

TOWN OF TORBAY
Consolidated Financial Statements
Year Ended December 31, 2022

TOWN OF TORBAY
Index to Consolidated Financial Statements
Year Ended December 31, 2022

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Debt	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 17
Consolidated Schedule of Revenues (<i>Schedule 1</i>)	18
Consolidated Schedule of Expenses (<i>Schedule 2</i>)	19 - 20
Consolidated Schedule of Tangible Capital Assets (<i>Schedule 3</i>)	21
Consolidated Reconciliation of the Financial Plan to Budget (<i>Schedule 4</i>)	22

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Town of Torbay have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.


The integrity and reliability of Town of Torbay's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Town Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to the Town Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Richard K Power, CPA, Professional Corporation, in accordance with Canadian public sector accounting standards (PSAS).



Mr. Craig Scott, Mayor



Ms. Ann Picco, Town Clerk

Torbay, NL
February 29, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of Town of Torbay

Opinion

I have audited the consolidated financial statements of Town of Torbay (the Town), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2022, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Town in accordance with ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Matter

The consolidated financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 20, 2023.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Clarenville, Newfoundland and Labrador
February 29, 2024

Chartered Professional Accountant
Richard K Power, FCPA, Professional Corporation



TOWN OF TORBAY
Consolidated Statement of Financial Position
December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and temporary investments (Note 5)	\$ 3,860,003	\$ 3,428,251
Taxes receivable (Note 6)	734,382	986,256
Other receivables (Note 7)	1,150,922	1,815,174
Guaranteed investment certificates (Note 8)	2,255,259	339,308
	8,000,566	6,568,989
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	1,564,696	1,056,459
Employee benefits liability (Note 11)	466,343	429,539
Deposits received (Note 12)	642,860	491,088
Long term debt (Note 13)	7,837,185	6,067,185
Obligations under capital lease (Note 14)	182,519	374,100
	10,693,603	8,418,371
NET FINANCIAL DEBT	(2,693,037)	(1,849,382)
NON-FINANCIAL ASSETS		
Inventories for use	153,240	158,219
Prepaid expenses	25,062	11,161
Tangible capital assets (Schedule 4)	39,650,231	38,989,812
	39,828,533	39,159,192
ACCUMULATED SURPLUS	\$ 37,135,496	\$ 37,309,810

ON BEHALF OF THE COUNCIL


 _____ Mayor


 _____ Town Clerk

TOWN OF TORBAY

**Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2022**

	Budget (Schedule 4)	2022	2021
REVENUES (Schedule 1)			
Taxation	\$ 8,295,419	\$ 8,284,283	\$ 8,121,285
Sales of good and services	288,555	260,653	255,432
Grants and transfers	6,908,213	1,699,890	1,535,952
Investment income	13,000	69,981	9,971
Other revenue	1,256,533	672,521	612,499
Transfer from (to) reserves	(6,780,301)	-	-
	9,981,419	10,987,328	10,535,139
EXPENSES (Schedule 2)			
General government services	1,994,721	1,975,380	2,144,073
Protective services	770,962	599,710	723,133
Transportation	2,203,355	3,372,841	3,160,361
Environmental health	1,237,511	1,174,918	1,157,558
Regional planning and development	625,798	620,151	603,154
Recreation and cultural services	2,830,330	2,811,360	2,294,816
Fiscal services	318,742	607,282	71,988
	9,981,419	11,161,642	10,155,083
ANNUAL SURPLUS (DEFICIT)	-	(174,314)	380,056
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	37,309,810	36,929,754
ACCUMULATED SURPLUS - END OF YEAR	\$ -	\$ 37,135,496	\$ 37,309,810

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY**Consolidated Statement of Changes in Net Financial Debt
Year Ended December 31, 2022**

	2022	2022	2021
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ (174,314)	\$ 380,056
Amortization of tangible capital assets	2,640,004	2,640,004	2,585,028
Purchase of tangible capital assets	(3,872,186)	(3,300,422)	(3,040,855)
Increase in prepaid expenses	(13,901)	(13,901)	(11,161)
Decrease in inventory	4,978	4,979	1,350
Rounding	-	(1)	(1)
	(1,241,105)	(669,341)	(465,639)
DECREASE IN NET FINANCIAL ASSETS	(1,241,105)	(843,655)	(85,583)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(1,849,381)	(1,849,382)	(1,763,799)
NET FINANCIAL DEBT - END OF YEAR	\$ (3,090,486)	\$ (2,693,037)	\$ (1,849,382)

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY
Consolidated Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (174,314)	\$ 380,056
Item not affecting cash:		
Amortization of tangible capital assets	2,640,004	2,585,028
	2,465,690	2,965,084
Changes in non-cash working capital:		
Taxes receivable	251,874	(268,673)
Other receivables	664,252	(175,568)
Inventory	4,979	1,350
Accounts payable and accrued liabilities	508,236	(8,800)
Prepaid expenses	(13,901)	(11,161)
Employee benefits liability	36,804	169,146
Deposits received	151,772	(228,940)
	1,604,016	(522,646)
Cash flow from operating activities	4,069,706	2,442,438
INVESTING ACTIVITY		
Proceeds from the sale of portfolio investments	339,308	149,762
Purchase of portfolio investments	(2,255,259)	(2,190)
Cash flow from (used by) investing activity	(1,915,951)	147,572
FINANCING ACTIVITIES		
Proceeds from long term financing	3,366,175	528,724
Repayment of long term debt	(1,596,175)	(839,459)
Repayment of obligations under capital lease	(191,581)	(201,736)
Cash flow from (used by) financing activities	1,578,419	(512,471)
CAPITAL ACTIVITY		
Purchase of tangible capital assets	(3,300,422)	(3,040,855)
INCREASE (DECREASE) IN CASH FLOW	431,752	(963,316)
Cash - beginning of year	3,428,251	4,391,567
CASH - END OF YEAR	\$ 3,860,003	\$ 3,428,251

The accompanying notes are an integral part of these financial statements

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TOWN OF TORBAY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

1. Nature of operations

The incorporated Town of Torbay ("The Town") is a municipal government that was incorporated pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Municipality provides or funds municipal services such as public works, sanitation and waste removal, street lighting, fire protection, parks and recreation, and other general government operations.

2. Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements include the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity is comprised of all organizations, agencies, local boards, and committees of the Council which are controlled by the Town, including the Torbay Volunteer Fire Department. Inter-entity balances and transactions have been eliminated.

The Town has an agreement in place requiring the Northeast Avalon Arena Regional Board Inc. ("NEAA"), a government not-for-profit organization, to be accounted for on a proportionate consolidation basis whereby the Town's pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-organization balances and transactions have been eliminated. The Town consolidates the Arena at a rate of 56% based on the Town's original contribution to the Arena construction.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

Cash and temporary investments

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

Investments

Guaranteed investment certificates are accounted for at cost.

Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the municipality is the transferor, the government transfers are recognized as an expense in the statement of operations when they are authorized and all eligibility criteria have been met by the recipient.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

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TOWN OF TORBAY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Capital Assets

Land	Indefinite
Land improvements	25 to 40 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Term of lease
Vehicles and equipment	
Vehicles	5 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer hardware and software	4 years
Torbay Volunteer Fire Department	5 to 15 years
North East Avalon Arena (Jack Byrne Arena)	20 to 40 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years
Bridges	30 to 50 years
Traffic lights and equipment	10 to 15 years
Marine structures	25 years
Water and sewer	
Land	Indefinite
Land improvements	50 years
Buildings	25 to 40 years
Underground networks	15 to 100 years
Machinery and equipment	15 years
Dams and other surface water structures	25 to 50 years

Inventory

Inventory held for consumption consists of fuel, sand and salt, and is recorded at the lower of cost and net realizable value. Cost of fuel is determined on an average cost basis. Cost of sand and salt is based on invoiced prices.

Leases

Leases are classified as either capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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TOWN OF TORBAY

Notes to Consolidated Financial Statements

Year Ended December 31, 2022

2. Summary of significant accounting policies (*continued*)

Retirement benefits and other post-employment benefit plans

The Town provides pension, health and dental, and non-vesting sick leave. Select employees are eligible for severance pay. The Town has adopted the following policies with respect to accounting for these employee benefits:

- i) The Town participates in a multi-employer defined benefit pension plan, however, sufficient information is not available to use defined benefit accounting. Therefore, the organization accounts for the plan as if it were a defined contribution plan. As such, no pension liability is included in the organization's financial statements and contributions are recognized as an expense in the year to which they relate. All full-time employees are eligible to participate in the plan. Contributions are a defined amount based upon a set percentage of salary.
- ii) The cost of unused vacation and non-vesting sick leave entitlements are accrued in full when owed, and are determined using employees' current salaries and days of accumulated sick leave.
- iii) The Town accounts for severance pay for eligible staff on an accrual basis and the amount is calculated based upon years of service and the staff's current wage. The amount is payable when the employee ceases employment with the Town.

Revenue recognition policy

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Other revenue mainly consists of Arena revenues which are recognized when significant risks and rewards of ownership have been transferred and there are no significant obligations remaining, sales price is fixed and determinable, persuasive evidence of an arrangement exists and collection is reasonably assured. This usually coincides with the provision of the goods and services.

Use of estimates

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Significant estimates include the collectability of taxes and fees receivable, useful lives of tangible capital assets, and the employee benefits liability obligation.

3. The manner in which the accounts have been kept and the safeguards against fraud

The Town's position in these respects was considered satisfactory for an entity of its size. Our auditors design and perform audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, as a result of their audit, no significant deficiencies in internal control were reported to the Town that would indicate that the entity's controls were not effective for the purposes of their audit.

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TOWN OF TORBAY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

4. Sufficiency of bonds

As required by Section 71 of the Municipalities Act, 1999, I report that all employees collecting, receiving and depositing cash are bonded. The policy details specific types of coverage up to \$50,000. In my opinion, this coverage is adequate.

5. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2022	2021
Operating	\$ 2,412,461	\$ 461,202
Capital campaign	89,921	89,921
Planning and development deposits	275,323	346,945
Torbay Volunteer Fire Department	21,332	25,831
Federal gas tax	526,324	84,531
High interest savings account	353,281	2,252,580
NEAA cash consolidated	100,893	91,378
Cash to be deposited	4,388	250
90 day GIC 40, bearing interest at 2.50% (0.15%) per annum	76,080	75,613
	\$ 3,860,003	\$ 3,428,251

6. Taxes receivable

	2022	2021
Property tax	\$ 1,033,512	\$ 1,022,701
Business tax	99,832	542,140
Water and sewer tax	52,779	47,470
	1,186,123	1,612,311
Less: allowance for doubtful amounts	(451,741)	(626,055)
	\$ 734,382	\$ 986,256

7. Other receivables

	2022	2021
HST rebates receivable	\$ 305,153	\$ 319,816
Interest receivable	235,822	725,165
NEAA receivables consolidated	47,264	50,420
Grants receivable	500,616	624,675
Other receivables	62,067	95,098
	\$ 1,150,922	\$ 1,815,174

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TOWN OF TORBAY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

8. Guaranteed investment certificates

	2022	2021
1 year GIC 41, bearing interest at 2.75% per annum	\$ 1,000,000	\$ -
1 year GIC 42, bearing interest at 2.75% per annum	1,000,000	-
1 year GIC 43, bearing interest at 2.75% per annum	255,259	-
1 year GIC 27, bearing interest at 0.40% per annum	-	307,349
1 year GIC 21, bearing interest at 0.75% per annum	-	31,959
	\$ 2,255,259	\$ 339,308

9. Bank indebtedness

The Town has an operating line of credit with Royal Bank of Canada with a \$1,000,000 limit (2021 - \$1,000,000), bearing interest at prime. The loan is secured by a General Security Agreement providing first charge over all assets of the Town. At year end, the balance was \$nil (2021-\$nil).

10. Accounts payable and accrued liabilities

	2022	2021
Accounts payable	\$ 842,096	\$ 230,617
Accrued liabilities	562,707	683,228
NEAA payables consolidated	159,893	142,614
	\$ 1,564,696	\$ 1,056,459

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TOWN OF TORBAY**Notes to Consolidated Financial Statements****Year Ended December 31, 2022****11. Employee benefits liability**

When the Town joined the TRIO Benefits pension plan in 2014, the Town committed to paying 20 weeks severance to recognize long-service employees.

Employees are permitted to accumulated unused sick leave and vacation entitlements.

	2022	2021
Accrued severance benefit	\$ 24,761	\$ 24,760
Accrued sick leave benefit	270,154	219,532
Accrued vacation benefit	66,841	75,813
Accrued pension liability	104,587	109,434
	\$ 466,343	\$ 429,539

TRIO Pension Plan

All qualified permanent employees are covered by TRIO Pension Plan, a multi-employer pension plan administered by Newfoundland & Labrador Municipal Employee Benefits Inc. Contributions to the plan are required by the employees and the Town at the rate of 6.75% of regular pay. The annual contributions are recognized in the consolidated financial statements on an accrual basis.

During the year, employees and the Town both contributed \$103,086 (2021 - \$130,569) for a total of \$206,172 (2021 - \$261,138).

The Town is responsible for making contributions to the plan sufficient to fund 50% of the Town's portion of any solvency deficiency as determined by an actuary. In 2022 the Town made solvency contributions totaling \$10,680 (2021 - \$10,680).

The most recent actuarial valuation filed with the pension regulators was completed for December 31, 2020 and indicated the plan had a going concern excess of \$8,047,000 and solvency deficit of \$97,870,000. The plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan.

12. Deposits received

Deposits received relates to monies received in advance with respect to taxation, planning and development.

13. Long term debt

	2022	2021
Royal Bank of Canada loan bearing interest at 3.95% per annum, repayable in monthly blended payments of \$21,135. The loan matures on July 31, 2033.	\$ 2,190,435	\$ 2,354,007
Royal Bank of Canada loan bearing interest at 4.03% per annum, repayable in monthly blended payments of \$9,944. The loan matures on June 30, 2033.	1,020,536	1,097,083

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TOWN OF TORBAY**Notes to Consolidated Financial Statements****Year Ended December 31, 2022****13. Long term debt (continued)**

	2022	2021
Royal Bank of Canada loan bearing interest at 4.96% per annum, repayable in monthly principal payments of \$6,875 plus interest. The loan matures on June 30, 2027.	608,079	-
NLCU loan bearing interest at 5.5% per annum, repayable in monthly blended payments of \$5,735. The loan matures on November 21, 2032.	525,162	-
Royal Bank of Canada loan bearing interest at 5.63% per annum, repayable in monthly principal payments of \$4,912 plus interest. The loan matures on October 3, 2027.	440,176	-
TD Equipment Finance Canada loan bearing interest at 1.76% per annum, repayable in monthly blended payments of \$4,808. The loan matures on February 28, 2026 and is secured by asset with a net book value of \$461,835.	434,456	484,036
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of \$2,950. The loan matures on February 26, 2037.	431,955	-
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of \$2,943. The loan matures on February 26, 2037.	431,002	-
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of \$2,818. The loan matures on February 26, 2037.	412,633	-
Royal Bank of Canada loan bearing interest at 2.05% per annum, repayable in monthly principal payments of \$8,386 plus interest. The loan matures on May 31, 2026.	318,343	424,415
Royal Bank of Canada loan bearing interest at 1.94% per annum, repayable in monthly blended payments of \$6,164. The loan matures on December 31, 2025.	215,102	284,165
Royal Bank of Canada loan bearing interest at 1.94% per annum, repayable in monthly blended payments of \$5,892. The loan matures on December 31, 2025.	205,612	271,629
Royal Bank of Canada loan bearing interest at 5.67% per annum, repayable in monthly principal payments of \$3,836 plus interest. The loan matures on October 3, 2027.	197,829	-
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of \$1,795. The loan matures on February 26, 2032.	179,056	-
Royal Bank of Canada loan bearing interest at 3.18% per annum, repayable in monthly blended payments of \$7,860. The loan matures on July 31, 2024.	145,435	233,607

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TOWN OF TORBAY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

13. Long term debt (continued)

	2022	2021
Royal Bank of Canada loan bearing interest at 4.38% per annum, repayable in monthly blended payments of \$3,802. The loan matures on October 21, 2023.	37,250	80,215
Royal Bank of Canada loan bearing interest at 3.85% per annum, repayable in monthly blended payments of \$3,759. The loan matures on June 30, 2023.	22,290	65,636
Royal Bank of Canada loan bearing interest at 3.38% per annum, repayable in monthly blended payments of \$760. The loan matures on June 30, 2025.	21,834	30,066
Royal Bank of Canada loan repaid during the year.	-	366,254
Royal Bank of Canada loan repaid during the year.	-	310,955
Royal Bank of Canada loan repaid during the year.	-	42,094
Royal Bank of Canada loan repaid during the year.	-	11,022
Ford Credit Canada loan repaid during the year.	-	6,893
Ford Credit Canada loan repaid during the year.	-	5,108
	\$ 7,837,185	\$ 6,067,185

Principal repayment terms are approximately:

2023	\$ 1,021,904
2024	944,155
2025	903,593
2026	688,954
2027	657,476
Thereafter	3,621,103
	\$ 7,837,185

14. Obligations under capital lease

	2022	2021
Caterpillar Financial Services Limited lease bearing interest at 8.77% per annum, repayable in monthly blended payments of \$7,404. The lease matures on December 31, 2024 and is secured by first charge over the specific leased asset and the general security agreement with the entity.	\$ 163,013	\$ 242,769

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TOWN OF TORBAY**Notes to Consolidated Financial Statements****Year Ended December 31, 2022****14. Obligations under capital lease (continued)**

	2022	2021
Royal Bank of Canada lease bearing interest at 8.77% per annum, repayable in monthly blended payments of \$5,111. The lease matures on January 31, 2023 and is secured by first charge over the specific leased asset and the general security agreement with the bank.	15,167	74,597
Royal Bank of Canada lease bearing interest at 3.45% per annum, repayable in monthly blended payments of \$4,470. The lease matures on November 30, 2023 and is secured by first charge over the specific leased asset and the general security agreement with the bank.	4,339	56,734
	\$ 182,519	\$ 374,100

Future minimum capital lease payments are approximately:

2023	\$ 102,843
2024	79,676
Total minimum lease payments	<u>\$ 182,519</u>

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TOWN OF TORBAY
Notes to Consolidated Financial Statements
Year Ended December 31, 2022

15. Segmented information

The Town is a diversified municipal institution that provides a wide range of services to its citizens. The nature of the segments and the activities they encompass are as follows:

General government

This segment includes all revenues and expenses related to administrative departments and activities as well as the general operations of the Town itself.

Protective services

This segment includes all revenues and expenses related to the policing, fire and emergency services provided by the Town.

Transportation services

This segment includes all revenues and expenses for all road maintenance and administration which includes sidewalks, traffic signals and systems, and street lighting.

Environment health services

This segment includes all revenues and expenses relating to the maintenance and operation of the water and sewer facilities and waste management facilities while ensuring that these systems meet all provincial standards.

Regional planning and development

This segment includes all revenues and expenses relating to planning, community development and tourism.

Recreation and cultural services

This segment includes all revenues and expenses relating to recreation facilities, parks maintenance and related administration revenues and expenses.

Fiscal services

This segment includes all expenses relating to uncollectible amounts and long-term debt interest.

16. Budget

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every council must adopt a financial plan for each fiscal period in a form approved by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB. For comparative purposes, the Town has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by Council.

The reconciliation between the Town's cash based financial plan and the PSAB accrual based budget figures used in these statements is disclosed in Schedule 4 - Reconciliation of the Financial Plan to the Budget.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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TOWN OF TORBAY
Consolidated Schedule of Revenues (Schedule 1)
Year Ended December 31, 2022

	2022	2021
Taxation		
Property tax	\$ 7,168,267	\$ 7,014,096
Utility tax	369,601	360,648
Business tax	352,684	352,924
Water and sewer tax	389,366	390,244
Other municipal taxes levied	4,365	3,373
	8,284,283	8,121,285
Sales of Goods and Services		
Recreation and cultural services	134,319	63,333
Fire protection services	92,982	110,155
Animal control services	1,616	42,138
Other sales and services	31,736	39,806
	260,653	255,432
Grants and Transfers		
<i>Government of Canada</i>		
Other federal revenue	132,905	151,890
<i>Government of Newfoundland and Labrador</i>		
Municipal operating grants	223,493	223,493
Municipal capital grant	719,068	568,873
Gas tax revenue	431,765	354,916
Provincial gas tax	69,787	69,787
Other provincial grants	122,872	166,993
	1,699,890	1,535,952
Investment Income		
Interest from investments	69,981	9,971
Other Income		
Loss on sale of tangible capital assets	3,002	-
Other revenue from own services	190,716	224,987
NEAA revenues consolidated	478,803	387,512
	672,521	612,499
Total Revenues	\$ 10,987,328	\$ 10,535,139

The accompanying notes are an integral part of these financial statements

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TOWN OF TORBAY
Consolidated Schedule of Expenses (Schedule 2)
Year Ended December 31, 2022

	2022	2021
General Government Services		
Council	\$ 219,313	\$ 242,291
Public relations	117,856	63,520
General administration	313,718	1,052,859
Amortization administration	144,897	146,273
Property assessment services	102,555	101,929
Corporate services	850,410	459,495
Human resources	226,631	77,706
	1,975,380	2,144,073
Protective Services		
Fire protection	398,085	419,865
Amortization protective services	125,579	95,896
Animal control	(1,622)	62,623
Emergency preparedness and response	22,053	20,192
Municipal enforcement	55,615	124,557
	599,710	723,133
Transportation		
Public works administration	463,011	329,068
Vehicle and fleet maintenance	402,882	281,970
Snow clearing	356,342	323,081
Road transport	640,895	663,224
Amortization transportation	1,273,971	1,323,545
Street lighting	214,311	215,256
Other transportation services	21,429	24,217
	3,372,841	3,160,361
Environmental Health		
Water supply	327,140	323,453
Amortization environmental health	300,859	281,543
Sewage collection and disposal	33,576	31,121
Garbage/waste collection and disposal	513,343	521,441
	1,174,918	1,157,558

(continues)

TOWN OF TORBAY**Consolidated Schedule of Expenses (continued)****(Schedule 2)****Year Ended December 31, 2022**

Regional Planning and Development		
Planning and zoning	369,788	402,170
Amortization planning and zoning	8,286	-
Economic development and tourism	137,313	99,231
Tourism and marketing	104,764	101,753
	620,151	603,154
Recreational and Cultural Services		
Recreation administration	304,828	199,750
Amortization recreation	774,357	725,480
Recreation facilities	292,908	258,721
Community centre	411,341	361,875
Cultural facilities	247,120	56,229
Recreation and cultural programs	286,721	217,723
Library	20,500	19,800
Jack Byrne Arena	461,532	406,613
Jack Byrne Arena amortization	12,054	48,625
	2,811,360	2,294,816
Fiscal Services		
Debt charges from all sources	244,744	279,620
Bank charges and other fiscal services	20,124	17,253
Early payment discounts	342,414	(224,885)
	607,282	71,988
Total Expenses	\$ 11,161,642	\$ 10,155,083

The accompanying notes are an integral part of these financial statements

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TOWN OF TORBAY

Consolidated Schedule of Tangible Capital Assets (Schedule 3)

Year Ended December 31, 2022

	General Capital Assets						Infrastructure		Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Torbay Volunteer Department	North East Avalon Arena (Jack Byrne Arena)	Assets Under Construction	Transportation	Water and Sewer	2021
Cost										
Opening costs	\$ 3,662,562	\$ 17,325,449	\$ 3,969,532	\$ 340,664	\$ 1,674,671	\$ 8,390,046	\$ 2,204,254	\$ 20,398,773	\$ 10,198,790	\$ 65,123,886
Additions during the year	298,598	1,325,457	631,069	30,170	596,731	23,170	1,499,958	1,215,516	594,736	3,040,855
Disposals and write downs	-	-	-	-	13,557	-	2,914,982	-	-	2,928,539
Closing Costs	\$ 3,961,159	\$ 18,650,906	\$ 4,600,601	\$ 370,834	\$ 2,257,945	\$ 8,413,216	\$ 789,230	\$ 21,614,289	\$ 10,793,526	\$ 68,164,741
Accumulated amortization										
Opening accumulated amortization	\$ 843,528	\$ 2,502,424	\$ 2,293,950	\$ 259,888	\$ 966,580	\$ 3,668,191	\$ -	\$ 12,382,296	\$ 6,258,072	\$ 26,589,901
Amortization	157,556	442,446	400,190	56,712	123,970	248,777	-	908,440	302,013	2,585,028
Disposals and write downs	-	-	-	-	13,557	-	-	-	-	13,557
Closing accumulated amortization	\$ 1,001,084	\$ 2,944,870	\$ 2,694,140	\$ 316,600	\$ 1,076,993	\$ 3,916,968	\$ -	\$ 13,290,736	\$ 6,560,084	\$ 29,174,929
Net book value of tangible capital assets	\$ 2,960,075	\$ 15,706,036	\$ 1,906,461	\$ 54,234	\$ 1,180,952	\$ 4,496,248	\$ 789,230	\$ 8,323,554	\$ 4,233,442	\$ 38,989,812

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY
Consolidated Reconciliation of the Financial Plan to Budget (Schedule 4)
Year Ended December 31, 2022

	Financial Plan	Amortization (TCA)	Interest Expense	Consolidated Entities	Transfers	PSAB Budget
Revenues						
Taxation	8,295,419	-				8,295,419
Sale of goods and services	288,555					288,555
Grants and transfers	6,908,213					6,908,213
Investments	13,000					13,000
Other revenue	777,730			478,803		1,256,533
Transfers from (to) reserves					(6,780,301)	(6,780,301)
Total Revenues	16,282,917					9,981,419
Expenses						
General government services	1,849,824	144,897				1,994,721
Protective services	645,383	125,579				770,962
Transportation services	1,989,044	214,311				2,203,355
Environmental health services	936,652	300,859				1,237,511
Regional planning and development	617,512	8,286				625,798
Recreation and cultural Services	1,578,407	786,411	-	465,512	-	2,830,330
Fiscal services						
Capital expenditures	6,956,565				(6,956,565)	-
Debt charges	1,635,530		(1,390,788)			244,742
Other	74,000					74,000
Total Expenses	16,282,917	1,580,343	(1,390,788)	465,512	(6,956,565)	9,981,419
Surplus (deficit)	-	(1,580,343)	1,390,788	(465,512)	6,956,565	-

The accompanying notes are an integral part of these financial statements