

2000-702 Audit of RPD Financial Statements 1999/2000 ARC Briefing Note

Audit Objective

The purpose of the audit was to attest to the fair presentation in the financial statements of Real Properties Disposition Revolving Fund, of the financial position and results of operations and changes in financial position for the year ended March 31, 2000 for the purpose of reporting to the Deputy Minister and the ADM Government Operational Service and for reporting in the *Public Accounts of Canada*.

Audit Results

The audit resulted in the provision of the attached auditor's report (opinion) by Ernst & Young.

AUDITORS' REPORT

To the **Director General, Audit and Review**
Public Works and Government Services Canada

We have audited the balance sheet of the **Real Property Disposition Revolving Fund** as at March 31, 2000 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the management of the Real Property Disposition Revolving Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Real Property Disposition Revolving Fund** as at March 31, 2000 and the results of its operations

and its cash flows for the year then ended in accordance with the accounting principles for Revolving Funds of the Government of Canada as described in note 2.

Ottawa, Canada,
June 30, 2000.

Ernst and Young LLP
Chartered Accountants

For more information about this report, please contact
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Important Notices

Financial Statements

Real Property Disposition Revolving Fund

March 31, 2000

AUDITORS' REPORT

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Ottawa, Canada,
June 30, 2000.

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Balance sheet

Real Property Disposition Revolving Fund

as at March 31

(in thousands of dollars)

2000

1999

Assets

Current

Accounts receivable

Government of Canada

0

31

Work in process

4,660

3,948

4,660

3,979

Liabilities

Current

Accounts payable and accrued liabilities

Government of Canada

838

854

Deposits on disposals

1,616

3,231

2,454

4,085

Equity of Canada

Accumulated net charge against the Fund's authority

(2,794)

(5,106)

Accumulated surplus

5,000

5,000

4,660

3,979

The accompanying notes are an integral part of the financial statements

Statement of operations

Real Property Disposition Revolving Fund



Year ended March 31	2000	1999
(in thousands of dollars)		
Revenues	23,396	24,753
Operating Expenses		
Fees	1,580	1,779
Disbursements	1,961	2,017
	3,541	3,796
Net revenue	19,855	20,957

The accompanying notes are an integral part of the financial statements

Statement of accumulated surplus

Real Property Disposition Revolving Fund



Year ended March 31 (in thousands of dollars)	2000	1999
Balance, beginning of year	5,000	5,000
Net revenue	19,855	20,957
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(19,855)	(20,957)
Balance, end of year	5,000	5,000

The accompanying notes are an integral part of the financial statements

Statement of cash flows

Real Property Disposition Revolving Fund

Year ended March 31 (in thousands of dollars)	2000	1999
Operating activities		
Net revenue	19,855	20,957
Working capital change (note 3)	(2,312)	2,192
	17,543	23,149
Financing activities		
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(19,855)	(20,957)
	(19,855)	(20,957)
Net (increase) decrease in accumulated net charge against the Fund's authority	(2,312)	2,192
Accumulated net charge against the Fund's authority beginning of year	5,106	2,914
Accumulated net charge against the Fund's authority end of year	2,794	5,106

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

Real Property Disposition Revolving Fund

1. Authority and purpose

The Real Property Disposition Revolving Fund was established in 1996 through the *Revolving Funds Act*, Section 5.1, to provide a mechanism within the Services Program to fund the disposal of federal real property. All proceeds of sale are deposited to the Consolidated Revenue Fund net of disposal costs and expenses. Any year-end accumulated surplus in the Real Property Disposition Revolving Fund in excess of \$5,000,000 is deposited to the Consolidated Revenue Fund, and the department submits annual reports to Treasury Board at the time of the preparation of the Main Estimates. This is in accordance with the terms and conditions approved in Treasury Board Decision #822056, dated January 19, 1995.

The Fund has a continuing non-lapsing authority from Parliament to make payments out of the Consolidated Revenue Fund for the necessary working capital, the total of which is not to exceed \$5,000,000 at any time.

2. Significant accounting policies

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada to the extent that they are in accordance with Government policies and directives. The significant accounting policies include the following:

a) Revenues and expenses

Revenues are recognized in the accounting period in which both the title is transferred to the purchaser and the full payment is received by the Crown. Expenses are recorded on the accrual basis of accounting.

b) Work in process

Work in process includes labour and disbursements incurred for services performed or goods delivered for sales or transfers of properties not finalized at year-end.

c) Deposits on disposals

These amounts represent deposits on disposals for which the revenues have not yet been recognized.

d) Insurance

The Fund does not carry insurance on its property. This is consistent with the Government's policy of self insurance.

3. Changes in working capital

(in thousands of dollars)

	2000	1999	Changes
Current assets	4,660	3,979	(681)
Current liabilities	2,454	4,085	(1,631)
	2,206	(106)	(2,312)

4. Unrecognized disposals

In accordance with the Fundis revenue recognition policy, proceeds of disposition are only recognized when full payment has been received and the title has transferred. As at March 31, 2000, proceeds from the disposal of 2 properties in the amount of \$2.5M were in the form of promissory notes. The revenue will be recognized by the Crown upon receipt of payment of the promissory notes.

5. Comparative figures

Certain prior year amounts have been reclassified to conform with the presentation of the current year.