

**Financial Statements of
The Senate of Canada
For the Year Ended March 31, 2017**



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Senate of Canada, which comprise the statement of financial position as at March 31, 2017, the statements of operations, accumulated surplus and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Senate of Canada as at March 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

December 14, 2017

Ottawa, Canada

The Senate of Canada

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

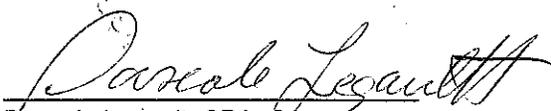
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2017, and all the information contained in these statements rests with The Senate of Canada (the "Senate") management. These financial statements have been prepared in accordance with 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
Chief, Corporate Services Officer and
Clerk of the Standing Committee on
Internal Economy, Budgets and Administration
The Senate of Canada
Ottawa, Canada



Claudie Besner, CPA, CGA
Acting Chief Financial Officer
The Senate of Canada
Ottawa, Canada

14/12/2017

THE SENATE OF CANADA

Statement of Financial Position

As at March 31, 2017 with comparative figures as at March 31, 2016

(In dollars)	2017	2016
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Assets

Financial assets:

Deposits on hand at year-end	\$ 417,529	\$ 415,946
Due from the Consolidated Revenue Fund	4,541,555	3,992,217
Accounts receivable and advances (note 4)	2,126,863	2,075,962

	7,085,947	6,484,125
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Non-financial assets:

Tangible capital assets (note 5)	7,920,606	6,460,124
Prepaid expenses	397,708	460,212

	8,318,314	6,920,336
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Total assets	\$ 15,404,261	\$ 13,404,461
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Liabilities and Accumulated Surplus

Financial liabilities:

Accounts payable and accrued liabilities	\$ 6,861,751	\$ 6,253,893
Vacation pay and compensatory leave	1,805,183	1,605,401
Employee severance benefits (note 7(b))	1,756,697	1,959,288

	10,423,631	9,818,582
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Accumulated surplus	4,980,630	3,585,879
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Total liabilities and accumulated surplus	\$ 15,404,261	\$ 13,404,461
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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, 2017 with comparative figures for 2016

(In dollars)	Budget (note 13)	2017	2016
Expenses:			
Expenses subject to budgetary spending authorities:			
Salaries and benefits	\$ 67,838,967	\$ 63,041,281	\$ 60,255,792
Transportation and communications	9,104,530	7,832,404	5,504,930
Professional services, hospitality and meals	8,907,840	2,753,237	2,902,810
Machinery and equipment (note 5)	1,056,955	486,010	296,865
Repairs and maintenance	485,205	682,847	550,678
Materials and supplies	742,325	754,759	579,434
Information and publications	624,578	519,476	531,308
Rentals and licenses	949,299	1,201,657	1,196,091
Miscellaneous	-	250,185	50,397
Contribution to external organizations	405,609	415,411	418,679
	<u>90,115,308</u>	<u>77,937,267</u>	<u>72,286,984</u>
Other expenses:			
Services received without charge (note 9(a)):			
Accommodation		14,861,042	15,332,884
Employer's contribution to the health and dental insurance plans		5,017,947	4,485,174
Workers' compensation services		164,505	163,690
Amortization of tangible capital assets (note 5)		1,492,524	1,184,470
		<u>21,536,018</u>	<u>21,166,218</u>
Total expenses		<u>99,473,285</u>	<u>93,453,202</u>
Revenues:			
Refund of previous year expenditures		211,322	668,956
Miscellaneous revenues		12,072	12,093
Total revenues		<u>223,394</u>	<u>681,049</u>
Net cost of operations		<u>99,249,891</u>	<u>92,772,153</u>
Funded by:			
Net cash provided from the Consolidated Revenue Fund		80,051,810	75,189,353
Change in due from the Consolidated Revenue Fund		549,338	(1,340,399)
Services received without charge (note 9(a))		20,043,494	19,981,748
Total funds provided		<u>100,644,642</u>	<u>93,830,702</u>
Transfer to other Parliamentary entity (note 12)		-	(545,839)
Annual surplus		<u>\$ 1,394,751</u>	<u>\$ 512,710</u>

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

THE SENATE OF CANADA

Statement of Accumulated Surplus

Year Ended March 31, 2017 with comparative figures for 2016

(In dollars)	2017	2016
Accumulated surplus, beginning of year	\$ 3,585,879	\$ 3,073,169
Annual surplus	1,394,751	512,710
Accumulated surplus, end of year	\$ 4,980,630	\$ 3,585,879

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

THE SENATE OF CANADA

Statement of Cash Flows

Year Ended March 31, 2017 with comparative figures for 2016

(In dollars)	2017	2016
Cash provided by (used in):		
Operations:		
Net cost of operations	\$ 99,249,891	\$ 92,772,153
Non-cash items:		
Amortization of tangible capital assets (note 5)	(1,492,524)	(1,184,470)
Services received without charge (note 9(a))	(20,043,494)	(19,981,748)
Loss on disposal of tangible capital assets	(9,184)	(3,126)
Variations in Statement of Financial Position balances:		
Deposit on hand at year-end	1,583	415,652
Accounts receivable and advances	50,901	552,788
Prepaid expenses	(62,504)	100,947
Accounts payable and accrued liabilities	(607,858)	214,579
Vacation pay and compensatory leave	(199,781)	7,201
Employee severance benefits	202,591	256,036
	77,089,621	73,150,012
Capital activities:		
Acquisitions of tangible capital assets (note 5)	2,970,501	2,039,341
Proceeds on disposal of tangible capital assets (note 5)	(8,312)	-
Net cash provided from the Consolidated Revenue Fund	\$ 80,051,810	\$ 75,189,353

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

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016
(in dollars)

1. Authority and objectives:

The Senate of Canada 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. The net cash provided from the CRF is the difference between all cash receipts and all cash disbursements including transactions with departments of the Government of Canada.

(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, 2017, with comparative figures for 2016
(in dollars)

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, 2017, with comparative figures for 2016
(in dollars)

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. 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, 2017, with comparative figures for 2016
(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.

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. 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, 2017, with comparative figures for 2016
(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:

	2017	2016
Net cost of operations	\$ 99,249,891	\$ 92,772,153
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Services received without charge (note 9(a))	(20,043,494)	(19,981,748)
Amortization of tangible capital assets (note 5)	(1,492,524)	(1,184,470)
Refund of previous year expenditures	211,322	668,956
Loss on disposal of capital assets	(9,184)	(3,126)
Decrease (increase) in vacation pay and compensatory leave liability	(199,781)	7,201
Decrease in employee severance benefits	202,591	256,036
Other	(139,750)	654
	(21,470,820)	(20,236,497)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets (note 5)	2,970,501	2,039,341
Proceeds on disposal of capital assets	(8,312)	-
Increase (decrease) in prepaid expenses	(62,504)	100,947
Transfer of prepaid assets to other Parliamentary entity (note 12)	-	(114,014)
Transition payments for implementing salary payments in arrears	-	10,163
Appropriations used	\$ 80,678,756	\$ 74,572,093

(b) Appropriations used:

	2017	2016
Vote 1 - Operating expenditures	\$ 58,276,163	\$ 52,946,960
Statutory Senators' salaries, allowances and retirement contributions	22,856,404	19,592,251
Statutory contributions to benefits plan	5,841,350	5,839,704
Less: lapsed appropriations - operating	(6,295,161)	(3,806,822)
Appropriations used	\$ 80,678,756	\$ 74,572,093

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016
(in dollars)

3. Parliamentary Appropriations (continued):

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

	2017	2016
Net cash provided from the Consolidated Revenue Fund	\$ 80,051,810	\$ 75,189,353
Refund of previous year expenditures	211,322	668,956
Transition payments for salary payments in arrears	-	10,163
Decrease in GST/HST/QST refundable	6,036	118,881
Transfers of prepaid assets to other Parliamentary entity (note 12)	-	(114,014)
Transfers of accounts payable and accrued liabilities to other Parliamentary entity (note 12)	-	38,499
Other	(139,750)	654
Change in net position in the Consolidated Revenue Fund:		
Decrease in deposits on hand	(1,583)	(415,652)
Increase in accounts receivable and advances (excluding GST/HST/QST refundable)	(56,937)	(671,669)
Increase (decrease) in accounts payable and accrued liabilities	607,858	(253,078)
	549,338	(1,340,399)
Appropriations used	\$ 80,678,756	\$ 74,572,093

4. Accounts receivable and advances:

	2017	2016
Receivables from federal government departments and agencies	\$ 1,883,904	\$ 1,565,209
Receivables from external parties	237,459	505,603
Petty cash and advances	5,500	5,150
	\$ 2,126,863	\$ 2,075,962

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016

(in dollars)

5. Tangible capital assets:

	Cost				Closing balance
	Opening balance	Acquisitions	Disposals	Transfers of Assets	
Machinery and equipment	\$ 4,171,610	\$ 65,681	\$ (228,792)	\$ -	\$ 4,008,499
Informatics hardware	2,447,850	760,399	(193,733)	-	3,014,516
Informatics software	4,474,874	873,687	(332,953)	126,775	5,142,383
Furniture and furnishings	3,739,606	224,938	(130,628)	-	3,833,916
Motor vehicles	354,569	-	(26,225)	-	328,344
Assets under development	151,419	1,012,978	-	(126,775)	1,037,622
Leasehold improvements	570,530	32,818	-	-	603,348
	\$15,910,458	\$ 2,970,501	\$ (912,332)	-	\$17,968,628

	Accumulated amortization				Closing balance
	Opening balance	Amortization	Disposals	Transfers of Assets	
Machinery and equipment	\$ 2,843,469	\$ 329,417	\$ (219,165)	\$ -	\$ 2,953,721
Informatics hardware	1,513,103	378,642	(193,733)	-	1,698,012
Informatics software	2,499,981	483,202	(332,954)	-	2,650,229
Furniture and furnishings	2,104,345	227,430	(130,628)	-	2,201,147
Motor vehicles	156,664	36,220	(18,356)	-	174,528
Leasehold improvements	332,772	37,613	-	-	370,385
	\$ 9,450,334	\$ 1,492,524	\$ (894,836)	\$ -	\$10,048,022

Net book value	2017	2016
Machinery and equipment	\$ 1,054,778	\$ 1,328,141
Informatics hardware	1,316,504	934,747
Informatics software	2,492,154	1,974,893
Furniture and furnishings	1,632,769	1,635,261
Motor vehicles	153,816	197,905
Assets under development	1,037,622	151,419
Leasehold improvements	232,963	237,758
	\$ 7,920,606	\$ 6,460,124

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016
(in dollars)

5. Tangible capital assets (continued):

Amortization expense for the year ended March 31, 2017 is \$1,492,524 (2016 - \$1,184,470).

Parliamentary appropriations budgeted for Machinery and Equipment in the year ended March 31, 2017 as shown on the Statement of Operations is \$1,056,955. This budget is used to fund the acquisition of tangible capital assets included on the Statement of Financial Position (2017 - \$2,970,501) as well as the cost of Machinery and Equipment expense included on the Statement of Operations (2017 - \$486,010). Following budget reallocation, total Parliamentary appropriations used for the acquisition of capital and non-capital machinery and equipment in the year ended March 31, 2017 represented \$3,456,511.

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, 2017 is composed of the following:

Object Type	Number of items
Furniture	1,397
Artwork	234
Dinner service and silverware	2,733
Other Artefacts	2,133
Artefacts on loan from government departments and agencies	117
Artefacts on loan to government departments and agencies	1

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016
(in dollars)

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 2016-2017 expense amounts to \$4,074,241 (\$4,025,308 in 2015-2016). For Group 1 members, the expense represents approximately 1.12 times (1.25 times in 2015-2016) the employee contributions and, for Group 2 members, approximately 1.08 times (1.24 times in 2015-2016) 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.

(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:

	2017	2016
Employee severance benefit liability, beginning of year	\$ 1,959,288	\$ 2,268,099
Change in liability for the year	134,808	107,490
Benefits paid during the year	(337,399)	(416,301)
Employee severance benefit liability, end of year	\$ 1,756,697	\$ 1,959,288

8. Senators' pension plan:

The Senators' pension plan is recorded by the Government of Canada in the Members' Pension Accounts and 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 the responsibility of the Government of Canada. Contributions made by the Senate to these plans totaled \$3,251,773 in 2016-17 (\$3,091,073 in 2015-2016) and are recorded in salaries and benefits expense.

The contribution rates have increased over time to bring the plan members' share to 50 per cent as at January 1, 2017. For the 2017 fiscal year, plan members contributed at a rate of 15.8 per cent (10 per cent in 2016) of their salary for the first nine months and a rate of approximately 19.5

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016
(in dollars)

8. Senators' pension plan (continued):

per cent (15.8 per cent in 2016) 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: 1.5 for the Retirement Allowances Account and 1.6 for the Compensation Arrangements Account.

Contributions are credited to the appropriate pension account, either the Members of Parliament Retiring Allowances Account or the Members of Parliament Retirement Compensation Arrangements 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 2017 was approximately 4.6 per cent (4.1 per cent in 2016).

As required under the Public Pensions Reporting Act, actuarial valuations of the pension plans are performed at least every three years for funding purposes. The actuarial valuation as of March 31, 2016 is currently in progress.

Additional details of these Plans can be found in the Consolidated Public Accounts of the Government 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 disclosed in notes (a) and (b).

(a) 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, 2017, with comparative figures for 2016
(in dollars)

9. Related party transactions (continued):

(b) Other related party transactions:

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.

Payables and receivables outstanding at year-end with other related parties:

	2017	2016
Accounts receivable from government departments and agencies	\$ 1,883,904	\$ 1,565,209
Accounts payable to government departments and agencies	726,933	370,818

10. Contractual obligations:

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

2018	\$ 1,465,623
2019	563,655
2020	146,272
2021	104,287
2022	106,373
Total	\$ 2,386,210

11. Contingencies:

As at March 31, 2017 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.

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Notes to Financial Statements

Year Ended March 31, 2017, with comparative figures for 2016
(in dollars)

12. Transfer to other Parliamentary Entity:

Effective June 23, 2015, the Senate transferred responsibility for protective services to the Parliamentary Protective Service (PPS) in accordance with the Economic Action Plan 2015 Act No. 1, including stewardship responsibility for the assets and liabilities related to protective services. The PPS is responsible for all matters relating to physical security throughout the Parliamentary Precinct and the grounds of Parliament Hill. The Speaker of the Senate and the Speaker of the House of Commons are responsible for and provide general policy direction to this new entity. Accordingly in 2015-16 the Senate transferred assets and liabilities related to its former operational security mandate to the PPS. In the current year, the Senate continues to administer some financial, human resources, and other administrative services on behalf of the PPS.

13. 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.

14. Comparative figures:

Certain 2015-16 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2016-17.