

**Municipality of the District of
St. Mary's
Consolidated Financial Statements**
March 31, 2026

Municipality of the District of St. Mary's
Consolidated Financial Statements
For the year ended March 31, 2026

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Independent Auditor's Report

To the Warden and Council of Municipality of the District of St. Mary's:

Opinion

We have audited the consolidated financial statements of Municipality of the District of St. Mary's (the "Municipality"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations, change in net financial assets, cash flows and the related schedules 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 Municipality as at March 31, 2026, and the results of its consolidated operations, change in 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 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 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 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 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 Municipality 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
September 29, 2026

MNP LLP
Chartered Professional Accountants

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Municipality of the District of St. Mary's (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. 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.

The Municipality's management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MNP LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Lesley McFarlane
Chief Administrative Officer

Municipality of the District of St. Mary's
Consolidated Statement of Financial Position

As at March 31, 2026

	2026	2025
FINANCIAL ASSETS		
Cash (Note 2)	\$ 2,607,890	\$ 2,848,460
Restricted cash (Note 2)	384,824	384,824
Taxes receivable (Note 3)	313,908	261,484
Other accounts receivable	498,931	467,702
	<u>3,805,553</u>	<u>3,962,470</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	309,377	379,052
Asset retirement obligation (Note 4)	19,049	19,049
Tax sale surplus	384,824	384,824
Deferred revenue	543,743	562,911
Long-term debt (Note 5)	182,949	197,022
	<u>1,439,942</u>	<u>1,542,858</u>
NET FINANCIAL ASSETS	<u>2,365,611</u>	<u>2,419,612</u>
NON-FINANCIAL ASSETS		
Properties acquired at tax sale	21,299	21,299
Tangible capital assets (Note 6)	6,935,822	6,680,222
Inventory, prepaid expenses and other	22,041	44,226
	<u>6,979,162</u>	<u>6,745,747</u>
ACCUMULATED SURPLUS (Note 7)	<u>\$ 9,344,773</u>	<u>\$ 9,165,359</u>

Guarantee (Note 9)

See accompanying notes to consolidated financial statements.

On behalf of the Municipality of the District of St. Mary's:



 Warden

Digitally signed by Lesley
 McFarlane
 Date: 2026.09.30 12:02:24 -03'00'

 Chief Administrative Officer

Municipality of the District of St. Mary's
Consolidated Statement of Operations

For the year ended March 31, 2026

	Budget (Note 11)	2026	2025
REVENUES			
Taxes	\$ 2,673,691	\$ 2,685,866	\$ 2,627,152
Grants in lieu of taxes	165,465	170,915	162,950
Revenue from own sources	410,000	306,277	329,029
Conditional transfers from other governments	362,345	126,033	112,116
Unconditional transfers from other governments	185,799	186,668	188,060
Capital grants	—	227,004	410,078
Build Communities Strong fund	154,247	154,247	145,160
Water Utility revenue	191,577	172,457	144,673
	4,143,124	4,029,467	4,119,218
EXPENSES			
General government services	988,627	1,108,468	985,602
Protective services	859,944	894,132	754,050
Transportation services	120,000	112,134	113,106
Environmental health services	969,040	851,064	832,952
Environmental development services	477,987	171,555	222,647
Recreation and cultural services	634,875	515,033	424,306
Water Utility expenses	239,903	197,667	176,008
	4,290,376	3,850,053	3,508,671
ANNUAL SURPLUS (DEFICIT)	(147,252)	179,414	610,547
ACCUMULATED SURPLUS, BEGINNING OF YEAR		9,165,359	8,554,812
ACCUMULATED SURPLUS, END OF YEAR		\$ 9,344,773	\$ 9,165,359

See accompanying notes to consolidated financial statements.

Municipality of the District of St. Mary's
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2026

	Budget (Note 11)	2026	2025
ANNUAL SURPLUS (DEFICIT)	\$ (147,252)	\$ 179,414	\$ 610,547
Other non-financial assets			
Amortization of tangible capital assets	301,499	301,499	237,882
Additions to tangible capital assets	—	(557,099)	(715,679)
Change in tangible capital asset related to estimate of asset retirement obligation	—	—	—
Change in inventory, prepaid expenses and other	—	22,185	80,680
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	154,247	(54,001)	213,430
NET FINANCIAL ASSETS, BEGINNING OF YEAR		2,419,612	2,206,182
NET FINANCIAL ASSETS, END OF YEAR		\$ 2,365,611	\$ 2,419,612

See accompanying notes to consolidated financial statements.

Municipality of the District of St. Mary's
Consolidated Statement of Cash Flows

For the year ended March 31, 2026

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 179,414	\$ 610,547
Items not involving cash		
Amortization of tangible capital assets	301,499	237,882
Change in non-cash items		
Taxes receivable	(52,424)	(53,255)
Other accounts receivable	(31,229)	69,315
Accounts payable and accrued liabilities	(69,675)	(582,039)
Deferred revenue	(19,168)	639
Inventory, prepaid expenses and other	22,185	80,680
	330,602	363,769
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on long-term debt	(14,073)	(14,073)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(557,099)	(715,679)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(240,570)	(365,983)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,233,284	3,599,267
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,992,714	\$ 3,233,284
Cash and cash equivalents consist of the following:		
Cash	\$ 2,607,890	\$ 2,848,460
Restricted cash	384,824	384,824
	\$ 2,992,714	\$ 3,233,284

See accompanying notes to consolidated financial statements.

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements of Municipality of the District of St. Mary's (the "Municipality") have been prepared, in all material respects, in accordance with Canadian public sector accounting standards.

(b) Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenue, expenses and changes in fund balances of all resources of the Municipality. The Municipality is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and that are owned or controlled by the Municipality. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included are as follows:

- General Operating and Capital Funds
- Water Operating and Capital Funds
- Reserve Funds

(c) Segment information

The Municipality is a diversified entity that provides a wide range of services to its residents. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. This presentation is in accordance with the Provincial Financial Reporting and Accounting Manual and was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipality services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General government services

This segment is responsible for the overall local government administration. Its tasks include direction for Municipality services, such as planning, engineering, finance, and information technology in adherence to the Municipal Government Act.

Protective services

This segment is primarily responsible for police, fire protection and bylaw administration for its residents. The Municipality engages the services of the volunteer fire department in order to fulfill its fire protection role. The Municipality collects a rate for the fire department.

Transportation services

The Municipality is responsible for the maintenance of certain local roads, sidewalks and street lights within its jurisdiction.

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment information (continued)

Environmental health services

This segment is responsible for the maintenance and operations of waste and sewer services provided to residents and other customers. Its tasks include the provision of waste collection through contract, recycling and composting.

Recreation and cultural services

This segment is responsible for promoting and offering recreation opportunities and activities to the Municipality's residents, specializing in maintaining and assisting recreational facilities within the Municipality such as recreation facilities and the library.

Environmental development services

This segment is responsible for the issuance of development permits and approving subdivision applications.

Water treatment and distribution

This segment manages water treatment and distribution facilities and services within the Municipality and includes activities such as plant operation and pumping, water treatment, transmission and distribution.

(d) School boards

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 Municipality 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.

(e) Fund accounting

The resources and operations of the Municipality are comprised of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and change in the balance of each fund.

(f) Basis of accounting

Revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

Cash and cash equivalents is defined as cash on hand and on deposit at banks net of any outstanding cheques or deposits.

(h) 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 accounts receivable, accounts payable and accrued liabilities and long-term debt.

Subsequent measurement

At each reporting date, the Municipality 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 Municipality uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, other accounts receivable, accounts payable and accrued liabilities and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Municipality regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Municipality 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 operations. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest or credit risks arising from financial instruments.

A statement of remeasurement gains and losses has not been included in these financial statements as it would not contain any balances or transactions.

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Asset retirement obligation

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 a number of buildings owned by the Municipality has been recognized based on estimated future expenses of remediation.

(j) Tangible capital assets

Tangible capital assets are reported in the consolidated statement of financial position at cost net of accumulated amortization. They are amortized on a straight-line basis over their estimated useful lives at the following rates:

	Basis	Rate
Lighthouse	Straight-line	20 years
Buildings	Straight-line	40 years
Rink complex	Straight-line	20 years
Equipment	Straight-line	5 - 10 years
Sewer collection and disposal	Straight-line	50 years
Transfer station	Straight-line	20 years
Paving and sidewalks	Straight-line	40 years
Water utility assets	Straight-line	50 – 75 years

The amortization in the water capital fund is required to be transferred to a special bank account which is used to help fund replacement of existing equipment, or subject to approval by the Utility and Review Board, to repay principal of capital debt.

(k) Government transfers

Government transfers are recognized as revenue in the consolidated 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 when the stipulation liabilities are settled.

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Deferred revenue

Deferred revenue represents user charges, prepayment of taxes, and other fees that have been collected, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year when performance obligations are satisfied.

(m) Reserve funds

Certain amounts, as approved by Council of the Municipality, 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.

(n) Taxation and other revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Property Valuation Services Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and the requisition made by the Province in respect of education taxes and other mandatory contributions. Taxation revenues are recorded when levied. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. An allowance for unresolved assessment appeals is also provided.

Revenue from services to other governments, sale of services and other revenues are recognized at the time when the performance obligation to the customer is satisfied, or when the amounts are earned, as long as amounts can be reasonably estimated and collection is reasonably assured.

(o) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

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

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

Asset retirement obligations are recognized based upon assumptions and estimates related to the amount and timing of costs for future removal and site restoration.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the consolidated financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the years in which they become known.

Municipality of the District of St. Mary's
Notes to Consolidated Financial Statements

For the year ended March 31, 2026

2. CASH

	2026	2025
Cash		
General operating fund	\$ 2,248,524	\$ 2,541,980
Water capital fund	140,845	117,921
Water operating fund	50,077	42,015
Build Communities Strong fund	168,444	146,544
	<u>2,607,890</u>	<u>2,848,460</u>
Restricted cash		
Tax sale surplus	384,824	384,824
	<u>\$ 2,992,714</u>	<u>\$ 3,233,284</u>

3. TAXES RECEIVABLE

	2026	2025
Balance, beginning of year	\$ 392,475	\$ 330,615
Current year's levy of property taxes	2,861,179	2,691,697
Subtotal	<u>3,253,654</u>	<u>3,022,312</u>
Less		
Current year's collections	2,788,379	2,618,072
Bad debts and reduced taxes	12,081	11,765
	<u>2,800,460</u>	<u>2,629,837</u>
Gross taxes receivable, end of year	453,194	392,475
Less		
Allowance for uncollectible taxes	139,286	130,991
Taxes receivable, net	<u>\$ 313,908</u>	<u>\$ 261,484</u>

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

4. ASSET RETIREMENT OBLIGATION

The Municipality's asset retirement obligation consists of the liability for remediation of contaminants present within a number of buildings owned by the Municipality. 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 of 15 years. Estimated costs have been discounted to the present value using discount rates ranging of 4.33% per annum.

	2026	2025
	\$ 19,049	\$ 19,049

5. LONG-TERM DEBT

	2026	2025
Municipal Finance Corporation, repayable in annual principal payments of \$14,073, plus interest at 3.21% to 3.55% maturing in 2033	\$ 182,949	\$ 197,022

Principal payments required in each of the next five years on debt held as of March 31, 2026 are as follows:

2027	\$ 14,073
2028	14,073
2029	14,073
2030	14,073
2031	14,073
Thereafter	112,584

Municipality of the District of St. Mary's
Notes to Consolidated Financial Statements
For the year ended March 31, 2026

6. TANGIBLE CAPITAL ASSETS

									2026	2025
	Cost Beginning of Year	Additions and Transfers	Disposals and Write-downs	Cost End of Year	Amortization Beginning of Year	Additions	Disposals	Amortization End of Year	Net Book Value	Net Book Value
Land	\$ 99,196	\$ —	\$ —	\$ 99,196	\$ —	\$ —	\$ —	\$ —	\$ 99,196	\$ 99,196
Lighthouse	137,250	—	—	137,250	287	378	—	665	136,585	136,963
Buildings	2,082,512	213,677	—	2,296,189	647,403	54,370	—	701,773	1,594,416	1,435,109
Rink complex	1,875,655	109,097	—	1,984,752	976,575	106,354	—	1,082,929	901,823	899,080
Equipment	470,138	—	—	470,138	356,553	37,539	—	394,092	76,046	113,585
Sewer collection and disposal	2,039,105	131,688	—	2,170,793	1,091,898	42,310	—	1,134,208	1,036,585	947,207
Transfer station	72,682	—	—	72,682	72,062	620	—	72,682	—	620
Paving and sidewalks	464,080	—	—	464,080	29,939	11,602	—	41,541	422,539	434,141
Water Utility assets	3,065,646	102,637	—	3,168,283	451,325	48,326	—	499,651	2,668,632	2,614,321
	\$ 10,306,264	\$ 557,099	\$ —	\$ 10,863,363	\$ 3,626,042	\$ 301,499	\$ —	\$ 3,927,541	\$ 6,935,822	\$ 6,680,222

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

7. ACCUMULATED SURPLUS

	2026	2025
Water operating fund	\$ (204,182)	\$ (167,130)
Capital funds	6,881,488	6,571,553
	6,677,306	6,404,423
Operating reserve fund	1,751,192	1,751,192
Capital reserve fund	629,940	779,710
Build Communities Strong fund	174,178	155,034
Fire services reserve fund	112,157	75,000
	2,667,467	2,760,936
	\$ 9,344,773	\$ 9,165,359

8. FINANCIAL INSTRUMENTS

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that the Municipality 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 Municipality's financial instruments best represents the maximum exposure to credit risk. The Municipality manages its credit risk by providing allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting its obligations associated with financial liabilities. The Municipality enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. The Municipality 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 Municipality'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 Municipality's long-term debt is carried at amortized cost and the carrying value does not change as the interest rate changes. The Municipality's future obligations with respect to debt repayment are disclosed in Note 5.

Municipality of the District of St. Mary's

Notes to Consolidated Financial Statements

For the year ended March 31, 2026

9. GUARANTEE

The Municipality has agreed to provide the Sherbrooke and Area Volunteer Fire Department with a loan guarantee on a 5-year term for \$125,000 to purchase a 2013 pumper truck.

10. TRANSFERS TO BOARDS AND COMMISSIONS

The Municipality is required to share in financing the operations of various Boards and Commissions. In addition to any budgeted contributions, the Municipality shares in the deficits or surpluses of these Boards based on their sharing percentages. The Municipality's share of the deficit is to be paid in the next fiscal year, while a surplus is to be taken into the next year's estimates.

	2026 Contribution	2025 Contribution
Eastern Counties Regional Library	26,262	24,397

11. BUDGET INFORMATION

The disclosed budget information has been approved by the Warden and Council at the council meeting on April 2, 2025.

The Municipality budgets for rate settling purposes. These budgeted amounts do not include amortization or revenue from Build Communities Strong Fund. The following adjustments to the annual surplus reconcile the operating budgets to the financial reporting presentation under Canadian Public Sector Accounting Standards ("PSAB").

	2026
Approved budgeted surplus for the year	
General operations	\$ -
Water Utility operations	-
Approved budget surplus	-
Adjusted for:	
Build Communities Strong fund	154,247
Amortization of tangible capital assets	(301,499)
Net PSAB adjustments	(147,252)
	\$ (147,252)

Municipality of the District of St. Mary's
Schedule of Remuneration and Expenses of Members of Council and Chief
Administrative Officer

For the year ended March 31, 2026

Name	Title	Remuneration	Expenses
James Fuller	Warden	28,856	11,365
Beulah Malloy	Deputy Warden	20,611	4,358
Emma Tibbo	Councillor	17,321	4,715
Dana O'Connell	Councillor	17,321	3,018
Scott Beaver	Councillor	17,321	2,097
Doug Patterson	Chief Administrative Officer	55,361	—
Marian Fraser	Interim Chief Administrative Officer	35,117	—
Lesley McFarlane	Chief Administrative Officer	58,414	573

Municipality of the District of St. Mary's
Schedule of Segment Disclosure
For the year ended March 31, 2026

Segment reporting is designed to assist users in identifying the resources allocated to support the major activities of the Municipality and to better understand the performance of segments.

The following schedule provides segment information for the 2026 fiscal year. Segment results represent the activities of that segment and are based on the same accounting policies as described in the Significant Accounting Policies in Note 1. The Municipality has determined that the following segments represent the major activities of government.

Year ended March 31, 2026	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES								
Taxation	\$ 2,288,832	\$ —	\$ 82,232	\$ 314,802	\$ —	\$ —	\$ —	\$ 2,685,866
Grants in lieu of taxes	170,915	—	—	—	—	—	—	170,915
Revenue from own sources	250,940	—	—	—	—	55,337	—	306,277
Conditional transfers from other governments	126,033	—	—	—	—	—	—	126,033
Unconditional transfers from other governments	186,668	—	—	—	—	—	—	186,668
Capital grants	227,004	—	—	—	—	—	—	227,004
Build Communities Strong Fund revenue	154,247	—	—	—	—	—	—	154,247
Water utility revenue	—	—	—	—	—	—	172,457	172,457
	3,404,639	—	82,232	314,802	—	55,337	172,457	4,029,467
EXPENSES								
Salaries, wages and benefits	451,025	21,808	—	230,789	81,889	188,365	27,657	1,001,533
Contracted services	96,493	—	—	—	—	—	—	96,493
Purchased goods from public sector	—	690,900	—	—	—	—	—	690,900
External transfers and grants	—	150,556	—	—	—	—	—	150,556
Interest on long-term debt	—	30,868	—	—	—	—	—	30,868
Other operating expenses	471,421	—	112,134	574,683	89,666	208,616	121,684	1,578,204
Amortization	89,529	—	—	45,592	—	118,052	48,326	301,499
	1,108,468	894,132	112,134	851,064	171,555	515,033	197,667	3,850,053
ANNUAL SURPLUS (DEFICIT)	\$ 2,296,171	\$ (894,132)	\$ (29,902)	\$ (536,262)	\$ (171,555)	\$ (459,696)	\$ (25,210)	\$ 179,414

Year ended March 31, 2025	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES								
Taxation	\$ 2,240,581	\$ —	\$ 81,048	\$ 305,523	\$ —	\$ —	\$ —	\$ 2,627,152
Grants in lieu of taxes	162,950	—	—	—	—	—	—	162,950
Revenue from own sources	270,854	—	—	—	—	58,175	—	329,029
Conditional transfers from other governments	112,116	—	—	—	—	—	—	112,116
Unconditional transfers from other governments	188,060	—	—	—	—	—	—	188,060
Capital grants	410,078	—	—	—	—	—	—	410,078
Canada Community Building Fund revenue	145,160	—	—	—	—	—	—	145,160
Water utility revenue	—	—	—	—	—	—	144,673	144,673
	3,528,799	—	81,048	305,523	—	58,175	144,673	4,119,218
EXPENSES								
Salaries, wages and benefits	430,459	20,406	—	217,488	48,476	135,023	38,500	890,352
Contracted services	93,615	—	—	—	—	—	—	93,615
Purchased goods from public sector	—	651,748	—	—	—	—	—	651,748
External transfers and grants	—	52,394	—	—	—	—	—	52,394
Interest on long-term debt	—	29,502	—	—	—	—	—	29,502
Other operating expenses	397,144	—	113,106	573,154	174,171	192,073	103,530	1,553,178
Amortization	64,384	—	—	42,310	—	97,210	33,978	237,882
	985,602	754,050	113,106	832,952	222,647	424,306	176,008	3,508,671
ANNUAL SURPLUS (DEFICIT)	\$ 2,544,197	\$ (754,050)	\$ (32,058)	\$ (527,429)	\$ (222,647)	\$ (366,131)	\$ (31,335)	\$ 610,547