

TOWN OF ANNAPOLIS ROYAL

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026



TOWN OF ANNAPOLIS ROYAL

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2026

	<u>Page</u>
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2-3
Consolidated Statement of Operations	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Change in Net Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-18
General Operating Fund	
Non-Consolidated Statement of Financial Position	19
Non-Consolidated Statement of Operations	20
Non-Consolidated Schedule of General Operating Fund Revenues	21-22
Non-Consolidated Schedule of General Operating Fund Expenditures	23-25
General Capital Fund	
Non-Consolidated Statement of Financial Position	26
Non-Consolidated Statement of Financial Activities	27
Water Utility Operating Fund	
Non-Consolidated Statement of Financial Position	28
Non-Consolidated Statement of Financial Activities	29
Schedule to Non-Consolidated Statement of Financial Activities	30
Water Utility Capital Fund	
Non-Consolidated Statement of Financial Position	31
Non-Consolidated Statement of Financial Activities	32
General Capital Reserve Fund	
Non-Consolidated Statement of Financial Position/ Statement of Financial Activities	33
Water Utility Capital Reserve Fund	
Non-Consolidated Statement of Financial Position/ Statement of Financial Activities	34
General Operating Reserve Fund	
Non-Consolidated Statement of Financial Position/ Statement of Financial Activities	35
Gas Tax Reserve Fund	
Non-Consolidated Statement of Financial Position/ Statement of Financial Activities	36

TOWN OF ANNAPOLIS ROYAL
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2026

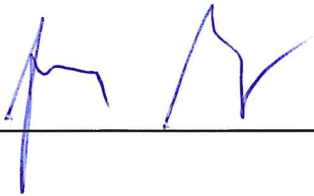
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Town of Annapolis Royal are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada ("CPA"). 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 Town'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 Kent & Duffett Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Mayor

Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of Council Town of Annapolis Royal

Opinion

We have audited the consolidated financial statements of **The Town of Annapolis Royal** which comprise the consolidated statement of financial position as at March 31, 2026, consolidated statement of operations, consolidated change in net assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at March 31, 2026, and the results of its operations, its changes in net financial assets (debt), and its 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 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 financial statements in Canada, and we have fulfilled our other 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 Matters

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information included in the Schedules on pages 19 to 36 are presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

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

Management is responsible for the preparation of the 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 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 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 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 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 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.

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.

Kentville, Nova Scotia
September 23, 2026


Chartered Professional Accountants
Registered Municipal Auditor

TOWN OF ANNAPOLIS ROYAL

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2026</u>	<u>2025</u>
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
REVENUES			
Assessable property taxes	\$ 1,736,616	\$ 1,725,137	\$ 1,594,386
Grants in lieu of taxes	482,419	486,177	498,232
Sales of services	139,600	132,430	175,528
Other revenue from own sources	334,715	519,491	678,700
Unconditional transfers from other governments	233,912	191,956	191,956
Conditional transfers from federal or provincial governments or agencies	-	284,752	268,627
Water rates	274,600	278,588	273,124
	<u>3,201,862</u>	<u>3,618,531</u>	<u>3,680,553</u>
EXPENDITURES			
General government services	533,168	479,660	454,874
Protective services	843,802	637,391	626,307
Transportation services	365,136	340,640	805,605
Environmental health services	276,806	251,305	293,180
Recreation and cultural services	124,574	119,257	110,916
Marketing and economic development	217,874	275,452	205,062
Fiscal services	6,156	4,703	5,547
Planning	76,795	65,501	58,337
Mandatory education contributions	175,000	188,712	172,176
Amortization	64,383	479,951	417,041
Water treatment and distribution	388,551	374,439	377,730
	<u>3,072,245</u>	<u>3,217,011</u>	<u>3,526,775</u>
ANNUAL SURPLUS (DEFICIT)	\$ 129,617	401,520	153,778
ACCUMULATED SURPLUS AT BEGINNING OF YEAR		11,188,218	11,034,440
ACCUMULATED SURPLUS AT END OF YEAR		<u>\$ 11,589,738</u>	<u>\$ 11,188,218</u>

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

TOWN OF ANNAPOLIS ROYAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

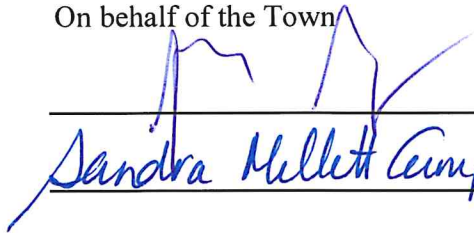
AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
FINANCIAL ASSETS		
Cash	\$ 5,018,369	\$ 3,584,297
Accounts receivable (net of allowance) (note 3)	<u>326,511</u>	<u>385,938</u>
	<u>5,344,880</u>	<u>3,970,235</u>
LIABILITIES		
Accounts payable and accrued liabilities	305,744	409,360
Deferred revenue (note 11)	1,799,174	749,599
Long-term debt (note 7)	<u>100,000</u>	<u>146,816</u>
	<u>2,204,918</u>	<u>1,305,775</u>
NET ASSETS (page 6)	<u>3,139,962</u>	<u>2,664,460</u>
NON-FINANCIAL ASSETS		
Inventory	30,265	34,894
Tangible capital assets (note 6)	8,409,724	8,486,857
Prepaid expenses	<u>9,787</u>	<u>2,007</u>
	<u>8,449,776</u>	<u>8,523,758</u>
ACCUMULATED SURPLUS	<u>\$ 11,589,738</u>	<u>\$ 11,188,218</u>

Commitments (note 13)

On behalf of the Town

Mayor


Sandra Mullett Campbell

Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

YEAR ENDED MARCH 31, 2026

	<u>Budget</u> (unaudited)	<u>2026</u>	<u>2025</u>
ANNUAL SURPLUS (page 4)	\$ 129,617	\$ 401,520	\$ 153,778
Acquisition of tangible capital assets and donated assets	-	(402,818)	(453,193)
Amortization of tangible capital assets	64,383	479,951	417,041
Loss (gain) on sale of tangible capital assets	-	(77,692)	(3,400)
Proceeds on sale of tangible capital assets	-	77,692	7,150
	<u>194,000</u>	<u>478,653</u>	<u>121,376</u>
Change in inventory and prepaid expenses	<u>-</u>	<u>(3,151)</u>	<u>80,053</u>
Increase (decrease) in net assets	194,000	475,502	201,429
NET ASSETS AT BEGINNING OF YEAR		<u>2,664,460</u>	<u>2,463,031</u>
NET ASSETS AT END OF YEAR		<u>\$ 3,139,962</u>	<u>\$ 2,664,460</u>

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

TOWN OF ANNAPOLIS ROYAL

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
OPERATING TRANSACTIONS		
Annual surplus	\$ 401,520	\$ 153,778
Net change in non-cash working capital balances		
Amortization	479,951	417,041
Loss (gain) on disposal of assets	<u>(77,692)</u>	<u>(3,400)</u>
	803,779	567,419
Net change in working capital balances		
Decrease (increase) in accounts receivable	59,427	(95,784)
Increase (decrease) in accounts payable and accrued liabilities	(103,616)	58,249
Increase (decrease) in deferred revenue	1,049,575	(47,390)
Increase (decrease) in inventory	4,629	4,014
Decrease (increase) in prepaid expenses	<u>(7,780)</u>	<u>76,039</u>
	<u>1,806,014</u>	<u>562,547</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets and donated assets	(402,818)	(453,193)
Proceeds on sale of tangible capital assets	<u>77,692</u>	<u>7,150</u>
	<u>(325,126)</u>	<u>(446,043)</u>
FINANCING TRANSACTIONS		
Repayment of long-term debt	<u>(46,816)</u>	<u>(45,947)</u>
	<u>(46,816)</u>	<u>(45,947)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,434,072	70,557
Cash and cash equivalents at beginning of year	<u>3,584,297</u>	<u>3,513,740</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,018,369</u></u>	<u><u>\$ 3,584,297</u></u>

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

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Annapolis Royal are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada. 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, expenditures and change in fund balances and in the financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable to the Town for the administration of their financial affairs and resources and which are owned or controlled by the Town, namely:

- General operating and capital funds
- Water utility and capital funds
- Reserve funds

Interdepartmental and organizational transactions and balances have been eliminated.

b) Fund Accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balances.

c) Revenue and Expenditures

Revenues are recorded using the accrual basis of accounting as they are earned and measurable. Funds from external parties and earnings restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenditures are accounted for in the period the goods and services are acquired and liability is incurred or transfer is due.

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

Tax revenue is based on assessments determined in accordance with Nova Scotia Legislation. Tax rates are set annually. Taxation revenues are recorded at the time tax billings are issued. Taxation revenue is subject to appeal. Penalties and overdue taxes are recorded in the period levied.

All other revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Investment income earned on surplus current funds, capital funds, and reserve funds are reported as revenue in the period earned.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset are amortized on a straight line basis over their estimated useful life as follows:

<u>Town Capital</u>	<u>Years</u>	<u>Water Utility</u>	<u>Years</u>
Buildings	40	Water structures and mains	75
Machinery and equipment	5-15	Water pumping and treatment equipment	5-20
Office equipment	5	Hydrants	50
Parks and open space		Water Meters	20
infrastructure	5-15		
Vehicles	5		
Streets	30		
Sidewalks	20-30		
Street lighting	25		
Sewer collection			
system	40		
Storm water	40		
Sewer treatment			
plant	25		

Tangible capital assets are written down when conditions indicate they no longer contribute to the Town's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations.

e) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

f) Water Utility

Capital assets and projects in progress are recorded at the utility's gross costs. Interest incurred during construction on significant water capital projects is capitalized.

g) Amortization

Amortization of capital assets is recorded in the water capital fund calculated on a formula prescribed by the Nova Scotia Utility and Review Board.

Amortization of capital assets recorded in the water operating fund is transferred to a special bank account in the water capital fund which is used to help fund replacement of existing plant and equipment, or subject to approval by the Nova Scotia Utility and Review Board, to repay principal on capital debt.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Valuation Allowances

Uncollected taxes and rates:

The Town provides a valuation allowance for estimated losses that will be incurred in collecting taxes and rates receivable outstanding.

i) Financial Instruments

The financial instruments consist of cash, accounts receivables, accounts payables, accrued liabilities, short term borrowings and long term debt. Unless otherwise noted, it is managements' opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

j) Allocation of Municipal Costs to Water Utility Funds

Where identifiable, costs incurred by the Town of Annapolis Royal on behalf of the Water Utility are charged to the utility funds. The Water Utility and the Town cost-shared certain expenses resulting in the Water Utility receiving in aggregate for 2026 \$110,130 (2025 - \$110,130). The \$110,130 is for the fire protection levy only. Administrative expenses and certain public works expenses are also cost-shared.

k) Annapolis Royal Housing Authority Reserve

In the terms with the acceptance of funds received, the Town had agreed to pay 12.5% of the net operating costs of the Annapolis Royal Housing Authority for a fifty-year period ending 2028. However in fiscal 2024 the Province of Nova Scotia agreed to fund 100% of the operations of the Housing Authority and this cost will no longer be incurred by the Town.

l) Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian Accounting Standards for the Public Sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the 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. Actual results may differ from those estimates. The most significant accounting estimates in these consolidated financial statements include allowance for doubtful accounts and estimated useful life of tangible capital assets.

m) Deferred Contributions

Assistance towards the acquisition of tangible capital assets by the Water Utility subsequent to April 1, 2007, is amortized on the same basis as the related tangible capital asset that was purchased with the capital grant received.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts, short term deposits and original maturities of three months or less. Bank borrowings are considered to be financing activities.

o) Asset retirement obligation

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

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

The recognition of a liability, or change in liability valuation results in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized with the depreciation accounting policies outlined in 1 (d).

2. CHANGE IN ACCOUNTING POLICIES

On April 1, 2023, the Town adopted the new Public Sector Accounting Standards Section PS 3400 Revenue. New Section 3400 Revenue establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e. exchange transactions) and transactions that do not have performance obligations (i.e. non-exchange transactions). Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payor. Revenue from transactions with no performance obligation will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. In accordance with the provisions of this new standard, the Town has no adjustments.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

3. ACCOUNTS RECEIVABLE

	Current Year	Prior Year	2026 Total	2025 Total
Tax receivable				
Balance at beginning of year	\$ -	\$ 61,396	\$ 61,396	\$ 42,031
Add:				
Current year's tax levy	1,687,400	-	1,687,400	1,545,150
	1,687,400	61,396	1,748,796	1,587,181
Deduct:				
Current year's tax collection	1,619,428	58,441	1,677,869	1,520,785
Write offs and allowances	-	-	-	-
Valuation allowance	5,000	-	5,000	5,000
Total tax receivable			\$ 65,927	\$ 61,396
HST receivable			50,877	96,673
Interest receivable			11,051	11,335
Due from province			-	-
Water Receivable (net of allowance \$2,500)			57,844	66,638
Capital contribution receivable			-	-
Other			140,812	149,896
			<u>\$ 326,511</u>	<u>\$ 385,938</u>

4. VALUATION ALLOWANCES

Valuation allowance, uncollectible taxes

	2026	2025
Balance, beginning of year	\$ 5,000	\$ 5,000
Add provision for the year	-	-
Deduct uncollectible taxes written off	-	-
Balance, end of year	<u>\$ 5,000</u>	<u>\$ 5,000</u>

5. DEPRECIATION FUND (WATER UTILITY)

	2026	2025
Balance, beginning of year	\$ 711,943	\$ 620,175
Add (deduct):		
Interest earned	18,436	26,905
Prior year depreciation	64,383	64,863
Balance, end of year	<u>\$ 794,762</u>	<u>\$ 711,943</u>

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

6. TANGIBLE CAPITAL ASSETS

<u>Town Capital</u>							Accumulated		Accumulated		Net Book
	Cost 2025	Additions	Disposals/ adjustments	Cost 2026	2025	Adjustment	Amortization	Expense	Amortization	2026	
Land	\$ 144,360	\$ -	\$ -	\$ 144,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,360
Buildings	3,370,454	63,924	-	3,434,378	1,801,907	-	91,617	1,893,524			1,540,854
Machinery & Equipment	704,200	22,933	-	727,133	336,924	-	35,300	372,224			354,909
General office equipment	217,571	25,882	-	243,453	160,767	-	19,413	180,180			63,273
Land improvements & trails	1,716,940	27,228	-	1,744,168	1,021,841	-	47,406	1,069,247			674,921
Police equipment	271,078	-	-	271,078	137,080	-	47,522	184,602			86,476
Street & parking lots	918,516	-	135,573	782,943	618,120	-	13,379	631,499			151,444
Shoreline climate adaptation	-	175,293	-	175,293	-	-	-	-			175,293
Sidewalks	988,076	-	-	988,076	821,891	-	40,044	861,935			126,141
Street lighting	35,269	-	-	35,269	28,842	-	581	29,423			5,846
Wharf	319,600	-	-	319,600	63,940	-	12,788	76,728			242,872
Sewer collection system	3,317,811	181,519	-	3,499,330	1,517,269	-	73,404	1,590,673			1,908,657
Storm water system	727,879	-	-	727,879	373,693	-	14,484	388,177			339,702
Sewage treatment plant	658,280	33,346	-	691,626	260,725	-	26,372	287,097			404,529
	\$ 13,390,034	\$ 530,125	\$ 135,573	\$ 13,784,586	\$ 7,142,999	\$ -	\$ 422,310	\$ 7,565,309			\$ 6,219,277
<u>Water Capital</u>											
Land	\$ 9,838	\$ -	\$ -	\$ 9,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,838
Hydrants	30,252	-	-	30,252	13,345	-	908	14,253			15,999
Structures and improvements											
Reservoir	597,343	-	-	597,343	185,584	-	10,867	196,451			400,892
Pumping	95,010	-	-	95,010	65,365	-	1,264	66,629			28,381
Wells	59,527	-	-	59,527	16,411	-	792	17,203			42,324
Equipment - pumping	100,992	-	-	100,992	41,726	-	6,455	48,181			52,811
Vehicles	36,320	-	-	36,320	36,320	-	-	36,320			-
Mains											
Transmission	1,112,517	-	-	1,112,517	266,720	-	14,027	280,747			831,770
Distribution	1,350,921	-	-	1,350,921	623,011	-	17,945	640,956			709,965
Equipment											
Service	140,594	-	-	140,594	76,411	-	5,293	81,704			58,890
Meters	41,650	8,267	-	49,917	41,013	-	91	41,104			8,813
Water study	30,764	-	-	30,764	-	-	-	-			30,764
	\$ 3,605,728	\$ 8,267	\$ -	\$ 3,613,995	\$ 1,365,906	\$ -	\$ 57,642	\$ 1,423,548			\$ 2,190,447
	\$ 16,995,762	\$ 538,392	\$ 135,573	\$ 17,398,581	\$ 8,508,905	\$ -	\$ 479,952	\$ 8,988,857			\$ 8,409,724

School properties which are owned by the Town but in use by the Regional School Board are not recorded as tangible capital assets. No amortization is recorded by the Town as long as the properties are in use by, and under the control of, the Regional School Board. School properties with a net book value of \$46,928 have been removed from these statements to reflect this policy.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

6. TANGIBLE CAPITAL ASSETS (continued)

				Accumulated			Accumulated			Net Book
	Cost 2024	Additions	Disposals	Cost 2025	2024	Adjustment	Expense	2025	Value	
Town Capital										
Land	\$ 144,360	\$ -	\$ -	\$ 144,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,360
Buildings	3,262,516	107,938	-	3,370,454	1,732,206	-	69,701	1,801,907	1,568,547	
Machinery & Equipment	675,465	51,176	22,441	704,200	337,662	22,441	21,703	336,924	367,276	
General office equipment	212,857	4,714	-	217,571	143,254	-	17,513	160,767	56,804	
Land improvements & trails	1,716,940	-	-	1,716,940	979,422	-	42,419	1,021,841	695,099	
Police equipment	180,955	90,123	-	271,078	121,622	-	15,458	137,080	133,998	
Street & parking lots	918,516	-	-	918,516	594,937	-	23,183	618,120	300,396	
Sidewalks	988,076	-	-	988,076	781,671	-	40,220	821,891	166,185	
Street lighting	35,269	-	-	35,269	28,261	-	581	28,842	6,427	
Wharf	319,600	-	-	319,600	51,152	-	12,788	63,940	255,660	
Sewer collection system	3,270,335	47,476	-	3,317,811	1,444,181	-	73,088	1,517,269	1,800,542	
Storm water system	727,879	-	-	727,879	359,209	-	14,484	373,693	354,186	
Sewage treatment plant	524,691	133,589	-	658,280	239,204	-	21,521	260,725	397,555	
	\$ 12,977,459	\$ 435,016	\$ 22,441	\$ 13,390,034	\$ 6,812,781	\$ 22,441	\$ 352,659	\$ 7,142,999	\$ 6,247,035	
Water Capital										
Land	\$ 9,838	\$ -	\$ -	\$ 9,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,838
Hydrants	30,252	-	-	30,252	12,437	-	908	13,345	16,907	
Structures and improvements										
Reservoir	597,343	-	-	597,343	174,717	-	10,867	185,584	411,759	
Pumping	95,010	-	-	95,010	64,101	-	1,264	65,365	29,645	
Wells	59,527	-	-	59,527	15,620	-	791	16,411	43,116	
Equipment - pumping	86,565	18,177	3,750	100,992	35,271	-	6,455	41,726	59,266	
Vehicles	36,320	-	-	36,320	29,056	-	7,264	36,320	-	
Mains										
Transmission	1,112,517	-	-	1,112,517	253,215	-	13,505	266,720	845,797	
Distribution	1,350,921	-	-	1,350,921	605,066	-	17,945	623,011	727,910	
Equipment										
Service	140,594	-	-	140,594	71,118	-	5,293	76,411	64,183	
Meters	41,650	-	-	41,650	40,923	-	90	41,013	637	
Water study	30,764	-	-	30,764	-	-	-	-	30,764	
	\$ 3,591,301	\$ 18,177	\$ 3,750	\$ 3,605,728	\$ 1,301,524	\$ -	\$ 64,382	\$ 1,365,906	\$ 2,239,822	
	\$ 16,568,760	\$ 453,193	\$ 26,191	\$ 16,995,762	\$ 8,114,305	\$ 22,441	\$ 417,041	\$ 8,508,905	\$ 8,486,857	

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

7. LONG-TERM DEBT	<u>2026</u>	<u>2025</u>
Canadian Housing Mortgage Corporation debenture, bearing interest at a rate of 4.15% with annual repayments of \$14,542; repaid during the year.	\$ -	\$ 13,962
Canadian Housing Mortgage Corporation debenture, bearing interest at a rate of 4.15% with annual repayments of \$8,180; repaid during the year.	-	7,854
Municipal Finance Corporation debenture, bearing interest at a variable rate from 2.205% - 2.561%, with annual principal payments of \$25,000; maturing in 2029.	<u>100,000</u>	<u>125,000</u>
	<u>\$ 100,000</u>	<u>\$ 146,816</u>

Principal repayments required during the next four years are as follows:

2027	\$ 25,000
2028	25,000
2029	25,000
2030	25,000

8. CONTRIBUTION TO NON-CONSOLIDATED BOARDS AND COMMISSIONS

The Town of Annapolis Royal is required to finance the operations of various Boards and Regional Authorities, along with the other Municipalities in the Annapolis Valley, to the extent of its participation based on assessment or population formula.

In addition to any budgeted contributions, the Municipal units share in the deficits or surpluses of these organizations based on their relevant cost-sharing percentages. A Municipal unit's share of the deficit is to be paid in the next fiscal year while a surplus is to be taken into operations in the estimates of the organization in the next fiscal year.

Annapolis Valley Regional Centre for Education

During 2025-26, the Town paid \$188,712 (2025 - \$172,176) as its share for the Annapolis Valley Regional Centre for Education.

Annapolis Valley Regional Library, 0.086% interest

During 2025-26, the Town paid \$24,593 (2025 - \$24,698) toward the operation of the Annapolis Valley Regional Library.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

8. CONTRIBUTION TO NON-CONSOLIDATED BOARDS AND COMMISSIONS (continued)

Annapolis Royal Housing Authority, 12.5% interest

During 2025-26, the Town paid \$Nil (2025 - \$Nil) to the Annapolis Royal Housing Authority to fund its share of the deficit for the year.

Valley Waste Resource Management Authority

During 2025-26 the Town paid \$79,724 (2025 - \$89,638) toward the operation of the Valley Waste Resource Management Authority to fund its share of the operations and capital asset purchases.

9. RATE OF RETURN ON RATE BASE

For the year ended March 31, 2026 the Town water utility has a rate of return on rate base of -2.89%; (2025 -3.61%).

10. DISCLOSURE OF REMUNERATION

<u>Council</u>	<u>Salary</u>	<u>Expenses</u>	<u>Total</u>
Boyer, Amery (Mayor)	\$ 13,267	\$ 1,773	\$ 15,040
Skinner-Robinson, S. (Deputy Mayor)	8,473	1,236	9,709
Sadkowski, H.	6,315	-	6,315
Myers, L.	6,315	100	6,415
MacDonald, A.	6,315	3,366	9,681
	<u>\$ 40,685</u>	<u>\$ 6,475</u>	<u>\$ 47,160</u>
Millett-Campbell, S. CAO	<u>\$ 99,836</u>	<u>\$ 8,020</u>	<u>\$ 107,856</u>

11. DEFERRED REVENUE

	<u>2026</u>	<u>2025</u>
Tax and user charges	\$ 38,658	\$ 33,875
Canada Community-Building Fund (formerly gas tax)	654,568	586,285
Enabling accessibility fund	-	81,656
LLCA Grant	440,050	-
Shoreline project	654,398	-
Other	11,500	47,783
	<u>\$ 1,799,174</u>	<u>\$ 749,599</u>

Canada Community-Building Fund (CCBF) represents funds received from the Federal Government that have not yet been used to fund eligible projects under the terms of the Agreement. These funds remain in deferred revenue until the stipulations for their use have been met.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2026

12. PENSION PLANS

The Town has a defined contribution pension plan. The Town's contribution to the employees defined contribution pensions for the year ending March 31, 2026 was \$53,403 (2025 - \$34,933).

13. COMMITMENTS

The Town has signed a lease for the use of land (parking lot). The lease requires annual payments of \$1,200 plus taxes and expires when terminated by either party with 60 days notice.

14. CONTINGENCIES

The Town has issued a guarantee of several long term debentures taken by the Valley Waste Resource Management Authority (VWRMA). As at March 31, 2026, the Town's total obligation should the Valley Waste Resource Management Authority not pay the debenture loans amounts to \$12,347. (2025 - \$18,390).

15. COMPARATIVE FIGURES

In some instances, the comparative prior year figures have been reclassified to conform to the current year's financial statement presentation. The changes do not affect prior year earnings.

TOWN OF ANNAPOLIS ROYAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2026

16. CONSOLIDATED SCHEDULE OF OPERATIONS BY FUNCTION

	General Gov't	Protective Services	Transportation Services	Env. Health Services	Recreation & Cultural Services	Marketing & Economic development Services	Fiscal Services	Planning Services	Water Utility	2026
REVENUE										
TAXES	\$ 1,725,137									\$ 1,725,137
GRANTS IN LIEU OF TAXES	486,177									486,177
SALE OF SERVICES				\$ 56,358	\$ 65,322			\$ 7,750	\$ 6,877	136,307
OTHER REVENUE FROM OWN SOURCES	239,161	\$ 21,177		20,161		\$ 40,123	\$ 39,770			360,392
UNCONDITIONAL TRANSFERS FROM OTHER GOV'TS		100,000	\$ 91,956							191,956
CONDITIONAL TRANSFERS FROM FEDERAL OR PROVINCIAL GOV'T										-
WATER UTILITY									278,588	278,588
TOTAL REVENUE	\$ 2,450,475	\$ 121,177	\$ 91,956	\$ 76,519	\$ 65,322	\$ 40,123	\$ 39,770	\$ 7,750	\$ 285,465	\$ 3,178,557
EXPENDITURES										
SALARIES, WAGES AND BENEFITS	\$ 304,639	\$ 416,657	\$ 121,763	\$ 99,316	\$ 74,393	\$ 12,594		\$ 37,455		\$ 1,066,817
OPERATING COSTS	363,733	250,733	218,874	151,989	72,398	165,324	\$ 1,583	28,046		1,252,680
AMORTIZATION	30,527	51,582	96,341	114,260	129,601			\$ 57,641		479,952
INTEREST ON LONG TERM DEBT							3,121		275	3,396
WATER UTILITY									374,165	374,165
TOTAL EXPENDITURES	\$ 698,899	\$ 718,972	\$ 436,978	\$ 365,565	\$ 276,392	\$ 177,918	\$ 4,704	\$ 65,501	\$ 432,081	\$ 3,177,010
SURPLUS (DEFICIT)	\$ 1,751,576	\$ (597,795)	\$ (345,022)	\$ (289,046)	\$ (211,070)	\$ (137,795)	\$ 35,066	\$ (57,751)	\$ (146,616)	\$ 1,547

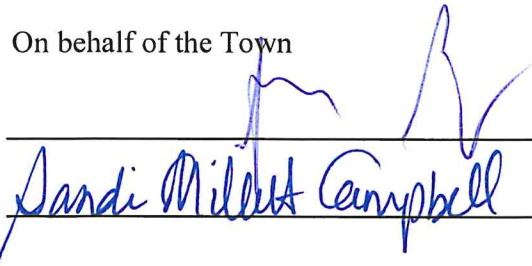
TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL OPERATING FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash and cash equivalents	\$ 343,631	\$ 272,980
Taxes receivable (net of valuation allowance)	65,927	61,396
Other receivables	87,863	129,225
Harmonized sales tax	27,763	72,484
Due from		
Water Operating fund	37,136	18,336
Water Capital fund	-	-
Gas Tax reserve fund	-	-
	<u>562,320</u>	<u>554,421</u>
OTHER ASSETS		
Prepaid expenses	2,992	2,007
Inventory	2,021	2,030
	<u>5,013</u>	<u>4,037</u>
	<u>\$ 567,333</u>	<u>\$ 558,458</u>
LIABILITIES		
Payables	\$ 173,465	\$ 180,070
Deferred revenue	50,158	81,658
Due to		
General Operating reserve fund	48,804	1,824
General Capital fund	-	-
	<u>272,427</u>	<u>263,552</u>
OTHER LIABILITIES		
Reserve, Annapolis Royal Housing Fund	39,349	39,349
	<u>311,776</u>	<u>302,901</u>
SURPLUS	<u>255,557</u>	<u>255,557</u>
	<u>\$ 567,333</u>	<u>\$ 558,458</u>

On behalf of the Town

 Mayor

Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF OPERATIONS OF THE GENERAL OPERATING FUND

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget (unaudited)	Actual	Actual
REVENUE			
Taxes (page 21)	\$ 1,736,615	\$ 1,725,137	\$ 1,594,386
Grants in lieu of taxes (page 21)	482,419	486,177	498,233
Unconditional transfers from other governments (page 21)	233,912	191,956	191,956
Sale of services (page 21)	139,600	132,430	175,528
Other revenue from own sources (page 22)	323,615	357,390	569,250
	<u>2,916,161</u>	<u>2,893,090</u>	<u>3,029,353</u>
EXPENSES			
General government services (page 23)	528,868	476,028	451,483
Protective services (page 23)	818,104	751,152	739,830
Transportation services (page 24)	365,137	340,639	805,604
Environmental health services (page 24)	276,806	251,305	293,179
Recreational services (page 24)	100,194	95,010	86,804
Cultural services (page 24)	26,993	27,534	26,231
Marketing services (page 25)	61,778	56,337	71,628
Economic development services (page 25)	153,482	145,828	152,303
Planning services (page 25)	76,795	65,501	58,337
Fiscal services (page 25)	181,156	193,415	177,724
	<u>2,589,313</u>	<u>2,402,749</u>	<u>2,863,123</u>
NET REVENUE	<u>326,848</u>	<u>490,341</u>	<u>166,230</u>
FINANCING AND TRANSFERS			
Long Term Debt Principal repaid	(38,962)	(38,962)	(38,406)
Reserve for uncollected taxes	-	-	-
Net transfers (to) from			
Capital fund	(374,400)	(374,400)	(256,000)
Operating reserve fund	-	-	150,000
General capital reserve transfer	87,514	(30,000)	(20,000)
Operating reserve fund (2024/2025 surplus)	-	-	(1,824)
Operating reserve fund (2025/2026 surplus)	(1,000)	(46,979)	-
	<u>(326,848)</u>	<u>(490,341)</u>	<u>(166,230)</u>
CHANGE IN FUND BALANCE	-	-	-
SURPLUS AT BEGINNING OF YEAR		<u>255,557</u>	<u>255,557</u>
SURPLUS AT END OF YEAR		<u>\$ 255,557</u>	<u>\$ 255,557</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget	Actual	Actual
	(unaudited)		
Taxes			
Assessable Property			
Residential	\$ 1,246,687	\$ 1,174,331	\$ 1,134,000
Commercial property	444,657	513,070	411,150
Area assessment			
Environmental health service	35,271	32,661	37,735
Business property			
Nova Scotia Power Inc. (HST Rebate)	10,000	5,075	11,501
Total taxes	<u>\$ 1,736,615</u>	<u>\$ 1,725,137</u>	<u>\$ 1,594,386</u>
Grants in lieu of taxes			
Federal government	\$ 41,500	\$ 43,821	\$ 41,174
Provincial government	23,239	24,379	22,943
Nova Scotia Power Inc.	412,380	412,380	428,880
Maritime Telegraph and Telephone	5,300	5,597	5,236
Total Grants in lieu of taxes	<u>\$ 482,419</u>	<u>\$ 486,177</u>	<u>\$ 498,233</u>
Unconditional transfers from other governments			
Department of Justice	\$ 100,000	\$ 100,000	\$ 100,000
Provincial funding for roads	133,912	91,956	91,956
Total unconditional transfers from other governments	<u>\$ 233,912</u>	<u>\$ 191,956</u>	<u>\$ 191,956</u>
Sales of services			
Planning services	\$ 8,600	\$ 7,750	\$ 8,876
Sewage treatment charges	65,000	59,358	76,092
Recreation	66,000	65,322	90,560
Total sales of services	<u>\$ 139,600</u>	<u>\$ 132,430</u>	<u>\$ 175,528</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND REVENUES (CONTINUED)

YEAR ENDED MARCH 31, 2025

	2026		2025
	Budget (unaudited)	Actual	Actual
Other revenue from own sources			
Hall / Office rentals	\$ 50,635	\$ 50,515	\$ 49,770
Wharf rental	-	-	280
Interest on investments	25,000	20,157	33,764
Licenses and permits	3,100	2,485	2,062
Miscellaneous	2,500	3,498	1,987
Pixie Dust	13,000	15,000	13,000
Valley Waste	15,000	4,299	26,648
Fines and police checks	53,500	21,177	41,903
Penalties and interest on taxes	12,000	19,613	18,785
Marketing	61,080	60,284	267,617
Deed transfer tax	85,000	126,986	111,000
PST refunds	2,800	3,232	2,434
Dorian Claim	-	30,144	-
Total other revenue from own sources	\$ 323,615	\$ 357,390	\$ 569,250
TOTAL REVENUE	\$ 2,916,161	\$ 2,893,090	\$ 3,029,353

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget	Actual	Actual
	(unaudited)		
General government services			
Legislative			
Mayor and Council	\$ 65,772	\$ 62,643	\$ 60,828
General administrative			
Administrative	292,216	271,109	257,039
Atlantic Infrastructure Management Network			
Financial management	35,682	36,216	34,851
Common services	52,858	19,833	38,899
Professional fees	50,991	55,378	30,341
Other general administrative services	31,349	30,849	29,525
Total general government services	\$ 528,868	\$ 476,028	\$ 451,483
Protective services			
Fire protection			
Fire fighters	\$ 58,212	\$ 62,938	\$ 58,212
Water supply and hydrants	110,130	110,130	110,130
Fire department capital grant	-	-	-
	168,342	173,068	168,342
Police protection			
Police salaries and benefits	481,916	425,443	430,389
Police automotive equipment	18,429	20,664	20,272
Radio and telephone	17,205	14,882	10,178
Police other expenses	75,767	67,171	75,360
	593,317	528,160	536,199
Emergency measures	7,435	7,387	10,842
Other			
Trees commission	35,840	29,713	13,933
Gardening	11,625	11,927	9,986
Animal control	1,545	897	528
	49,010	42,537	24,447
Total protective services	\$ 818,104	\$ 751,152	\$ 739,830

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES (CONTINUED)

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget	Actual	Actual
	(unaudited)		
Transportation services			
Road transport			
Roads and streets	\$ 147,935	\$ 152,936	\$ 630,713
Kings Transit services	12,000	12,500	5,000
Street lighting	10,790	9,365	8,994
Public Works			
Equipment	40,358	37,525	43,426
Farmers' market maintenance	1,000	321	445
Wages and benefits	128,458	112,028	99,539
Workshop	24,596	15,964	17,487
Total transportation services	<u>\$ 365,137</u>	<u>\$ 340,639</u>	<u>\$ 805,604</u>
Environmental health services			
Central treatment plant operations	\$ 81,768	\$ 67,645	\$ 113,269
Garbage, waste and recycling	82,524	83,248	92,736
Wages and benefits	112,514	100,412	87,174
Total environmental health services	<u>\$ 276,806</u>	<u>\$ 251,305</u>	<u>\$ 293,179</u>
Recreational services			
Conferences and travel	\$ 2,500	\$ 218	\$ 631
Facility maintenance and repairs	9,215	8,793	3,568
Friends of the pool society	8,000	8,000	8,000
Insurance	4,351	4,393	4,030
Office supplies / equipment	472	661	809
Programs and activities	3,917	878	2,456
Telephone	650	674	444
Wages and benefits	71,089	71,393	66,866
Total recreational services	<u>\$ 100,194</u>	<u>\$ 95,010</u>	<u>\$ 86,804</u>
Cultural services			
Farmers' market	\$ 1,065	\$ 937	\$ 930
Library	24,968	24,593	24,698
Town crier	960	2,004	603
Total cultural services	<u>\$ 26,993</u>	<u>\$ 27,534</u>	<u>\$ 26,231</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED SCHEDULE OF GENERAL OPERATING FUND EXPENDITURES (CONTINUED)

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget	Actual	Actual
	(unaudited)		
Marketing services			
Advertising and website	\$ 5,092	\$ 4,889	\$ 2,808
Wages and benefits	17,334	12,594	15,072
General expenses	30,137	27,495	45,114
Promotional	3,215	4,148	3,581
Twinning	1,000	1,545	107
Natal Day	5,000	5,666	4,946
Total marketing services	<u>\$ 61,778</u>	<u>\$ 56,337</u>	<u>\$ 71,628</u>
Economic development services			
Pixie Dust	\$ 13,000	\$ 14,244	\$ 12,921
Economic Development	71,603	71,070	86,490
Annapolis Royal Wharf	29,500	18,416	8,002
Local and Area Economic Development (ARRA)	24,379	24,247	24,112
Bus Garage expense	15,000	17,851	20,778
Total economic development services	<u>\$ 153,482</u>	<u>\$ 145,828</u>	<u>\$ 152,303</u>
Planning services			
Planning services	\$ 76,795	\$ 65,501	\$ 58,337
Total planning services	<u>\$ 76,795</u>	<u>\$ 65,501</u>	<u>\$ 58,337</u>
Fiscal services			
Debt charges			
Debenture interest	\$ 3,656	\$ 3,120	\$ 4,779
Bank service charges	2,500	1,583	769
Unconditional transfers to other governments and agencies			
Annapolis Royal Housing Authority	-	-	-
Conditional transfers to other governments and agencies			
Correctional services	-	-	-
Appropriation to Regional School Authority	175,000	188,712	172,176
Total fiscal services	<u>\$ 181,156</u>	<u>\$ 193,415</u>	<u>\$ 177,724</u>
TOTAL EXPENSES	<u>\$ 2,589,313</u>	<u>\$ 2,402,749</u>	<u>\$ 2,863,123</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL CAPITAL FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash and cash equivalents	\$ 988,458	\$ 335,717
Other receivables	64,000	32,000
HST receivable	18,693	23,368
Due from		
Gas tax reserve fund	20,000	30,000
General operating fund	-	-
	<u>1,091,151</u>	<u>421,085</u>
Capital assets, at cost (note 6)	13,784,586	13,390,034
Accumulated amortization (note 6)	(7,565,309)	(7,142,999)
	<u>6,219,277</u>	<u>6,247,035</u>
	<u>\$ 7,310,428</u>	<u>\$ 6,668,120</u>
LIABILITIES		
Accounts payable	\$ 77,978	\$ 182,448
Deferred revenue	654,398	-
Long Term Debt		
Canada Mortgage and Housing Corporation (note 7)	-	13,962
Municipal Finance Debenture (note 7)	100,000	125,000
	<u>832,376</u>	<u>321,410</u>
FUND BALANCE	<u>6,478,052</u>	<u>6,346,710</u>
	<u>\$ 7,310,428</u>	<u>\$ 6,668,120</u>

On behalf of the Town



Sandra Millett Campbell

Mayor

Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL CAPITAL FUND

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
REVENUE		
Lift station grant	\$ 32,000	\$ 32,000
Grant Potter Memorial Park funding	-	50,000
Playground redesign funding	-	2,000
Accessibility funding	-	-
Gain on disposal of tangible capital assets	77,692	3,400
Sustainable Growth Inc. Funding	-	124,627
Donations	1,096	-
Interest	9,501	11,456
	<u>120,289</u>	<u>223,483</u>
EXPENDITURES		
Amortization	<u>422,310</u>	<u>352,657</u>
NET REVENUE (EXPENDITURES)	<u>(302,021)</u>	<u>(129,174)</u>
FINANCING AND TRANSFERS		
Debt retired, long term	<u>38,963</u>	<u>38,406</u>
Transfers from own reserves, funds and agencies		
Transfer from general operating	374,400	256,000
Transfer from gas tax reserve	20,000	60,000
Total net transfers	<u>394,400</u>	<u>316,000</u>
Total financing and transfers	<u>433,363</u>	<u>354,406</u>
CHANGE IN FUND BALANCE	131,342	225,232
SURPLUS AT BEGINNING OF YEAR	<u>6,346,710</u>	<u>6,121,478</u>
SURPLUS AT END OF YEAR	<u>\$ 6,478,052</u>	<u>\$ 6,346,710</u>

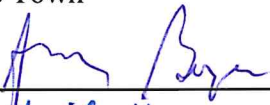
TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WATER UTILITY OPERATING FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash	\$ 65,967	\$ 86,329
Rates receivable, net of asset valuation of \$2,500 (2025 - \$2,500)	57,843	66,638
Interest receivables	-	-
Other receivables	3,613	1,455
Prepaid expenses	6,795	-
Inventory, at cost	28,244	32,864
	<u>\$ 162,462</u>	<u>\$ 187,286</u>
LIABILITIES		
Payables	\$ 54,287	\$ 46,829
Due to		
General operating fund	37,136	18,336
Water capital fund	57,641	64,383
	<u>149,064</u>	<u>129,548</u>
ACCUMULATED SURPLUS	<u>13,398</u>	<u>57,738</u>
	<u>\$ 162,462</u>	<u>\$ 187,286</u>

On behalf of the Town


 _____ Mayor


 _____ Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget	Actual	Actual
	(unaudited)		
OPERATING REVENUE			
Metered sales	\$ 273,000	\$ 276,988	\$ 271,524
Public fire protection	110,130	110,130	110,130
Other operational revenue	3,200	3,084	3,196
Total operating revenue	386,330	390,202	384,850
OPERATING EXPENDITURES			
Source of supply (page 30)	113,694	120,201	113,283
Power and pumping (page 30)	2,750	602	2,662
Water testing and treatment	15,700	15,354	14,707
Transmission and distribution (page 30)	103,460	97,866	106,781
Administration and general (page 30)	143,792	129,745	136,329
Depreciation	64,383	57,641	64,383
Professional services	8,830	10,398	3,330
Total operating expenditures	452,609	431,807	441,475
NET OPERATING REVENUE (EXPENDITURE)	(66,279)	(41,605)	(56,625)
Non-operating revenue			
Interest	8,000	3,697	7,865
Other	1,500	1,697	1,508
	9,500	5,394	9,373
Non-operating expenditures			
Debt charges			
Principal	7,854	7,854	7,541
Interest	326	275	639
Transfer to Water Capital reserve fund	-	-	-
	8,180	8,129	8,180
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	(64,959)	(44,340)	(55,432)
SURPLUS AT BEGINNING OF YEAR		57,738	113,170
SURPLUS AT END OF YEAR		\$ 13,398	\$ 57,738

TOWN OF ANNAPOLIS ROYAL

SCHEDULE TO NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WATER UTILITY OPERATING FUND

YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget	Actual	Actual
	(unaudited)		
SOURCE OF SUPPLY			
Cost of sharing Municipal water supply	\$ 113,694	\$ 120,201	\$ 113,283
	<u>\$ 113,694</u>	<u>\$ 120,201</u>	<u>\$ 113,283</u>
POWER AND PUMPING			
Power	\$ 2,500	\$ 415	\$ 2,419
Pumping	250	187	243
	<u>\$ 2,750</u>	<u>\$ 602</u>	<u>\$ 2,662</u>
TRANSMISSION AND DISTRIBUTION			
Salaries and wages	\$ 68,796	\$ 65,508	\$ 56,685
Maintenance	28,904	27,471	42,456
Transportation expenses	5,760	4,887	7,640
	<u>\$ 103,460</u>	<u>\$ 97,866</u>	<u>\$ 106,781</u>
ADMINISTRATION AND GENERAL			
Salaries and benefits	\$ 103,305	\$ 100,650	\$ 96,271
General and office expenses	14,271	17,531	18,158
Regulatory expenses	870	885	870
Building expenses	25,346	10,679	21,030
	<u>\$ 143,792</u>	<u>\$ 129,745</u>	<u>\$ 136,329</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WATER UTILITY CAPITAL FUND

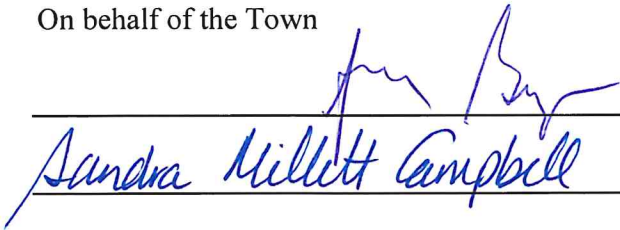
AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash	\$ 39,100	\$ 47,626
Depreciation Fund Water Utility (note 5)	794,762	711,943
Interest receivable	-	-
HST receivable	807	-
Due from		
Water operating fund	57,641	64,384
	<u>892,310</u>	<u>823,953</u>
Capital assets (note 6)	3,613,995	3,605,728
Accumulated allowance for depreciation (note 6)	(1,423,548)	(1,365,906)
	<u>2,190,447</u>	<u>2,239,822</u>
	<u>\$ 3,082,757</u>	<u>\$ 3,063,775</u>
LIABILITIES		
Due to		
General operating fund	\$ -	\$ -
HST payable	-	630
Long-term debt (note 7)	-	7,854
Deferred government assistance	588,710	599,439
	<u>588,710</u>	<u>607,923</u>
INVESTMENT IN CAPITAL ASSETS	<u>2,494,047</u>	<u>2,455,852</u>
	<u>\$ 3,082,757</u>	<u>\$ 3,063,775</u>

On behalf of the Town

Mayor

Chief Administrative Officer


Sandra Millett Campbell

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WATER UTILITY CAPITAL FUND

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
REVENUE		
Interest	\$ 19,613	\$ 29,033
PCAP funding	-	-
Amortization of deferred assistance	10,728	10,728
	<u>30,341</u>	<u>39,761</u>
EXPENDITURES		
Capital purchases	-	-
	<u>-</u>	<u>-</u>
NET REVENUE	<u>30,341</u>	<u>39,761</u>
FINANCING AND TRANSFERS		
Repayment of debt	7,854	7,541
Transfer from water utility capital reserve	-	-
	<u>7,854</u>	<u>7,541</u>
CHANGE IN FUND BALANCE	38,195	47,302
SURPLUS AT BEGINNING OF YEAR	<u>2,455,852</u>	<u>2,408,550</u>
SURPLUS AT END OF YEAR	<u><u>\$ 2,494,047</u></u>	<u><u>\$ 2,455,852</u></u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL CAPITAL RESERVE FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash	\$ 1,144,755	\$ 569,871
Interest receivable	-	-
Due from Water Utility Capital Reserve Fund	498	498
	<u>\$ 1,145,253</u>	<u>\$ 570,369</u>
LIABILITIES		
Due to Water Utility Capital Reserve Fund	\$ -	\$ -
Deferred revenue	440,050	81,656
RESERVE	705,203	488,713
	<u>\$ 1,145,253</u>	<u>\$ 570,369</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL CAPITAL RESERVE FUND

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
REVENUE		
Interest income	\$ 24,834	\$ 21,434
PCAP funding	150,000	-
Enabling Accessibility Funds	81,656	-
FRIP Funds	-	20,988
	<u>256,490</u>	<u>42,422</u>
EXPENDITURES		
Fire Society	70,000	-
NET REVENUE (EXPENDITURE)	<u>186,490</u>	<u>42,422</u>
FINANCING AND TRANSFERS		
Transfer from (to) general operating	30,000	20,000
Change in fund balance	<u>216,490</u>	<u>62,422</u>
Opening fund balance	<u>488,713</u>	<u>426,291</u>
Closing fund balance	<u>\$ 705,203</u>	<u>\$ 488,713</u>

On behalf of the Town

Mayor

Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE WATER UTILITY CAPITAL RESERVE FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash	\$ 137,632	\$ 134,276
Interest receivable	-	-
Due from general capital reserve fund	-	-
	<u>\$ 137,632</u>	<u>\$ 134,276</u>
LIABILITIES		
Due to general capital reserve fund	\$ 498	\$ 498
RESERVE	<u>137,134</u>	<u>133,778</u>
	<u>\$ 137,632</u>	<u>\$ 134,276</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE WATER UTILITY CAPITAL RESERVE FUND

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
REVENUE		
Interest income	\$ 3,356	\$ 5,433
EXPENDITURES	<u>-</u>	<u>-</u>
NET REVENUE (EXPENDITURE)	<u>3,356</u>	<u>5,433</u>
FINANCING AND TRANSFERS		
Transfer from (to) water capital	<u>-</u>	<u>-</u>
Change in fund balance	3,356	5,433
Opening fund balance	<u>133,778</u>	<u>128,345</u>
Closing fund balance	<u>\$ 137,134</u>	<u>\$ 133,778</u>

On behalf of the Town

Mayor

Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GENERAL OPERATING RESERVE FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash	\$ 829,496	\$ 809,270
Interest receivable	-	-
Due from general operating fund	48,804	1,825
	<u>\$ 878,300</u>	<u>\$ 811,095</u>
RESERVE	<u>\$ 878,300</u>	<u>\$ 811,095</u>

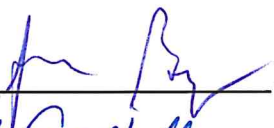
TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GENERAL OPERATING RESERVE FUND

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
REVENUE		
Interest income	\$ 20,226	\$ 29,015
EXPENDITURES	-	-
NET REVENUE (EXPENDITURE)	<u>20,226</u>	<u>29,015</u>
FINANCING AND TRANSFERS		
Transfer from general operating	-	(150,000)
Transfer from general operating 2024/2025 surplus	-	1,825
Transfer from general operating 2025/2026 surplus	46,979	-
	<u>46,979</u>	<u>(148,175)</u>
Change in fund balance	67,205	(119,160)
Opening fund balance	<u>811,095</u>	<u>930,255</u>
Closing fund balance	<u>\$ 878,300</u>	<u>\$ 811,095</u>

On behalf of the Town

 Mayor

 Chief Administrative Officer

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GAS TAX RESERVE FUND

AS AT MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
ASSETS		
Cash	\$ 674,569	\$ 616,285
Interest receivable	-	-
	<u>\$ 674,569</u>	<u>\$ 616,285</u>
LIABILITIES		
Due to		
General operating fund	\$ -	\$ -
General capital fund	20,000	30,000
	<u>20,000</u>	<u>30,000</u>
	654,569	586,285
RESERVE	<u>\$ 674,569</u>	<u>\$ 616,285</u>

TOWN OF ANNAPOLIS ROYAL

NON-CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES OF THE GAS TAX RESERVE FUND

YEAR ENDED MARCH 31, 2026

	<u>2026</u>	<u>2025</u>
REVENUE		
Interest income	\$ 15,061	\$ 22,723
Gas tax funds received	73,223	67,696
	<u>88,284</u>	<u>90,419</u>
EXPENDITURES	-	-
NET REVENUE (EXPENDITURE)	<u>88,284</u>	<u>90,419</u>
FINANCING AND TRANSFERS		
Transfer to general capital fund	(20,000)	(60,000)
	<u>(20,000)</u>	<u>(60,000)</u>
Change in fund balance	68,284	30,419
Opening fund balance	586,285	555,866
Closing fund balance	<u>\$ 654,569</u>	<u>\$ 586,285</u>

On behalf of the Town

Mayor

Chief Administrative Officer