

CONSOLIDATED FUTURE-ORIENTED STATEMENT OF OPERATIONS (unaudited)

CORRECTIONAL SERVICE OF CANADA

For the Year Ended March 31
(in thousands of dollars)

	Forecast Results 2024	Planned Results 2025
Expenses		
Care and Custody	2,112,951	1,995,575
Correctional Interventions	666,915	611,770
Community Supervision	203,217	198,861
Internal Services	510,616	468,743
<i>Total expenses</i>	3,493,699	3,274,949
Revenues		
Sales of goods and services	48,991	50,825
Miscellaneous revenues	3,943	3,943
Other	3,635	3,479
Revenues earned on behalf of Government	(3,635)	(3,479)
<i>Total revenues</i>	52,934	54,768
Net cost of operations before government funding and transfers	3,440,765	3,220,181

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

NOTES TO THE CONSOLIDATED FUTURE-ORIENTED STATEMENT OF OPERATIONS (unaudited)

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1. Methodology and significant assumptions

The Consolidated Future-Oriented Statement of Operations (CFOSO) has been prepared on the basis of the Government priorities and CSC's plans described in the Departmental Plan.

The information in the forecast results for fiscal year 2023-2024 is based on actual results as at October 31, 2023 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2024-2025, which are based on the amounts presented in the Main Estimates

The main assumptions underlying the forecasts are as follows:

- (a) Forecast and planned spending correspond to CSC's mandated activities, which are assumed to 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 a combination of historical experience and future planned spending. The 2023-2024 amounts include up-to-date Annual Reference Level Update (ARLU) information and supplementary estimates, while the 2024-2025 amounts include up-to-date Annual Reference Level Update (ARLU) information and do not include carry-forward funding. The general historical pattern is expected to continue.
- (c) Estimated year-end information for 2023-2024 is used as the opening position for the 2024-2025 planned results.
- (d) Spending reductions as part of the refocusing government spending exercise have been included in the forecast and planned results.

These assumptions are adopted as at December 22, 2023.

2. Variations and Changes to the Forecast Financial Information

While every attempt has been made to forecast final results for the remainder of 2023-2024 and for 2024-2025, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing this CFOSO, CSC 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 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 CFOSO and the historical consolidated 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) Implementation of new collective agreements;
- (c) Economic conditions may affect the amount of revenue earned, the collectability of accounts receivables, and expenses related to the inflation of the costs of goods and services being procured;
- (d) Possible new contingent liabilities which may become actual liabilities when one or more future events occur or fail to occur; and
- (e) Other changes to CSC's budget through additional new initiatives or technical adjustments later in the fiscal year.

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2. Variations and Changes to the Forecast Financial Information (continued)

After the Departmental Plan is tabled in Parliament, CSC will not update forecasted information 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 CFOSO has been prepared using Government's accounting policies that are in effect for the fiscal year 2023-2024, 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) Consolidation

The CFOSO includes the accounts of the CORCAN revolving fund sub-entity that have been consolidated with those of CSC. All intra-entity transactions have been eliminated.

(b) Expenses

Expenses are recorded on an accrual basis;

Expenses for CSC 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 respective terms of employment;

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Expenses also include provisions to reflect changes in the value of assets, such as 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; and

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. In addition, expenses also include amortization and accretion expenses related to the Asset Retirement Obligations.

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3. Summary of Significant Accounting Policies (continued)

(c) Revenues

Funds that have been received are recorded as deferred revenue, provided CSC 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; and

Revenues that are non-respendable are not available to discharge CSC's liabilities. While the Commissioner is expected to maintain accounting control, he or she 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 of Canada and are therefore presented as a reduction of the CSC's gross revenues.

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4. Parliamentary Authorities

CSC is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to CSC differs from financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Items recognized in the CFOSO in one year may be funded through parliamentary authorities in prior, current, or future years. Accordingly, CSC 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 2024	Planned Results 2025
Net cost of operations before government funding and transfers	3,440,765	3,220,181
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(133,805)	(133,108)
Asset Retirement Obligation accretion expense	(2,978)	(2,978)
Net loss on disposals of capital assets, including adjustments	(5,844)	(3,627)
Services provided without charge by other government departments	(185,226)	(189,950)
Decrease in vacation pay and compensatory leave	3,485	3,485
Decrease in employee future benefits	6,164	8,516
Refund of prior years' expenditures	7,467	7,416
	(310,737)	(310,246)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets	270,546	264,243
(Decrease) in inventories	(2,557)	(2,902)
Decrease in environmental liabilities	260	-
Decrease in accrued liabilities	266,522	-
	534,771	261,341
Requested authorities	3,664,799	3,171,276

(b) Authorities requested

(in thousands of dollars)	Forecast Results 2024	Planned Results 2025
Authorities requested		
Vote 1 – Operating expenditures	3,097,311	2,655,453
Vote 5 – Capital expenditures	269,046	262,743
Statutory amounts	298,442	253,080
Total authorities requested	3,664,799	3,171,276