

TOWN OF TORBAY

**Consolidated Financial Statements
For the Year Ended December 31, 2021**

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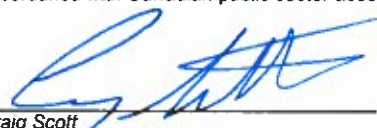
STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the Town of Torbay (the "Town") and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to the submission to Council, the Town's Finance Committee and its external auditors to review a draft of the consolidated financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized consolidated financial statements.


BDO Canada LLP, as the Town's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Town in accordance with Canadian public sector accounting standards.



Craig Scott
Mayor



Date



N. Dawn Chaplin
Town Clerk, Chief Administration Officer



Date

Independent Auditor's Report

To the Mayor and Council of Town of Torbay

Opinion

We have audited the consolidated financial statements of Town of Torbay (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, changes in net assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2021, and the results of its consolidated operations, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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 Canadian public sector accounting standards, 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.

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

St. John's, Newfoundland and Labrador
February 20, 2023

TOWN OF TORBAY
Consolidated Financial Statements
For the Year Ended December 31, 2021

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TOWN OF TORBAY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	<u>2021</u>	<u>2020</u>
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 3,352,638	\$ 4,391,564
Taxes receivable (Note 6)	1,711,420	1,438,226
Other receivables (Note 7)	1,090,009	918,963
Guaranteed investment certificates (Note 8)	<u>414,921</u>	<u>486,880</u>
Total Financial Assets	<u>\$ 6,568,988</u>	<u>\$ 7,235,633</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	1,547,546	1,785,285
Employee benefits liability (Note 11)	429,539	260,393
Long-term debt (Note 12)	6,067,185	6,377,920
Obligations under capital leases (Note 13)	<u>374,101</u>	<u>575,837</u>
Total Liabilities	<u>\$ 8,418,371</u>	<u>\$ 8,999,435</u>
NET DEBT	<u>\$ (1,849,383)</u>	<u>\$ (1,763,802)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 38,989,422	\$ 38,533,988
Inventories for use (Note 14)	150,000	150,000
Other	<u>19,380</u>	<u>9,569</u>
Total Non-Financial Assets	<u>\$ 39,158,802</u>	<u>\$ 38,693,557</u>
ACCUMULATED SURPLUS	<u>\$ 37,309,419</u>	<u>\$ 36,929,755</u>

Approved on behalf of Council:


 Mayor


 Town Clerk

The accompanying notes are an integral part of this consolidated financial statements

TOWN OF TORBAY
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2021

	2021 Budget (Note 16)	2021 Actual	2020 Actual (Note 18)
REVENUE			
Taxation	\$ 8,067,625	\$ 8,335,519	\$ 8,472,648
Sales of goods and services	226,855	298,330	326,111
Grants and transfers	5,157,291	1,415,675	1,457,802
Investment income	25,000	9,971	24,368
Other revenue	552,892	521,123	461,130
Total revenue (Schedules 2, 4 and 5)	<u>\$ 14,029,663</u>	<u>\$ 10,580,618</u>	<u>\$ 10,742,059</u>
EXPENSES			
General government services	\$ 2,721,342	\$ 1,985,728	\$ 1,456,138
Protective services	730,858	700,734	694,866
Transportation services	1,487,543	1,746,444	1,649,501
Environmental health services	925,446	876,927	869,984
Regional planning and development	618,666	574,854	527,242
Recreation and cultural services	1,471,026	1,637,409	1,379,963
Fiscal services	3,662,754	2,678,858	2,662,000
Total expenses (Schedules 3, 4 and 5)	<u>\$ 11,617,635</u>	<u>\$ 10,200,954</u>	<u>\$ 9,239,694</u>
ANNUAL SURPLUS	<u>\$ 2,412,028</u>	<u>\$ 379,664</u>	<u>\$ 1,502,365</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>36,929,755</u>	<u>36,929,755</u>	<u>35,427,390</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 39,341,783</u>	<u>\$ 37,309,419</u>	<u>\$ 36,929,755</u>

The accompanying notes are an integral part of this consolidated financial statements

TOWN OF TORBAY
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
Year Ended December 31, 2021

	2021 Budget (Note 16)	2021 Actual	2020 Actual
ANNUAL SURPLUS	\$ 2,412,028	\$ 379,664	\$ 1,502,365
Acquisition of tangible capital assets	\$ (4,946,444)	\$ (3,040,855)	\$ (1,719,047)
Amortization of tangible capital assets	2,585,421	2,585,421	2,592,585
Loss on disposal of tangible capital assets	-	-	23,931
Proceeds on sale of tangible capital assets	-	-	45,000
HST refund applied to tangible capital assets	-	-	378,718
Decrease in inventories	-	-	3,249
Decrease in other assets	-	(9,811)	925
	<u>\$ (2,361,023)</u>	<u>\$ (465,245)</u>	<u>\$ 1,325,361</u>
CHANGE IN NET FINANCIAL DEBT	\$ 51,005	\$ (85,581)	\$ 2,827,726
NET DEBT, BEGINNING OF YEAR	<u>(1,763,802)</u>	<u>(1,763,802)</u>	<u>(4,591,528)</u>
NET DEBT, END OF YEAR	<u><u>\$ (1,712,797)</u></u>	<u><u>\$ (1,849,383)</u></u>	<u><u>\$ (1,763,802)</u></u>

The accompanying notes are an integral part of this consolidated financial statements

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TOWN OF TORBAY
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 379,664	\$ 1,502,365
Loss on disposal of tangible capital assets	-	23,931
Amortization	2,585,421	2,592,586
Changes in non-cash items:		
Taxes receivable	(273,194)	(530,853)
Other receivables	(171,046)	(307,098)
Inventories	-	3,249
Other assets	(9,811)	925
Accounts payable and accrued liabilities	(237,739)	91,957
Employee benefits liability	169,146	(125,314)
Cash provided by operating transactions	<u>\$ 2,442,441</u>	<u>\$ 3,251,748</u>
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets	-	\$ 45,000
HST refund applied to tangible capital assets	-	378,718
Cash used to acquire tangible capital assets	(3,040,855)	(1,719,047)
Cash applied to capital transactions	<u>\$ (3,040,855)</u>	<u>\$ (1,295,329)</u>
INVESTING TRANSACTIONS		
Proceeds on sale of portfolio investments	\$ 74,149	\$ 62,621
Purchase of portfolio investments	(2,190)	(2,912)
Cash provided by investing transactions	<u>\$ 71,959</u>	<u>\$ 59,709</u>
FINANCING TRANSACTIONS		
Proceeds of long-term debt	528,724	41,904
Debt repayment	(839,459)	(826,601)
Repayment of obligation under capital lease	(201,736)	(233,670)
Cash applied to financing transactions	<u>\$ (512,471)</u>	<u>\$ (1,018,367)</u>
Increase (decrease) in cash & cash equivalents	<u>\$ (1,038,926)</u>	<u>\$ 997,761</u>
Cash and cash equivalents, beginning of the year	<u>4,391,564</u>	<u>3,393,803</u>
Cash and cash equivalents, end of the year	<u>\$ 3,352,638</u>	<u>\$ 4,391,564</u>

The accompanying notes are an integral part of this consolidated financial statements

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TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

1. Status of the Town of Torbay

The Town of Torbay (the "Town") is a municipal government that was incorporated in 1972 pursuant to the Province of Newfoundland and Labrador's *Municipalities Act, 1999*. The Town provides or funds municipal services such as fire, public works, parks and recreation, library, tourism and other general government operations.

2. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) 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.

b) Basis of Accounting

The consolidated 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.

c) Cash and cash equivalents

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

d) Investments

Guaranteed investment certificates are accounted for at cost.

e) 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.

f) 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.

TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

g) 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	10 to 50 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

h) Inventories

Inventory held for consumption consists of fuel and 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.

i) 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.

j) Severance Pay

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.

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TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

k) 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.

l) Revenue Recognition

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 uncollectable 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.

m) 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.

4. Sufficiency of Bonds

Fidelity bond coverage of \$50,000 is carried on employees in a position of trust and the Town's position is that the coverage is considered to be adequate.

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TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

5. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2021	2020
Operating	\$ 461,452	\$ 631,088
Capital Campaign	89,921	89,921
Planning and Development Deposits	346,945	543,480
Torbay Volunteer Fire Department	25,831	20,431
Federal Gas Tax	84,531	737,922
Multi-Year Capital Works	-	115,000
High Interest Savings Account	2,252,580	2,190,646
NEAA cash consolidated	91,378	63,076
	<u>\$ 3,352,638</u>	<u>\$ 4,391,564</u>

6. Taxes Receivable

	2021	2020
Property tax	\$ 1,022,700	\$ 934,099
Business tax	542,140	594,017
Water and sewer	47,470	45,990
Interest	725,165	720,643
	<u>\$ 2,337,475</u>	<u>\$ 2,294,749</u>
Less: Allowances for doubtful amounts	626,055	856,523
	<u>\$ 1,711,420</u>	<u>\$ 1,438,226</u>

7. Other Receivables

	2021	2020
HST rebate	\$ 319,816	\$ 575,085
Other amounts receivable		
Federal government	288,097	116,473
Provincial government	111,746	64,458
Other	319,930	82,168
NEAA receivables consolidated	50,420	80,779
	<u>\$ 1,090,009</u>	<u>\$ 918,963</u>

8. Guaranteed investment certificates

	2021	2020
1 year GIC 27, bearing interest at 0.40% (0.50%) per annum	\$ 307,349	\$ 306,124
90 day GIC 40, bearing interest at 0.15% (0.35%) per annum	75,613	75,501
1 year GIC 21, bearing interest at 0.75% (0.50%) per annum	31,959	31,719
1 year GIC 37, bearing interest at 1.45% (1.65%) per annum	-	26,001
1 year GIC 29, bearing interest at 0.50% (0.50%) per annum	-	20,521
1 year GIC 39, bearing interest at 0.50% (0.50%) per annum	-	12,928
1 year GIC 30, bearing interest at 0.50% (0.50%) per annum	-	8,531
1 year GIC 38, bearing interest at 0.50% (0.50%) per annum	-	5,555
	<u>\$ 414,921</u>	<u>\$ 486,880</u>

9. Bank Indebtedness

The Town has an operating line of credit with Royal Bank of Canada with a \$1,000,000 limit (2020-\$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 (2020-\$nil).

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TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

10. Accounts Payable and Accrued Liabilities

	2021	2020
Accounts payable	\$ 234,677	\$ 869,651
Accrued expenses	683,228	69,187
Credit customer accounts	134,432	161,552
Planning and Development deposits	352,595	557,975
NEAA payables consolidated	142,614	126,920
	<u>\$ 1,547,546</u>	<u>\$ 1,785,285</u>

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 accumulate unused sick leave and vacation entitlements.

	2021	2020
Accrued severance benefit	\$ 24,760	\$ 74,525
Accrued sick leave benefit	219,532	101,485
Accrued vacation benefit	75,813	84,383
Accrued pension liability	109,434	-
	<u>\$ 429,539</u>	<u>\$ 260,393</u>

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 \$130,569 (2020-\$130,569) for total of \$261,138 (2020-\$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 2021 the Town made solvency contributions totalling \$10,680 (2020-\$10,680).

The most recent actuarial valuation filed with 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.

TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

12. Long Term Debt

	<u>2021</u>	<u>2020</u>
Royal Bank of Canada term loan bearing interest at 3.95% per annum, repayable in blended monthly payments of \$21,135, and matures July 2033.	\$ 2,354,007	\$ 2,512,431
Royal Bank of Canada term loan bearing interest at 4.03% per annum, repayable in blended monthly payments of \$9,944, and matures June 2033.	1,097,083	1,169,538
TD Equipment Finance Canada term loan bearing interest at 1.76% per annum, repayable in blended monthly payments of \$4,808, and matures February 2026. Secured by asset with a net book value of \$461,835	484,036	-
Royal Bank of Canada term loan bearing interest at 3.00% per annum, repayable in blended monthly payments of \$8,588, and matures May 2021.	424,415	514,525
Royal Bank of Canada term loan bearing interest at 2.89% per annum, repayable in blended monthly payments of \$6,182, and matures April 2022.	366,254	428,944
Royal Bank of Canada term loan bearing interest at 1.94% per annum, repayable in blended monthly payments of \$6,164, and matures December 2025.	284,165	351,903
Royal Bank of Canada term loan bearing interest at 3.18% (2020: 3.14%) per annum, repayable in blended monthly payments of \$7,860, and matures July 2024.	233,607	319,098
Royal Bank of Canada term loan bearing interest at 1.94% per annum, repayable in blended monthly payments of \$5,892, and matures December 2025.	271,629	336,379
Royal Bank of Canada term loan bearing interest at 2.85% per annum, repayable in blended monthly payments of \$2,079, and matures May 2037.	310,955	326,861
Royal Bank of Canada term loan bearing interest at 4.38% per annum, repayable in blended monthly payments of \$3,802, and matures October 2023.	80,215	121,342
Royal Bank of Canada term loan bearing interest at 3.85% per annum, repayable in blended monthly payments of \$3,759, and matures June 2023.	65,636	107,305
Royal Bank of Canada term loan bearing interest at 3.70% (2020: 3.00%) per annum, repayable in principle plus interest payments of \$3,597, and matures Dec 2022.	42,094	85,258
Royal Bank of Canada loan bearing interest at 3.38% per annum, repayable in blended monthly payments of \$760, and matures June 2025.	30,066	38,024
Royal Bank of Canada loan bearing interest at 3.91% per annum, repayable in blended semi-annual payments of \$11,218, and matures June 2022.	11,022	32,415
Ford Credit Canada loan bearing interest at 6.69% (2020: 6.79%) per annum, repayable in blended monthly payments of \$902, and matures August 2022.	6,893	17,014
Ford Credit Canada loan bearing interest at 6.79% per annum, repayable in blended monthly payments of \$655, and matures August 2022.	5,108	12,350
Ford Credit Canada, repaid during the year.	-	4,533
	<u>\$ 6,067,185</u>	<u>\$ 6,377,920</u>

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TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

12. Long Term Debt Cont...

Principal payments required in each of the next five years are as follows:

2022	\$ 846,156
2023	\$ 774,919
2024	\$ 697,164
2025	\$ 656,535
2026	\$ 693,937
	<u>\$ 3,668,711</u>

13. Obligation Under Capital Leases

	<u>2021</u>	<u>2020</u>
Caterpillar Financial Services Limited lease for a medium wheel loader, with interest at the rate of 8.77%, maturing in December 2024, secured by first charge over the specific leased asset and the general security agreement with the entity.	\$ 242,769	\$ 312,101
Royal Bank of Canada lease for a tandem dump truck, with interest at the rate of 3.45%, maturing in November 2023, secured by first charge over the specific leased asset and the general security agreement with the bank.	74,598	120,896
Royal Bank of Canada lease for a truck, with interest at the rate of 8.77%, maturing in January 2023, secured by first charge over the specific leased asset and the general security agreement with the bank.	56,734	97,866
Royal Bank of Canada, repaid during the year.	-	44,974
	<u>\$ 374,101</u>	<u>\$ 575,837</u>

Future minimum lease payments under the capital lease are as follows:

2022	\$ 184,607
2023	89,176
2024	<u>72,473</u>
Total minimum lease payments	\$ 346,256
Less amount representing future interest	<u>27,845</u>
Balance of obligation	<u>\$ 374,101</u>

The cost of the equipment under capital lease is \$1,169,084 (2020 - \$1,169,084). Accumulated amortization is \$363,139 (2020 - \$254,969).

TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

14. Inventories

Inventories for use:	2021	2020
Winter salt and sand	\$ 144,300	\$ 144,300
Gasoline	2,400	2,400
Diesel Fuel	3,300	3,300
	<u>\$ 150,000</u>	<u>\$ 150,000</u>

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.

Environmental health services

This segment includes all revenues and expenses relating to the maintenance and operation of the water and sewer facilities and waste management services 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 recreational facilities, parks maintenance and related administration revenues and expenses.

Fiscal services

This segment includes all expenses relating to uncollectible amounts, long-term debt interest and amortization of tangible capital assets.

16. Budget

In accordance with the *Municipalities Act, 1999* every council must adopt a financial plan for each fiscal period in a form approved of 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 6 - Reconciliation of the Financial Plan to the Budget.

17. COVID-19

The COVID-19 pandemic has not had a major impact on the Town's operations as the Town continues to provide essential services in the normal course. Improvements to municipal infrastructure took place in the year and restrictions imposed on gatherings were lifted by the province. There has been no significant impact on tax arrears to date. However, there remains uncertainty regarding the full impact of COVID-19 on the Town should there be another wave resulting in a lockdown. Management continues to actively monitor the situation.

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TOWN OF TORBAY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2021

18. Comparative amounts

Comparative amounts in these consolidated financial statements have been reclassified to conform to the Municipal Budget Submission Form for the Calendar year 2021, submitted to the Department of Municipal Affairs and Environment on November 30th, 2020.

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TOWN OF TORBAY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2021

SCHEDULE 1

	General Capital Assets							Infrastructure		Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Torbay Volunteer Fire Department	North East Avalon Arena (Jack Byme Arena)	Assets Under Construction*	Transportation	Water and Sewer	2021	2020
Cost											
Opening costs	\$ 3,562,318	\$ 17,311,073	\$ 3,895,461	\$ 309,346	\$ 1,544,900	\$ 8,390,046	\$ 999,548	\$ 19,327,823	\$ 10,183,572	\$ 65,123,887	\$ 64,217,675
Additions during the year	108,546	14,377	84,751	32,338	129,771	-	1,604,706	1,071,150	15,218	3,040,855	1,719,047
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	(812,835)
Closing costs	\$ 3,670,864	\$ 17,325,450	\$ 3,980,212	\$ 341,682	\$ 1,674,671	\$ 8,390,046	\$ 2,204,254	\$ 20,398,773	\$ 10,198,790	\$ 68,164,742	\$ 65,123,887
Accumulated Amortization											
Opening accum'd amortization	\$ 694,524	\$ 2,080,996	\$ 1,882,544	\$ 198,993	\$ 871,538	\$ 3,419,178	\$ -	\$ 11,485,898	\$ 5,976,528	\$ 26,589,899	\$ 24,362,500
Amortization	148,973	421,428	410,067	61,959	95,041	249,013	-	916,397	281,543	2,585,421	2,592,586
Disposals and write downs	-	-	-	-	-	-	-	-	-	-	(365,187)
Closing accum'd amortization	\$ 844,497	\$ 2,502,424	\$ 2,292,611	\$ 260,952	\$ 966,579	\$ 3,668,191	\$ -	\$ 12,382,295	\$ 6,258,071	\$ 29,175,320	\$ 26,589,899
Net Book Value of Tangible Capital Assets	\$ 2,826,367	\$ 14,823,026	\$ 1,687,601	\$ 81,030	\$ 708,092	\$ 4,721,855	\$ 2,204,254	\$ 8,016,478	\$ 3,940,719	\$ 38,989,422	\$ 38,533,988

*History House acquisition and restoration.

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TOWN OF TORBAY
CONSOLIDATED SCHEDULE OF REVENUES
Year Ended December 31, 2021

SCHEDULE 2

	2021 Budget	2021 Actual	2020 Actual (Note 18)
Taxation			
Property tax	\$ 6,990,088	\$ 7,176,877	\$ 7,329,641
Business tax	338,540	347,930	337,264
Water and sewer tax	389,204	405,304	390,302
Utility tax	349,793	360,648	349,793
Other municipal taxes levied	-	5,582	5,063
Penalties and interest	-	39,178	60,585
	<u>\$ 8,067,625</u>	<u>\$ 8,335,519</u>	<u>8,472,648</u>
Sales of goods and services			
Recreation and cultural services	\$ 71,500	\$ 106,815	\$ 74,321
Fire protection service fees	110,155	116,566	123,800
Animal and pest control fees	100	42,138	35,392
Other sales of goods and services	45,100	32,811	92,598
	<u>\$ 226,855</u>	<u>\$ 298,330</u>	<u>\$ 326,111</u>
Grants and transfers			
Government of Canada			
Other federal revenue	\$ 354,916	\$ 354,916	\$ 165,169
Government of Newfoundland and Labrador			
Municipal Operating grant	223,493	223,493	223,493
Provincial Shared Gas Tax	22,437	22,437	69,787
Municipal capital grant	-	-	-
Gas tax revenue	69,787	69,787	512,738
Special assistance	-	-	-
Other provincial grants and/or subsidies	4,486,658	745,042	486,615
	<u>\$ 5,157,291</u>	<u>\$ 1,415,675</u>	<u>\$ 1,457,802</u>
Investment income			
Interest from Investments	\$ 25,000	\$ 9,971	\$ 24,368
Other revenue			
Loss on disposal of tangible capital assets	\$ -	\$ -	\$ (23,931)
Miscellaneous	165,380	133,611	141,412
NEAA revenues consolidated	-	387,512	343,649
	<u>\$ 165,380</u>	<u>\$ 521,123</u>	<u>\$ 461,130</u>
Total Revenue	<u>\$ 13,642,151</u>	<u>\$ 10,580,618</u>	<u>\$ 10,742,059</u>

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TOWN OF TORBAY
CONSOLIDATED SCHEDULE OF EXPENSES
Year Ended December 31, 2021

SCHEDULE 3

	<u>2021 Budget</u>	<u>2021 Actual</u>	<u>2020 Actual</u> (Note 18)
General government services			
Legislative	\$ 193,940	\$ 170,776	\$ 160,545
Common services	652,725	125,524	73,568
General administrative	1,498,404	1,587,690	1,120,290
Other general government services	166,759	101,738	101,735
	<u>\$ 2,511,828</u>	<u>\$ 1,985,728</u>	<u>\$ 1,456,138</u>
Protective services			
Fire	\$ 544,802	\$ 439,329	\$ 420,763
Emergency measures	20,000	56,526	84,450
Animal and pest control	61,251	62,623	57,400
Municipal enforcement	122,472	142,256	132,253
	<u>\$ 748,525</u>	<u>\$ 700,734</u>	<u>\$ 694,866</u>
Transportation services			
Road, street, sidewalk maintenance	\$ 637,177	\$ 803,065	\$ 667,962
Snow removal	283,643	314,490	305,870
Street lighting	225,258	215,256	212,155
Traffic services	-	23,238	25,785
Other transportation services	341,465	390,395	437,729
	<u>\$ 1,487,543</u>	<u>\$ 1,746,444</u>	<u>\$ 1,649,501</u>
Environmental health services			
Water supply	\$ 345,221	\$ 324,365	\$ 350,197
Sewage collection and disposal	55,860	31,121	24,445
Garbage and waste collection and disposal	524,365	521,441	495,342
	<u>\$ 925,446</u>	<u>\$ 876,927</u>	<u>\$ 869,984</u>
Regional planning and development			
Planning and zoning	\$ 373,662	\$ 372,670	\$ 245,895
Tourism and marketing	245,004	202,184	281,347
	<u>\$ 618,666</u>	<u>\$ 574,854</u>	<u>\$ 527,242</u>
Recreation and cultural services			
Recreation administration	\$ 223,386	\$ 184,441	\$ 220,877
Parks and playgrounds	116,795	295,394	215,607
Museums	-	25,810	12,660
Libraries	-	19,800	19,800
Other recreation and cultural services	724,232	705,351	570,875
NEAA expenses consolidated	406,613	406,613	340,144
	<u>\$ 1,471,026</u>	<u>\$ 1,637,409</u>	<u>\$ 1,379,963</u>
Fiscal Services			
Long-term debt interest	\$ 1,274,286	\$ 261,953	\$ 274,148
Provision for uncollectible taxes, fees and charges	338,000	(224,885)	(398,705)
Other fiscal services	1,681,410	56,369	193,971
Amortization	2,585,421	2,585,421	2,592,586
	<u>\$ 5,879,117</u>	<u>\$ 2,678,858</u>	<u>\$ 2,662,000</u>
Total Expenses	<u>\$ 13,642,151</u>	<u>\$ 10,200,954</u>	<u>\$ 9,239,694</u>

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TOWN OF TORBAY

SCHEDULE 4

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2021

	General Government*		Protective Services		Transportation Services		Environmental Health Services	
	2021	2020 (Note 18)	2021	2020 (Note 18)	2021	2020 (Note 18)	2021	2020 (Note 18)
REVENUE								
Taxation	\$ 8,199,593	\$ 8,472,648	\$ -	-	\$ -	\$ -	\$ -	\$ -
Sales of goods and services	32,811	90,787	158,704	159,193	-	-	15,060	1,810
Grants and transfers	1,119,227	1,292,633	-	-	-	-	-	-
Investment income	9,971	24,368	-	-	-	-	-	-
Other revenue	69,468	38,799	1,372	3,502	-	-	-	-
Total revenue	\$ 9,431,070	\$ 9,919,235	\$ 160,076	\$ 162,695	\$ -	\$ -	\$ 15,060	\$ 1,810
EXPENSES								
Personnel services	\$ 1,183,981	\$ 830,445	\$ 231,417	\$ 214,900	\$ 741,334	\$ 683,810	\$ 168,932	\$ 184,392
Contract services	698,860	537,698	204,853	205,725	11,400	15,671	491,778	466,321
Utilities	33,163	41,583	17,453	24,812	267,588	277,203	47,566	50,678
Maintenance materials and supplies	52,310	30,692	184,845	156,812	726,120	672,817	168,649	168,593
Grants and contributions	17,415	15,720	-	-	-	-	-	-
Amortization	-	-	-	-	-	-	-	-
Interest on long term debt	-	-	17,667	8,167	-	-	-	-
Other	-	-	44,500	84,450	-	-	-	-
Total expenses	\$ 1,985,729	\$ 1,456,138	\$ 700,735	\$ 694,866	\$ 1,746,442	\$ 1,649,501	\$ 876,925	\$ 869,984
Surplus (Deficit)	\$ 7,445,341	\$ 8,463,097	\$ (540,659)	\$ (532,171)	\$ (1,746,442)	\$ (1,649,501)	\$ (861,865)	\$ (868,174)

* The general government services category includes revenues and expenses that cannot be attributed to a particular sector.

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TOWN OF TORBAY

CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
Year Ended December 31, 2021

SCHEDULE 4 Cont...

	Regional Planning and Development		Recreation and Cultural Services		Fiscal services:		Total	
	2021	2020 (Note 18)	2021	2020 (Note 18)	2021	2020 (Note 18)	2021	2020 (Note 18)
REVENUE								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,199,593	\$ 8,472,648
Sales of goods and services	-	-	106,815	74,321	-	-	313,390	326,111
Grants and transfers	-	-	416,725	165,169	-	-	1,535,952	1,457,802
Investment income	-	-	-	-	-	-	9,971	24,368
Other revenue	53,781	48,789	397,091	370,040	-	-	521,712	461,130
Total revenue	\$ 53,781	\$ 48,789	\$ 920,631	\$ 609,530	\$ -	\$ -	\$10,580,618	\$10,742,059
EXPENSES								
Personnel services	\$ 392,144	\$ 334,126	\$ 748,010	\$ 639,663	\$ -	\$ -	\$ 3,465,818	\$ 2,887,336
Contract services	112,205	95,172	78,057	60,520	52	9,300	1,597,205	1,390,407
Utilities	2,050	2,136	48,296	55,099	-	-	416,116	451,511
Maintenance materials and supplies	68,455	95,808	263,330	213,142	-	-	1,463,709	1,337,864
Grants and contributions	-	-	52,868	36,479	-	-	70,283	52,199
Amortization	-	-	-	-	2,585,418	2,592,586	2,585,418	2,592,586
Interest on long term debt	-	-	-	-	261,953	274,148	279,620	282,315
Other	-	-	446,853	375,060	(168,568)	(214,034)	322,785	245,476
Total expenses	\$ 574,854	\$ 527,242	\$ 1,637,414	\$ 1,379,963	\$ 2,678,855	\$ 2,662,000	\$10,200,954	\$ 9,239,694
Surplus (Deficit)	\$ (521,073)	\$ (478,453)	\$ (716,783)	\$ (770,433)	\$ (2,678,855)	\$ (2,662,000)	\$ 379,664	\$ 1,502,365

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TOWN OF TORBAY

SCHEDULE 5

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

Year Ended December 31, 2021

	Core		Torbay Volunteer		North East Avalon Arena		Total	
	Government		Fire Department (Component of Core Government)		Regional Board Inc. (See Note 1, Basis of Consolidation)			
	2021	2020 (Note 18)	2021	2020 (Note 18)	2021	2020 (Note 18)	2021	2020 (Note 18)
REVENUE								
Taxation	\$ 8,335,519	\$ 8,472,648	\$ -	\$ -	\$ -	\$ -	\$ 8,335,519	\$ 8,472,648
Sales of goods and services	181,764	202,311	116,566	123,800	-	-	298,330	326,111
Grants and transfers	1,415,675	1,457,802	-	-	-	-	1,415,675	1,457,802
Investment income	9,971	24,368	-	-	-	-	9,971	24,368
Other revenue	133,611	117,481	-	-	387,512	343,649	521,123	461,130
Total revenue	\$ 10,076,540	\$ 10,274,610	\$ 116,566	\$ 123,800	\$ 387,512	\$ 343,649	\$ 10,580,618	\$ 10,742,059
EXPENSES								
Personnel services	\$ 3,296,144	\$ 2,728,439	\$ 169,675	\$ 158,901	\$ -	\$ -	3,465,819	\$ 2,887,337
Contract services	1,516,908	1,311,075	80,296	79,331	-	-	1,597,204	1,390,406
Utilities	399,015	427,414	17,101	24,097	-	-	416,116	451,511
Maintenance materials and supplies	1,309,118	1,187,596	154,590	150,268	-	-	1,463,708	1,337,864
Grants and contributions	70,283	52,199	-	-	-	-	70,283	52,199
Amortization	2,585,418	2,564,063	-	-	-	28,523	2,585,418	2,592,586
Interest on long term debt	261,953	274,148	17,667	8,167	-	-	279,620	282,315
Other	(83,827)	(94,668)	-	-	406,613	340,144	322,786	245,476
Total expenses	\$ 9,355,012	\$ 8,450,266	\$ 439,329	\$ 420,764	\$ 406,613	\$ 368,667	\$ 10,200,954	\$ 9,239,694
Surplus (Deficit)	\$ 721,528	\$ 1,824,344	\$ (322,763)	\$ (296,964)	\$ (19,101)	\$ (25,018)	\$ 379,664	\$ 1,502,365

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TOWN OF TORBAY

SCHEDULE 6

RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year Ended December 31, 2021

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	Long Term Accruals	Consolidated Entities	PSAB Budget
REVENUE							
Taxation	\$ 8,067,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,067,625
Sales of goods and services	226,855	-	-	-	-	-	226,855
Grants and transfers	5,157,291	-	-	-	-	-	5,157,291
Investment income	25,000	-	-	-	-	-	25,000
Other revenue	165,380	-	-	-	-	387,512	552,892
Transfers from accumulated surplus	-	-	-	-	-	-	-
Transfers from reserves	-	-	-	-	-	-	-
Total revenue	\$ 13,642,151	\$ -	\$ -	\$ -	\$ -	\$ 387,512	\$ 14,029,663
EXPENSES							
General government services	\$ 2,511,828	\$ -	\$ -	\$ -	\$ 209,514	\$ -	\$ 2,721,342
Protective services	748,525	-	(17,667)	-	-	-	730,858
Transportation services	1,487,543	-	-	-	-	-	1,487,543
Environmental health services	925,446	-	-	-	-	-	925,446
Regional planning and development	618,666	-	-	-	-	-	618,666
Recreation and cultural services	1,064,413	-	-	-	-	406,613	1,471,026
Fiscal services	65,000	2,585,421	-	-	-	-	2,650,421
Capital expenditures	4,946,444	(4,946,444)	-	-	-	-	-
Debt charges	1,274,286	-	(261,953)	-	-	-	1,012,333
Total expenses	\$ 13,642,151	\$ (2,361,023)	\$ (279,620)	\$ -	\$ 209,514	\$ 406,613	\$ 11,617,635
Surplus (Deficit)	\$ -	\$ 2,361,023	\$ 279,620	\$ -	\$ (209,514)	\$ (19,101)	\$ 2,412,028

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