

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

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with the Office of the Commissioner for Federal Judicial Affairs Canada (FJA) management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of FJA's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the FJA Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal controls designed to provide reasonable assurance that financial administration is reliable, that assets are safeguarded and that transactions are in accordance with the Financial Administration Act, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout FJA.

The financial statements of the Office of the Commissioner for Federal Judicial Affairs Canada have not been audited.

(the original version was signed by)

Claude Provencher
Commissioner Dep

Ottawa, Canada
August 7, 2009

(the original version was signed by)

Marc Giroux
uty Commissioner
Chief Financial Officer

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Operations (unaudited)
For the Year Ended March 31
(in dollars)

				2009	2008
	Federal Judicial Affairs	Canadian Judicial Council	Statutory Expenses	Total	Total
Operating Expenses					
Salaries and employee benefits	5,704,789	800,939	373,859,378	380,365,106	362,928,425
Transportation and telecommunications	727,247	117,299	30,058,034	30,902,580	27,742,333
Professional and special services	2,986,332	664,125	1,047,792	4,698,249	3,590,986
Accommodation	881,187	229,633	-	1,110,820	1,112,308
Utilities, materials and supplies	109,943	27,586	901	138,430	87,209
Communication	87,012	17,335	2,527	106,874	247,196
Repairs and maintenance	118,007	10,472	-	128,479	115,287
Rentals	44,962	22,882	23,278	91,122	59,765
Amortization (Note 5)	72,531	-	-	72,531	105,259
Machinery and equipment	92,882	37,500	-	130,382	170,761
Loss on write-down of capital assets	3,953	-	-	3,953	3,465
Other expenses	62,370	-	5,476,999	5,539,369	5,225,587
Total operating expenses	10,891,215	1,927,771	410,468,909	423,287,895	401,388,581
Total Expenses	10,891,215	1,927,771	410,468,909	423,287,895	401,388,581
Revenues					
Pension Contribution Credited to Revenue	-	-	(12,581,347)	(12,581,347)	(12,055,180)
User charges	(216,924)	-	-	(216,924)	(173,750)
Total Revenues	(216,924)	-	(12,581,347)	(12,798,271)	(12,228,930)
Net Cost of Operations	10,674,291	1,927,771	397,887,562	410,489,624	389,159,651

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

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Operations (unaudited)
For the Year Ended March 31
(in dollars)

	2009	2008
ASSETS		
Financial assets		
Receivables and advances (Note 4)	1,288,270	1,203,410
Total financial assets	<u>1,288,270</u>	<u>1,203,410</u>
Non-financial assets		
Prepaid expenses	296,502	283,005
Tangible capital assets (Note 5)	141,043	146,359
Total non-financial assets	<u>437,545</u>	<u>429,364</u>
TOTAL	<u>1,725,815</u>	<u>1,632,774</u>
Liabilities		
Accounts payable & accrued liabilities (Note 6)	2,248,390	1,872,975
Vacation pay and compensatory leave	238,426	211,260
Judges' Supplementary Retirement Benefits Account (Note 7)	147,909,311	138,248,550
Employee severance benefits (Note 8b)	1,066,271	989,178
Total Liabilities	<u>151,462,398</u>	<u>141,321,963</u>
Equity of Canada	(149,736,583)	(139,689,189)
TOTAL	<u>1,725,815</u>	<u>1,632,774</u>

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

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Operations (unaudited)
For the Year Ended March 31
(in dollars)

	<u>2009</u>	<u>2008</u>
Equity of Canada, beginning of year	(139,689,189)	(128,117,421)
Net cost of operations	(410,489,624)	(389,159,651)
Current year appropriations used (Note 3)	421,427,469	399,931,631
Revenue not available for spending	(12,581,347)	(12,055,180)
Change in net position in the Consolidated Revenue Fund (Note 3c)	(9,951,315)	(11,750,244)
Services rendered without charge from other government departments (Note 9a)	1,547,423	1,461,676
Equity of Canada, end of year	(149,736,583)	(139,689,189)

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

Office of the Commissioner for Federal Judicial Affairs Canada
Statement of Operations (unaudited)
For the Year Ended March 31
(in dollars)

	<u>2009</u>	<u>2008</u>
Operating activities		
Net cost of operations	410,489,624	389,159,651
Non-cash items:		
Amortization of tangible capital assets (Note 5)	(72,531)	(105,259)
Loss on write-down of capital assets	(3,953)	(3,465)
Services provided without charge by other government departments (Note 9)	(1,547,423)	(1,461,676)
Variations in Statement of Financial Position:		
Increase (decrease) in receivables and advances	84,860	(883,420)
Increase (decrease) in prepaid expenses	13,497	161,623
Decrease (increase) in liabilities	(10,140,435)	(10,786,083)
Cash used by operating activities	<u>398,823,639</u>	<u>376,081,371</u>
Capital investment activities		
Acquisition of tangible capital assets (Note 5)	71,168	44,836
Financing activities		
Net cash provided by Government of Canada (Note 3c)	<u>398,894,807</u>	<u>376,126,207</u>

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

**Office of the Commissioner for Federal Judicial Affairs Canada
Notes to the Financial Statements (unaudited)
Year ended March 31, 2009**

1. Authority and Objectives

The Office of the Commissioner for Federal Judicial Affairs Canada (FJA) 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. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

- (a) Parliamentary appropriations - FJA is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to FJA do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level 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 departments 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 federal government.
- (c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government and appropriations used in a year. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.
- (d) Revenues - Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- (e) Expenses - Expenses are recorded on the accrual basis:
 - Vacation pay and compensatory leave are expenses 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 recorded 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) 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. Contributions 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 amounts expected to be ultimately realized; a provision is made for external 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

(i) Measurement of uncertainty – The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

FJA receives most of its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations 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) Reconciliation of net cost of operations to current year appropriations used

(in dollars)	2009	2008
Net cost of operations	410,489,624	389,159,651
Adjustment for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Services provided without charge (Note 9)	(1,547,423)	(1,461,676)
Employee severance benefits	(77,093)	(35,113)
Amortization of tangible capital assets (Note 5)	(72,531)	(105,259)
Loss on write-down of tangible capital assets	(3,953)	(3,465)
Vacation pay and compensatory leave	(27,167)	(9,134)
Judges' pension contributions	12,581,347	12,055,180
Clearing of prepaid accounts	(282,905)	-
Adjustment to prior year's expenses	-	3,606
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Acquisitions of tangible capital assets	71,168	44,836
Prepaid expenses	296,402	283,005
Current year appropriations used	<u>421,427,469</u>	<u>399,931,631</u>

(b) Appropriations provided and used

(in dollars)	Appropriations Provided	
	2009	2008
Vote 20 - Operating expenditures-FJA	9,130,990	8,432,995
Vote 25 - Operating expenditures-CJC	1,673,700	1,673,450
Statutory amounts	411,311,238	390,906,393
Less:		
Lapsed appropriations: Operating	(688,459)	(1,081,207)
Current year appropriations used	<u>421,427,469</u>	<u>399,931,631</u>

(c) Reconciliation of net cash provided by Government to current year appropriations used

(in dollars)	2009	2008
Net cash provided by Government	398,894,807	376,126,207
Revenue not available for spending	12,581,347	12,055,180
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable and advances	(84,860)	883,420
Variation in accounts payable and accrued liabilities	10,140,435	10,786,083
Prepaid expenses cleared	-	121,382
Provision for employee benefits	(104,260)	(44,247)
Other adjustments	-	3,606
Subtotal	9,951,315	11,750,244
Current year appropriations used	<u>421,427,469</u>	<u>399,931,631</u>

4. Accounts Receivable and Advances

The following table presents details of Accounts Receivable and Advances:

(in dollars)	2009	2008
Receivables from other Federal Government Departments and agencies	116,049	146,330
Receivables from external parties	66,881	128,825
Advances	1,105,340	928,255
Total	<u>1,288,270</u>	<u>1,203,410</u>

5. Tangible Capital Assets

(in dollars)

Capital asset class	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Acquisitions	Disposals and write-offs	Closing Balance	Opening Balance	Amortization	Disposals and write-offs	Closing Balance	2009	2008
Machinery & Equipment	74,629	5,152	(9,488)	70,293	35,335	7,497	(5,534)	37,298	32,995	39,293
Informatics Hardware	416,830	66,016	(58,120)	424,726	340,268	52,096	(58,120)	334,244	90,482	76,562
Furnishings & Fixtures	19,552	-	-	19,552	13,686	1,955	-	15,641	3,911	5,866
Software	102,805	-	-	102,805	78,167	10,983	-	89,150	13,655	24,638
TOTAL	613,816	71,168	(67,608)	617,376	467,456	72,531	(63,654)	476,333	141,043	146,359

Amortization expense for the year ended March 31, 2009 is \$ 72,531 (2008-\$105,259).

6. Accounts Payable and Accrued Liabilities

The following table presents details of Accounts Payable and Accrued Liabilities:

(in dollars)	2009	2008
Payables to other Federal Government Departments and agencies	101,725	172,757
Payables to external parties	1,600,058	1,446,026
Accrued Salaries/Wages	546,607	254,192
Total	<u>2,248,390</u>	<u>1,872,975</u>

7. Judges' Supplementary Retirement Benefit Account

(in dollars)	2009	2008
Liability, beginning of year	138,248,550	127,564,956
Contributions	5,535,140	5,322,032
Interest	4,125,621	5,361,562
Liability, end of year	147,909,311	138,248,550

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.

8. 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 2008-09 expense amount to \$598,109 (\$529,259 in 2007-08), which represents approximately 2.0 times the contributions by employees (2.1 times in 2007-08).

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, measured as at March 31, is as follows:

(in dollars)	2009	2008
Accrued benefit obligation, beginning of year	989,178	954,065
Expense for the year	77,093	35,113
Accrued benefit obligation, end of year	1,066,271	989,178

9. Related party transactions

FJA is related in terms of common ownership to all Government of Canada departments and Crown Corporations. FJA enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services, as shown below, are provided without charge.

(a) Services provided without charge:

During the year, FJA received 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 Statement of Operations as follows:

(in dollars)	2009	2008
Accommodation provided by Public Works and Government Services Canada	1,110,820	1,112,308
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	436,603	349,368
Total	1,547,423	1,461,676

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, are not included as an expense in FJA's Statement of Operations.

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

(in dollars)	2009	2008
Accounts receivable with other government departments and agencies (Note 4)	116,049	146,330
Accounts payable to other government departments and agencies (Note 6)	101,725	172,757

10. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.