

COURTS ADMINISTRATION SERVICE

Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31	Forecast Results	Planned Results
(in thousands of dollars)	2016-17	2017-18
Expenses		
Judicial services	47,027	46,656
Registry services	34,824	33,651
Internal services	24,652	24,109
Total Expenses	106,503	104,416
Revenues		
Recovery of administration costs - Employment Insurance (Note 3(c))	1,097	1,097
Filing fees	1,525	1,769
Fines	265	103
Miscellaneous	94	94
Revenues earned on behalf of Government	(2,974)	(3,057)
Total Revenues	7	6
Net cost of operations before government funding and transfers	106,496	104,410

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
March 7, 2017

COURTS ADMINISTRATION SERVICE

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

For the year ending March 31

1. 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 Departmental Plan.

The information in the forecast results for fiscal year 2016-17 is based on actual results up to November 30, 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:

- (a) The Courts Administration Service's activities will remain substantially the same as in 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 2016-17 is forecasted based on payments received. Fine revenue for fiscal year 2017-18 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.
- (d) The planned results for fiscal year 2017-18 reflect the amounts expected to be allocated to the Courts Administration Service in the 2017-18 Main Estimates.
- (e) Negotiations to renew collective agreements have taken place and are expected to be signed in the coming months. For purposes of the Future-Oriented Statement of Operations, renewed collective agreements are assumed to be signed and paid in 2016-17.
- (f) The *Balanced Refugee Reform Act* previously amended the *Immigration and Refugee Protection Act* and the *Federal Courts Act* to increase the number of Federal Court judges. In 2017-18, funding is available to fill up to two vacant judicial positions, which may be used to address immigration and refugee pressures, including those from lifting visa restrictions on Mexicans. For the purpose of Future-Oriented Statement of Operations, the positions are assumed to be filled in 2017-18 and as a result, the available funding is forecasted to be utilized in full in 2017-18. However, the release of this funding is entirely dependant and contingent on the timing of judicial appointments.

These assumptions are adopted as at December 16, 2016.

2. Variations and Changes to the Forecast Financial Information

While 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 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 historical 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 Departmental Plan is tabled in Parliament, 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 Results Report.

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For the year ending March 31

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) 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 4 provides a reconciliation between the bases of reporting.

(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, legal services, 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-respondable, 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-respondable 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-respondable revenues. As a result, non-respondable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of the entity's gross revenues.
- ✓ Recovery of administration costs - Employment Insurance: 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, the department responsible for the Employment Insurance Operating Account. As such, Employment and Social Development Canada would show an expense and the Courts Administration Service would show an equivalent, non-respondable 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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Notes to the Future-Oriented Statement of Operations (Unaudited)

For the year ending March 31

4. 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 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 Courts Administration Service 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 tables below.

Estimated authorities requested for the year ending March 31, 2017 include amounts presented in the 2016-17 Main and Supplementary Estimates and approved and estimated transfers from Treasury Board central votes. Planned authorities requested for the year ending March 31, 2018 are the planned spending amounts presented in the 2017-18 Departmental Plan.

(a) Reconciliation of net cost of operations to requested authorities	Forecast Results	Planned Results
(in thousands of dollars)	2016-17	2017-18
Net cost of operations before government funding and transfers	106,496	104,410
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments	(33,460)	(34,050)
Amortization of tangible capital assets	(1,813)	(2,591)
Decrease (increase) in vacation pay and compensatory leave	33	33
Decrease (increase) in employee future benefits	(216)	(29)
Gain (loss) on disposal and write-down of tangible capital assets	2	2
Refund of previous years' expenditures	56	-
Other	5	6
Total items affecting net cost of operations but not affecting authorities	(35,393)	(36,629)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	4,903	7,467
Variation in advances	30	-
Increase (decrease) in prepaid expenses	176	-
Other	7	-
Total items not affecting net cost of operations but affecting authorities	5,116	7,467
Requested authorities	76,219	75,248
(b) Authorities requested	Forecast Results	Planned Results
(in thousands of dollars)	2016-17	2017-18
Authorities requested:		
Vote 1 - Program expenditures	69,384	68,591
Statutory amounts	7,212	6,657
Less:		
Lapsed authorities	(377)	-
Total authorities requested	76,219	75,248