

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Statement of Management Responsibility**

Departmental management is responsible for these future-oriented financial statements for the years ended March 31, 2011 and 2012, including responsibility for the appropriateness of the assumptions on which these statements are prepared. These financial statements are based on the best information available and on assumptions adopted as at December 31, 2010 and reflect the plans described in the Report on Plans and Priorities

(Original signed by)  
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Deputy Commissioner

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(Original signed by)  
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Chief Financial Officer

Ottawa, Canada

**Office of the Commissioner for Federal Judicial Affairs Canada**

**Future-Oriented Statement of Financial Position**

**As at March 31**

*(in thousands of dollars)*

	<b>Estimated Results 2011</b>	<b>Forecast 2012</b>
	<hr/>	<hr/>
<b>ASSETS</b>		
<b>Financial assets</b>		
Due from Consolidated Revenue Fund	3,283	3,080
Receivables and advances (Note 6)	2,068	2,064
<b>Total financial assets</b>	<hr/> <b>5,351</b> <hr/>	<hr/> <b>5,144</b> <hr/>
<b>Non-financial assets</b>		
Prepaid expenses	212	234
Tangible capital assets (Note 7)	288	284
<b>Total non-financial assets</b>	<hr/> <b>500</b> <hr/>	<hr/> <b>518</b> <hr/>
<b>TOTAL</b>	<hr/> <b>5,851</b> <hr/> <hr/>	<hr/> <b>5,662</b> <hr/> <hr/>
<b>Liabilities</b>		
Accounts payable & accrued liabilities (Note 8)	1,941	1,973
Vacation pay and compensatory leave	244	254
Judges' Supplementary Retirement		
Benefits Account (Note 9)	167,209	178,345
Employee severance benefits (Note 10b)	1,193	1,228
<b>Total Liabilities</b>	<hr/> <b>170,587</b> <hr/>	<hr/> <b>181,800</b> <hr/>
<b>Equity of Canada</b>	<b>(164,736)</b>	<b>(176,138)</b>
<b>TOTAL</b>	<hr/> <b>5,851</b> <hr/> <hr/>	<hr/> <b>5,662</b> <hr/> <hr/>

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Future-Oriented Statement of Operations**  
**For the Year Ending March 31**

*(in thousands of dollars)*

	<b>Estimated Results 2011</b>	<b>Forecast 2012</b>
<b>Expenses</b>		
Payments Pursuant to the Judges' Act	437,310	451,747
Federal Judicial Affairs	9,114	10,243
Canadian Judicial Council	2,085	2,099
Internal Services	<u>913</u>	<u>919</u>
<b>Total Expenses</b>	<b><u>449,422</u></b>	<b><u>465,008</u></b>
<b>Revenues</b>		
Payments Pursuant to the Judges' Act	13,397	13,866
Federal Judicial Affairs	<u>175</u>	<u>175</u>
<b>Total Revenues</b>	<b><u>13,572</u></b>	<b><u>14,041</u></b>
<b>Net Cost of Operations</b>	<b><u><u>435,850</u></u></b>	<b><u><u>450,967</u></u></b>

Information for the year ended March 31, 2011 includes actual amounts from April 1, 2010 to December 31, 2010.

See Note 12 for detail.

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

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Future-Oriented Statement of Equity of Canada**  
**For the Year Ending March 31**

*(in thousands of dollars)*

	<b>Estimated Results 2011</b>	<b>Forecast 2012</b>
<b>Equity of Canada, beginning of year</b>	<b>(153,710)</b>	<b>(164,735)</b>
Net cost of operations	(435,850)	(450,967)
Net Cash provided by Government	422,803	438,064
Change in due to/fr the Consolidated Revenue Fund	405	(203)
Services provided without charge by other government departments (Note 11a)	1,616	1,703
<b>Equity of Canada, end of year</b>	<b><u>(164,736)</u></b>	<b><u>(176,138)</u></b>

Information for the year ended March 31, 2011 includes actual amounts from April 1, 2010 to December 31, 2010.

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

**Office of the Commissioner for Federal Judicial Affairs Canada**  
**Future-Oriented Statement of Cash Flow**  
**For the Year Ending March 31**

*(in thousands of dollars)*

	<b>Estimated Results 2011</b>	<b>Forecast 2012</b>
	<hr/>	<hr/>
<b>Operating activities</b>		
Net cost of operations	435,850	450,967
Non-cash items:		
Amortization of tangible capital assets (Note 7)	(93)	(126)
Services provided without charge by other government departments (Note 11a)	(1,616)	(1,703)
Variations in Statement of Financial Position:		
Increase (decrease) in receivables and advances	(1,628)	(5)
Increase (decrease) in prepaid expenses	65	23
Decrease (increase) in liabilities incl. vac/comp liability	(9,878)	(11,214)
<b>Cash used by operating activities</b>	<hr/> <b>422,700</b> <hr/>	<hr/> <b>437,942</b> <hr/>
<b>Capital investment activities</b>		
Acquisition of tangible capital assets (Note 7)	103	122
<b>Financing activities</b>	-	-
<b>Net cash provided by Government of Canada</b>	<hr/> <b>422,803</b> <hr/>	<hr/> <b>438,064</b> <hr/>

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

## **1. Authority and Objectives**

The Office of the Commissioner for Federal Judicial Affairs (FJA) Canada was created in 1978 under the authority of the *Judges Act* to safeguard the independence of the Judiciary and to put federally appointed judges at arm's length from the administration of the Department of Justice. It exists to promote better administration of justice and focuses its efforts on providing a sound support role to the federal judiciary.

It administers three distinct and separate components that are funded from three very distinct sources. Statutory funding is allocated for the judges' salaries, allowances and annuities and surviving beneficiaries' benefits. Vote appropriations are provided in two separate votes to support the administrative activities of the Office of the Commissioner and the administrative activities of the Canadian Judicial Council.

The administration of the Office of the Commissioner is structured to reflect the distinctiveness of its role in supporting federal judicial activities. Under the Program Activity Architecture, the organization is broken down into three program activities: Payments Pursuant to the *Judges Act*; Canadian Judicial Council; and Federal Judicial Affairs (FJA).

These activities strive to meet our priorities of: developing organizational capacity; building a strong, integrated team; improving service delivery; enhancing communications; and managing information.

## **2. Significant Assumptions**

The future-oriented financial statements have been prepared on the basis of the government priorities and the plans of the department as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- a) The department's activities will remain substantially the same as for the previous year.
- b) 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.
- c) Allowances for uncollectibility are based on historical experience. The general historical pattern is expected to continue.
- d) Estimated year end information for 2010-11 is used as the opening position for the 2011-12 forecasts.

These assumptions are adopted as at December 31, 2010.

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

While every attempt has been made to accurately forecast final results for the remainder of 2010-11 and for 2011-12, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these financial statements, the FJA has made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical 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 financial statements and the historical financial statements include:

- a) The timing and amounts of acquisitions and disposals of property, plant, and equipment may affect gains/losses and amortization expense.
- b) Economic conditions may affect both the amount of revenue earned and the collectability of loan receivables.
- c) Interest rates in effect at the time of issue will affect the net present value of non-interest bearing loans.
- d) 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, the FJA will not be updating the forecasts for any changes to appropriations 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 financial statements have been prepared in accordance with Treasury Board accounting policies stated below, which are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

- (a) Parliamentary appropriations - FJA is financed by the Government of Canada through parliamentary appropriations. The cash accounting basis is used to recognize transactions affecting parliamentary appropriations. The future-oriented financial statements are based on accrual accounting. Consequently, items presented in the Future-oriented Statement of Operations and the Future-oriented Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 5 provides a reconciliation between the bases of reporting.
- (b) Net Cash Provided by Government - FJA operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by FJA is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by the Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.
- (c) Amounts due from/to the 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 Department is entitled to draw from the CRF without further appropriations to discharge its liabilities.
- (d) Revenues – are presented on an accrual basis:

Revenues from regulatory fees are recognized in the accounts based on the services provided in the 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 transactions or event occurred that gave rise to the revenues.

(e) Expenses - are presented on an accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are reported as operating expenses at their estimated costs.

(f) Employee and federally appointed judges' future benefits

- (i) Pension benefits - Eligible employees participate in the Public Service Pension Plan (PSSA), a multi-employer administered by the Government of Canada. FJA's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require FJA to make contributions for any actuarial deficiencies of the Plan.
- (ii) Severance benefits – Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. 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.
- (iii) Federally appointed judges' pension benefits – Eligible federally appointed judges and their survivors are entitled to fully indexed annuities providing that the judges meet minimum age and service requirements. The main benefits paid from this plan are recorded on a pay-as-you-go basis. They are included in the Statement of Operations as a component of salaries and benefits, and the judges' contributions are credited to revenue. Contribution made by FJA and the judges pertaining to the portion of the plan that relates to indexation of benefits is recorded in a Supplementary Retirement Benefits Account, which is presented in the Statement of Financial Position. FJA's contribution towards indexation is expensed at the time it is accrued in accordance with the *Supplementary Retirement Benefits Act*. The actuarial liability associated with the judges' pension plan is recorded in the financial statements of the Government of Canada, the ultimate sponsor of the plan.

(g) Accounts receivables are stated at the lower of cost and net recoverable value; a valuation allowance is established for receivables where recovery is considered uncertain.

(h) Tangible capital assets - All tangible capital assets and leasehold improvements having an initial cost of \$5,000 or more are recorded at their acquisition cost. FJA does not capitalize intangibles, works of art, and historical treasures that have cultural, aesthetic or historical value.

Amortization of tangible capital assets is done on a straight-line basis with an assumed residual value of zero (\$0) over the estimated useful life of the capital asset as follows:

Asset Class	Amortization Period
Machinery and Equipment	5 to 10 years

Furnishings & Fixtures	10 years
Informatics Hardware & Software	3 years

## 5. Parliamentary Appropriations

FJA receives most of its funding through expenditure authorities provided by Parliament. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, FJA 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 following tables:

### (a) Authorities requested:

Authorities requested	Estimated 2011	Forecasted 2012
	(in thousands of dollars)	
Vote 20 - Operating expenditures-FJA	8,571	8,732
Vote 25 - Operating expenditures-CJC	1,701	1,529
Statutory amounts	438,250	452,842
Forecast authorities available	<u>448,522</u>	<u>463,103</u>

### (b) Reconciliation of net cost of operations to requested authorities:

	Estimated 2011	Forecast 2012
	(in thousands of dollars)	
Net cost of operations	435,850	450,967
Adjustment for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other govt. departments (Note 11a)	(1,616)	(1,703)
(Increase)Decrease - Employee severance benefits	141	(36)
Amortization of tangible capital assets (Note 7)	(93)	(126)
Judges' pension contributions	13,397	13,866
(Increase)Decrease - Vacation pay and compensatory leave	80	(10)
	11,909	11,991
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets (Note 7)	103	122
Increase (Decrease) - Prepaid expenses	65	23
	168	145
Forecast current year lapse		
Vote 20	575	-
Vote 25	20	-
Forecast authorities available	<u>448,522</u>	<u>463,103</u>

## 6. Accounts Receivable and Advances

	<b>Estimated 2011</b>	<b>Forecast 2012</b>
	(in thousands of dollars)	
Receivables from other Federal Government Departments and agencies	1,123	1,121
Receivables from external parties	43	43
Advances	902	900
<b>Total</b>	<b><u>2,068</u></b>	<b><u>2,064</u></b>

## 7. Tangible Capital Assets

(in thousands of dollars)

Cost					Accumulated Amortization				Net Book Value	
Capital asset class	Opening Balance April 2011	Acquisitions	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Disposals and write-offs	Closing Balance	2011	2012
Machinery & Equipment	70	-	-	70	50	6	-	56	14	20
Informatics Hardware	528	122	-	650	413	63	-	476	174	115
Furnishings & Fixtures	20	-	-	20	20	-	-	20	-	-
Software	275	-	-	275	122	57	-	179	96	153
WIP S/Ware	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>893</b>	<b>122</b>	<b>-</b>	<b>1,015</b>	<b>605</b>	<b>126</b>	<b>-</b>	<b>731</b>	<b>284</b>	<b>288</b>

## 8. Accounts Payable and Accrued Liabilities

	<b>Estimated 2011</b>	<b>Forecast 2012</b>
	(in thousands of dollars)	
Payables to other Federal Government Departments and agencies	322	327
Payables to external parties	1,377	1,400
Accrued Salaries/Wages	242	246
<b>Total</b>	<b><u>1,941</u></b>	<b><u>1,973</u></b>

## 9. Judges' Supplementary Retirement Benefit Account

	<b>Estimated 2011</b>	<b>Forecast 2012</b>
	(in thousands of dollars)	
Liability, beginning of year	157,221	167,209
Contributions	5,913	6,120
Interest	4,075	5,016
<b>Liability, end of year</b>	<b><u>167,209</u></b>	<b><u>178,345</u></b>

The pension plan for federally appointed judges provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits. Instead the full benefit amount is generally payable when the member has

completed 15 years of pensionable service and the total of the member's age and years of service totals 80. Judges who elect Supernumerary Status or judges who qualify for retirement make required contributions of 1% of salary. All other judges make contributions of 7% of salary.

The main benefits from this plan are expensed on a pay-as-you-go basis. However, by virtue of the *Supplementary Retirement Benefits Act*, for the portion of the plan that relates to indexation of benefits, the 1% portion of salary contributed by the judges is recorded in a Supplementary Retirement Benefits Account, along with a matching contribution of 1% recorded by FJA. In addition, interest is accrued on the outstanding balance of the Account. The actuarial liability associated with the judges' pension plan is recorded in the financial statements of the Government of Canada.

## 10. Employee Benefits

- (a) Pension benefits: FJA's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans' benefits and they are indexed to inflation.

Both the employees and FJA contribute to the cost of the Plan. The forecast expenses are \$613,616 in 2010-11 and \$632,025 in 2011-12, representing approximately 1.9 times the contributions by employees.

FJA'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) Severance benefits: FJA provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, estimated as at the date of these statements, is as follows:

	<b>Estimated 2011</b>	<b>Forecast 2012</b>
	(in thousands of dollars)	
Accrued benefit obligation, beginning of year	1,334	1,193
Expected benefits payments during the year	(38)	(103)
Expense for the year	(103)	138
Accrued benefit obligation, end of year	<b>1,193</b>	<b>1,228</b>

## 11. Related party transactions

FJA is related as a result of common ownership to all Government of Canada departments, agencies, and Crown Corporations. FJA enters into transactions with these entities in the normal course of business and on normal trade terms.

(a) Services provided without charge by other government departments:

During the year, FJA is forecasted to receive without charge from other departments accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in FJA's future-oriented Statement of Operations as follows:

<i>(in thousands of dollars)</i>	<b>Estimated 2011</b>	<b>Forecast 2009</b>
Accommodation provided by Public Works and Government Services Canada	1,154	1,227
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	462	476
<b>Total</b>	<b>1,616</b>	<b>1,703</b>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada and audit service provided by the Office of the Auditor General, are not included as an expense in FJA's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties:

	<b>Estimated 2011</b>	<b>Forecast 2012</b>
	<i>(in thousands of dollars)</i>	
Accounts receivable with other government departments and agencies (Note 6)	1,123	1,121
Accounts payable to other government departments and agencies (Note 8)	322	328

## 12. Segmented Information

(in thousands of dollars)

	Estimated Results 2011					Forecast 2012				
	Internal Service	Federal Judicial Affairs	Canadian Judicial Council	Statutory Expenses	Total	Internal Service	Federal Judicial Affairs	Canadian Judicial Council	Statutory Expenses	Total
<b>Operating Expenses</b>										
Salaries and employee benefits	640	4,674	1,338	402,270	408,922	646	5,250	1,437	415,571	422,903
Transportation and telecommunications	59	813	120	29,317	30,308	59	880	98	30,263	31,300
Professional and special services	188	2,080	229	470	2,967	188	2,439	188	485	3,300
Accommodation	-	927	227	-	1,154	-	991	236	-	1,227
Utilities, materials and supplies	1	74	21	1	97	1	80	17	1	99
Communication	2	37	5	-	44	2	40	4	-	46
Repairs and maintenance	21	222	83	-	326	21	240	68	-	329
Rentals	2	37	16	5	59	2	40	13	5	59
Amortization (Note 7)	-	93	-	-	93	-	126	-	-	126
Machinery and equipment	-	82	47	-	129	-	78	38	-	117
Other expenses	-	74	-	5,248	5,322	-	80	-	5,422	5,502
<b>Total operating expenses</b>	<b>913</b>	<b>9,114</b>	<b>2,085</b>	<b>437,310</b>	<b>449,423</b>	<b>919</b>	<b>10,243</b>	<b>2,100</b>	<b>451,747</b>	<b>465,008</b>
<b>Total Expenses</b>	<b>913</b>	<b>9,114</b>	<b>2,085</b>	<b>437,310</b>	<b>449,423</b>	<b>919</b>	<b>10,243</b>	<b>2,100</b>	<b>451,747</b>	<b>465,008</b>
<b>Revenues</b>										
Pension Contribution Credited to Revenue		-		(13,397)	(13,397)		-		(13,866)	(13,866)
User charges		(175)		-	(175)		(175)			(175)
Other Revenue		-			-		-			-
<b>Total Revenues</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>(13,397)</b>	<b>(13,572)</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>(13,866)</b>	<b>(14,041)</b>
<b>Net Cost of Operations</b>	<b>913</b>	<b>8,939</b>	<b>2,085</b>	<b>423,913</b>	<b>435,850</b>	<b>919</b>	<b>10,068</b>	<b>2,100</b>	<b>437,881</b>	<b>450,967</b>