



TOWN OF PORTUGAL COVE-ST. PHILIP'S

Public Meeting February 16, 2010

IN ATTENDANCE:	Mayor	Bill Fagan
	Deputy Mayor	Jane Tucker
	Councillors:	Joe Duggan
		Doug Neary
		Gordon Tucker
		Moses Tucker
		Patsy Whitten
	Town Clerk	Judy Squires
	Director Admin/Finance	Terrilynn Smith
	Town Planner	Geralyn Lynch

Also in Attendance: Gallery of 21 in attendance.

Mayor Fagan called the Meeting to order at 7:30 p.m. and welcomed all in attendance.

ADOPTION OF AGENDA

Motion: Duggan/Whitten
2010-036 Resolved that the February 16, 2010, agenda be adopted.
Carried
Unanimously

ADOPTION OF MINUTES

Motion: Whitten/Neary
2010-037 Resolved that the Minutes of the Public Meeting held February 2, 2010, be adopted.
Carried
Unanimously

BUSINESS ARISING No Town Manager's report for this meeting.

COMMITTEE REPORTS

Planning and Development Committee Report - February 9, 2010

The following applications have been considered in accordance with the Municipal Plan and Development Regulations and shall be subject to all other regulatory government agencies.

- 1. Civic# 43-45 Millers Road
Road extension and development of two single dwellings
Zoning: Residential Medium Density (RMD)**

Application held pending further information on ownership of right-of-way.

- 2. Civic# 116-120 Kings Hill Road
Demolish existing dwelling and construct single dwelling
Zoning: Watershed (WAT)**

Motion:

Neary/Duggan

2010-038

Resolved that the application for Civic# 116-120 Kings Hill Road be conditionally approved permitting the restoration of a single dwelling. Conditional approval shall be in accordance with Schedule C: Watershed and shall be subject to approval from Department of Environment and Conservation, and Department of Natural Resources (agriculture buffer).

Carried

Unanimously.

- 3. Civic# 57 Dawn Allen Road
Variance to construct single dwelling
Zoning: Residential Rural (RR)**

Motion:

Neary/M. Tucker

2010-039

Resolved that the application for Civic# 57 Dawn Allen Road be conditionally approved permitting the construction of a single dwelling with a 7% variance on lot frontage, in accordance with Regulation 11 Variances. Notice of the Variance shall be given to all persons whose land is in the immediate vicinity. Conditional approval shall also be in accordance with Regulation 10, Discretionary Powers of Authority, in consideration of the fact that the existing substandard lot reflects lot sizes of adjacent properties currently approved in the area.

Carried

Unanimously.

4. Civic# 160A Bennetts Road

Construct single dwelling

Zoning: Residential Infill (RI) & Watershed (WAT)

Application held pending further information on ownership of right-of-way.

5. Civic# 1338-1340 Thorburn Road

Backlot development

Zoning: Residential Medium Density (RMD) & Development Scheme (DS)

Motion:

Neary/Whitten

2010-040

Resolved that the application for Civic# 1338-1340 Thorburn Road be conditionally approved permitting the construction of a single dwelling (backlot). Conditional approval shall be in accordance with Policy 3.4.2.1(v) Backlot Development, Schedule C: Residential Medium Density and Condition 13 Backlot Development. As there is potential for future development beyond the proposed backlot, the access shall be treated as a public right-of-way, and at the time of development shall give consideration to the alignment with Johns Road.

Carried

Unanimously.

6. Civic# 866-868 Indian Meal Line

Home occupation (automotive repairs/general industry)

Zoning: Residential Infill (RI)

Application held pending a notice from the Town to area residents.

7. Civic# 1194 Portugal Cove Road

Business application (dog grooming)

Zoning: Residential Infill (RI)

Application held pending a meeting with Government officials.

8. Civic# 12-16 Conatti Place

Construct accessory building

Zoning: Residential Medium Density (RMD)

Application held pending further information on proposed location of accessory building.

**9. Civic# 47 Beachy Cove Road
Construct dwelling extension
Zoning: Heritage Community (HC)**

Motion: Neary/Duggan
2010-041 Resolved that the application held and the applicant will be given 14 days to provide a survey and other requested information.

Carried
Unanimously.

**10. Civic# 73-75 Churchills Road
Demolition and dwelling extension
Zoning: Residential Medium Density (RMD)**

Motion: Neary/J. Tucker
2010-042 Resolved that the application for Civic# 73-75 Churchills Road be conditionally approved, permitting the demolition (69 m²) and dwelling extension (187 m²). Conditional approval shall be in accordance with Regulation 49, Schedule C: Residential Medium Density and shall be subject to approval from Department of Nature Resources (agricultural buffer).

Carried
Unanimously.

11. Civic# 59 Dawn Allen Road - One year extension request on conditional approval

Motion: Neary/Whitten
2010-043 Resolved that a one year extension will be approved for the conditional approval for the construction of a single dwelling at Civic# 59 Dawn Allen Road.

Carried
Unanimously.

12. Civic# 853 St. Thomas Line – Driveway access

Motion: Neary/Duggan
2010-044 Resolved that the proposed driveway location at Civic# 853 St. Thomas Line be conditionally approved, provided the driveway is relocated when a new road is constructed on the adjacent property.

Carried
Unanimously.

13. Civic# 131 Witch Hazel Road – Bickerstaffe Farms & Nurseries Ltd.
Correspondence submitted for information.

14. Civic# 18 West Point Road – Request for transfer of building permits

Motion: Neary/M. Tucker
 2010-045 Resolved that the building permit for Civic# 18 West Point Road not be transferred to the new developer, until such time as the road and infrastructure is transferred to the Town.

Carried
 Unanimously.

15. Eastern Regional Appeal Board - Decision of Appeal Civic# 822A St. Thomas Line

Submitted for information.

16. Eastern Regional Appeal Board - Decision of Appeal Civic# 9-15 Maggies Place

Submitted for information.

17. Eastern Regional Appeal Board – Appeal registered regarding Civic# 95 Old Ridge Road

Submitted for information.

PERMITS ISSUED:

#	Permit	Issued Date	Civic	Streetname	Permit Type
1	10-003	1/8/2010	73	Maggies Place	Accessory Building
2	10-004	1/11/2010	8	Netherwood St	Occupancy Permit
3	10-005	1/15/2010	1566	Thorburn Rd	Single Dwelling
4	10-006	1/19/2010	6	White Ash Drive	Single Dwelling
5	10-007	1/20/2010	1592-1594	Portugal Cove Road	Occupancy Permit
6	10-008	1/21/2010	15-17	Spurrells Road	Accessory Building
7	10-009	1/25/2010	3	Stockton Place	Accessory Building
8	10-010	1/27/2010	33-35	Hardings Hill	General Repairs & Maint.
9	10-011	1/27/2010	12-14	Dogberry Hill Road	Accessory Building
10	10-012	1/28/2010	281-299	Bennetts Road	Occupancy Permit
11	10-013	1/28/2010	295-297	Dogberry Hill Road	General Repairs & Maint.
12	10-014	1/29/2010	660-662	Old Broad Cove Road	Occupancy Permit
13	10-015	2/4/2010	792-798	St. Thomas Line	Occupancy
14	10-016	2/4/2010	9	Netherwood Street	Occupancy
15	10-017	2/8/2010	56-58	Skidders Road	Occupancy

Parks and Recreation Committee– February 11, 2010

1. Safety Week

The committee met with Jeannette Holman Price of the Jessica Campaign to speak about safety week. The committee is interested in supporting this campaign with doing a bbq on August 3rd. All proceeds would be donated to the Jessica Campaign

2. Winter Festival Assistance

The committee is looking for assistance from council for the pancake breakfast on February 20th. Anyone who wishes to help please let the committee know as soon as possible. Councilor Patsy Whitten will be assisting with the snowman competition.

3. Skate Park Meeting

The Recreation Director held a meeting on January 28th. We had 14 youth ranging in age from 14-22 in attendance at the meeting. The development of the skate park at Voisey's Brook was discussed in great detail. This group of youths will continue to be an active part of the development of this skate park to ensure it meets the needs of the children and youth in our community.

4. Killick Coast Games

The recreation committee received a letter from the Town of Torbay requesting support from council on their application for funding for the Killick Coast games. This year games will be held on August 9th - 14th. The committee is requesting support from councilors to be in attendance if possible to show support for this year's game.

The Mayor notes that he will send the letter on behalf of the Town.

5. Voisey's Brook Trails

The committee reviewed the trail development plan at voisey's brook.

6. Town Plan

The committee will be reviewing the town plan in respect to recreation development and offer suggestions to committee of the whole.

7. Park Patrol

The committee discussed the park patrol program and will be investigating it.

8. Neighborhood Watch

The committee discussed this program and will be investigating it.

Public Works Committee Report – No meeting/No report

Public Relations & Communications Committee – February 10, 2010

1. February Newsletter

There will not be a newsletter for February due to conflicting schedules. The newsletter will be back in distribution in March.

2. Committee Terms of Reference

Motion Whitten/G. Tucker
2010-046 Resolved that the Council adopt the Terms of Reference for the Public Relations and Communications Committee attached to and forming part of these minutes.

Carried
Unanimously.

3. Newsletter Policy

Motion: Whitten/M. Tucker
2010-047 Resolved that Council adopt the Newsletter Policy attached to and forming part of these minutes.

Carried
Unanimously.

4. Other Policies

Committee reviewed the Town’s current “Complaint Policy” and made recommendations for changes which the staff will make, and also do further research to bring back to the next committee meeting. The committee also reviewed the Town’s “Handling of Correspondence Policy” and made suggestions for changes. This policy will be forwarded to the Committee of the Whole for further review and input. All suggestions for change will be reviewed at the next committee meeting.

5. Neighbourhood Watch

Committee discussed the possibility of setting up a Neighborhood Watch Program. Staff will contact the RNC to obtain information about the program and the committee will also contact the coordinator of the St. John’s Neighborhood Watch Program.

6. Media Training

Media Training for all Council and the Town Manager/Engineer is scheduled for Saturday, March 6, 2010.

Economic Development & Tourism Committee – February 10, 2010

The committee meets with the Northeast Avalon Regional Economic Development Board. The Board was able to give the committee some background information on what types of services they offer. The committee discussed what kind of a working relationship that they could provide to the town. The Board had many suggestions to assist with economic development. The committee will be reviewing the direction they wish to pursue.

Addendum to the Economic Development & Tourism Committee report:

Motion: M. Tucker/Duggan
2010-048 Resolved that Council restructure the Heritage Advisory Committee as a Heritage Special Committee of Council. The mandate will be decided with the Committee members. There will be seven members, five of whom may be members of the current Committee. As in the past, one each will be chosen by the Women's Institute, 50+ Club and the Legion. Two will be appointed by Council, and two others from the current Heritage Advisory Committee will be invited to continue. This Committee will liaise with the Economic Development and Tourism Committee.

Carried
Unanimously.

Administration and Finance Committee – February 10, 2010

1. Accounts for Payment

Motion: J. Tucker/Whitten
2010-049 Resolved that Council pay the accounts as follows:
\$14,415.79 for regular accounts,
\$324,513.12 for Multi-Year #4 Road Upgrading and
\$172,884.15 for Gas Tax project payments
for a total of \$511,813.06

Carried
Unanimously.

Note: Councillor Moses Tucker requested a response to several questions concerning the road upgrades and these will be forwarded to the Director of External Operations for response.

2. Requests for donations:

(a) Neil Maynard Memorial Pee Wee Tournament

Motion: J. Tucker/Duggan
2010-05 Resolved that Council donate \$50 to the Neil Maynard Memorial Pee Wee Tournament being held March 12-14th, 2010.

Carried
Unanimously.

(b) Northeast Minor Hockey Association

Motion: J. Tucker/Duggan
2010-051 Resolved that Council purchase advertising at a cost of \$40 in support of the All Newfoundland Bantam tournament being hosted by the Northeast Minor Hockey Association on April 8-10th, 2010.

Carried
Unanimously.

3. Tender - Fire Suppression and Ventilation System

Motion: J. Tucker/Whitten
2010-052 Resolved that Council award the tender for the supply and installation of the Fire Suppression and Ventilation System for the Recreation Center to Jenkins and Power Sheet Metal for the tendered price of \$17,298 total.

Carried
Unanimously.

Note: Staff will further investigate whether the Fire Suppression portion of this tender is needed and if not the amount will be reduced by \$3298.00

4. Tangible Capital Assets Policy as per Municipal Affairs

This policy is prepared in accordance with the requirements of the Canadian Institute of Chartered Accountants and legislative requirements..

Motion: J. Tucker/M. Tucker
2010-053 Resolved that Council adopt the Tangible Capital Assets Policy attached to and forming part of these minutes.

Carried
Unanimously.

5. ICSP update

A telephone conference with ADI Limited is scheduled with Council and Staff for Thursday, February 11th, at 9:30, to review the process for this project and discuss Council's input. There will be a public forum regarding this process on February 25th from 7 – 9 p.m. at the Council Chambers.

6. NAPE – Contract renewal

A meeting will be scheduled for parties to meet and commence collective bargaining. Mayor Fagan and Councillor Mose Tucker will represent the Town for these negotiations and Staff will arrange for an independent negotiator to assist.

7. Tidy Towns

It is the consensus of the committee that this item be deferred for next year and that it be addressed in the 2011 budget process.

8. Fire and Emergency Services Newfoundland & Labrador

Information book provided to the Town for the 12 steps to developing an effective emergency management plan. Copies provided to the Town Manager and the Fire Chief.

9. 2010 Clean and Safe Drinking Water Workshop – March 23-25, Gander

The Director of Admin/Finance will check into the town's eligibility for the subsidy for travel and accommodations for this workshop. It is noted that approval was given for two staff members and a councillor to attend.

10. Flag Policy

Town Clerk will check with Municipalities NL for any policies available and bring this item back to committee for discussion.

11. Land for Edu Rec Center

Committee discussed and will review the Tract Consulting Inc. final draft which was prepared in March 2009 in an effort to move this project forward.

CORRESPONDENCE

(a) Betty Moore, Mayor of Clarkes Beach -

Letter regarding her new position as Avalon director on the board of the Municipal Assessment Agency . She invites any questions or comments on assessment .

NEW BUSINESS

1. CPR Challenge / Fundraiser by St. John Ambulance

February 19th at Convention Center – for info

2. Fire Dept. Fundraiser

Councillor Duggan reported on a fundraiser held by the Fire Dept and the Mayor will write the Fire Chief to congratulate them on raising \$6,000 for a worthy cause.

3. NEAJC - minutes of the last meeting circulated by Councillor Duggan. The next meeting will be held on February 17th at the City of Mount Pearl.

4. Report from Mayor Fagan on Committee of the Whole

- (a) Met with Supt. Layden and Const. Puddicombe regarding policing
- (b) Reviewed plans for restructuring the Heritage Committee
- (c) Discussed and agreed to support Beachy Cove School in requesting a change to the entrance and exits to the school parking lot to better accommodate school buses dropping off and picking up students close to the school door. Letter sent.
- (d) The Mayor co-ordinated a meeting with representatives of the Town of Wabana , Dept. of Transportation and Works and Hardings Hill Residents Committee on Mon Feb 8th to discuss access to ferry terminal and beautification to that part of Harbour. One of the suggestion is to rearrange the entrance and exits to Loop Drive. This will go in the newsletter to give residents an opportunity to provide input.
- (e) Discussed next steps for the Municipal Plan

Other items from the Mayor

- (f) The Mayor will attend the pre-budget consultation hearings tomorrow on behalf of the Town
- (g) The Mayor attending the unveiling of the new logo for the City of Mount Pearl
- (h) Residents of Hilltop Lane expressed gratitude for good snow clearing service to be passed along to the snow clearing operators
- (i) Mayor will be teaching the lancers to the youth of St. Lawrence Parish.

ADJOURNMENT:

Motion: Duggan/Whitten
2010-054 Resolved that this meeting be adjourned. Time 8:15 p.m
Carried
Unanimously.

Mayor Bill Fagan

Judy Squires, Town Clerk

Attachments: (1) Tangible Capital Assets Policy
(2) Newsletter Policy
(3) Terms of Reference for Public Relations & Communications Committee

Town of Portugal Cove-St. Philip's

Newsletter Policy

Pursuant to the authority vested in the Town Council of Portugal Cove-St. Philip's the Town adopted following policy on the 16th day of February, 2010.

1. Title

This policy shall be known and cited as the *Newsletter Policy*.

2. Interpretation

(a) *Council* – shall mean the Town Council of Portugal Cove – St. Philip's

(b) *Community* – shall mean the Town of Portugal Cove – St. Philip's and those citizens who reside within it.

3. Policy Statement

The purpose of this policy is to ensure that the newsletter is used as an effective communication tool to inform community members of current activities and events. The newsletter will foster positive public relations between the council and the community as well as develop a strong sense of pride in our Town.

4. Policy Clauses

- a) The newsletter will be published and distributed monthly
- b) The newsletter will be free of commercial advertising
- c) There will be only positive statements in articles or listings permitted
- d) The monthly newsletter will be posted on the website

5. Date Effective

February 16th, 2010, Motion #2010-047

6. Repeals

This policy rescinds all previous policies on this subject matter.

Town of Portugal Cove-St. Philip's

Newfoundland

Tangible Capital Assets

Pursuant to the authority conferred by section 99 of the Municipalities Act 1999, the Town Council of Portugal Cove-St. Philip's has adopted the following policy on the 16th day of February 2010.

1. Title

This document shall be known and cited as the Tangible Capital Asset *Policy*.

2. Policy Statement

It is the policy of the Town of Portugal Cove-St. Philips to record and report tangible capital assets controlled by the Municipality in the consolidated financial statements.

Tangible capital assets will be recorded in accordance with generally accepted accounting principles as regulated by the Canadian Institute of Chartered Accountants and the Public Sector Accounting Board. Further, this policy is meant to comply with the pronouncement of Public Sector Handbook section 3150 (PS 3150).

3. Definitions

The following definitions have been provided to assist in the understanding and application of the tangible capital asset policy.

Accumulated Amortization: The total consumed or used value of a tangible capital asset. It is the sum of all amortization charges recorded for a tangible capital asset.

Amortization: The process of allocating the cost (less residual value) of a tangible capital asset over its estimated useful life to match costs with revenues or the public service that is provided. Amortization of tangible capital assets does not commence until the asset is available for use.

Bargain Purchase Option: This is a provision permitting the Town to purchase leased property for a price that is significantly lower than the expected fair value of the property and the exercise of the option appears reasonably assured at the inception of the lease.

Basket Purchases: purchases made when a group of assets are acquired for a single amount generally in a single transaction.

Betterment: The cost incurred to significantly enhance the service potential of a capital; asset is betterment. Service potential may be significantly enhanced when there is an increase in the previously assessed physical output or service capacity, associated operating costs are lowered, the useful life of the asset is extended or the quality of the output is improved. A betterment results in the creation of a 'significantly better" tangible asset. This is to be distinguished from repairs and maintenance where a substitution is made for a similar component to facilitate continued utilization of the existing asset.

Capital Lease: A capital lease is a lease that transfers substantially all of the benefits and risks of ownership of the asset to the Town.

Capitalization: The process of recording expenses as a cost of a tangible capital asset instead of being charged-off as an expense in the accounting period in which they occurred.

Capitalization Threshold: this represents the minimum historic cost an individual asset must meet before it is to be reported as a tangible capital asset and added to the proper asset category for the purposes of capitalization and amortization. The threshold amount is to be used as a guide in addition to professional judgment.

Contributed Assets: Assets that have been contributed by a third party (either public or non-public) to the Town.

Cost Shared Asset: A cost shared asset is an asset for which the Town has received revenues to offset a portion of the cost of acquisition, construction, development or betterment of the tangible capital asset.

Disposals: Disposals involve the removal of a tangible capital asset from the use and control of the Town. Disposals can involve the sale, destruction, or abandonment of an asset such that it is no longer involved in the Town's operations.

Estimated Historic Cost: This is the estimated original cost of a tangible capital asset.

Expenditure: The cost involved with acquiring a good or service regardless of whether payment has been made or an invoice has been received.

Expense: The cost of resources consumed in and identifiable with the operations of an accounting period.

Fair Market Value: The consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties, who are under no compulsion to act.

Gain on Disposal: The amount of consideration received on disposal of a tangible capital asset, in excess of the book value of the tangible capital asset.

Historic and Cultural Assets: Historic and cultural assets include those assets which may be of a historic or cultural nature and may not have a value easily established. Assets included under this category include items such as paintings, sculptures, historical documents, cultural or historic artifacts.

Historic Buildings: These are buildings which have been designated through an appropriate body to be considered to have significant relevant cultural or historic value.

Historic Cost: Historic cost is the amount of consideration given up to acquire, construct, develop or better a tangible capital asset and includes all costs directly attributable to its acquisition, including installation and where permitted interest. Acquisition costs include

architectural fees, design fees, engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation, insurance, duties and testing.

In the case of purchased buildings and in addition to the above, the cost should include all expenditures required to bring the building to its intended use at the time of acquisition including upgrading of plumbing, wiring, structural changes, exterior and interior renovation and building additions.

In the case of contributed tangible capital assets, the cost is considered equal to its fair value at the date of contribution. This value may be estimated using market or appraised values. Where an estimate of fair value cannot be made, the asset should be recorded at a nominal value.

Inception of the Lease: Inception of the lease is the earlier of the date of the lease agreement and the date of the commitment which is signed by the parties to the lease transaction.

Infrastructure: Infrastructure refers to the network of assets required to support a safe, secure and sustainable municipality. Infrastructure includes but is not limited to; roads, bridges, water delivery systems, sewage treatment systems, landfills, waterways, dams, recycling systems, playgrounds and trails.

Lease: A lease is the conveyance, by a lessor to a lessee, of the right to use a tangible capital asset, usually for a specified period of time in return for payment.

Leasehold Improvements: These are additions or improvements made to a leased property that cannot be removed upon termination of the lease because they are attached to, or form a part of the leased premises.

Lease Term: Lease term is the fixed non-cancelable period of the lease plus:

- all periods covered by bargain renewal options;
- all periods for which a failure to renew would impose a penalty sufficiently large that renewal appears, at the inception of the lease, reasonably assured;
- all periods covered by ordinary renewal options during which the lessee has undertaken to guarantee the lessor's debt related to the leased property;

- all periods covered by ordinary renewal options preceding the date on which a bargain purchase option is exercisable; and
- all periods representing renewals or extensions of the lease at the lessor's option; provided that the lease term does not extend beyond the date that a bargain purchase option becomes exercisable.

Minimum Lease Payments: Minimum lease payments comprise:

- the minimum rental payments called for by the lease over the lease term;
- any partial or full guarantee of the residual value of the leased property at the end of the lease term, the amount to be included in the minimum lease payments would be the stated guarantee amount rather than an estimate of the deficiency;
- any penalty required to be paid for failure to renew or extend the lease at the end of the lease term; and
- additional payments that can reasonably be estimated at the inception of the lease.

Where the lease contained a bargain purchase option, only the total of the minimum rental payment over the lease term and the payment amount called for by the bargain purchase option is included in the minimum lease payments.

Net Book Value: The net book value represents the difference between the cost of a tangible capital asset and both its accumulated amortization and the amount of any write-downs. It represents the unconsumed cost of a tangible capital asset attributable to its remaining service life.

Operating Lease: An operating lease is one in which substantially all of the benefits and risks of ownership have not been transferred to the Municipality. This is a rental situation where the lease payments represent rent for the use of the asset over the lease term.

Permanent Fixtures: Assets which cannot be removed from a building without causing damage to either the original asset or the fixture. They are considered to be a part of the attached structure.

Public Sector Accounting Board (PSAB): The Public Sector Accounting Board is the branch of the CICA that develops accounting standards for the federal, provincial and municipal levels of government in Canada.

Repairs and Maintenance: The cost incurred to maintain the service potential of a tangible capital asset is a repair or maintenance cost. These costs are considered routine in nature and are expensed in the year in which they occur.

Residual Value: This is the estimated net realizable value of a tangible capital asset at the end of its useful life to the Municipality.

Straight Line Method of Amortization: The straight line method of amortizing a tangible capital asset considers the consumption of the asset as a function of time rather than usage. Under this method, the cost of the asset is divided over the estimated useful life of the asset so that the amortization charge is the same for each year.

Tangible Capital Asset: A tangible capital asset is a non-financial asset having physical substance that is acquired, constructed or developed for the provision of services or the production or supply of goods. The asset is intended for use on a continuing basis with a useful life that extends beyond on fiscal year and is not intended for sale in the ordinary course of operations.

Useful Life: Useful life is the estimate of the period over which a tangible capital asset is expected to provide economic value. This period may be considered to be that in which the asset is expected to be used. The actual life of a tangible capital asset may extend beyond its useful life. The life of a tangible capital asset, other than land, is finite, and is normally the shortest of the physical, technological, commercial or legal life.

Work-in-Progress: Work-in-progress includes all costs related to the construction or development of a tangible capital asset. These costs are incurred to get an asset into service, therefore accumulation of these costs cease when the asset is placed into service. Tangible capital assets included in the work-in-progress account are not amortized. Once in service, the tangible capital asset must be transferred into a specific asset category to begin the amortization process.

Write-Down: A write-down occurs when the net book value of a tangible capital asset is reduced to reflect the permanent decline in a tangible capital asset's remaining service potential. The tangible capital asset remains in the records of the Municipality at its reduced net book value.

Write-Off: A write-off occurs when a tangible capital asset is deemed not to have any remaining service potential to the Municipality. The net book value of a tangible capital asset is reduced to nil and the asset is removed from the accounting records.

4. **Policy Objectives**

This document outlines the accounting policies for tangible capital assets in the financial statements of Portugal Cove-St. Philip's. The objective of this policy is to ensure that the Municipality's investment in tangible capital assets:

- is recorded and reported appropriately and accurately;
- provides an accurate accounting of the use and investment in tangible capital assets;
- provides management with meaningful data upon which informed decisions can be made; and
- facilitates conformance with public sector generally accepted accounting principles, for tangible capital assets, specifically PS 3150.

5. **Application**

This policy applies to departments of the municipality.

All Departments are responsible for the implementation of an internal control system that ensures tangible capital assets are accounted for in accordance with this policy and that the policy is applied consistently from year to year.

The attached appendices are an integral part of this policy;

Appendix A: Tangible Capital Asset Classes, Descriptions, Thresholds and Amortization Rates.

6. **Financial Accountability**

Departments (Parks, Recreation and Community Services, Public Works, Planning & Development, and Administration & Finance) are responsible for maintaining tangible capital asset information as provided through the application of these policies.

Departments are required to record and report periodic changes in tangible capital assets to the Administration and Finance Department consistent with the application of these policies.

Departments are required to verify tangible capital assets under their control through the completion of periodic physical counts. A reconciliation of each physical count to the Administration and Finance Department's accounting records should be completed as a part of this process.

It is recommended that physical counts on moveable tangible capital assets be conducted at least annually and that verification of non-moveable tangible capital assets be conducted at least every three years.

Departments are required to maintain tangible capital information such as location, usage, condition and maintenance records and ensure that proper control of tangible capital assets is maintained.

Departments are required to submit periodic tangible capital asset information in the designated format as requested by the Administration and Finance Department.

The Administration and Finance Department is responsible for monitoring the application of this policy and updating the policy on a regular basis.

The Administration and Finance Department is responsible for facilitating the approval of the capital budget and accounting for tangible capital assets in accordance with this policy, including the application of proper capitalization, categorization and amortization policies of the tangible capital assets.

The Administration and Finance Department is responsible for the accurate recording and reporting of tangible capital assets in the financial statements of the Town of Portugal Cove-St. Philip's.

7. Policy Directives

7.1 Inclusive

All assets that meet the definition of a tangible capital asset, meet the threshold values, fall within the classifications outlined in Appendix A and have not been specifically excluded, shall be recorded in the accounts of the Municipality in accordance with this policy.

Leased assets are considered to be tangible capital assets when they meet the definitions of both a capital lease and a tangible capital asset in accordance with generally accepted accounting principles.

For the Municipality's purposes, if either of the following criteria exist, a lease is considered to be a capital lease:

- transfer of ownership at the end of the lease;
- the existence of a bargain purchase option;
- lease term is 75% or more of the economic life of the asset; or
- the present value of the minimum lease payments is 90% or more of the fair value of the asset.

Where the Municipality receives capital grants, loans or assistance for the acquisition, construction or development of a tangible capital asset, the amount of the contribution is to be recorded as revenues and not as a reduction in the cost of the tangible capital asset.

Where the Municipality receives a tangible capital asset by virtue of a transfer from a public or non-public body the receipt of the tangible capital asset is to be recorded as revenues with the asset subsequently being capitalized in the accounting records of the Municipality.

7.2 Exclusions

The following shall not be considered tangible capital assets for the purposes of these policies:

- land and other assets acquired by right;
- natural assets such as forests, water or mineral resources;

- intangibles;
- tangible capital assets which fall below the established category threshold levels;
- historical and cultural assets; and
- assets acquired through operating leases

As indicated above, assets which fall below category thresholds are not to be considered tangible capital assets for the purpose of this policy. However, while these items are not to be capitalized, they must be recorded for control and management purposes by the applicable departments.

Bundling (grouping) of assets does not make a tangible capital asset. Each individual asset must meet the capitalization criteria for that category.

7.3 General

Tangible capital assets are to be recorded and reported based on the category into which they best fall.

Within each category of tangible capital assets, individual assets would be recorded and accounted for in accordance with this policy.

For control and consistency purposes, Departments shall not capitalize assets whose historic cost falls below the specified category threshold.

The harmonized sales tax (HST) will not be considered by Departments in the determination of whether specific tangible capital assets meet a category threshold.

7.4 Valuation

Tangible capital assets should be recorded at historic cost. Where historic cost cannot be reasonably determined, estimated historic cost shall be used for recording purposes. Historic cost for new assets is considered to be equal to the acquisition cost.

Historic cost shall not include the HST.

The historic cost of a tangible capital asset under a capital lease shall be recorded as the lesser of the present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease.

Cost-shared assets are to be recorded at gross historic cost. Contributions received for the acquisition, development, construction or betterment of tangible capital assets will be treated as revenues to be recognized in the year of acquisition of the related asset.

Contributed tangible capital assets will be recorded at fair market value. The fair market value of the contributed tangible capital asset will be treated as revenues to be recognized in the year of acquisition of the related asset.

The cost of tangible capital assets acquired as part of a basket purchase, will be determined by allocating the price paid for the basket to each item on the basis of estimated proportional relative cost at the time of the acquisition.

7.5 Useful Life

The useful life for each tangible capital asset category shall be determined by Council. When an estimation of remaining useful life is required, the determination will be made by the Department.

The maximum useful life for tangible capital assets (except land) will be sixty years.

Land shall be considered to have an unlimited useful life and as such will not be amortized.

7.6 Amortization

All tangible capital assets will be subject to amortization, with the exception of land and work-in-progress.

The straight line method of amortization will be used to calculate annual amortization for all tangible capital assets.

Leasehold improvements are to be amortized over the remaining term of the applicable lease.

Amortization will be calculated monthly, beginning with the first of the month following the date which the tangible capital asset is available for use and will continue over its useful life.

Amortization will cease when the tangible capital asset has been fully amortized or written off.

Tangible capital assets that have been fully amortized will remain in the accounting records of the Municipality until disposal or write-off.

7.7 Additions

Additions of all new tangible capital assets for the fiscal year must be added to the appropriate asset category at historic cost.

7.8 Betterments

The cost of betterments are to be added to the historical cost of the specific tangible capital asset and should be amortized accordingly. Where required, the useful life of the asset should be changed to reflect the betterment.

To be recorded as a betterment, the value of the expenditure must meet the threshold for the category to which the tangible capital asset subject to the betterment belongs.

7.9 Repairs and Maintenance

Repairs and maintenance on tangible capital assets are not to be capitalized.

7.10 Work-in-Progress

Work-in-progress includes all current construction or development in progress on all tangible capital assets. These are costs incurred to construct a tangible capital asset before it is available for use. Accumulation of these costs cease when the asset is put into service.

All work-in-progress costs are to be reported separately under the work-in-progress asset category. As assets or significant portions of assets become available for service, they must be transferred to the regular asset categories for similar assets.

Where an asset has been constructed or developed, the estimated cost of the asset to final completion should be compared with the threshold for the asset category, to determine whether the asset would meet the minimum requirements to be considered a tangible capital asset.

Interest costs incurred during the construction or development of tangible capital assets can be added to the relevant work-in-progress asset class only where specific financing, directly related to the project under construction or development, has been established. The interest cost will cease to be added to the asset class once the asset is ready for use and the asset is transferred to a regular asset category.

Where a tangible capital asset is being constructed the department will clearly identify all costs related to the work and communicate these costs to the Administration and Finance Department.

7.11 Transfers

Assets transferred to a public body, should be treated as a disposal in the period of the transfer.

7.12 Write-Downs

Where it can be objectively estimated that a reduction in a tangible capital asset's useful life or service potential has occurred, and the reduction is expected to be permanent, the net book

value and/or the useful life of the tangible capital asset should be written down to the revised estimate.

A write-down shall not be reversed.

All write-downs must be approved by Council, with a copy of the approval forwarded to the Administration and Finance Department.

7.13 Write-Offs

When a write-off occurs, the historic cost of the asset and the related accumulated amortization are reduced to zero. Any remaining net book value of the asset becomes an expense in the accounting period.

Costs of projects that have been abandoned or indefinitely postponed should be written off in the period of abandonment or indefinite postponement.

All write-downs must be approved by Council, with a copy of the approval forwarded to the Administration and Finance Department.

7.14 Disposals

On disposal of a tangible capital asset, the asset and its associated accumulated amortization must be reduced to zero, and any gain or loss on disposal is recorded as a revenue or expense for the period.

All disposals with a cost in excess of (set Limit) must be approved by Council and a copy of the approval must be forwarded to the Administration and Finance Department.

All disposals with a cost below (limit) are to be communicated to the Administration and Finance Department by the Department through the completion of a Capital Asset Disposal Form that must be submitted in a timely manner.

7.15 Trade-Ins

Transactions which involve the trade-in of tangible capital assets will be treated as a disposal.

8. Transitional Provisions

These policies will be implemented at a date to be determined by Council.

As part of the implementation process, all tangible capital assets in use at the time of transition, will be recorded at historic cost or estimated historic cost. Accumulated amortization or estimated accumulated amortization will be recorded and fully amortized tangible capital assets still in use will be recorded.

Assets discovered after transition which existed prior to the transition date must be retroactively recorded in the accounting records.

10. Date Effective

February 16, 2010, Motion # 2010-053

11. Copy to Minister

12. Repeals

This repeals all Tangible Capital Asset policies.

Appendix A

Tangible Capital Asset Classes, Descriptions, Thresholds, Useful Lives and Amortization Rates

In the year of acquisition, amortization will be prorated from the month of purchase or the month a constructed asset is available for use.

**See Tangible Capital Asset Listing provided by
Department of Municipal Affairs**