

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, 1999 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

**Please note that information has been withheld
pursuant to the provisions of the "Access to
Information Act."**

FINANCIAL STATEMENTS

**REAL PROPERTY DISPOSITION
REVOLVING FUND**

March 31, 1999

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, 1999 and the statements of operations and accumulated surplus and changes in financial position 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 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, 1999 and the results of its operations and the changes in its financial position 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,
August 6, 1999.

Ernst + Young LLP

Chartered Accountants

Balance sheet

Real Property Disposition Revolving Fund

as at March 31 (in thousands of dollars)	1999	1998
Assets		
Current		
Accounts receivable		
Government of Canada	31	0
Work in process	717	3,553
	<u>748</u>	<u>3,553</u>
Liabilities		
Current		
Accounts payable and accrued liabilities		
Government of Canada	854	1,467
	<u>854</u>	<u>1,467</u>
Equity of Canada		
Accumulated net charge against the Fund's authority	(5,106)	(2,914)
Accumulated surplus	5,000	5,000
	<u>748</u>	<u>3,553</u>

The accompanying notes are an integral part of the financial statements

Statement of operations

Real Property Disposition Revolving Fund

Years ended March 31 (in thousands of dollars)	1999	1998
Revenues	24,753	22,023
Operating expenses		
Fees	1,779	1,894
Disbursements	2,017	1,485
	3,796	3,379
Net revenue	20,957	18,644

The accompanying notes are an integral part of the financial statements

Statement of accumulated surplus

Real Property Disposition Revolving Fund

Years ended March 31 (in thousands of dollars)	1999	1998
Balance, beginning of year	5,000	5,000
Net revenue	20,957	18,644
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(20,957)	(18,644)
Balance, end of year	5,000	5,000

The accompanying notes are an integral part of the financial statements

Statement of changes in financial position

Real Property Disposition Revolving Fund

Years ended March 31 (in thousands of dollars)	1999	1998
Operating activities		
Net revenue	20,957	18,644
Working capital change (note 3)	2,192	(929)
	<u>23,149</u>	<u>17,715</u>
Financing activities		
Transfer of part of the accumulated surplus to the accumulated net charge against the Fund's authority account (note 1)	(20,957)	(18,644)
	<u>(20,957)</u>	<u>(18,644)</u>
Net decrease (increase) in accumulated net charge against the Fund's authority	2,192	(929)
Accumulated net charge against the Fund's authority beginning of year	2,914	3,843
Accumulated net charge against the Fund's authority end of year	<u>5,106</u>	<u>2,914</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

The Real Property Disposition Revolving Fund was established in 1996 through the *Revolving Funds Act*, Section 5.1, to provide a mechanism to fund the disposal of federal real property.

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 generally accepted accounting principles 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 deposits received and disbursements incurred for services performed or goods delivered relating to the transactions not yet closed.

c) 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)

	1999	1998	Changes
Current assets	748	3,553	2,805
Current liabilities	854	1,467	(613)
	106	(2,086)	2,192

4. Uncertainty due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Revolving Fund's ability to conduct normal business operations. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Revolving Fund, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Real Property Disposition Revolving Fund.

5. Comparative figures

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