TOWN OF MULGRAVE

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

CONTENTS

Town of Mulgrave
Consolidated Financial Statements
March 31, 2026

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and supplementary schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. Council reviews internal financial statements on a regular basis and external audited consolidated financial statements annually. Council also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, MNP LLP, conduct an independent examination, in accordance with Canadian Auditing Standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Town of Mulgrave and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Town of Mulgrave

____

Chief Administration Officer

July 10, 2026

To the Mayor and Members of Council of Town of Mulgrave:

Opinion

We have audited the consolidated financial statements of Town of Mulgrave and its subsidiaries (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of financial activities, changes in net financial assets 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 March 31, 2026, and the results of its consolidated operations, changes in its net financial assets 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.

Other Matter - Supplementary Information

The audit was conducted for the purposes of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 17-25 is presented for the purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the consolidated financial statements as a whole.

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.

MNP LLP
Commerce Tower 15 Dorchester St., Suite 500 PO Box 1, Sydney NS, B1P 6G9
T: 902.539.3900 F: 902.564.6062

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.

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.

Sydney, Nova Scotia

MNP LLP

August 19, 2026

Chartered Professional Accountants

MNP

Town of Mulgrave
Consolidated Statement of Financial Activities

Year Ended March 31	2026 Budget (Note 15)	2026 Actual	2025 Actual
Revenue			
Taxes	$ 1,828,950	$ 1,813,522	$ 1,956,177
Payments in lieu of taxes	12,413	12,248	13,424
Other revenue from own sources	260,151	430,554	410,005
Unconditional transfers from other governments	141,024	141,607	141,606
Conditional transfers from other governments	57,382	314,752	498,593
Water rates	467,800	475,685	474,061
	2,767,720	3,188,368	3,493,866
Expenditures			
General government services	921,310	954,992	925,784
Protective services	385,678	375,067	348,706
Transportation services	588,416	576,788	564,034
Environmental health services	456,354	459,926	374,619
Recreation and cultural services	264,165	202,346	237,503
Water Utility	582,868	610,247	549,715
Extraordinary expense (Note 14)	-	172,358	-
	3,198,791	3,351,724	3,000,361
Annual Surplus (Deficit)	(431,071)	(163,356)	493,505
Accumulated surplus, beginning of year		$ 10,178,603	9,685,098
Accumulated surplus, end of year		$ 10,015,247	$ 10,178,603

See accompanying notes to the consolidated financial statements

Town of Mulgrave
Consolidated Statement of Financial Position

March 31	2026	2025
Financial Assets		
Cash and cash equivalents	$ 2,199,280	$ 2,650,316
Receivables (Note 3)	581,587	809,341
	2,780,867	3,459,657
Financial Liabilities		
Payables and accruals	244,902	310,957
Deferred revenue	330,554	392,487
Long term debt (Note 6)	1,055,270	1,155,803
Asset retirement obligation (Note 7)	862,024	833,747
	2,492,750	2,692,994
Net Financial Assets	288,117	766,663
Non-Financial Assets		
Tangible Capital assets (Note 4)	9,672,086	9,358,166
Unamortized debenture discount	5,813	6,782
Inventory not held for resale	13,680	13,654
Prepaid expenses	35,551	33,338
	9,727,130	9,411,940
Accumulated Surplus	$ 10,015,247	$ 10,178,603

On behalf of the Town

Mayor

CAO

See accompanying notes to the consolidated financial statements

Town of Mulgrave
Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31	2026 Budget (Note 15)	2026 Actual	2025 Actual
Annual surplus (deficit)	$ (431,071)	$ (163,356)	$ 493,505
Acquisition of capital assets	(374,980)	(736,730)	(539,245)
Amortization of capital assets	298,779	403,446	362,271
Payment of debenture discount	-	969	969
Loss on disposal of fixed assets	-	19,364	-
Change in inventory	-	(26)	(1,676)
Change in prepaid expenses	-	(2,213)	(2,073)
Change in net financial assets	$ (507,272)	(478,546)	313,751
Net financial assets			
Beginning of year		766,663	452,912
End of year		$ 288,117	$ 766,663

See accompanying notes to the consolidated financial statements

Town of Mulgrave
Consolidated Statement of Cash Flows

Year Ended March 31	2026 Actual	2025 Actual
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus (deficit)	(163,356)	$ 493,505
Amortization of capital assets	403,446	362,271
Loss on disposal of fixed assets	19,364	-
Amortization of debenture discount	969	969
Accretion expense	28,277	27,348
Change in non-cash assets and liabilities		
Receivables	227,754	(184,128)
Payables and accruals	(66,055)	(66,321)
Deferred revenue	(61,933)	(356,892)
Inventory	(26)	(1,676)
Prepaid expenses	(2,213)	(2,073)
	386,227	273,003
Investing activities		
Acquisition of capital assets	(736,730)	(539,245)
Financing activities		
Repayment of long term debt	(100,533)	(100,533)
Net decrease in cash and cash equivalents	(451,036)	(366,775)
Cash and cash equivalents,		
Beginning of year	2,650,316	3,017,091
End of year	$ 2,199,280	$ 2,650,316

See accompanying notes to the consolidated financial statements

1. Significant accounting policies

The consolidated financial statements of the Town of Mulgrave (the "Town") have been prepared by management in accordance with Canadian public sector accounting standards.

Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity
The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Town, and which are owned or controlled by the Town. This includes the Town of Mulgrave and the Mulgrave Water Utility.

Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of accounting
The basis of accounting followed in the consolidated financial presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

c) Fund accounting

Funds within the consolidated financial statements consist of operating, capital and reserve funds of both the general operations and the Mulgrave Water Utility. Transfers between funds are recorded as adjustments to the appropriate fund balance.

d) Use of estimates
In preparing the Town's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

Taxes, rates and other receivables are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Additionally, the Town's asset retirement obligations have resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

1. Significant accounting policies (continued)

e) Valuation allowance

Uncollected taxes and rates

The Town provides a valuation allowance for estimated losses that will be incurred in collecting outstanding receivables.

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, and highly liquid temporary money instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

g) Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial instruments consist of cash and cash equivalents, other receivables, accounts payable and accrued liabilities and long-term debt.

Subsequent measurement

At each reporting date, the Town measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Town uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, tax and rates receivable, other receivables, accounts payable and accrued liabilities and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Town regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Town determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of financial activities.

Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest or credit risks arising from financial instruments.

h) Asset retirement obligation

Public Section Accounting Standards PS 3280 - Asset Retirement Obligation ("PS 3280") addresses the reporting of legal obligations associated with the retirement on certain tangible capital assets, including the removal and remediation of contaminates in retired building by public sector entities.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
b) The past transaction or event giving rise to the liability has occurred;
c) It is expected that future economic benefits will be given up; and
d) A reasonable estimate of the amount can be made.

The liability associated with the remediation of contaminants present within the buildings owned by the Town has been recognized based on the estimated future expenses on closure of the sites and post-closure care.

1. Significant accounting policies (continued)

h) Asset retirement obligation (continued)

The liability associated with the remediation of contaminants present within the buildings owned by the Town has been recognized based on the estimated future expenses on closure of the sites and post-closure care.

The liability is discounted using the present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital asset. The increase to tangible capital assets is being amortized in accordance with the amortization accounting policies described below.

i) Revenue recognition

The accrual basis of accounting is used for all revenues. The accrual basis of accounting recognizes revenues as they are earned and measurable and ultimate collection is reasonably assured.

i) Taxation and related revenue

Property tax billings are prepared by the Town based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Town Council during the budget approval process. Tax adjustments as a result of appeals and roll revisions are recorded when official notification is received. Prepayment of taxes that have been collected, is deferred until the taxes are levied.

ii) Government transfers

Transfers from other governments are recognized in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until the conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfers are authorized by the other governments.

iii) Other revenues

Other revenues are recognized as performance obligations are satisfied, the exchange amount is measurable and collectability of the amount is reasonably assured.

j) Tangible capital assets

Tangible capital assets and projects in progress are recorded at cost less accumulated amortization and impairment. Interest incurred during construction on significant projects is recorded as part of the cost of the project asset.

Amortization of general assets is recorded in the financial statements on a straight line basis over an asset's estimated useful life as noted below. Amortization is not recorded on work in progress until put in use by the Town.

Wastewater lines	50
Buildings	40
Roads and streets	25
Land improvements	20
Wastewater treatment facilities	20
Heavy equipment	10
Vehicles	5
Machinery and equipment	5
Water system	75
Water treatment plant	50-90

1. Significant accounting policies (continued)

j) Tangible capital assets (continued)
Amortization of capital assets used by the Mulgrave Water Utility is recorded as prescribed by the Nova Scotia Utility and Review Board and must be funded with financial assets.

k) Reserve funds

Certain amounts, as approved by Council of the Town, are set aside in reserve funds for future operating and capital purposes. Transfers to and or from reserves funds are an adjustment to the respective fund when approved.

2. Contributions to Boards, Regional Authorities and Other Agencies

The Town of Mulgrave is required to finance the operations of various Boards, Regional Authorities and other Agencies, along with other municipal units based on formulae contained in agreements, legislation or regulation.

In addition, the Town shares in the deficits or surpluses of some of these organizations based upon the relevant cost sharing percentage.

Strait Regional School Board

The assets, liabilities, taxation and other revenue and expenses with respect to the operations of the school boards are not reflected in these consolidated financial statements as they are provincial government entities.

School boards in Nova Scotia were created by the Province under provisions in the Education Act, and, under provincial statute, every County is required to make a mandatory contribution to its school board. The mandatory contribution is set at the value of the Education Rate, set by the Province each year, multiplied by the previous year's Uniform Assessment. The funding for this contribution to the Strait Regional School Board are recovered by the Town by an area rate levied on the assessed value of the taxable property and business occupancy assessments and is shown on the consolidated statement of financial activities as a reduction of taxation revenues.

During 2025-2026, the Town paid $150,886 (2025 - $142,918) as its share of the operations of the Strait Regional School Board, serving the counties of Antigonish, Guysborough, Inverness and Richmond.

Eastern Mainland Regional Housing Authority

The Province as part of Provincial-Municipal Service Exchange has absorbed the annual costs associated with public housing losses effective April 1, 2025.

Eastern Counties Regional Library Board

During 2025-2026 the Town paid $6,200 (2025 - $6,200) as its share of the operations of the Eastern Counties Regional Library Board, serving counties Antigonish, Guysborough, Inverness, and Richmond.

3. Receivables

	Current Year	Prior Years	2026 Total	2025 Total
Taxes				
Balance, beginning of year	$ -	$ 646,702	$ 646,702	$ 505,542
Current year levy and interest	1,956,426	-	1,956,426	1,992,374
	1,956,426	646,702	2,603,128	2,497,916
Current year collections	1,874,982	437,228	2,312,210	1,851,214
	81,444	209,474	290,918	646,702
Valuation allowance			(75,952)	(61,910)
Balance, end of year			214,966	584,792
Water rates			67,735	60,818
Federal Government			97,590	101,172
Provincial Government			3,780	8,103
Other			197,516	54,456
			$ 581,587	$ 809,341

4. Capital Assets

	Cost 2025	Additions	Disposals	Cost 2026	Accumulated Amortization 2025	Disposals & Adjustments	Amortization Expense	Accumulated Amortization 2026	**Net Book Value 2026**	**Net Book Value 2025**
General government services										
Land	$ 284,352	$ -	$ -	$ 284,352	$ -	-	$ -	$ -	$ 284,352	$ 284,352
Buildings	359,313	11,944	-	371,257	53,560	-	10,077	63,637	307,620	305,753
ARO buildings	697,337	-	-	697,337	73,722	-	24,574	98,296	599,041	623,615
Equipment	145,852	-	-	145,852	145,852	-	-	145,852	-	-
Protective services										
Buildings	473,684	76,484	-	550,168	337,158	-	13,754	350,912	199,256	136,526
ARO buildings	57,028	-	-	57,028	17,110	-	5,703	22,813	34,215	39,918
Heavy equipment	359,921	-	-	359,921	283,271	-	10,950	294,221	65,700	76,650
Vehicles	27,283	-	-	27,283	27,283	-	-	27,283	-	-
Equipment	146,721	-	-	146,721	87,624	-	12,079	99,703	47,018	59,097
Transportation services										
Roads, street and sidewalks	3,578,518	290,166	-	3,868,684	2,161,406	-	97,983	2,259,389	1,609,295	1,417,112
Buildings	176,054	-	-	176,054	129,861	-	2,081	131,942	44,112	46,193
Heavy equipment	537,183	124,278	(150,927)	510,534	474,195	(131,563)	20,756	363,388	147,146	62,988
Vehicles	44,673	-	-	44,673	32,102	-	3,143	35,245	9,428	12,571
Equipment	117,365	10,407	-	127,772	73,871	-	14,664	88,535	39,237	43,494
Environmental health services										
Wastewater treatment plant	1,630,920	203,063	-	1,833,983	978,613	-	51,233	1,029,846	804,137	652,307
Wastewater collection lines	2,389,952	-	-	2,389,952	1,474,901	-	35,826	1,510,727	879,225	915,051
Waste trmt & collection equipment	65,790	-	-	65,790	1,393	-	11,765	13,158	52,632	64,397
Recreation and cultural services										
Land improvements	418,947	20,388	-	439,335	410,268	-	1,624	411,892	27,443	8,679
Facilities	178,293	-	-	178,293	139,330	-	4,627	143,957	34,336	38,963
Equipment	124,114	-	-	124,114	87,777	-	14,358	102,135	21,979	36,337
Property acquired at tax sale	4,448	-	-	4,448	-	-	-	-	4,448	4,448
	11,817,748	736,730	(150,927)	12,403,551	6,989,297	(131,563)	335,197	7,192,931	5,210,620	4,828,451
Water utility										
Land and land rights	9,984	-	-	9,984	-	-	-	-	9,984	9,984
Structures and improvements	75,888	-	-	75,888	38,067	-	1,215	39,282	36,606	37,821
Equipment	95,603	-	-	95,603	45,982	-	4,791	50,773	44,830	49,621
Mains	750,022	-	-	750,022	254,118	-	9,975	264,093	485,929	495,904
Treatment plant	26,082	-	-	26,082	22,169	-	1,304	23,473	2,609	3,913
Rate study	24,075	-	-	24,075	11,404	-	1,408	12,812	11,263	12,671
Services	20,303	-	-	20,303	6,902	-	406	7,308	12,995	13,401
Meters	35,912	-	-	35,912	19,891	-	1,795	21,686	14,226	16,021
Hydrants	33,684	-	-	33,684	18,546	-	448	18,994	14,690	15,138
Computer	13,516	-	-	13,516	13,516	-	-	13,516	-	-
Other	14,387	-	-	14,387	8,200	-	796	8,996	5,391	6,187
Vehicles	28,139	-	-	28,139	28,139	-	-	28,139	-	-
Meadow Brook Hill treatment plant	4,191,973	-	-	4,191,973	322,919	-	46,111	369,030	3,822,943	3,869,054
	5,319,568	-	-	5,319,568	789,853	-	68,249	858,102	4,461,466	4,529,715
Total	$ 17,137,316	$ 736,730	$ (150,927)	$ 17,723,119	$ 7,779,150	$ (131,563)	$ 403,446	$ 8,051,033	$ 9,672,086	$ 9,358,166

5. Bank indebtedness

The Town has an authorized borrowing limit with CIBC of up to 50% of the previous year's tax levy and has an interest rate of prime minus .25%. The borrowing limit available to the Town for 2025-26 was $800,000. As at March 31, 2026 the balance outstanding was $ nil (2025 - $ nil). The Town has an overdraft in its capital fund bank account ($10,716) which is netted against its CIBC consolidated bank balances for the purpose of interest calculation.

6. Long term debt

	2026	2025
MFC 2.330% - 3.205% debenture maturing in 2030, repayable in equal annual principal instalments of $8,433, interest payable semi-annually.	$ 42,170	50,603
MFC 2.218% - 2.925% debenture maturing in 2031, repayable in equal annual principal instalments of $12,100, interest payable semi-annually.	133,100	145,200
MFC 1.854% - 3.108% debenture maturing in 2031, repayable in equal annual principal instalments of $80,000, interest payable semi-annually.	880,000	960,000
	$ 1,055,270	$ 1,155,803

Principal repayments over the next five years are as follows:

2027	$ 100,533
2028	100,533
2029	100,533
2030	92,100
2031	92,100
Thereafter	569,471
	1,055,270

7. Asset retirement obligation

The Town's asset retirement obligation consists of the liability for the closure and remediation of contaminants present within the buildings owned by the Town. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. These buildings have expected useful lives ranging from 2 to 27 years (2025 - 3 to 28 years). Estimated costs of $1,967,900 have been discounted to the present value using discount rates ranging from 3.3% to 3.4% per annum.

Changes to the asset retirement obligation in the year are as follows:

	2026	2025
Opening balance	$ 833,747	$ 806,399
Accretion expense	28,277	27,348
Closing balance	$ 862,024	$ 833,747

8. Remuneration

The total remuneration paid to members of Council and Chief Administrative Officers are as follows:

	Remuneration	Expenses
Council		
Ron Chisholm	13,858	3,224
Joanne Maas Latimer	8,266	298
Helen Michel	7,474	-
Jane Tate	8,040	-
Bob Russell	7,474	-
Chief Administrative Officer		
David Gray	83,334	229

9. Rate of return on rate base

For the year ended March 31, 2026, the Mulgrave Water Utility had a rate of return on rate base of (1.23)% (2025 - 2.63%).

10. Pension plan

The Town provides its employees with a defined contribution pension plan. As of March 31, 2026 there were no required future contributions in respect of past service and all contributions required under the plan have been funded. During the fiscal year, the Town contributed $24,952 (2025 - $25,546) to the plan.

11. Segmented information

The Town of Mulgrave is a municipal unit that provides a wide range of services to its residents and property owners. The Town's operations and activities are organized and reported by fund for the purpose of recording specific activities to meet objectives as outlined by legislation, regulations, by-laws, or other limitations and restrictions. Services are provided in the following categories:

General government services

This includes the legislative function of Town Council which provides direction through by-laws, policies and strategic planning. It also encompasses the administrative functions of the Town including organizational management, finance, accounting, tax billing and collections

Protective services

The Town acquires police services from the RCMP through an agreement with the Province of Nova Scotia and pays the province for correctional services. Fire protection is provided by the Mulgrave Volunteer Fire Department. The Town pays the operating expenses of the Department.

11. Segmented information (continued)

Transportation services

The Town owns and maintains all public roads, street and sidewalks in the community, including snow removal and streetlights.

Environmental health services

The Town provides both sanitary and storm wastewater management and treatment. Solid waste collection and disposal is provided in conjunction with the Municipality of the District of Guysborough.

Public health services

The Town contributes to public housing through the Eastern Mainland Housing Authority.

Recreation and cultural services

The Town has a number of recreational facilities and offers programming in conjunction with other community organizations. Staff assists in planning of community festivals and events.

Mulgrave Water Utility

The utility sources, treats and distributes potable water to the community and provides flows to assist with fire protection.

12. Financial instruments

The Town as part of its operations carries a number of financial instruments. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The carrying amount of the Town's financial instruments best represents the maximum exposure to credit risk. The Town manages its credit risk by providing allowances for potentially uncollectible receivables.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting its obligations associated with financial liabilities. The Town enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. The Town manages liquidity risk by monitoring forecasted and actual cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Town's interest rate risk arises from long-term borrowings at a fixed rate that creates fair value interest rate risk. Changes in market interest rates cause the fair value of these long-term debt with fixed interest rates to fluctuate but do not affect net income, as the Town's long-term debt is carried at amortized cost and the carrying value does not change as the interest rate changes. The Town's future obligations with respect to debt repayment are disclosed in Note 6.

13. Sick Leave

The Town provides sick leave benefits to its employees. Public sector accounting standards require a liability and expense for compensated absences that vest, or accumulate and do not vest. Employees of the Town are entitled to 18 days sick leave annually which can accumulate to a total of 95 days. Accumulated sick days cannot be cashed out. The Town has not had the liability calculated by an actuary, but has made its own estimate of $44,099 (2025 - $40,142) which is reflective of the expected cash expense expected to be incurred in the event an employee needs to be replaced during an extended sick leave. The Town recognized the liability in the 2025 financial statements.

14. Extraordinary expense

On November 2, 2021, a commercial corporation commenced action against the Town seeking a declaration that one of its properties is exempt from the Town's sewer charge, as well as claiming damages and costs. A settlement was reached between the parties resulting in the corporation agreeing to pay 100% of the outstanding sewer charge over a period of 7 years starting March 31, 2025. The Town recognized an extraordinary adjustment of ($172,358) in the consolidated financial statements.

15. Budget figures

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the consolidated statement of financial activities and consolidated statement of changes in net financial assets has been adjusted to be on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the consolidated financial statements. Adjustments consist of budgeted capital funding and amortization of tangible capital assets.

The budget figures contained in these consolidated financial statements were approved by council on June 16, 2025 in its original plan.

	Approved Fiscal Plan	Adjustments	Fiscal Plan per Consolidated Financial Statements
Revenue			
Taxes	$ 1,828,950	$ -	1,828,950
Payments in lieu of taxes	12,413	-	12,413
Other revenue from own sources	260,151	-	260,151
Unconditional transfers from other governments	221,879	(80,855)	141,024
Conditional transfers from other governments	57,382	-	57,382
Water rates	575,593	(107,793)	467,800
	2,956,368	(188,648)	2,767,720
Expenditures			
General government services	886,802	34,508	921,310
Protective services	448,911	(63,233)	385,678
Transportation services	448,466	139,950	588,416
Environmental health services	353,040	103,314	456,354
Recreation and cultural services	243,556	20,609	264,165
Water Utility	637,257	(54,389)	582,868
	3,018,032	180,759	3,198,791
Annual Deficit	$ (61,664)	$ (369,407)	$ (431,071)

Town of Mulgrave
Schedule of Consolidated Segmented Disclosure

Year Ended March 31, 2026

	General government services	Protective services	Transportation services	Environmental health services	Recreation and cultural services	Water utility	2026 Total
Revenue							
Taxes	$ 1,369,792	$ 131,177	$ -	$ 312,553	$ -	$ -	$ 1,813,522
Payments in lieu of taxes	12,248	-	-	-	-	-	12,248
Other revenue from own sources	174,744	687	1,500	-	232,058	21,565	430,554
Unconditional transfers from other governments	140,607	1,000	-	-	-	-	141,607
Conditional transfers from other governments	63,204	-	643	195,755	55,150	-	314,752
Water rates	-	-	-	-	-	475,685	475,685
	1,760,595	132,864	2,143	508,308	287,208	497,250	3,188,368
Expenses							
Salaries, wages and benefits	253,869	-	280,234	167,672	115,043	221,824	1,038,642
Contracted services	91,993	225,338	-	46,888	-	3,965	368,184
Other operating	525,294	105,169	156,605	137,769	60,494	288,981	1,274,312
Other Boards and Agencies	15,443	-	-	4,283	6,200	-	25,926
Interest	7,539	-	1,323	4,489	-	27,228	40,579
Extraordinary item	172,358	-	-	-	-	-	172,358
Accretion	26,203	2,074	-	-	-	-	28,277
Amortization	34,651	42,486	138,626	98,825	20,609	68,249	403,446
	1,127,350	375,067	576,788	459,926	202,346	610,247	3,351,724
Annual Surplus	$ 633,245	$ (242,203)	$ (574,645)	$ 48,382	$ 84,862	$ (112,997)	$ (163,356)

Town of Mulgrave
Schedule of Consolidated Segmented Disclosure

Year Ended March 31, 2026

	General government services	Protective services	Transportation services	Environmental health services	Recreation and cultural services	Water Utility	2025 Total
Revenue							
Taxes	$ 1,499,275	$ 131,177	$ -	$ 325,725	$ -	$ -	$ 1,956,177
Payments in lieu of taxes	13,424	-	-	-	-	-	13,424
Other revenue from own sources	234,810	238	8,205	-	139,440	27,312	410,005
Unconditional transfers from other governments	140,606	1,000	-	-	-	-	141,606
Conditional transfers from other governments	128,141	72,000	252,719	8,368	37,365	-	498,593
Water rates	-	-	-	-	-	474,061	474,061
	2,016,256	204,415	260,924	334,093	176,805	501,373	3,493,866
Expenses							
Salaries, wages and benefits	246,591	-	267,993	115,000	148,530	189,794	967,908
Contracted services	50,360	217,894	-	50,025	-	6,195	324,474
Other operating	551,691	91,001	164,683	121,305	63,183	259,510	1,251,373
Other boards and agencies	15,033	-	-	4,262	6,200	-	25,495
Interest	6,058	-	1,556	4,826	-	29,052	41,492
Accretion	25,340	2,008	-	-	-	-	27,348
Amortization	30,711	37,803	129,802	79,201	19,591	65,163	362,271
	925,784	348,706	564,034	374,619	237,504	549,714	3,000,361
Annual Surplus	$ 1,090,472	$ (144,291)	$ (303,110)	$ (40,526)	$ (60,699)	$ (48,341)	$ 493,505

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities

Year Ended March 31, 2026
(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
REVENUE			
Taxes			
General			
Residential	$ 391,828	$ 391,665	$ 374,872
Resource	22,033	23,139	21,365
Commercial	1,084,761	1,080,714	1,122,157
Forestry	195	194	193
	1,498,817	1,495,712	1,518,587
By services			
Sanitary Sewer	274,325	261,256	275,532
Hydrants	130,991	131,108	131,177
Solid waste	51,151	51,297	50,193
	456,467	443,661	456,902
Other			
Aliant	2,500	2,498	2,472
Deed Transfer	5,000	5,483	94,349
Wind turbines	17,052	17,053	16,884
	24,552	25,034	113,705
Transferred to Regional Centre for Education	(150,886)	(150,885)	(142,918)
Surplus (Deficit) of Housing Authority	-	-	9,901
	(150,886)	(150,885)	(133,017)
	$ 1,828,950	$ 1,813,522	$ 1,956,177
Grants in Lieu of Taxes			
Province of NS	$ 122	$ 122	$ 122
CBC	1,315	1,150	1,315
NSLC	10,976	10,976	11,987
	$ 12,413	$ 12,248	$ 13,424
Revenue Own Sources			
Recreation programs & fees	$ 35,600	$ 39,498	$ 46,061
Recreation fundraising & community rentals	101,611	104,133	100,518
Licenses, permits & fines	780	49,242	793
Rent	35,960	39,191	35,960
Public Works	1,300	1,500	8,205
Interest on taxes	47,000	45,616	26,525
Bank interest	25,000	63,399	117,532
Contribution from MVFD	-	88,427	38,808
Miscellaneous	12,900	(452)	35,603
	$ 260,151	$ 430,554	$ 410,005
Unconditional Transfers			
Municipal Financial Capacity	$ 132,987	$ 132,987	$ 132,987
HST Offset	6,000	6,583	6,565
NSPC	1,037	1,037	1,054
Emergency measures - 911	1,000	1,000	1,000
	$ 141,024	$ 141,607	$ 141,606

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities

Year Ended March 31,2026
(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
Conditional Transfers			
Visitor Information Centre	$ 14,000	$ 4,388	$ 13,854
Federal Gas Tax	-	63,204	61,401
Health and Wellness	15,000	10,500	11,250
Federal & Provincial Grants	-	199,713	390,855
Recreation grants	27,232	30,069	12,261
Fuel tax rebate	900	643	869
Waste Treatment & Diversion	250	6,235	8,103
	$ 57,382	$ 314,752	$ 498,593
EXPENDITURES			
General Government Services			
Legislative			
Council remuneration	$ 48,189	$ 48,277	$ 46,889
Council Travel & Expenses	2,100	2,557	1,973
Elections	-	-	3,003
Other	5,000	1,382	2,920
	55,289	52,216	54,785
Administration			
Salaries & benefits	161,874	168,374	159,608
Travel & training	4,500	1,832	2,027
Office	19,582	19,349	18,683
Information technology	33,523	41,752	32,015
Contract services			
Legal	5,000	42,452	5,253
Audit	22,000	15,861	24,778
Consulting	20,628	33,680	20,329
Insurance	21,170	19,481	20,164
Taxation			
Exemptions and reductions	294,825	294,757	300,953
PVSC	15,433	15,443	15,033
Bad debts and collection expenses (net of recoveries)	15,000	16,884	15,719
Other	16,500	8,470	7,540
	630,035	678,333	622,102
Municipal property			
Post office	35,700	26,769	64,764
Mulgrave Memorial Centre	131,534	128,470	120,685
Marina	1,900	811	1,340
	169,134	156,050	186,789
Amortization	34,650	34,650	30,710
Accretion	26,202	26,202	25,340
Interest	6,000	7,539	6,058
	$ 921,310	$ 954,992	$ 925,784

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities

Year Ended March 31, 2026
(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
Protective Services			
Police - RCMP	$ 222,467	$ 222,183	$ 213,911
Fire Department			
Honoraria & training	16,850	8,201	12,386
Building	49,650	51,633	40,145
Vehicles	23,104	31,714	23,113
Equipment	11,000	4,685	2,670
Other	8,008	3,626	7,776
	108,612	99,859	86,090
Emergency measures	4,439	5,076	4,310
Animal control	1,500	234	600
Building inspection	4,100	3,155	3,983
Amortization	42,486	42,486	37,804
Accretion	2,074	2,074	2,008
	$ 385,678	$ 375,067	$ 348,706
Transportation Services			
Public works			
Salaries, wages & benefits	$ 247,759	$ 254,700	$ 242,436
Personal protective equipment	5,200	2,280	5,195
Telephone	807	697	784
Insurance	26,028	26,325	24,789
Workshop	11,167	13,810	11,672
Vehicles & equipment	45,600	38,726	38,683
	336,561	336,538	323,559
Roads			
Snow removal	67,822	58,835	71,038
Maintenance	15,500	13,887	10,329
	83,322	72,722	81,367
Street lights	28,583	27,579	27,750
Amortization	138,626	138,626	129,802
Interest	1,324	1,323	1,556
	$ 588,416	$ 576,788	$ 564,034
Environmental Health Services			
Wastewater operations			
Salaries and benefits	$ 161,336	$ 167,672	$ 115,000
Training & safety	6,300	240	6,251
Insurance	11,069	11,570	10,578
Power	43,294	45,482	42,034
Maintenance	45,500	50,709	22,145
	267,499	275,673	196,008

Town of Mulgrave
Schedules to Consolidated Statement of Financial Activities

Year Ended March 31, 2026
(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
Environmental Health Services (cont'd)			
Solid waste			
Contracted services	51,151	46,888	50,082
Tipping fees	30,000	29,767	40,240
ERSWM	4,390	4,284	4,262
	85,541	80,939	94,584
Amortization	98,825	98,825	79,201
Interest	4,489	4,489	4,826
	$ 456,354	$ 459,926	$ 374,619
Recreation and Cultural Services			
Administration			
Salaries and benefits	$ 95,466	$ 60,754	$ 83,472
Training, conferences, dues	4,750	2,105	3,628
Office	700	116	68
	100,916	62,975	87,168
Facilities			
Pool operations	41,880	32,308	36,459
Parks and fields	31,660	30,564	29,753
Tennis courts	600	543	538
Visitor Information Centre	14,000	4,388	13,854
Trails	500	-	-
Insurance	7,500	7,585	7,147
	96,140	75,388	87,751
Programs	32,800	29,674	29,294
Libraries and museums			
Regional Library Board	6,200	6,200	6,200
Museum grant	7,500	7,500	7,500
	13,700	13,700	13,700
Amortization	20,609	20,609	19,590
	$ 264,165	$ 202,346	$ 237,503

Town of Mulgrave
Water Operating Fund
Statement of Financial Activities

Year Ended March 31, 2026
(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
Operating revenue			
Metered sales	$ 218,000	$ 208,274	$ 217,433
Flat rate sales	218,000	215,858	217,872
Sales to boats	15,000	33,643	13,999
Benefit cost sharing recovery	800	1,232	825
Interest earned & and penalties on rates	16,000	16,678	23,932
	467,800	475,685	474,061
Public fire protection	107,793	107,793	131,242
	575,593	583,478	605,303
Operating expenditures			
Source of supply	1,840	1,775	1,740
Power & pumping	54,000	58,840	51,484
Purification	175,707	200,491	153,164
Transmission & distribution	57,667	55,137	49,335
Administration & general	114,154	110,286	111,535
Depreciation	65,000	68,251	65,163
Interest	27,228	27,228	29,053
	495,596	522,008	461,474
Property taxes	87,272	87,272	87,272
	582,868	609,280	548,746
Operating Profit (Deficit)	(7,275)	(25,802)	56,557
Non-operating revenue			
Amortization of deferred contributions	25,611	25,611	25,611
Non-operating expenditures			
Principal repayments	80,000	80,000	80,000
Excess (Deficiency) of revenue over expenditure	(61,664)	(80,191)	2,168
Accumulated surplus			
Beginning of year	$ 457,521	$ 457,521	$ 455,353
End of year	$ 395,857	$ 377,330	$ 457,521

Town of Mulgrave
Water Operating Fund
Statement of Financial Position

March 31 (Unaudited)	2026	2025
Financial Assets		
Receivables		
Rates	$ 67,735	$ 60,819
Commodity taxes	10,939	8,146
Own Funds		
General operating	336,034	412,843
	414,708	481,808
Liabilities		
Trade payables and accruals	41,157	29,902
Deferred revenue	17,242	14,948
	58,399	44,850
Net Financial Assets	356,309	436,958
Non-Financial Assets		
Inventory	13,680	13,655
Prepaid expenses	7,341	6,908
	21,021	20,563
Accumulated Surplus	$ 377,330	$ 457,521

On behalf of the Town

Mayor

CAO

Town of Mulgrave
Water Operating Fund
Schedule to Statement of Financial Activities

Year Ended March 31, 2026
(Unaudited)

	2026 Budget	2026 Actual	2025 Actual
Operating expenditures			
Power & pumping			
Electricity	51,500	58,227	50,195
Maintenance	2,500	613	1,289
	54,000	58,840	51,484
Purification			
Salaries & benefits	104,607	108,454	84,902
Training	3,000	2,273	631
Chemicals	39,900	50,769	37,999
Testing	23,800	23,419	22,696
Other	4,400	15,576	6,936
	175,707	200,491	153,164
Transmission & distribution			
Salaries and benefits	42,667	44,113	42,142
Maintenance	9,000	8,506	2,412
Vehicle	6,000	2,518	4,781
	57,667	55,137	49,335
Administration & general			
Salaries and benefits	64,174	69,257	62,750
Audit	6,200	3,965	6,195
Insurance	21,180	21,530	20,172
Office & contracted office	22,600	15,534	22,418
	114,154	110,286	111,535

Town of Mulgrave
Water Capital Fund
Statement of Financial Position

March 31 (Unaudited)	2026	2025
Financial Assets		
Cash and cash equivalents	$ 739,867	$ 675,662
Financial liabilities		
Long-term debt	880,000	960,000
Net Debt	(140,133)	(284,338)
Non-financial Assets		
Tangible capital assets	5,319,568	5,319,568
Less: accumulated depreciation	(858,102)	(789,861)
Debenture discount	5,813	6,782
Deferred contributions	(2,356,228)	(2,381,839)
	2,111,051	2,154,650
Investment in Capital Assets	$ 1,970,918	$ 1,870,312

On behalf of the Town

Mayor

CAO

Town of Mulgrave
Water Capital Fund
Statement of Investment in Capital Assets

Year Ended March 31 (Unaudited)	2026	2025
Balance, beginning of year	$ 1,870,312	$ 1,758,474
Amortization of discount on debentures	(969)	(969)
Interest earned	21,565	27,311
Other revenue	10	5,496
Term debt retired	80,000	80,000
Balance, end of year	$ 1,970,918	$ 1,870,312

Statement of Deferred Contributions

Year Ended March 31 (Unaudited)	2026	2025
Balance, beginning of year	$ 2,381,839	$ 2,407,450
Amortization	(25,611)	(25,611)
Balance, end of year	$ 2,356,228	$ 2,381,839

Statement of Depreciation Fund Cash

Year Ended March 31 (Unaudited)	2026	2025
Cash, beginning of year	$ 675,662	$ 608,799
Transfers from other funds	42,640	39,552
Interest earned	21,565	27,311
Balance, end of year	$ 739,867	$ 675,662