

### **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, 2001 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.

Financial Statements

**Real Property Disposition Revolving Fund**

March 31, 2001



## 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, 2001* 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 Canadian generally accepted auditing standards. 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, 2001 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,  
July 13, 2001.

*Ernst & Young LLP*

Chartered Accountants

## Balance sheet

Real Property Disposition Revolving Fund

as at March 31 (in thousands of dollars)	2001	2000
<b>Assets</b>		
Current		
Work in process	4,695	4,660
	<u>4,695</u>	<u>4,660</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities		
Government of Canada	513	838
Deposits on disposals	880	1,616
	<u>1,393</u>	<u>2,454</u>
<b>Equity of Canada</b>		
Accumulated net charge against the Fund's authority	(1,698)	(2,794)
Accumulated surplus	5,000	5,000
	<u>4,695</u>	<u>4,660</u>

The accompanying notes are an integral part of the financial statements

## Statement of operations

Real Property Disposition Revolving Fund

Year ended March 31 (in thousands of dollars)	2001	2000
Revenues	21,529	23,396
Operating Expenses		
Fees	2,315	1,580
Disbursements	3,695	1,961
	<u>6,010</u>	<u>3,541</u>
Net income	<u>15,519</u>	<u>19,855</u>

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:	2001	2000
Balance, beginning of year	5,000	5,000
Net income	15,519	19,855
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(15,519)	(19,855)
<b>Balance, end of year</b>	<b>5,000</b>	<b>5,000</b>

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)	2001	2000
<b>Operating activities</b>		
Net income	15,519	19,855
Working capital change (note 3)	(1,096)	(2,312)
	<u>14,423</u>	<u>17,543</u>
<b>Financing activities</b>		
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(15,519)	(19,855)
	<u>(15,519)</u>	<u>(19,855)</u>
Net decrease (increase) in accumulated net charge against the Fund's authority	(1,096)	(2,312)
Accumulated net charge against the Fund's authority beginning of year	2,794	5,106
Accumulated net charge against the Fund's authority end of year	<u>1,698</u>	<u>2,794</u>

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

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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

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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

Deposits on disposals represent receipts on futur disposals of properties that are not closed at year end.

### 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)	2001	2000	Changes
Current assets	4,695	4,660	(35)
Current liabilities	1,393	2,454	(1,061)
	3,302	2,206	(1,096)