

Future-Oriented Statement of Operations

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

For the year ending March 31, 2018

Office of the Commissioner for Federal Judicial Affairs Canada
Future-Oriented Statement of Operations (unaudited)
for the year ending March 31
(in thousands of dollars)

| | Forecast results 2016–17 | Planned results 2017–18 |
|---|--------------------------------|-------------------------------|
| Expenses | | |
| Payments Pursuant to the Judges' Act | 544,894 | 558,669 |
| Federal Judicial Affairs | 9,642 | 10,370 |
| Canadian Judicial Council | 3,647 | 4,062 |
| Internal services | 767 | 767 |
| Total expenses | 558,950 | 573,868 |
| Revenues | | |
| Payments Pursuant to the Judges' Act | 14,947 | 14,947 |
| Federal Judicial Affairs | 275 | 275 |
| Total revenues | 15,222 | 15,222 |
| Net cost of operations before government funding and transfers | 543,728 | 558,646 |

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.

Notes to the Future-Oriented Statement of Operations (unaudited)

1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2016-17 is based on actual results as at December 31, 2016 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2017-18.

The main assumptions underlying the forecasts 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 past experience. The general historical pattern is expected to continue.
- Estimated year end information for 2016-17 is used as the opening position for the 2017-18 planned results.

These assumptions are made as at December 31, 2016.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2016-17 and for 2017-18, actual results achieved for both years are likely to differ 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) has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect both the amount of revenue earned and the collectability of loan receivables;

- interest rates in effect at the time of issue, which will affect the net present value of non-interest-bearing loans; and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, 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 Results Report.

3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2016-17, and is 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

The department records expenses on an accrual basis.

Expenses for the department's operations are recorded when goods are received or services are rendered, including services provided without charge for accommodation, employer contributions to health and dental insurance plans, legal services and workers' compensation, 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 bad debt on accounts receivable, provision for valuation on loans, investments and advances and inventory obsolescence, or liabilities, including contingent liabilities and environmental 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 fiscal year.

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. Although the deputy head is expected to maintain accounting control, he or she has no authority over 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 as a reduction of the department's gross revenues.

4. Parliamentary authorities

The department is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the department differs from financial reporting according to generally accepted accounting principles because authorities are based mainly 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, the department 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
(in thousands of dollars)**

| | Forecast results 2016–17 | Planned results 2017–18 |
|--|--------------------------------|-------------------------------|
| Net cost of operations before government funding and transfers | 543,728 | 558,646 |
| Adjustment for items affecting net cost of operations but not affecting authorities: | | |
| Services provided without charge by other government departments | (1,665) | (1,690) |
| Increase in employee future benefits | (9) | 0 |
| Amortization of tangible capitals assets | (84) | (69) |
| Judges' Pension Contributions | 14,947 | 14,947 |
| Increase in vacation pay and compensatory leave | (47) | (6) |
| Total items affecting net cost of operations but not affecting authorities | 13,142 | 13,182 |
| Adjustment for items not affecting net cost of operations but affecting authorities: | | |
| Acquisition of tangible capital assets | 50 | 50 |
| Total items not affecting net cost of operations but affecting authorities | 50 | 50 |
| Requested authorities | 556,920 | 571,878 |

b) Authorities requested (in thousands of dollars)

| | Forecast results for 2016–17 | Planned results for 2017–18 |
|--------------------------------------|------------------------------------|-----------------------------------|
| Authorities requested | | |
| Vote 1: operating expenditures - FJA | 7,962 | 8,779 |
| Vote 5: operating expenditures - CJC | 3,101 | 3,525 |
| Statutory authorities - EBP | 1,018 | 911 |
| Statutory amounts – Judges Act | 544,839 | 558,662 |
| Total authorities requested | 556,920 | 571,878 |