

Notes to the Financial Statements

for the year ended March 31, 1981

1. Objectives of the Commission

The National Capital Commission was established by the *National Capital Act*, 1958 and is an Agency Corporation under the *Financial Administration Act*. The objects and purposes of the Commission are to prepare plans for and assist in the development, conservation and improvement of the National Capital Region in order that the nature and character of the seat of the Government of Canada may be in accordance with its national significance.

2. Significant Accounting Policies

(a) *Basis of accounting*
Revenues and expenditures of the Commission are recorded on an accrual basis.

(b) Capital Assets

(i) Real Property

Acquisitions of real property are presently charged to operations when incurred and also recorded as capital assets at the end of each year, at cost. The cost of real property does not include interest on loans to finance the acquisitions thereof.

Gains or losses on disposal of property are reflected in the Statement of General Fund Operations and the assets are credited with the cost of the property disposed.

Prior to March 31, 1974, full proceeds from disposal of part of the property were credited to the assets account. Properties acquired prior to March 31, 1974, and are being restated at historical cost and the prior years' adjustment is presented in the Statement of Proprietary Interest.

(ii) Equipment, Furniture and Vehicles

Equipment, furniture and vehicles are recorded in the accounts at cost. The replacements are funded by parliamentary appropriations provided for operating expenditures.

Losses arising from destruction or disposal are charged to proprietary interest in the current year.

(iii) Depreciation

Depreciation on capital assets is not recorded in the accounts.

(c) Capital Projects

The *National Capital Act* defines capital projects as expenditures for the acquisition of property, for contributions, or for other works, and requires that each be specifically approved by the Governor-in-Council. Projects are financed through the National Capital Fund and through sales of property originally acquired through the National Capital Fund. In the latter case, only the cost portion of the proceeds is used to finance capital projects and reduce the amount required from the Fund. Only those projects producing Commission-held real property are capitalized; studies and contributions to the works of other authorities are not capitalized.

Effective April 1, 1981, the Commission's capital projects will be financed by a vote for capital expenditures. With proclamation of the *Adjustment of Accounts Act*, the approval of the Governor-in-Council for each capital project is no longer required.

The Commission also makes expenditures for acquisitions of real property out of the loans from Canada referred to in Note 5.

(d) Operating Supplies, Small Tools and Nursery Stock

Operating supplies and small tools are carried at most recent cost. Nursery stock is valued at estimated replacement cost less an allowance for overhead, baling and packaging expenses.

(e) Pension Plan

The Commission's employees participate in the Public Service Superannuation Plan, which is administered by the Government of Canada. Contributions to the Plan are made by both the employees and the Commission, and are recorded on a current basis.

(f) Employee Termination Benefits

Severance pay generally accrues to employees over their service period, and is payable on their separation or retirement. Provision for these benefits is recorded as a liability of the Commission.

Notes to the Financial Statements (continued)

3. Cash on Deposit in the National Capital Fund

The National Capital Fund is a special account in the Consolidated Revenue Fund of Canada. Amounts are paid from this fund to the Commission from time to time as required to finance the cost of capital projects. Payments are made by the Minister of Finance on the recommendation of the Minister responsible for the Commission.

The *Adjustment of Accounts Act* resulted in the elimination as at March 31, 1981, of the National Capital Fund and the deletion of the Account balance in the Consolidated Revenue Fund of Canada of \$9,911,000. After providing for outstanding liabilities pertaining to capital projects, the balance of National Capital Fund cash in the hands of the Commission at March 31, 1981, amounted to \$3,214,526. This sum is shown as a current liability and will be refunded to Canada in 1981-82.

4. Capital Assets — Real Property

The following are the major categories of real property at March 31, 1981:

Greenbelt
Parkways
Parks
Bridges and approaches
Historic sites
Recreational facilities
Rental and agency buildings
Unsettled expropriations
Administration and other buildings

Less provision for depreciation
less than cost

The provision for depreciation cost pertains to properties referred in accordance with the provisions of the Act as detailed below:

- (a) agreements with private companies resulting from the expropriation of the Ottawa facilities.
- (b) agreement with the Province of Quebec for land in the Province of Quebec for land of charge for a project in the Macdonald-Cartier area.
- (c) agreement with the Province of Quebec for the land in the Province of Quebec for \$1 used as a project in Highway 550.
- (d) agreement with the Province of Ontario for the land in the Province of Ontario for the \$1 used as a project in Highway 417.