

**Financial Statements of
The Senate of Canada
For the Year Ended March 31, 2018**



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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, 2018, 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, 2018, 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

Ottawa, Canada

November 8, 2018

The Senate of Canada

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

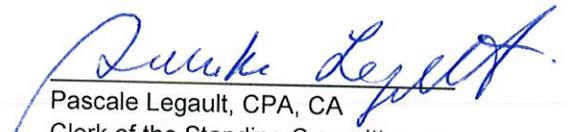
Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2018, and all the information contained in these statements rests with The Senate of Canada (the "Senate") management. These financial statements have been prepared in accordance with 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.

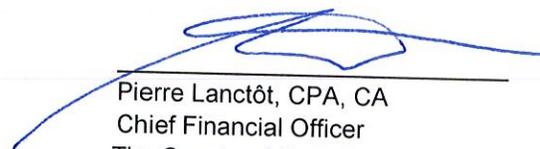
Management is also responsible for maintaining an effective system of internal control over financial reporting designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are properly authorized and recorded in accordance with the *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

08/11/2018

THE SENATE OF CANADA

Statement of Financial Position

As at March 31, 2018 with comparative figures as at March 31, 2017

(In dollars)	2018	2017
Assets		
Financial assets:		
Cash on hand at year-end	\$ 418,175	\$ 417,529
Due from the Consolidated Revenue Fund	5,441,684	4,541,555
<u>Accounts receivable and advances (note 4(a))</u>	<u>2,511,475</u>	<u>2,126,863</u>
	8,371,334	7,085,947
Non-financial assets:		
Tangible capital assets (note 5)	7,513,129	7,920,606
<u>Prepaid expenses</u>	<u>274,623</u>	<u>397,708</u>
	7,787,752	8,318,314
Total assets	\$ 16,159,086	\$ 15,404,261

Liabilities and Accumulated Surplus

Financial liabilities:		
Accounts payable and accrued liabilities (note 4(b))	\$ 8,095,493	\$ 6,861,751
Vacation pay and compensatory leave	2,221,042	1,805,183
<u>Employee severance benefits (note 7(b))</u>	<u>1,411,821</u>	<u>1,756,697</u>
	11,728,356	10,423,631
Accumulated surplus	4,430,730	4,980,630
Total liabilities and accumulated surplus	\$ 16,159,086	\$ 15,404,261

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, 2018 with comparative figures for 2017

(In dollars)	Budget (note 12)	2018	2017
Expenses:			
Expenses subject to budgetary spending authorities:			
Salaries and benefits	\$ 76,312,073	\$ 70,710,672	\$ 63,041,281
Senators' pension plan adjustment (note 8)	-	15,500,000	-
Transportation and communications	10,927,343	8,735,759	7,832,404
Professional services, hospitality and meals	10,590,867	4,385,143	2,753,237
Machinery and equipment (note 5)	1,767,581	515,994	486,010
Repairs and maintenance	689,354	734,266	682,847
Materials and supplies	1,025,613	1,041,995	754,759
Information and publications	731,538	588,173	519,476
Rentals and licenses	1,399,996	1,226,678	1,201,657
Miscellaneous	-	10,164	250,185
Contribution to external organizations	430,000	485,814	415,411
	<u>103,874,365</u>	<u>103,934,658</u>	<u>77,937,267</u>
Other expenses:			
Services received without charge (note 9(a)):			
Accommodation		12,303,975	14,861,042
Employer's contribution to the health and dental insurance plans		5,704,568	5,017,947
Workers' compensation services		149,395	164,505
<u>Amortization of tangible capital assets (note 5)</u>		<u>2,183,367</u>	<u>1,492,524</u>
		<u>20,341,305</u>	<u>21,536,018</u>
Total expenses		124,275,963	99,473,285
Revenues:			
Refund of previous year expenditures		152,488	211,322
<u>Miscellaneous revenues</u>		<u>14,715</u>	<u>12,072</u>
Total revenues		167,203	223,394
Net cost of operations		124,108,760	99,249,891
Funded by:			
Net cash provided from the Consolidated Revenue Fund		104,500,793	80,051,810
Change in due from the Consolidated Revenue Fund		900,129	549,338
<u>Services received without charge (note 9(a))</u>		<u>18,157,938</u>	<u>20,043,494</u>
Total funds provided		123,558,860	100,644,642
Annual surplus (deficit)		\$ (549,900)	\$ 1,394,751

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

THE SENATE OF CANADA

Statement of Accumulated Surplus

Year Ended March 31, 2018 with comparative figures for 2017

(In dollars)	2018	2017
Accumulated surplus, beginning of year	\$ 4,980,630	\$ 3,585,879
Annual surplus (deficit)	(549,900)	1,394,751
Accumulated surplus, end of year	\$ 4,430,730	\$ 4,980,630

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

THE SENATE OF CANADA

Statement of Cash Flows

Year Ended March 31, 2018 with comparative figures for 2017

(In dollars)	2018	2017
Cash provided by (used in):		
Operations:		
Net cost of operations	\$ 124,108,760	\$ 99,249,891
Non-cash items:		
Amortization of tangible capital assets (note 5)	(2,183,367)	(1,492,524)
Services received without charge (note 9(a))	(18,157,938)	(20,043,494)
Loss on disposal of tangible capital assets	(9,380)	(9,184)
Variations in Statement of Financial Position balances:		
Cash on hand at year-end	646	1,583
Accounts receivable and advances	384,612	50,901
Prepaid expenses	(123,085)	(62,504)
Accounts payable and accrued liabilities	(1,233,742)	(607,858)
Vacation pay and compensatory leave	(415,859)	(199,781)
Employee severance benefits	344,876	202,591
	102,715,523	77,089,621
Capital activities:		
Acquisitions of tangible capital assets (note 5)	1,785,460	2,970,501
Proceeds on disposal of tangible capital assets	(190)	(8,312)
Net cash provided from the Consolidated Revenue Fund	\$ 104,500,793	\$ 80,051,810

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

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

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. 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, 2018, with comparative figures for 2017
(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, 2018, with comparative figures for 2017
(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.

(k) Accounting changes:

For financial statements 2018, the Senate implemented Canadian public sector accounting standards PS 2200 Related Party Disclosures, PS 3420 Inter-entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights.

The adoption of these accounting standards did not result in an accounting policy change for the Senate, and did not result in any adjustments to the 2018 financial statements.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

2. Summary of significant accounting policies (continued):

(l) 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.

(m) 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, 2018, with comparative figures for 2017
(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:

	2018	2017
Net cost of operations	\$124,108,760	\$ 99,249,891
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Services received without charge (note 9(a))	(18,157,938)	(20,043,494)
Amortization of tangible capital assets (note 5)	(2,183,367)	(1,492,524)
Employee severance benefits	498,637	202,591
Net loss on disposal of tangible capital assets	(9,380)	(9,184)
Increase in vacation pay and compensatory leave liability	(415,859)	(199,781)
Other	(41,458)	(301,025)
	(20,309,365)	(21,843,417)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets (note 5)	1,785,460	2,970,501
Proceeds on disposal of capital assets	(190)	(8,312)
Prepaid expenses	123,085	372,597
Other	247,197	(62,504)
Appropriations used	\$105,954,947	\$ 80,678,756

(b) Appropriations used:

	2018	2017
Vote 1 - Operating expenditures	\$ 69,584,548	\$ 58,276,163
Statutory Senators' salaries, allowances and retirement contributions	39,205,358	22,856,404
Statutory contributions to benefits plan	6,288,559	5,841,350
Less: lapsed appropriations - operating	(9,123,518)	(6,295,161)
Appropriations used	\$105,954,947	\$ 80,678,756

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

3. Parliamentary Appropriations (continued):

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

	2018	2017
Net cash provided from the Consolidated Revenue Fund	\$ 104,500,793	\$ 80,051,810
Refund of previous year expenditures	152,488	211,322
Decrease (increase) in GST/HST/QST refundable	(51,645)	6,036
Prepaid expenses	123,085	372,597
Other	330,097	(512,347)
Change in net position in the Consolidated Revenue Fund:		
Decrease in cash on hand	(646)	(1,583)
Increase in accounts receivable and advances (excluding GST/HST/QST refundable)	(332,967)	(56,937)
Increase in accounts payable and accrued liabilities	1,233,742	607,858
	900,129	549,338
Appropriations used	\$ 105,954,947	\$ 80,678,756

4. Accounts receivable and payables details:

(a) Accounts receivable and advances:

	2018	2017
Receivables from federal government departments and agencies	\$ 2,305,634	\$ 1,883,904
Receivables from external parties	199,741	237,459
Petty cash and advances	6,100	5,500
	\$ 2,511,475	\$ 2,126,863

(b) Accounts payable and accrued liabilities:

	2018	2017
Payables to internal parties	\$ 4,130,501	\$ 3,566,729
Payables to external parties	3,418,260	2,566,542
Payables to federal government departments and agencies	546,732	728,480
	\$ 8,095,493	\$ 6,861,751

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017

(in dollars)

5. Tangible capital assets:

	Cost				Closing balance
	Opening balance	Acquisitions	Disposals	Transfers of Assets	
Machinery and equipment	\$ 4,008,499	\$ 204,095	\$ (122,639)	\$ -	\$ 4,089,955
Informatics hardware	3,014,516	620,485	(96,557)	-	3,538,444
Informatics software	5,142,383	591,754	(64,178)	1,026,248	6,696,207
Furniture and furnishings	3,833,916	235,291	(191,390)	-	3,877,817
Motor vehicles	328,344	-	-	-	328,344
Assets under development	1,037,622	79,342	(5,511)	(1,026,248)	85,205
Leasehold improvements	603,348	54,493	-	-	657,841
	\$17,968,628	\$ 1,785,460	\$ (480,275)	-	\$19,273,813

	Accumulated amortization				Closing balance
	Opening balance	Amortization	Disposals	Transfers of Assets	
Machinery and equipment	\$ 2,953,721	\$ 305,508	\$ (122,639)	\$ -	\$ 3,136,590
Informatics hardware	1,698,012	642,632	(96,557)	-	2,244,087
Informatics software	2,650,229	927,549	(64,178)	-	3,513,600
Furniture and furnishings	2,201,147	231,100	(187,331)	-	2,244,916
Motor vehicles	174,528	36,654	-	-	211,182
Leasehold improvements	370,385	39,924	-	-	410,309
	\$10,048,022	\$ 2,183,367	\$ (470,705)	\$ -	\$11,760,684

Net book value	2018	2017
Machinery and equipment	\$ 953,365	\$ 1,054,778
Informatics hardware	1,294,357	1,316,504
Informatics software	3,182,607	2,492,154
Furniture and furnishings	1,632,901	1,632,769
Motor vehicles	117,162	153,816
Assets under development	85,205	1,037,622
Leasehold improvements	247,532	232,963
	\$ 7,513,129	\$ 7,920,606

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

5. Tangible capital assets (continued):

Amortization expense for the year ended March 31, 2018 is \$2,183,367 (2017 - \$1,492,524).

Parliamentary appropriations budgeted for Machinery and Equipment and all other tangible capital assets in the year ended March 31, 2018 as shown on the Statement of Operations is \$1,767,581. This budget is 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. Following budget reallocation, total Parliamentary appropriations used for the acquisition of capital and non-capital machinery and equipment in the year ended March 31, 2018 represented \$2,301,454.

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, 2018 is composed of the following:

Object Type	Number of items
Dinner service and silverware	2,733
Other Artefacts	2,134
Furniture	1,409
Artwork	242
Artefacts on loan from government departments and agencies	152
Artefacts on loan to government departments and agencies	1

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(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 2018 expense, presented in salaries and benefits, amounts to \$4,282,509 (\$4,074,241 in 2017). For Group 1 members, the expense represents approximately 1.01 times (1.12 times in 2017) the employee contributions and, for Group 2 members, approximately 1.00 times (1.08 times in 2017) 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:

	2018	2017
Employee severance benefit liability, beginning of year	\$ 1,756,697	\$ 1,959,288
Change in liability for the year	333,957	134,808
Benefits paid during the year	(678,833)	(337,399)
Employee severance benefit liability, end of year	\$ 1,411,821	\$ 1,756,697

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.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

8. Senators' pension plans (continued):

(a) Pension plan contributions:

Normal contributions made by the Senate to the Pension Plan totaled \$2,703,982 in 2018 (\$3,251,773 in 2017) 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 2018 fiscal year, plan members contributed at a rate of 19.5 per cent (15.8 per cent in 2017) of their salary for the first nine months and a rate of approximately 19.4 per cent (19.5 per cent in 2017) 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 (1.5 in 2017) for the Retirement Allowances Account and 1.0 (1.6 in 2017) for the Compensation Arrangements Account.

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 2018 was approximately 3.7 per cent (4.6 per cent in 2017).

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.

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

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) 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 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.

(b) Payables and receivables from related parties:

	2018	2017
Accounts receivable from government departments and agencies	\$ 2,305,634	\$ 1,883,904
Accounts payable to government departments and agencies	546,732	726,933

10. Contractual obligations:

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

2019	\$ 3,085,034
2020	377,292
2021	290,627
2022	291,221
2023	189,470
Total	\$ 4,233,644

THE SENATE OF CANADA

Notes to Financial Statements

Year Ended March 31, 2018, with comparative figures for 2017
(in dollars)

11. Contingencies:

As at March 31, 2018 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.

13. Comparative figures:

Certain 2016-17 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2017-18.