal parties	\$ 4,276,898	\$ 4,130,501
To external parties	3,102,283	3,418,260
To federal government departments and agencies	773,930	546,732
	\$ 8,153,111	\$ 8,095,493

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018

(in dollars)

### 5. Tangible capital assets:

	Cost				Closing balance
	Opening balance	Acquisitions	Disposals	Transfers of Assets	
Informatics software	\$ 6,696,207	\$ 442,780	\$ (60,383)	\$ 44,220	\$ 7,122,824
Furniture and furnishings	3,877,817	172,496	(251,927)	-	3,798,386
Informatics hardware	3,538,444	509,398	(280,735)	-	3,767,107
Machinery and equipment	4,089,955	152,723	(757,944)	-	3,484,734
Leasehold improvements	657,841	28,280	-	-	686,121
Motor vehicles	328,344	-	(3,000)	-	325,344
Assets under development	85,205	52,275	(2,144)	(44,220)	91,116
	\$19,273,813	\$ 1,357,952	\$ (1,356,133)	-	\$19,275,632

	Accumulated amortization				Closing balance
	Opening balance	Amortization	Disposals	Transfers of Assets	
Informatics software	\$ 3,513,600	\$ 975,223	\$ (60,383)	\$ -	\$ 4,428,440
Furniture and furnishings	2,244,916	227,721	(250,762)	-	2,221,875
Informatics hardware	2,244,087	633,383	(280,735)	-	2,596,735
Machinery and equipment	3,136,590	301,828	(685,429)	-	2,752,989
Leasehold improvements	410,309	43,558	-	-	453,867
Motor vehicles	211,182	22,915	(3,000)	-	231,097
	\$ 11,760,684	\$ 2,204,628	\$ (1,280,309)	\$ -	\$12,685,003

Net book value	2019	2018
Informatics software	\$ 2,694,384	\$ 3,182,607
Furniture and furnishings	1,576,511	1,632,901
Informatics hardware	1,170,372	1,294,357
Machinery and equipment	731,745	953,365
Leasehold improvements	232,254	247,532
Motor vehicles	94,247	117,162
Assets under development	91,116	85,205
	\$ 6,590,629	\$ 7,513,129

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

### 5. Tangible capital assets (continued):

In relation to the Long Term Vision and Plan projects (LTVP), the Senate will be transferred tangible capital assets from related parties over the coming years and in some cases the use of these assets by the Senate has already begun. These assets will be transferred once the projects are completed and the accounting value of the assets could not be estimated as at March 31, 2019.

### 6. Heritage Assets:

Heritage assets include furniture, artworks, and artefacts such as antique senators' desks, paintings by Canadian artists, chains of office and dinner service and silverware. The figures are a combination of significant heritage assets and other objects used to communicate the significance of spaces on Parliament Hill to the visiting public. The Senate's heritage asset collection is self-insured and as at March 31, 2019 is composed of the following:

Object Type	Number of items
Dinner service and silverware	2,733
Other Artefacts	2,134
Furniture	1,424
Artwork	241
Artefacts on loan from government departments and agencies	133

### 7. Employee benefits:

#### (a) Pension benefits:

Both the employees and the Senate contribute to the cost of the Plan. Due to the amendment of the *Public Service Superannuation Act* following the implementation of provisions related to Economic Action Plan 2012, employee contributors have been divided into two groups: Group 1 relates to existing plan members as of December 31, 2012 and Group 2 relates to members joining the Plan as of January 1, 2013. Each group has a distinct contribution rate. The 2019 expense, presented in salaries and benefits, amounts to \$5,104,620 (\$4,282,509 in 2018). For Group 1 members, the expense represents approximately 1.01 times (1.01 times in 2018) the employee contributions and, for Group 2 members, approximately 1.00 times (1.00 times in 2018) the employee contributions. The Senate's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the Financial Statements of the Government of Canada, as the Plan's sponsor.



# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

### 7. Employee benefits (continued):

#### (b) Employee severance benefits for services:

As described in note 2 (g), the accumulation of severance benefits, which the Senate provided severance benefits to certain of its employees based on eligibility, years of service, and final salary, has ceased. The remaining balance of the benefits is not prefunded and will be paid from future appropriations in the year of departure of the employee. Information about the severance benefits, measured at March 31, is as follows:

	2019	2018
Employee severance benefit liability, beginning of year	\$ 1,411,821	\$ 1,756,697
Change in liability for the year	49,259	333,957
Benefits paid during the year	(281,266)	(678,833)
	\$ 1,179,814	\$ 1,411,821

### 8. Senators' pension plans:

Senators participate in the Pension Plan for the Members of Parliament as required by the Members of Parliament Retiring Allowances Act. The Pension Plan consists of two separate accounts: the Members of Parliament Retiring Allowances Accounts (MPRA) and the Members of Parliament Retirement Compensation Arrangements Account (RCA), which are recorded in the Public Accounts of Canada. The Pension Plan is the responsibility of Treasury Board.

#### (a) Pension plan contributions:

Normal contributions made by the Senate to the Pension Plan totaled \$2,879,605 in 2019 (\$2,703,982 in 2018) and are recorded in salaries and benefits expenses. The Senators' contribution rates have increased over time to bring the plan members' share to 50 per cent as at January 1, 2017. For the 2019 fiscal year, plan members contributed at a rate of 19.4 per cent (19.5 per cent in 2018) of their salary for the first nine months and a rate of approximately 19.5 per cent (19.4 per cent in 2018) for the last three months.

The Senate contributions are made monthly to provide for the cost (net of plan member contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Senate contributions, expressed as a multiple of plan member contributions, are on average as follows: 1.0 (1.0 in 2018) for the Retirement Allowances Account and 1.0 (1.0 in 2018) for the Compensation Arrangements Account.



# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

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### 8. Senators' pension plans (continued):

Contributions are credited to the appropriate pension account. The pension accounts are also credited with interest at a rate determined by the Chief Actuary of Canada. The average interest rate credited to the pension accounts in 2019 was approximately 2.9 per cent (3.7 per cent in 2018).

Additional details of the Pension Plan can be found in the Consolidated Public Accounts of the Government of Canada.

#### (b) Pension plan adjustment:

As required under the Public Pensions Reporting Act, actuarial valuations of the pension plan must be completed by the Office of the Chief Actuary of Canada at least every three years for funding purposes. The latest Actuarial Report as at March 31, 2016 was published on September 13, 2017. The Report contained a finding of an actuarial shortfall in the MPRA Account. Under the Act, this shortfall must be credited to the Account in a manner determined by the President of the Treasury Board. In 2018, under the direction of Treasury Board, the Senate recorded a pension adjustment expense of \$15,500,000 funded through statutory appropriations.

The Actuarial Report can be found in the Actuarial Reports of the Office of the Chief Actuary of Canada.

### 9. Related party transactions:

The Senate is related to all Government of Canada departments, agencies, and Crown corporations. The Senate enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Senate received services which were obtained without charge from federal government departments as disclosed in notes (a) and (b).

#### (a) Payables and receivables from related parties:

	2019	2018
Accounts receivable from government departments and agencies	4,069,175	2,305,634
Accounts payable to government departments and agencies	773,930	546,732

#### (b) Services received without charge:

The Senate received without charge from federal government departments, accommodation services, the employer's contribution to the health and dental insurance plans, and workers' compensation. These services have been recognized in the Senate's Statement of Operations.

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
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### 9. Related party transactions (continued):

The Government of Canada has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of other federal employers without charge. The costs of these services, which include payroll for Senate employees, cheque issuance services, and translation services provided by Public Services and Procurement Canada, are not included as an expense in the Senate's Statement of Operations.

#### (c) Prior Period Adjustment - Services Received without Charge:

In the year, Public Services and Procurement Canada which provides the Senate with accommodation services without charge revised the calculation of the value of these services reported to the Senate for the year ended March 31, 2018. As a result, the reported amounts of accommodation expense and services received without charge were understated by \$4,596,258 in the 2018 financial statements.

The Senate has adjusted the comparative information to reflect this prior period adjustment, which has no material impact on the Senate financial position. The impact on the financial statements is as follows:

	As previously reported	As revised
Statement of Operations		
Accommodation expense	\$ 12,303,975	\$ 16,900,233
Services received without charge	18,157,938	22,754,196
Statement of Cash Flows		
Net cost of operations	\$124,108,760	\$128,705,018
Services received without charge	(18,157,938)	(22,754,196)

### 10. Contractual obligations:

The Senate has entered into contractual obligations. Commitments for contractual obligations are as follows:

2020	\$ 5,078,184
2021	2,496,599
2022	2,419,899
2023	1,841,637
2024	1,726,905
Total	\$ 13,563,224

# THE SENATE OF CANADA

## Notes to Financial Statements

Year Ended March 31, 2019, with comparative figures for 2018  
(in dollars)

### 11. Contingencies:

As at March 31, 2019 the Senate is involved with pending litigation and claims. The impact of these litigation matters is not expected to have a material impact on the Senate's financial position. The effect, if any, of ultimate resolution of these matters will be accounted for when determinable.

### 12. Budget figures:

Budget figures have been provided for comparison purposes. The budget figures are the amounts included in the Senate's Main and Supplementary Estimates, except for the Parliamentary appropriations budgeted for Machinery and Equipment which are used to fund the acquisition of tangible capital assets included on the Statement of Financial Position as well as the cost of Machinery and Equipment expense included on the Statement of Operations. The budget figure for this line item have been adjusted in order to present only the non-capital portion of Machinery and Equipment. Following budget reallocation, total Parliamentary appropriations used for Machinery and Equipment is as follows:

	Budgeted	Used
Original budget amount	\$ 1,620,486	\$ 1,806,846
Less : acquisition of capital assets	(1,170,486)	(1,357,952)
Non-capital machinery and equipment	\$ 450,000	\$ 448,894

	Budgeted	Used
Total budget per Main Estimates	\$109,080,103	\$ 96,445,200
Less : acquisition of capital assets	(1,170,486)	(1,357,952)
Total cost of operations	\$107,909,617	\$ 95,087,248

### 13. Comparative figures:

Certain 2017-18 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2018-19.