TOWN OF TORBAY

Consolidated Financial Statements

Year Ended December 31, 2025

TOWN OF TORBAY
Index to Consolidated Financial Statements
Year Ended December 31, 2025

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. Kim Osmond, Town Clerk

Torbay, NL
July 14, 2026

RICHARD POWER
CHARTERED PROFESSIONAL ACCOUNTANT

221E Memorial Drive
Clarenville, NL
A5A 1R3

Tel 709.466.1000
Fax 709.433.3166

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, 2025, 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, 2025, 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.

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.

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.

(continues)

Independent Auditor's Report to the Members of Town of Torbay *(continued)*

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.

R Power

Clarenville, Newfoundland and Labrador
July 16, 2026

Chartered Professional Accountant
Richard K Power, FCPA, Professional Corporation

KO CS

TOWN OF TORBAY
Consolidated Statement of Financial Position
December 31, 2025

	2025	2024 *(Revised-see note 2)*
FINANCIAL ASSETS		
Cash and temporary investments *(Note 6)*	**$ 6,936,145**	$ 3,875,774
Guaranteed investment certificates *(Note 7)*	**1,875,335**	2,363,505
Taxes receivable *(Note 8)*	**945,468**	1,136,263
Other receivables *(Note 9)*	**672,308**	718,911
	10,429,256	8,094,453
LIABILITIES		
Accounts payable and accrued liabilities *(Note 11)*	**1,706,390**	1,374,037
Employee benefits liability *(Note 12)*	**505,861**	474,935
Deposits received *(Note 13)*	**979,631**	668,831
Deferred income *(Note 14)*	**1,786,967**	652,070
Long term debt *(Note 15)*	**7,444,814**	7,757,794
	12,423,663	10,927,667
NET FINANCIAL DEBT	**(1,994,407)**	(2,833,214)
NON-FINANCIAL ASSETS		
Inventories for use	**181,410**	174,488
Prepaid expenses	**97,694**	23,793
Tangible capital assets *(Schedule 3)*	**39,656,106**	40,564,185
	39,935,210	40,762,466
ACCUMULATED SURPLUS	**$ 37,940,803**	$ 37,929,252

ON BEHALF OF THE COUNCIL

_______________ *Mayor*

_______________ *Town Clerk*

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2025

	Budget (Schedule 4)	2025	2024 (Revised-see note 2)
REVENUES *(Schedule 1)*			
Taxation	$ 10,152,045	**$ 10,117,673**	$ 9,765,438
Sales of good and services	312,880	**344,145**	371,756
Grants and transfers	1,532,946	**1,143,226**	1,399,215
Investment income	185,000	**226,568**	356,400
Other revenue	727,834	**987,295**	888,360
Transfer from reserves	167,050	**-**	-
	13,077,755	**12,818,907**	12,781,169
EXPENSES *(Schedule 2)*			
General government services	2,281,612	**2,168,377**	2,105,325
Protective services	879,889	**817,325**	636,480
Transportation	3,638,412	**3,429,933**	3,558,825
Environmental health	1,570,058	**1,459,582**	1,374,326
Regional planning and development	764,847	**1,107,556**	807,681
Recreation and cultural services	3,551,687	**3,324,934**	3,292,007
Fiscal services	391,250	**499,649**	589,263
	13,077,755	**12,807,356**	12,363,907
ANNUAL SURPLUS	-	**11,551**	417,262
ACCUMULATED SURPLUS - BEGINNING OF YEAR	37,929,252	**37,929,252**	37,511,990
ACCUMULATED SURPLUS - END OF YEAR	$ 37,929,252	**$ 37,940,803**	$ 37,929,252

KD

CS

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, 2025

	2025 *(Budget)*	**2025**	2024 *(Revised-see note 2)*
ANNUAL SURPLUS	$ -	**$ 11,551**	$ 417,262
Amortization of tangible capital assets	2,445,890	**2,445,890**	2,423,433
Purchase of tangible capital assets	(1,537,811)	**(1,537,811)**	(2,698,487)
Increase in prepaid expenses	(73,902)	**(73,902)**	(1,463)
Increase in inventory	(6,922)	**(6,922)**	14,124
Rounding	-	**1**	-
	827,255	**827,256**	(262,393)
INCREASE IN NET FINANCIAL ASSETS	827,255	**838,807**	154,869
NET FINANCIAL DEBT - BEGINNING OF YEAR	(2,833,214)	**(2,833,214)**	(2,988,083)
NET FINANCIAL DEBT - END OF YEAR	$ (2,005,959)	**$ (1,994,407)**	$ (2,833,214)

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY
Consolidated Statement of Cash Flows
Year Ended December 31, 2025

	2025	2024 (Revised-see note 2)
OPERATING ACTIVITIES		
Annual surplus	$ 11,551	$ 417,262
Item not affecting cash:		
Amortization of tangible capital assets	2,445,890	2,423,433
	2,457,441	2,840,695
Changes in non-cash working capital:		
Taxes receivable	190,795	1,096
Other receivables	46,603	41,206
Inventory	(6,922)	14,124
Accounts payable and accrued liabilities	332,353	225,664
Deferred income	1,134,897	-
Prepaid expenses	(73,901)	(1,463)
Employee benefits liability	30,926	26,272
Deposits received	310,800	(135,734)
	1,965,551	171,165
Cash flow from operating activities	4,422,992	3,011,860
INVESTING ACTIVITY		
Proceeds from the sale of portfolio investments	2,363,505	2,255,259
Purchase of guaranteed investment certificates	(1,875,335)	(2,363,505)
Cash flow from (used by) investing activity	488,170	(108,246)
FINANCING ACTIVITIES		
Proceeds from long term financing	863,024	556,942
Repayment of long term debt	(1,176,004)	(1,109,584)
Repayment of obligations under capital lease	-	(79,676)
Cash flow used by financing activities	(312,980)	(632,318)
CAPITAL ACTIVITY		
Purchase of tangible capital assets	(1,537,811)	(2,698,487)
INCREASE (DECREASE) IN CASH FLOW	3,060,371	(427,191)
Cash - beginning of year	3,875,774	4,302,964
CASH - END OF YEAR	$ 6,936,145	$ 3,875,774
CASH CONSISTS OF:		
Cash and temporary investments	$ 6,936,145	$ 3,875,774

KW CS

The accompanying notes are an integral part of these financial statements

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. Prior Period Adjustment

There is a prior period adjustment to the financial statements for 2024. The net financial debt has been increased by $522,569, with a corresponding increase to deferred income of $522,569. In addition, CCBF spending of $54,195 has been recognized in income and a corresponding reduction in deferred income. The overall adjustment to 2024 is an increase to the net financial debt of $468,374 and deferred income increased by the same.

3. 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.

(continues)

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

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.

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

(continued)

ta

CS

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

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.

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.

(continues)

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

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.

4. 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. The 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.

5. 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.

6. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2025	2024
Operating	$ 6,192,308	$ 2,680,106
Federal gas tax	-	526,324
High interest savings account	353,261	353,281
Planning and development deposits	347,330	96,338
Capital campaign	-	89,945
NEAA cash consolidated	22,889	40,037
Torbay Volunteer Fire Department	18,192	8,338
Housing Accelerator Fund	965	-
Cash to be deposited	995	500
Other	205	205
3 month GIC 40, bearing interest at 3.10%	-	80,700
	$ 6,936,145	$ 3,875,774

7. Guaranteed investment certificates

	2025	2024
1 year GIC 49, bearing interest at 4.95% per annum	$ 573,070	$ -
1 year GIC 50, bearing interest at 4.95% per annum	535,113	-

(continues)

7. Guaranteed investment certificates *(continued)*

	2025	2024
1 year GIC 52, bearing interest at 4.95% per annum	**468,354**	-
1 year GIC 51, bearing interest at 4.95% per annum	**216,445**	-
1 year GIC 54, bearing interest at 4.95% per annum	**82,353**	-
1 year GIC 47, bearing interest at 4.45% per annum	**-**	2,363,505
	$ 1,875,335	$ 2,363,505

8. Taxes receivable

	2025	2024
Property tax	**$ 1,374,735**	$ 1,497,671
Business tax	**128,525**	149,816
Water and sewer tax	**82,328**	72,636
	1,585,588	1,720,123
Less: allowance for doubtful amounts	**(640,120)**	(583,860)
	$ 945,468	$ 1,136,263

9. Other receivables

	2025	2024
Interest receivable	**$ 316,237**	$ 354,526
HST rebates receivable	**198,744**	200,923
NEAA receivables consolidated	**63,823**	80,437
Other receivables	**78,935**	68,024
Grants receivable	**14,569**	15,001
	$ 672,308	$ 718,911

10. Bank indebtedness

The Town has an operating line of credit with Royal Bank of Canada with a $1,000,000 limit (2024 - $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 $nil (2024-$nil).

11. Accounts payable and accrued liabilities

	2025	2024
Accounts payable	**$ 1,289,773**	$ 615,105
Accrued liabilities	**215,626**	550,539
NEAA payables consolidated	**242,934**	206,393
Payroll remittances	**880**	2,000
Payroll remittance overpayment	**(42,823)**	-
	$ 1,706,390	$ 1,374,037

12. Employee benefits liability

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 7.25% 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 $198,906 (2024 - $173,491) for a total of $397,813 (2023 - $346,981).

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 2025 the Town made solvency contributions totaling $10,680 (2024 - $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.

In addition to the TRIO Benefits pension plan, the Town provides 20 weeks severance to recognize long-service employees.

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

The following is a breakdown in accrued employee benefits liability.

	2025	2024
Accrued severance benefit	**$ 28,215**	$ 24,760
Accrued sick leave benefit	**313,348**	279,201
Accrued vacation benefit	**75,941**	76,910
Accrued pension liability	**88,357**	94,064
	$ 505,861	$ 474,935

13. Deposits received

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

14. Deferred income

	2025	2024
Prepaid taxes	**$ 159,906**	$ 183,696
Housing Accelerator Fund	**369,428**	-
Canada Community Building Fund	**687,320**	468,374
CAF America Donation History House	**570,313**	-
	$ 1,786,967	$ 652,070

Deferred income relates to monies received in advance with respect to taxation and government funding received in advance of spending.

15. Long term debt

	2025	2024
Royal Bank of Canada loan bearing interest at 3.95% per annum, repayable in monthly blended payments of $21,135. The loan matures on July 31, 2033.	**$ 1,660,209**	$ 1,844,274
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.	**770,418**	856,934
TD Equipment Finance Canada loan bearing interest at 5.74% per annum, repayable in monthly blended payments of $6,451. The loan matures on October 13, 2038.	**702,075**	737,827
RBC loan bearing interest at 3.92% per annum, repayable in monthly blended payments of $7,188. The loan matures on March 4, 2032 .	**477,481**	-
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of $2,818. The loan matures on March 25, 2037.	**395,320**	441,103
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.	**360,561**	443,067
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of $1,795. The loan matures on March 25, 2032.	**351,195**	378,682
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of $2,943. The loan matures on February 26, 2037.	**350,420**	377,847
NLCU loan bearing interest at 5% per annum, repayable in monthly blended payments of $6,780. The loan matures on September 1, 2030.	**343,434**	405,968
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of $2,943. The loan matures on March 25, 2037.	**335,486**	361,744
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.	**280,376**	332,642
RBC loan bearing interest at 3.9% per annum, repayable in monthly blended payments of $3,593. The loan matures on December 4, 2032 .	**263,693**	-
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 and is secured by .	**263,344**	322,288

(continues)

15. Long term debt *(continued)*

	2025	2024
NLCU loan bearing interest at 5.09% per annum, repayable in monthly principal payments of $2,232 plus interest. The loan matures on August 2, 2034.	**187,364**	204,140
NLCU loan bearing interest at 5.5% per annum, repayable in monthly blended payments of $5,735. The loan matures on November 21, 2032.	**169,297**	200,124
NLCU loan bearing interest at 2.15% per annum, repayable in monthly blended payments of $1,795. The loan matures on February 26, 2032.	**124,317**	142,953
TD Equipment Finance Canada loan bearing interest at 5.065% per annum, repayable in monthly blended payments of $2,768. The loan matures on March 25, 2030.	**99,416**	126,819
NLCU loan bearing interest at 4.43% per annum, repayable in monthly blended payments of $2,110. The loan matures on December 21, 2029.	**90,881**	111,685
NLCU loan bearing interest at 4.2% per annum, repayable in monthly blended payments of $992. The loan matures on March 29, 2032.	**65,360**	-
Royal Bank of Canada loan bearing interest at 5.67% per annum, repayable in monthly blended payments of $3,836. The loan matures on October 3, 2027.	**59,733**	105,765
TD Equipment Finance Canada bearing interest at 5.065% per annum, repayable in monthly blended payments of $1,656. The loan matures on March 2, 2030 and is secured by equipment	**59,483**	75,879
Royal Bank of Canada loan bearing interest at 5.97% per annum, repayable in monthly principal blended of $549. The loan matures on January 3, 2029.	**18,389**	23,704
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 February 6, 2026.	**16,562**	117,194
Royal Bank of Canada loan repaid during the year.	-	72,906
Royal Bank of Canada loan repaid during the year.	-	69,689
Royal Bank of Canada loan repaid during the year.	-	4,560
	$ 7,444,814	$ 7,757,794

Principal repayment terms are approximately:

(continues)

ko cs

15. Long term debt *(continued)*

2026	$ 1,041,091
2027	1,018,142
2028	1,031,537
2029	1,034,491
2030	898,350
Thereafter	2,421,203
	$ 7,444,814

16. 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.

17. 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.

18. COMPARATIVE FIGURES

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

TOWN OF TORBAY

Consolidated Schedule of Revenues (*Schedule 1)*

Year Ended December 31, 2025

	2025	2024 (Revised-see note 2)
Taxation		
Property tax	$ **8,868,234**	$ 8,532,975
Utility tax	**382,480**	384,441
Business tax	**343,859**	352,091
Water and sewer tax	**518,329**	490,878
Other municipal taxes levied	**4,771**	5,053
	10,117,673	9,765,438
Sales of Goods and Services		
Recreation and cultural services	**181,917**	251,234
Fire protection services	**117,642**	96,223
Other sales and services	**44,586**	24,299
	344,145	371,756
Grants and Transfers		
Government of Canada		
Other federal revenue	**-**	11,410
Canada Community Building Fund	**431,149**	233,939
Government of Newfoundland and Labrador		
Municipal operating grants	**284,616**	284,615
Municipal capital grant	**68,571**	486,471
Special assistance	**172,879**	-
Provincial gas tax	**69,787**	69,787
Other provincial grants	**116,224**	312,993
	1,143,226	1,399,215
Investment Income		
Interest from investments	**226,568**	356,400
Other Income		
Gain on sale of tangible capital assets	**99,259**	5,597
Other revenue from own services	**365,100**	332,775
NEAA revenues consolidated	**522,936**	549,988
	987,295	888,360
Total Revenues	**$ 12,818,907**	$ 12,781,169

XO CJ

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY

Consolidated Schedule of Expenses *(Schedule 2)*

Year Ended December 31, 2025

	2025	2024
General Government Services		
Council	$ **246,194**	$ 207,960
Public relations	**80,568**	59,145
General administration	**392,087**	481,754
Amortization administration	**47,273**	56,577
Property assessment services	**104,563**	105,292
Corporate services	**1,036,676**	937,787
Human resources	**261,016**	256,810
	2,168,377	2,105,325
Protective Services		
Fire protection	**494,872**	481,603
Amortization protective services	**130,753**	119,725
Emergency preparedness and response	**123,955**	2,054
Municipal enforcement	**67,745**	33,098
	817,325	636,480
Transportation		
Public works administration	**446,441**	446,691
Vehicle and fleet maintenance	**266,361**	375,218
Snow clearing	**425,836**	446,090
Road transport	**782,141**	788,522
Amortization transportation	**1,273,920**	1,279,234
Street lighting	**223,027**	213,398
Other transportation services	**12,207**	9,672
	3,429,933	3,558,825
Environmental Health		
Water supply	**388,183**	377,923
Amortization environmental health	**318,868**	314,539
Sewage collection and disposal	**24,445**	50,372
Garbage/waste collection and disposal	**728,086**	631,492
	1,459,582	1,374,326

(continues)

CS

KO

TOWN OF TORBAY

Consolidated Schedule of Expenses *(continued)* ***(Schedule 2)***

Year Ended December 31, 2025

	2025	2024
Regional Planning and Development		
Planning and zoning	**536,743**	556,036
Amortization planning and zoning	**2,016**	3,421
Economic development and tourism	**425,901**	140,355
Tourism and marketing	**142,896**	107,869
	1,107,556	807,681
Recreational and Cultural Services		
Recreation administration	**432,319**	401,713
Amortization recreation	**772,023**	799,131
Recreation facilities	**367,761**	319,671
Community centre	**499,933**	490,627
Cultural facilities	**288,106**	298,474
Recreation and cultural programs	**341,803**	386,176
Library	**22,750**	22,750
Jack Byrne Arena	**572,284**	541,799
Jack Byrne Arena amortization	**27,955**	31,666
	3,324,934	3,292,007
Fiscal Services		
Debt charges from all sources	**312,252**	328,161
Bank charges and other fiscal services	**23,135**	25,733
Early payment discounts	**164,262**	235,369
	499,649	589,263
Total Expenses	**$ 12,807,356**	$ 12,363,907

JP

XO

The accompanying notes are an integral part of these financial statements

TOWN OF TORBAY
Consolidated Schedule of Tangible Capital Assets *(Schedule 3)*
Year Ended December 31, 2025

	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 Byrne Arena)	Assets Under Construction	Transportation	Water and Sewer	2026	2024
Cost											
Opening costs	$ 4,913,868	$ 18,753,383	$ 5,451,653	$ 389,197	$ 2,112,146	$ 8,546,444	$ 2,922,080	$ 22,491,033	$ 10,975,854	$ 76,555,658	$ 73,857,172
Additions during the year	170,836	616,567	895,300	8,693	295,440	14,821		37,274	39,261	2,078,192	2,879,345
Disposals and write downs			(133,715)	-	-	-	(406,665)	-	-	(540,380)	(180,859)
Closing Costs	$ 5,084,704	$ 19,369,950	$ 6,213,238	$ 397,890	$ 2,407,586	$ 8,561,265	$ 2,515,415	$ 22,528,307	$ 11,015,115	$ 78,093,470	$ 76,555,658
Accumulated amortization											
Opening accum'd amortization	$ 1,339,191	$ 3,836,720	$ 2,712,945	$ 356,485	$ 1,050,866	$ 4,446,328	$ -	$ 15,047,887	$ 7,201,051	$ 35,991,473	$ 33,568,041
Amortization	192,730	468,229	353,388	10,848	129,899	264,583		833,653	319,480	2,572,810	2,604,291
Disposals and write downs			(126,919)	-	-	-	-	-	-	(126,919)	(180,857)
Closing accum'd amortization	$ 1,531,921	$ 4,304,949	$ 2,939,414	$ 367,333	$ 1,180,765	$ 4,710,911	$ -	$ 15,881,540	$ 7,520,531	$ 38,437,364	$ 35,991,475
Net book value of tangible capital assets	$ 3,552,783	$ 15,065,001	$ 3,273,824	$ 30,557	$ 1,226,821	$ 3,850,354	$ 2,515,415	$ 6,646,767	$ 3,494,584	$ 39,656,106	$ 40,564,185

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, 2025

	Financial Plan	Amortization (TCA)	Interest Expense	Consolidated Entities	Transfers	PSAB Budget
Revenues						
Taxation	10,152,045	-				10,152,045
Sale of goods and services	312,880					312,880
Grants and transfers	1,532,946					1,532,946
Investments	185,000					185,000
Other revenue	204,898			522,936		727,834
Transfers from (to) reserves	565,000				(397,950)	167,050
Total Revenues	12,952,769			522,936	(397,950)	13,077,755
Expenses						
General government services	2,234,339	47,273				2,281,612
Protective services	749,136	130,753				879,889
Transportation services	2,364,492	1,273,920				3,638,412
Environmental health services	1,251,190	318,868				1,570,058
Regional planning and development	762,831	2,016				764,847
Recreation and cultural Services	2,176,529	799,979	-	575,179	-	2,176,529
Fiscal services						
Capital expenditures	1,744,144				(1,744,144)	-
Debt charges	1,591,108		(1,278,858)			312,250
Other	79,000					79,000
Total Expenses	12,952,769	2,572,809	(1,278,858)	575,179	(1,744,144)	11,702,597
Surplus (deficit)	-	(2,572,809)	1,278,858	(52,243)	1,346,194	1,375,158

The accompanying notes are an integral part of these financial statements