

COURTS ADMINISTRATION SERVICE

Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31	Estimated Results	Planned Results
(in thousands of dollars)	2015-16	2016-17
Expenses		
Judicial services	47,664	45,764
Registry services	31,000	30,762
Internal services	22,783	21,300
Total Expenses	101,447	97,826
Revenues		
Employment Insurance Operating Account cost recoveries (Note 4(c))	727	727
Filing fees	1,740	1,813
Fines	52	594
Miscellaneous	99	99
Revenues earned on behalf of Government	(2,615)	(3,230)
Total Revenues	3	3
Net cost of operations	101,444	97,823

Information for the year ending March 31, 2016 includes actual amounts from April 1, 2015 to November 30, 2015.

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

Original signed by _____
 Daniel Gosselin, FCPA, FCA
 Deputy Head
 Chief Administrator

Original signed by _____
 Francine Côté, CPA, CA, CISA
 Chief Financial Officer
 Deputy Chief Administrator, Corporate Services

Ottawa, Canada
 February 29, 2016

COURTS ADMINISTRATION SERVICE

Notes to the Future-Oriented Statement of Operations (*Unaudited*)

For the year ending March 31

1. Authority and Objectives

The Courts Administration Service, which was established on July 2, 2003 by the *Courts Administration Service Act*, S.C. 2002, c.8, is responsible for providing administrative services to the Federal Court of Appeal, the Federal Court, the Court Martial Appeal Court of Canada and the Tax Court of Canada ("the Courts").

These services permit individuals, companies, organizations and the Government of Canada to submit disputes and other matters to the Courts, and enable the Courts to hear and resolve the cases before them fairly, without delay and as efficiently as possible.

The Courts Administration Service has three programs: to provide Judicial Services, to provide Registry Services and to provide Internal Services.

The Judicial Services program provides legal services and judicial administrative support to assist members of the Courts in the discharge of their judicial functions. These services are provided by legal counsel, judicial administrators, law clerks, jurilinguists, judicial assistants, library personnel and court attendants, under the direction of the four Chief Justices.

Registry Services are delivered under the jurisdiction of the Courts. The registries process legal documents; provide information to litigants on court procedures; maintain court records, participate in court hearings, support and assist in the enforcement of court orders, and work closely with the Office of the four Chief Justices to ensure that matters are heard, and decisions are rendered in a timely manner. Registry Services are offered in every province and territory through a network of permanent offices, and agreements with provincial and territorial partners.

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2. Methodology and Significant Assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and the plans of the Courts Administration Service, as described in the Report on Plans and Priorities.

The estimated results for fiscal year 2015-16 are based on actual results up to November 30, 2015 and a forecast for the remainder of the fiscal year. The planned results for fiscal year 2016-17 are based on a forecast for the entire fiscal year.

The main assumptions underlying the forecasts are as follows:

- (a) The Courts Administration Service's activities will remain substantially the same as the previous year.
- (b) The forecasts for expenses and revenues (excluding fine revenue), including the determination of amounts internal and external to the government, are based on historical experience and professional judgement. The general historical pattern is expected to continue.
- (c) Fine revenue for fiscal year 2015-16 is forecasted based on payments received. Fine revenue for fiscal year 2016-17 is forecasted based on a prior years trend analysis (three-year average). Given their nature, actual amounts collected from fines could vary considerably from these forecasted amounts.

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2. Methodology and Significant Assumptions (continued)

(d) The planned results for fiscal year 2016-17 reflect the amounts expected to be allocated to the Courts Administration Service in the 2016-17 Main Estimates. In the preparation of the Future-Oriented Statement of Operations, an estimate for employee benefits was also included.

(e) Bill C-11, the *Balanced Refugee Reform Act*, amends both the *Immigration and Refugee Protection Act* and the *Federal Courts Act* to increase the number of Federal Court judges. The estimated use of Bill C-11 funding for two judicial appointments made in 2015-16 is \$1,079 thousand. Available Bill C-11 funding is forecasted to be utilized in full in 2016-17. The release of Bill C-11 funding for 2015-16 and 2016-17 is entirely dependant on the timing of judicial appointments.

(f) With the coming into force of Bill C-43 *Economic Action Plan 2014 Act, No. 2*, effective December 14, 2014, the jurisdiction for payment of prothonotaries' salaries, pensions, benefits and other administrative arrangements has been transferred to the Office of the Commissioner for Federal Judicial Affairs (FJA) Canada. As a result of this transfer, associated funding has been frozen and expenses have been reduced.

These assumptions are adopted as at January 29, 2016.

3. Variations and Changes to the Forecasted Financial Information

While every attempt has been made to forecast final results for the remainder of 2015-16 and for 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 the Future-Oriented Statement of Operations, the Courts Administration Service 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 historical experience, as well as 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 actual statement of operations include:

- (a) The timing and amounts of acquisitions and disposals of tangible capital assets may affect gains/losses and amortization expense.
- (b) Changes to the operating budget through additional new initiatives or technical adjustments, including payroll shortfalls, later in the year.
- (c) Implementation of new collective agreements.
- (d) The timing and amounts of fine revenue.

Once the Report on Plans and Priorities is presented, the Courts Administration Service will not be updating the forecasts for any changes to authorities or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

4. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using the Government's accounting policies stated below, 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) *Parliamentary authorities*

The Courts Administration Service is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Courts Administration Service do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-Oriented Statement of Operations are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

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4. Summary of Significant Accounting Policies (continued)

(b) Expenses

Expenses are recorded on the accrual basis.

- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans and workers' compensation are recorded as operating expenses at their estimated cost.

(c) Revenues

- ✓ Revenues consist primarily of filing fees, fines and sales of copies of filed documentation, including copies of judgments and orders. All such revenue is non-respendable, meaning it cannot be spent by the Courts Administration Service and is deposited to the Consolidated Revenue Fund.
- ✓ All 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 Courts Administration Service's liabilities. While the Deputy Head is expected to maintain accounting control, he 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 and are therefore presented as a reduction of the entity's gross revenues.
- ✓ Employment Insurance Operating Account cost recoveries: At the end of each fiscal year, the Courts Administration Service determines the cost associated with the administration of Employment Insurance (EI) cases. The total cost allocated by the Courts Administration Service for handling EI cases is expended against Employment and Social Development Canada (ESDC), the department responsible for the Employment Insurance Operating Account. As such, ESDC would show an expense and the Courts Administration Service would show an equivalent, non-respendable revenue item. The purpose of this accounting exercise is to reflect more accurately the total cost of running the EI program and does not involve any transfer of authorities or funds.

(d) Employee future benefits

- ✓ Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multi-employer pension plan administered by the Government. The Courts Administration Service's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. The Courts Administration Service'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, as the Plan's sponsor.
- ✓ Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earned these benefits as services necessary to earn them were rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

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5. Parliamentary Authorities

The Courts Administration Service receives its funding through annual Parliamentary authorities. 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 Courts Administration Service has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the tables below.

Estimated authorities requested for the year ending March 31, 2016 include amounts presented in the 2015-16 Main and Supplementary Estimates and approved and estimated transfers from Treasury Board central votes. Planned authorities requested for the year ending March 31, 2017 are the planned spending amounts presented in the 2016-17 Report on Plans and Priorities.

<i>(a) Reconciliation of net cost of operations to current year authorities used</i>	Estimated Results	Planned Results
(in thousands of dollars)	2015-16	2016-17
Net cost of operations	101,444	97,823
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
Services received without charge from other government departments	(30,967)	(30,938)
Amortization of tangible capital assets	(1,164)	(2,495)
Decrease (increase) in vacation pay and compensatory leave	104	104
Decrease (increase) in employee future benefits	(137)	(42)
Gain (loss) on disposal and write-down of tangible capital assets	3	3
Refund of previous years' expenditures	7	-
Other	(22)	(1)
Total items affecting net cost of operations but not affecting authorities	(32,176)	(33,369)
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
Acquisition of tangible capital assets	5,126	7,898
Variation in advances	2	-
Variation in prepaid expenses	16	-
Other	9	-
Total items not affecting net cost of operations but affecting authorities	5,153	7,898
Current year authorities used	74,421	72,352
<i>(b) Authorities provided and used</i>		
(in thousands of dollars)	2015-16	2016-17
Authorities provided:		
Vote 1 - Program expenditures	67,685	65,200
Statutory amounts	7,113	7,152
Less:		
Lapsed authorities	(377)	-
Current year authorities used	74,421	72,352