TOWN OF PORTUGAL COVE - ST. PHILIP'S

Financial Statements

December 31, 2024

BYRON SMITH

PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

CONTENTS

BYRON SMITH
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

STATEMENT OF RESPONSIBILITY

The accompanying Financial Statements are the responsibility of the management of the TOWN OF PORTUGAL COVE - ST. PHILIP'S and have been prepared in compliance with legislation, and in accordance with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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.

The Council of the Municipality met with management and it's external auditor to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Byron Smith, Chartered Professional Accountant as the Municipality's appointed external auditor, has audited the Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. His opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as he considers necessary to obtain reasonable assurance that the Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Mayor

Chief Administrative Officer

BYRON SMITH
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

BYRON SMITH

CHARTERED PROFESSIONAL ACCOUNTANTS

Byron D. Smith
B. Comm., C.F.E., FCPA, FCA

Byron D. Smith
Professional Corporation
P.O. Box 610
100 Conception Bay Highway
Spaniard's Bay, NL
A0A 3X0

Telephone: (709) 786-1232
Toll Free: 1-877-786-1232
Facsimile: (709) 786-1230
E-mail: byron@byronsmithca.com
Website: byronsmithca.com

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of:
Town of Portugal Cove - St. Philip's

Opinion

I have audited the financial statements of the Town of Portugal Cove - St. Philip's (Municipality), which comprise the Statement of Financial Position as at December 31, 2024, Statement of Operations, Statement of Change in Net Financial Assets (Net Debt), Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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 Financial Statements section of my report. I am independent of the Municipality in accordance with the ethical requirements that are relevant to my audit of the 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 Matters

In compliance with the requirements of Section 97 of the Towns and Local Service Districts Act, my report on statutory requirements is included herewith.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

• Identify and assess the risks of material misstatement of the 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 Municipality'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 Municipality'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 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 Municipality to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I will 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.

Spaniard's Bay, NL
November 5, 2025

Byron Smith

CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Statement of Financial Position

As at December 31,	2024	2023
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	$ 14,676,526	$ 12,412,224
Accounts receivable (Note 4)	2,439,574	2,749,024
Canada Community Building Fund receivable	154,158	
Due from Government, Capital project funding	261,013	571,090
	17,531,271	15,732,338
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	3,353,552	2,602,861
Severance payable	59,835	49,501
Deferred revenue - recreation reserves	495,918	438,849
Deferred revenue - Canada Community Building Fund		886,093
Deferred revenue - infrastructure projects	355,295	241,524
Long term debt (Note 6)	4,354,712	5,038,180
	8,619,312	9,257,008
NET FINANCIAL ASSETS (NET DEBT)	8,911,959	6,475,330
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 1)	43,323,723	40,660,697
Prepaid expenses	253,444	215,186
	43,577,167	40,875,883
ACCUMULATED SURPLUS		
Accumulated surplus - unrestricted	46,145,686	42,389,173
Accumulated surplus - restricted (Note 10)	6,343,440	4,962,040
	$ 52,489,126	$ 47,351,213

Commitments (Note 8)

On Behalf of the Town:

______________________ Mayor

______________________ Chief Administrative Officer

The accompanying notes are an integral part of these financial statements.

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Statement of Operations

For the Year Ended December 31,	PSAB Budget (Schedule 4)	Actual 2024	Actual 2023
Revenue			
Taxation (Schedule 2)	$ 11,406,446	$ 11,725,199	$ 10,951,621
Sale of Goods and Services (Schedule 2)	370,625	409,667	318,096
Grants and Transfers (Schedule 2)	3,101,704	3,895,939	1,439,916
Investment Income (Schedule 2)	426,290	754,610	748,423
Other Revenue (Schedule 2)	2,090,742	1,597,557	125,855
Total Revenue	17,395,807	18,382,972	13,583,911
Expenditures			
General Government Services (Schedule 3)	2,270,673	2,337,555	1,995,742
Protective Services (Schedule 3)	777,729	676,796	735,362
Transportation Services (Schedule 3)	4,202,504	4,066,516	3,867,518
Environmental Health Services (Schedule 3)	2,910,433	2,899,669	3,391,161
Planning and development (Schedule 3)	1,492,848	1,097,937	1,087,198
Recreation and Cultural Services (Schedule 3)	1,685,758	1,773,063	1,095,764
Fiscal Services (Schedule 3)	336,893	393,523	323,184
Total Expenditures	13,676,838	13,245,059	12,495,929
Surplus for the year	$ 3,718,969	$ 5,137,913	$ 1,087,982

		2024	2023
Accumulated surplus - unrestricted, beginning of the year		$ 42,389,173	$ 41,587,655
Transfer to infrastructure reserve from operating surplus		(110,000)	
Transfer to debt reserve from operating surplus		(250,214)	(286,464)
Transfer to restricted fund for Indian Meal Line Water Main project		(1,021,186)	
Surplus for the year		5,137,913	1,087,982
Accumulated surplus - unrestricted, end of the year		$ 46,145,686	$ 42,389,173

		2024	2023
Accumulated surplus - restricted, beginning of the year (Note 10)		$ 4,962,040	$ 4,675,576
Transfer from operating surplus to restricted fund for Indian Meal Line Water Main project		1,021,186	
Transfer from operating surplus to infrastructure reserve		110,000	
Transfer from operating surplus to debt reserve		250,214	286,464
Accumulated surplus - restricted, end of the year		$ 6,343,440	$ 4,962,040

The accompanying notes are an integral part of these financial statements.

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Statement of Change in Net Financial Assets (Net Debt)

For the Year Ended December 31,	PSAB Budget	Actual 2024	Actual 2023
ANNUAL SURPLUS	$ 3,718,969	$ 5,137,913	$ 1,087,982
Acquisition of tangible capital assets	(5,510,068)	(5,510,068)	(2,052,866)
Amortization of tangible capital assets	2,847,042	2,847,042	2,774,274
Decrease in prepaid expenses		(38,258)	(168,334)
CHANGE IN NET FINANCIAL ASSETS	1,055,943	2,436,629	1,641,056
NET FINANCIAL ASSETS, BEGINNING OF YEAR	6,475,330	6,475,330	4,834,274
NET FINANCIAL ASSETS, END OF YEAR	$ 7,531,273	$ 8,911,959	$ 6,475,330

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Statement of Cash Flows

For the Year Ended December 31,	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash provided From (Used For):		
Operating activities		
Surplus for the year	$ 5,137,913	$ 1,087,982
Amortization - non cash item	2,847,042	2,774,274
Changes in:		
Receivables	309,450	(1,062,860)
Prepaid expenses	(38,258)	(168,335)
Payables and accruals	565,758	494,841
Severance pay	10,334	(34,641)
Prepaid taxes	5,255	(122,252)
Deferred revenue	(869,411)	576,368
	7,968,083	3,545,377
Cash Flows from Capital Activities		
Capital asset purchases - net	(5,510,068)	(2,052,866)
Cash Flows from Financing Activities		
Repayment of long term debt	(897,150)	(2,677,748)
Decrease (Increase) in Due from the Province of Newfoundland	310,077	(434,256)
Loans obtained during the year	213,682	1,714,646
Accounts payable - capital	179,678	11,619
	(193,713)	(1,385,739)
Increased in cash and temporary investment	2,264,302	106,772
Cash and temporary investment, beginning of year	12,412,224	12,305,452
Cash and temporary investment, end of year	$ 14,676,526	$ 12,412,224

The accompanying notes are an integral part
of these financial statements.

1. Status of the Town of Portugal Cove - St. Philip's

The incorporated Town of Portugal Cove - St. Philip's is a municipal government that was incorporated in 1992 pursuant to the Province of Newfoundland and Labrador's Municipalities Act (now known as the Towns and Local Service Districts Act). The Municipality provides or funds municipal services such as fire, public works, parks and recreation, library, tourism and other general government operations.

2. Significant Accounting Policies

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.

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

Investments

Temporary investments are accounted for at the lower of cost and market value. Portfolio investments are accounted for at cost.

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	10 to 50 years
Buildings and Leasehold Improvements	
Buildings	25 to 40 years
Leasehold improvements	Term of lease

2. Significant Accounting Policies (Continued)

Vehicles and Equipment

Vehicles	5 years
Machinery, equipment and furniture	5 years
Maintenance and road construction equipment	10 years
Computer Hardware and Software	3 to 4 years
Furniture & Fixtures	5 years
Land	Indefinite

Infrastructure Assets

Transportation

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

Leases

Leases are classified as 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.

Revenue Recognition

Revenues are recognized as earned and when collection is reasonably assured. Tax rates are approved annually by Council.

Deferred Revenue

The Town has received funding which is externally restricted based on the Canada Community Building Fund (formerly known as Gas Tax Funding). This funding is reserved for specially approved project and will only be recognized as revenue in the general fund when the related expenditures have been incurred. Furthermore, the municipality receives development fees that are reserved for future capital infrastructure improvements, these funds are considered to be internally restricted and will only be recognized was revenue when used for certain approved and budgeted capital expenditures. The municipality also has restricted certain fees collected for the purpose of future construction of a Life Style Recreational facility. These amounts will be recognized as revenue when the specific approved capital costs have been incurred.

2. Significant Accounting Policies (Continued)

Expenditure Recognition

Expenditures are recorded on an accrual basis. Outstanding commitments for goods and services relating to the current year are accrued at the statement of financial position date.

Interest on long term debt is accrued at year end.

Use of Estimates

The preparation of the Municipality's financial statements in conformity with Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues during the reporting period. Actual results could differ from those estimates.

Severance Pay

The Municipality records severance pay liability for both management and union employees. Management employees are entitled to one week of pay for each year of service after five years of service. Bargaining unit employees are entitled to one week of pay for each year of service after ten years of service to a maximum of twenty weeks. According to Article 27:01 of the Collective Agreement signed on December 18, 2020, severance pay shall cease to accumulate for all employees as of the official date of signing the Collective Agreement.

Donated Materials

Donated materials are recorded at fair market value at the date of receipt.

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

The Municipality's position in these respects was considered satisfactory.

Sufficiency of Bonds

Fidelity bond coverage of $100,000 is carried on employees of the municipality who are in a position of trust and this coverage is considered to be adequate.

3. Cash and Temporary Investments

	2024	2023
Cash and temporary investments are comprised of the following:		
Cash	$ 11,390,390	$ 9,281,983
Scotiabank, Short term GIC	3,286,136	3,130,241
	$ 14,676,526	$ 12,412,224

Reserves for recreation development of $495,921 (2023 - $438,849), infrastructure of $5,322,254 (2023 - $4,962,040) and project development deposits of $635,413 (2023 - $460,624) are included in cash and temporary investments.

4. Accounts Receivable

	2024	2023
Taxes:		
Business	$ 52,141	$ 37,617
Property	1,249,222	1,192,909
Water and sewer	214,853	199,317
	1,516,216	1,429,843
HST Rebate	599,634	797,118
Interest on taxation accounts	240,921	201,997
Other	425,932	584,484
	1,266,487	1,583,599
	2,782,703	3,013,442
Allowance for doubtful accounts	(343,129)	(264,418)
	$ 2,439,574	$ 2,749,024

5. Accounts Payable and Accrued Liabilities

	2024	2023
Accounts payable	$ 2,205,795	$ 1,599,198
Refundable development securities	635,414	460,624
Other refundable deposits	377,809	372,921
Payroll deductions	(12)	40,827
Prepaid taxes	134,546	129,291
	$ 3,353,552	$ 2,602,861

6. Long Term Debt

	2024	2023
Bank of Montreal		
Fixed rate loan at 3.18%, repayable in blended monthly installments of $3,974, maturing 2030.	$ 226,976	$ 270,739
Fixed rate loan at 3.37%, repayable in blended monthly installments of $3,466, matured in 2024. Secured by 2017 Freightliner having a carrying value of $43,078.		16,948
Fixed rate loan at 3.18%, repayable in blended monthly installments of $2,023, maturing 2030.	115,531	137,806
Fixed rate loan at 2.77%, repayable in blended monthly installments of $4,308, maturing 2035.	476,927	519,145
Fixed rate loan at 2.99%, repayable in blended monthly installments of $2,722, matured 2024.		17,314
Fixed rate loan at 3.88% repayable in blended monthly installments of $1,215, matured 2024.		2,389
Fixed rate loan at 5.02%, repayable in blended monthly installments of $8,327 maturing 2027.	242,506	336,261
Fixed rate loan at 2.85%, repayable in blended semi-annual installments of $21,692, maturing 2029.	188,558	
Total Bank of Montreal	$ 1,250,498	$ 1,300,602

6. Long Term Debt (continued)

	2024	2023
Royal Bank of Canada		
Fixed rate loan at 3.64%, repayable in blended monthly installments of $12,787, maturing 2029.	$ 649,565	$ 774,855
Fixed rate loan at 4.01%, repayable in blended monthly installments of $3,509, maturing 2029.	178,938	213,099
Fixed rate loan at 3.94%, repayable in principal monthly installments of $7,623; maturing 2028.	290,457	368,710
Fixed rate loan at 3.33%, repayable in blended monthly installments of $24,307, maturing 2027.	787,926	1,048,486
Total Royal Bank of Canada	$ 1,906,886	$ 2,405,150
Scotiabank		
Fixed rate loan at 3.33%, repayable in blended monthly installments of $3,311 maturing 2026. Secured by Rescue Fire Truck having a carrying value of $59,964.	$ 67,745	$ 104,968
Fixed rate loan at 3.06%, repayable in blended monthly installments of $2,496 maturing 2036.	303,976	324,265
Fixed rate loan at 3.06%, repayable in blended monthly installments of $1,716 maturing 2036.	208,921	222,865
Fixed rate loan at 3.06%, repayable in blended monthly installments of $2,409 maturing 2036.	293,318	312,895
Fixed rate loan at 3.06%, repayable in blended monthly installments of $2,211 maturing 2036.	269,243	287,213
Fixed rate loan at 2.42%, repayable in blended monthly installments of $2,313 maturing 2026.	54,125	80,222
Total Scotiabank	$ 1,197,328	$ 1,332,428
Total long term debt	$ 4,354,712	$ 5,038,180

6. Long Term Debt (continued)

The annual principal repayments estimated over the next 5 years on existing long term debt are as follows:

2025	$	885,983
2026	$	910,287
2027	$	798,171
2028	$	464,802
2029	$	333,367

7. Budget

In accordance with the Province of Newfoundland and Labrador's Municipalities Act (now known as the Towns and Local Service Districts 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 Municipality 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 and the Minister.

The reconciliation between the Municipality'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.

8. Commitments

During 2024, Council approved the following infrastructure projects to be completed in 2025:

Dogberry Hill Water and Sewer	$ 654,879
St. Phillip's WWTP Expansion	$ 1,191,940
Indian Meal Line Water Main Extension	$ 3,756,183
WWTP UV upgrades	$ 175,193

These projects will be partially funded by capital grants and loans when approvals are finalized.

9. Financial Instruments

Transactions in financial instruments may result in the Municipality assuming or transferring to another party one or more of the financial risks described below. The disclosures below provide information that assists users of these financial statements in assessing the extent of risk related to financial instruments.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk on the accounts receivable from its customers. The Municipality has a significant number of customers which minimizes its concentration of credit risk.

9. Financial Instruments (continued)

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by changes in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Fair Value

The carrying value of the Municipality's financial assets and financial liabilities as at December 31, 2024 approximate their fair value.

10. Accumulated Surplus - Restricted

This represents the portion of accumulated surplus that has been restricted for the purpose of future capital expenditures and includes contributions from development fees and allocations approved during the annual budget process.

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Schedule of Tangible Capital Assets

Schedule 1

December 31, 2024

	General Capital Assets				Infrastructure			Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Roads, Streets and Bridges	Water and Sewer	Parks and fields	2024	2023
Cost									
Opening Costs	$ 5,528,765	$ 4,755,980	$ 8,121,534	$ 496,442	$ 25,197,410	$ 36,020,788	$ 4,937,690	$ 85,058,609	$ 83,005,743
Additions during the year	76,981	342,131	977,432		1,292,156	2,821,368		5,510,068	2,052,866
Disposals and adjustments			(278,007)					(278,007)	
Closing Costs	5,605,746	5,098,111	8,820,959	496,442	26,489,566	38,842,156	4,937,690	90,290,670	85,058,609
Accumulated Amortization									
Opening accum'd amortization		3,503,616	4,818,430	464,323	14,388,896	18,998,951	2,223,696	44,397,912	41,623,638
Amortization		295,190	491,228	2,350	830,705	930,942	296,627	2,847,042	2,774,274
Disposals and write downs			(278,007)					(278,007)	
Closing accum'd amortization		3,798,806	5,031,651	466,673	15,219,601	19,929,893	2,520,323	46,966,947	44,397,912
Net Book Value of Tangible Capital Assets	$ 5,605,746	$ 1,299,305	$ 3,789,308	$ 29,769	$ 11,269,965	$ 18,912,263	$ 2,417,367	$ 43,323,723	$ 40,660,697

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Schedule of Revenues

Schedule 2

For the Year Ended December 31,	Financial Plan	Actual 2024	Actual 2023
Taxation			
Property tax	$ 10,846,838	$ 11,101,511	$ 10,317,851
Business tax	364,608	392,229	364,608
Water and sewer tax			
Other municipal taxes levied	95,000	94,700	67,400
Penalties and interest on taxes receivable	100,000	136,759	201,762
	11,406,446	11,725,199	10,951,621
Sale of goods and services			
Recreation and cultural services	232,025	271,195	208,980
Permits	138,600	138,472	109,116
	370,625	409,667	318,096
Grants and transfers			
Government of Canada			
CCBF revenue	381,704	1,066,035	55,988
Other federal revenue	311,000	260,892	408,424
Government transfers - Provincial			
Municipal operating grant	308,943	308,943	275,770
Municipal capital grant	2,561,932	2,150,165	633,298
Other provincial grants and/or subsidies		109,904	66,436
	3,563,579	3,895,939	1,439,916
Investment income			
Interest from investments	426,290	754,610	748,423
Other revenue			
Surplus - prior years			
Recreation reserve			50,943
Gain on disposal of vehicles and machinery		66,210	4,398
Proceeds from expropriation of land		1,431,310	
Sundry	2,090,742	100,037	70,514
	2,090,742	1,597,557	125,855
Total Revenue	$ 17,857,682	$ 18,382,972	$ 13,583,911

BYRON SMITH
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Schedule of Expenses

Schedule 3

For the Year Ended December 31,	Financial Plan	Actual 2024	Actual 2023
General Government Services			
Salaries and benefits	$ 957,655	$ 1,001,951	$ 869,965
Office	265,600	363,110	293,792
Other general expenses	535,034	466,705	373,789
Insurance - General	100,000	115,463	100,066
Council	210,100	188,042	198,690
Amortization		202,284	159,440
	2,068,389	2,337,555	1,995,742
Protective Services			
Fire protection	566,395	443,838	468,927
Environment control	103,300	117,582	150,244
Insurance		7,342	7,385
Amortization		108,034	108,806
	669,695	676,796	735,362
Transportation Services			
Road maintenance	1,058,990	1,425,340	1,209,518
Snow clearing	567,000	509,070	560,867
Street lighting	220,000	220,567	201,058
Equipment maintenance	1,371,233	877,589	841,535
Insurance		48,669	53,653
Amortization		985,281	1,000,887
	3,217,223	4,066,516	3,867,518
Fiscal Services			
Doubtful Accounts (recovery)	15,000	93,157	(170)
Debt charges	1,453,294	168,893	185,325
Bank Charges	103,000	75,309	86,504
Capital from revenue and transfer to reserves	5,743,484		
Discounts, refunds and collection costs	50,000	56,164	51,525
	7,364,778	393,523	323,184
Environmental Health Services			
Garbage and waste collection and disposal	581,750	616,300	609,526
Water and sewage utility, operation and maintenance	1,315,650	1,270,336	1,238,005
Amortization		1,013,033	1,543,630
	1,897,400	2,899,669	3,391,161

TOWN OF PORTUGAL COVE - ST. PHILIP'S
Schedule of Expenses — **Schedule 3**

For the Year Ended December 31,	Financial Plan	Actual 2024	Actual 2023
Planning and Development			
Planning and development	1,492,848	1,097,937	1,087,198
	1,492,848	1,097,937	1,087,198
Recreation and Cultural Services			
Recreation administration	851,744	993,641	908,294
Parks and playgrounds	221,405	126,509	56,731
Library		4,634	4,057
Community centre and canteen	54,000	71,599	74,715
Other recreation and cultural service	20,200	38,271	51,967
Amortization		538,409	
	1,147,349	1,773,063	1,095,764
Total Expenses	$ 17,857,682	$ 13,245,059	$ 12,495,929

Schedule 4

	Financial Plan	Amortization	Principle Adjustment to Long-term Debt	Transfers	Long Term Accruals	Actual Amounts Consolidated Entities	PSAB Budget
REVENUE							
Taxation	$ 11,406,446						$ 11,406,446
Sales of goods and services	370,625						370,625
Grants and transfers	3,563,579		$ (461,875)				3,101,704
Investment income	426,290						426,290
Other revenue	2,090,742						2,090,742
Transfers from accumulated surplus							
Total revenue	$ 17,857,682		(461,875)				17,395,807
EXPENSES							
General government services	$ 2,068,389	$ 202,284					2,270,673
Protective services	669,695	108,034					777,729
Transportation services	3,217,223	985,281					4,202,504
Environmental health services	1,897,400	1,013,033					2,910,433
Recreation and cultural services	1,147,349	538,409					1,685,758
Planning and development	1,492,848						1,492,848
Fiscal Services	7,364,778		(1,284,401)	$ (5,743,484)			336,893
Total expenses	$ 17,857,682	2,847,041	(1,284,401)	(5,743,484)			13,676,838
Surplus(Deficit)		$ (2,847,041)	$ 822,526	$ 5,743,484	$ NIL	$ NIL	$ 3,718,969

BYRON SMITH
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

Auditor's Report
on Statutory Requirements

November 5, 2025

To the Mayor and Councillors of:
TOWN OF PORTUGAL COVE - ST. PHILIP'S

In compliance with the requirements of section 97 of the Towns and Local Service Districts Act, my report as follows on the audit of the accounts of the Council for the year ended December 31, 2024.

Expenditures in relation to budget:

Operating expenditures of $13,245,059 were within the limits of the adopted budget. Section 87 of the Act provides that except with the approval of the Minister, the Council's expenditures shall not exceed the estimated amount of expenditures set out in an approved budget.

Arrears on revenue:

Taxes and interest receivable totaled $1,757,137 at December 31, 2024. Of this amount, $1,006,035 has been outstanding for one year or longer, while the balance of $751,102 represents arrears on account of taxes and rates levied in 2024.

There was an allowance for doubtful accounts of $343,129 at December 31, 2024. In my opinion this allowance is considered adequate to cover any potential uncollectible accounts.

The manner in which the accounts have been kept and the adequacy of safeguards against fraud:

The Municipality's position in this respect was considered satisfactory.

Sufficiency of bonds:

Fidelity bond coverage of $100,000 is carried on employees of the Council who are in a position of trust. In my opinion, the coverage provided is sufficient.

BYRON D. SMITH
CHARTERED PROFESSIONAL ACCOUNTANT
Spaniard's Bay, Newfoundland

BYRON SMITH
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS

Auditor's Report
On Compliance with Canada Community Building Fund

To the Mayor and members of Council of:
Town of Portugal Cove - St. Philip's

Opinion

I have audited the 2024 Ultimate Recipient Annual Expenditure Report (the "Report") for the Town of Portugal Cove - St. Philip's ("the Municipality") for the year ended December 31, 2024.

In my opinion, this report presents fairly, in all material respects, the results of operations in respect to the receipt and disbursement of Canada Community Building Fund for the year then ended, in accordance with the Canadian accounting standards as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In my opinion, the Town of Portugal Cove - St. Philip's has complied in all material respects, to the terms and conditions of the Ultimate Recipient Canada Community Building Fund Agreement, as prescribed under the Canada - Newfoundland and Labrador Administrative Agreement on the Canada Community Building Fund 2014-2024.

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 2024 Ultimate Recipient Annual Expenditure Report section of my report. I am independent of the Municipality in accordance with the ethical requirements that are relevant to my audit of the Report in Canada, and I have fulfilled my other ethical responsibilities in accordance with those 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 2024 Ultimate Recipient Annual Expenditure Report

Management is responsible for the preparation and fair presentation of the Report in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of a Report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the 2024 Ultimate Recipient Annual Expenditure Report

My objectives are to obtain reasonable assurance about whether the Report as a whole is 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 the Report.

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

- Identify and assess the risks of material misstatement of the Report, 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 Municipality's internal control.

- Evaluate the appropriateness of the 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 Municipality'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 annual expenditure report 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 Municipality to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Report, including the disclosures, and whether the Report represents the underlying transactions and events in a manner that achieves fair presentation.

I will 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.

Byron Smith

Spaniard's Bay, NL

November 5, 2025

CHARTERED PROFESSIONAL ACCOUNTANT

TOWN OF PORTUGAL COVE - ST. PHILIP'S

Appendix A: Summary of Ultimate Recipients Funding and Certification

2024 Annual Expenditure Report

For the Year Ended December 31, 2024

	2024	Cumulative
Opening balance of unspent funding	$ 886,093	$ NIL
Received from the Government of Newfoundland and Labrador		5,257,263
Interest earned on funds	25,846	59,358
Interest spent on projects	(62)	(62)
Spent on eligible projects in 2024	(1,066,035)	(5,470,717)
Closing balance of receivable funding	$ 154,158	$ 154,158
Canada Community Building Fund bank account balance	725,425	
Canada Community Building Fund bank account balance available	$ 879,583	

The projects approved are specifically for UV lights and road upgrades.

Certification by Municipality

I, Dave Bartlett, Mayor of the Town of Portugal Cove - St. Philip's certify that the information reported is a true and accurate representation of the Municipality's position with respect to its Canada Community Building Fund revenues. I acknowledge and understand that any contravention of the terms and conditions of the Ultimate Recipient Canada Community Building Fund Agreement may result in funding being withheld.

Signature

Nov 24/25

Date