

Future-Oriented Statement of Operations

**Office of the Commissioner for Federal Judicial Affairs Canada**  
(Unaudited)

For the year ending March 31, 2017

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Future-Oriented Statement of Operations**  
**For the Year Ended March 31**  
*(in thousands of dollars)*

	<b>Forecast Results 2015-16</b>	<b>Planned Results 2016-17</b>
<b>Expenses</b>		
Payments Pursuant to the <i>Judges' Act</i>	514,701	545,355
Federal Judicial Affairs	10,119	9,306
Canadian Judicial Council	3,906	1,837
Internal Services	728	727
<b>Total expenses</b>	<b>529,454</b>	<b>557,225</b>
<b>Revenues</b>		
Payments Pursuant to the <i>Judges' Act</i>	14,982	14,982
Federal Judicial Affairs	275	275
<b>Total revenues</b>	<b>15,257</b>	<b>15,257</b>
<b>Net cost of operations</b>	<b>514,197</b>	<b>541,968</b>

The accompanying notes form an integral part of the future-oriented statement of operations.

## **1. Methodology and Significant Assumptions**

The future-oriented statement of operations has been prepared on the basis of the government priorities and the departmental plans as described in the Report on Plans and Priorities.

The information in the forecast results for fiscal year 2015-16 is based on actual results at December 31, 2015 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for the 2016-17 fiscal year.

The main assumptions underlying the assumptions are as follows:

- The department's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on historical experience. The general historical pattern is expected to continue.
- Allowances for uncollectability are based on historical experience. The general historical pattern is expected to continue.
- Estimated year end information for 2015-16 is used as the opening position for the 2016-17 planned results.

These assumptions are adopted as at December 31, 2015.

## **2. Variations and Changes to the Forecast Financial Information**

While every attempt has been made to forecast final results for the remainder of 2015-16 and 2016-17, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this future-oriented statement of operations, the Office of the Commissioner for Federal Judicial Affairs (FJA) Canada has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the future-oriented statement of operations and the historical statement of operations include the following:

- The timing and amount of acquisitions and disposals of property, plant and equipment may affect gains/losses and amortization expense.
- Implementation of new collective agreements.

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- Economic conditions may affect both the amount of revenue earned and the collectability of loan receivables.
- Interest rates in effect at the time of issue will affect the net present value of non-interest bearing loans.
- Further changes to the operating budget through additional new initiatives or technical adjustments later in the year.

Once the Report on Plans and Priorities is presented, FJA will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

### **3. Summary of Significant Accounting Policies**

The future-oriented statement of operations has been prepared using the Government's accounting policies that came into effect for the 2015-16 fiscal year, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) **Expenses**

Expenses are recorded on an accrual basis. Expenses for FJA's operations are recorded when goods are received or services are rendered including services provided without charge for accommodation and employer contributions to health and dental insurance plans which are recorded as expenses at their estimated cost. Vacation pay and compensatory leave, as well as severance benefits, are accrued and expenses are recorded as the benefits are earned by employees under their terms of employment.

Expenses also include provisions to reflect changes in the value of assets, including provisions for investments and advances and inventory obsolescence, or liabilities, including contingent liabilities, to the extent the future event is likely to occur and a reasonable estimate can be made.

Expenses also include amortization of tangible capital assets, which are capitalized at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset.

(b) **Revenues**

Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.

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Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

Funds that have been received are recorded as deferred revenue, provided the Department has an obligation to other parties for the provision of goods, services or the use of assets in the future.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge the Department's liabilities. While the Deputy Head is expected to maintain accounting control, he or she has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the entity's gross revenues.

#### **4. Parliamentary Authorities**

FJA is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the Department do not parallel financial reporting according to generally accepted accounting principles because authorities are primarily based on cash flow requirements. Items recognized in the future-oriented statement of operations in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, FJA has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

**(a) Reconciliation of net cost of operations to requested authorities**

<i>(in thousands of dollars)</i>	<b>Forecast Results 2015-16</b>	<b>Planned Results 2016-17</b>
<b>Net cost of operations</b>	514,197	541,968
Adjustment for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(1,727)	(1,727)
Decrease in employee future benefits	213	0
Amortization of tangible capital assets	(75)	(72)
Judges' Pension Contributions	14,982	14,982
Increase in vacation pay and compensatory leave	(37)	(16)
Total items affecting net cost of operations but not affecting authorities	13,356	13,167

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Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	60	50
Increase (decrease) in prepaid expenses	48	(11)
Total items not affecting net cost of operations but affecting authorities	108	39
<b>Requested authorities</b>	<b>527,661</b>	<b>555,174</b>

***(b) Authorities requested***

<i>(in thousands of dollars)</i>	<b>Forecast Results 2015-16</b>	<b>Planned Results 2016-17</b>
Authorities requested		
Vote 1 - Operating expenditures - FJA	8,678	7,831
Vote 5 - Operating expenditures - CJC	3,589	1,516
Statutory Authorities – EBP	964	988
Statutory amounts – <i>Judges Act</i>	514,430	544,839
<b>Requested authorities</b>	<b>527,661</b>	<b>555,174</b>