

**Valley Region Solid Waste-Resource
Management Authority
Financial Statements
For the Year Ended March 31, 2026**

Valley Region Solid Waste-Resource Management Authority
Financial Statements
For the Year Ended March 31, 2026

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Independent Auditor's Report

To board of directors of the Valley Region Solid Waste-Resource Management Authority

Opinion

We have audited the financial statements of the Valley Region Solid Waste-Resource Management Authority (the "Authority"), which comprise the statement of financial position as at March 31, 2026, the statements of operations and accumulated deficit, changes in net debt and 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 financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2026, and its results of operations and cash flows for the year then ended in accordance with 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended March 31, 2025, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 18, 2025.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

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 Authority'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 Authority'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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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.

Chartered Professional Accountants

Halifax, Nova Scotia
June 25, 2026

Valley Region Solid Waste-Resource Management Authority

Management's Responsibility for the Financial Statements

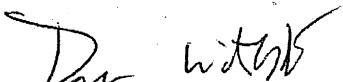
The accompanying financial statements of the Valley Region Solid Waste-Resource Management Authority are the responsibility of management and have been approved by the Board of Directors.

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

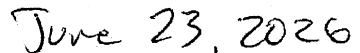
The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the non-consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an audit, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have access to management of the Valley Region Solid Waste-Resource Management and meet when required.


On behalf of the Valley Region Solid Waste-Resource Management:



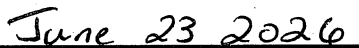
Director of Finance & Corporate Services



Date



General Manager



Date

Valley Region Solid Waste-Resource Management Authority Statement of Financial Position

March 31 2026 2025

Financial assets

Cash and cash equivalents - operating fund	\$ 1,364,074	\$ 948,309
Cash and cash equivalents - equipment reserve fund	387	281,715
Accounts receivable (Note 3)	924,473	471,798
Portfolio investments (Note 4)	3,406,265	3,303,493
	5,695,199	5,005,315

Financial Liabilities

Trade payables	\$ 2,692,621	\$ 1,807,124
Accrued liabilities	96,523	111,691
Accrued employee liabilities	250,368	268,612
Long-term debt (Note 6)	2,856,857	1,999,536
Municipal contribution settlement (Note 7)	550,132	797,460
	6,446,501	4,984,423

Net financial (debt) assets

(751,302) 20,892

Non-financial assets

Tangible capital assets (Schedule 1)	5,568,019	4,517,760
Prepaid expenses	165,587	153,508
	5,733,606	4,671,268

Accumulated surplus

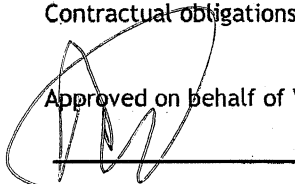
\$ 4,982,304 \$ 4,692,160

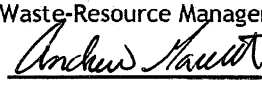
Comprised of:

Accumulated surplus	\$ 4,510,556	\$ 4,376,654
Accumulated remeasurement gains	471,748	315,506
	\$ 4,982,304	\$ 4,692,160

Contractual obligations (Note 8)

Approved on behalf of Valley Region Solid Waste-Resource Management Authority:


Chair of Board


General Manager

Valley Region Solid Waste-Resource Management Authority Statement of Operations and Accumulated Deficit

For the year ended March 31	Budget (unaudited) 2026	2026	2025
Revenue			
Municipal contributions	\$ 9,459,180	\$ 9,459,182	\$ 6,859,564
Western management centre	534,577	603,890	540,437
Eastern management centre	2,571,901	3,068,778	2,785,972
Investment income	-	6,089	109,597
Administration	312,650	883,532	275,275
Communications and enforcement	276,034	302,375	276,483
Divert NS approved programs	420,000	681,496	723,933
Wind turbine	20,000	18,251	16,116
Municipal service agreement	-	-	1,054,024
	<u>13,594,342</u>	<u>15,023,594</u>	<u>12,641,401</u>
Expenses			
Administration	857,150	852,222	834,265
Fiscal services	448,808	91,850	65,136
Western management centre	625,189	668,280	561,289
Eastern management centre	1,548,962	1,491,501	1,427,954
Residential collection	4,513,290	5,290,492	2,966,225
Construction and demolition debris processing	214,500	153,394	378,520
Recyclable processing and transportation	549,684	593,210	755,399
Organics processing and transportation	1,099,006	973,103	1,054,560
Residuals processing and transportation	2,493,222	2,825,571	2,367,127
Communications and enforcement	632,054	573,575	526,989
Wind Turbine	23,650	20,995	8,223
Information technology	52,560	53,658	43,820
Household hazardous waste	191,046	188,775	181,180
	<u>13,249,121</u>	<u>13,776,626</u>	<u>11,170,687</u>
Annual surplus before other income (expenses)	<u>345,221</u>	<u>1,246,968</u>	<u>1,470,714</u>
Other income (expenses)			
Amortization of tangible capital assets	-	(616,219)	(546,722)
Gain on disposal of tangible capital assets	-	53,285	118,440
	<u>345,221</u>	<u>684,034</u>	<u>1,042,432</u>
Annual surplus	<u>345,221</u>	<u>684,034</u>	<u>1,042,432</u>
Accumulated surplus, beginning of year	-	4,376,654	4,211,899
Annual surplus	345,221	684,034	1,042,432
Annual surplus payable to municipal parties	-	(550,132)	(877,677)
Accumulated surplus, end of year	<u>\$ 345,221</u>	<u>\$ 4,510,556</u>	<u>\$ 4,376,654</u>

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

Valley Region Solid Waste-Resource Management Authority Statement of Remeasurement Gains and Losses

For the year ended March 31	2026	2025
Accumulated remeasurement gains, beginning of year	\$ 315,506	\$ 133,531
Changes in market value of portfolio investments traded in an active market	156,242	181,975
Accumulated remeasurement gains, end of year	\$ 471,748	\$ 315,506
Comprised of:		
Market value of portfolio investments	3,406,265	3,303,493
Cost of portfolio investments	(2,934,517)	(2,987,987)
	\$ 471,748	\$ 315,506

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

**Valley Region Solid Waste-Resource Management Authority
Statement of Changes in Net Assets**

For the year ended March 31	2026	2025
Annual surplus	\$ 684,034	\$ 1,042,432
Annual surplus payable to municipal parties (Note 7)	(550,132)	(877,677)
Acquisition of tangible capital assets	(1,702,856)	(1,781,618)
Amortization of tangible capital assets	616,219	546,722
Gain on disposal of tangible capital assets	(53,285)	(118,440)
Proceeds on sale of tangible capital assets	89,663	118,440
Increase in prepaid expenses	(12,079)	(7,139)
Net remeasurement gains	156,242	181,975
Decrease in net financial assets	(772,194)	(895,305)
Net financial assets, beginning of year	20,892	916,197
Net (debt) financial assets, end of year	\$ (751,302)	\$ 20,892

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

Valley Region Solid Waste-Resource Management Authority Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flows from operating activities		
Surplus	\$ 684,034	\$ 1,042,432
Items not affecting cash:		
Amortization of tangible capital assets	616,219	546,722
Gain on disposal of tangible capital assets	(53,285)	(118,440)
	1,246,968	1,470,714
Changes in working capital:		
Accounts receivable	(452,675)	410,858
Trade payables	885,497	771,537
Accrued liabilities	(15,168)	(23,405)
Accrued employee liabilities	(18,244)	28,434
Prepaid expenses	(12,079)	(7,139)
	1,634,299	2,650,999
Cash flows used in investing activities		
Purchase of tangible capital assets	(1,702,856)	(1,781,618)
Proceeds on disposal of tangible capital assets	89,663	118,440
Purchase of portfolio investments	-	(8,419)
Proceeds on disposal of portfolio investments	780,682	66,000
Increase in accrued investment income receivable	3,147	304
Repayment of surplus to related parties	(797,460)	(1,546,224)
	(1,626,824)	(3,151,517)
Cash flows from financing activities		
Repayment of term financing	(345,526)	(275,646)
Proceeds from term financing	1,202,846	543,972
	857,320	268,326
Net increase (decrease) in cash	864,795	(232,192)
Cash, beginning of year	2,009,566	2,241,758
Cash, end of year	\$ 2,874,361	\$ 2,009,566
Cash consists of:		
Cash - operating fund	\$ 1,364,074	\$ 948,309
Cash - capital fund	387	281,715
Investment cash and cash equivalents (Note 4)	1,509,900	779,542
	2,874,361	2,009,566

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

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

1. Nature and Purpose of Operations

The Valley Region Solid Waste-Resource Management Authority (the "Authority") manages all solid waste resources in the Valley region. It was established through an intermunicipal services agreement by the Municipality of the County of Kings and the Towns of Berwick, Kentville, Middleton, Annapolis Royal and Wolfville ("Municipal Parties") in 1999.

Effective June 30, 2025, the Authority entered into an amended and restated intermunicipal services agreement. As part of the amended agreement, the Municipality of the County of Annapolis was added to the Municipal Parties. By board decision, the financial treatment of the forementioned agreement will be effective April 1st, 2025.

The percentage of contributions by each municipal party are based on population and uniform assessment. The following table summarizes each municipal parties' percentage of interest for the years ended March 31, 2026 and 2025:

	2026	2025
Municipality of the County of Kings	58.28 %	74.03 %
Municipality of the County of Annapolis	20.98	-
Town of Annapolis Royal	0.84	1.06
Town of Berwick	2.71	3.45
Town of Kentville	8.10	10.26
Town of Middleton	1.90	2.44
Town of Wolfville	7.19	8.76

The Authority is required under its surplus disbursement policy to redistribute any surplus operating funds to its Municipal Parties unless the board permits the retention of the surplus by motion and likewise the Municipal Parties are required to fund any operating deficits. The Authority's annual municipal contribution settlement is detailed in Note 7.

2. Significant Accounting Policies

Basis of Accounting The financial statements of the Valley Region Solid Waste-Resource Management Authority have been prepared in accordance with Canadian public sector accounting standards ("PSAS").

Cash and Cash Equivalents Cash and cash equivalents include cash on hand and balances with banks, and highly liquid investments with original maturities of three months or less.

Valley Region Solid Waste-Resource Management Authority

Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and accrued liabilities are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

At initial recognition, the Authority may irrevocably elect to subsequently measure any financial instrument at fair value. The Authority has not made such an election during the year. There are no financial instruments subsequently measured at fair value and therefore there is no statement of remeasurement gains and losses.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial instruments are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Non - Financial Assets

Non-financial assets are used to provide the Authority's services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold. The Authority's non-financial assets include tangible capital assets and prepaid expenses.

Valley Region Solid Waste-Resource Management Authority

Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

Revenue Recognition

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.

Municipal government transfers and other government transfers are recognized as revenues 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The eastern and western management centre revenues are made up of tipping fees, scale rentals, the sale of materials such as metals, and other miscellaneous revenues.

The Authority recognizes revenue from tipping fees at the transaction price at the time solid waste is dropped off at either management centre.

Scale rental revenues are recognized as the scales are used by the customers at a fixed transaction price per load.

The sale of materials is recognized at the transaction price when the materials are received by the purchaser and collection is reasonably assured.

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its estimated useful life. Assets under construction are not amortized until the asset is put into use. Amortization is recorded as an expense commencing in the year of acquisition.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, construction, development, or betterment of the tangible capital assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition, construction or development of the asset.

Tangible Capital Assets (continued) Amortization is provided for on a straight-line basis over the estimated useful lives of the tangible capital assets as follows:

	Method	Rate
Buildings	Straight-line	25 years
Balers	Straight-line	15 years
Concrete slab	Straight-line	10 years
Computer system upgrade	Straight-line	5 years
Scales	Straight-line	10 years
Seasonal drop off bins	Straight-line	10 years
Utility trailer	Straight-line	10 years
HHW depots	Straight-line	10 years
Signage	Straight-line	10 years
Trucks	Straight-line	5-10 years
Loader	Straight-line	10 years
Retaining walls	Straight-line	20 years
Compaction equipment	Straight-line	10 years
Wind turbine	Straight-line	20 years
Hydrogeological wells	Straight-line	10 years
Generators	Straight-line	10 years

Valley Region Solid Waste-Resource Management Authority

Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Authority to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities. The best estimate of an asset retirement obligation incorporates a present value technique, when reasonably determinable, to the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Authority reviews the carrying amount of the liability. The Authority recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Authority continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Use of Estimates

In preparing the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Estimates include the useful life of tangible capital assets. Actual results could differ from these estimates.

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued)

Pension

The Authority has a defined contribution pension plan for all full-time employees. The Authority's pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

3. Accounts Receivable

	2026	2025
Tipping fees and other trade receivables	\$ 500,240	\$ 288,405
Municipal party receivables	789	525
Divert NS receivable	206,874	58,555
Accrued receivables	53,469	3,245
Public service bodies' rebate receivable	163,101	121,068
	\$ 924,473	\$ 471,798

4. Portfolio investments

The carrying amounts of investments are comprised of the following:

	2026	2025
Investments, at cost	1,418,302	2,198,983
Accrued investment income	6,315	9,462
Accumulated remeasurement gains	471,748	315,506
	1,896,365	2,523,951
Investment cash and cash equivalents	1,509,900	779,542
	3,406,265	3,303,493

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

5. Bank Indebtedness

As at March 31, 2026, the Authority has available, non-revolving demand instalment loan facilities totalling \$2,605,000 (2025 - \$2,105,000) of which \$nil has been drawn (2025 - \$nil). The facilities are provided by two financial institutions and are repayable in monthly payments of interest only. The loans bear interest at the bank's prime rate minus 0.75% per annum, are secured by a general security agreement granting a first security in all present and after acquired personal property, and are guaranteed by the following municipal partners with supporting corporate or other resolution in an amount that is limited to the following:

	2026	2025
The Municipality of the County of Kings	\$ 291,400	\$ 1,555,990
The Municipality of the County of Annapolis	104,900	-
Town of Kentville	40,500	215,352
Town of Wolfville	35,950	186,301
Town of Berwick	13,550	72,205
Town of Middleton	9,500	52,417
Town of Annapolis Royal	4,200	22,735
	\$ 500,000	\$ 2,105,000

Other security includes a Temporary Borrowing Resolution with Ministerial Approval.

The prime rate of interest as at March 31, 2026 is 4.45% (2025 - 4.95%).

6. Long-term Debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	2026	2025
Debenture 37-A-1, repayable in annual installments of \$133,034 plus semi-annual interest calculated at varying rates from 2.62% to 3.07%, maturing in November 2027. Secured by a guarantee from the municipal parties as detailed below.	266,063	399,096
Debenture 38-A-1, repayable in annual installments of \$18,273 plus interest calculated at varying rates from 2.88% to 3.30%, maturing in May 2028. Secured by a guarantee from the municipal parties as detailed below.	54,814	73,087

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

6. Long-term Debt (continued)

<p>Debenture 41-A-1, repayable in annual installments of \$35,943 until May 2026 then \$28,301 until maturity, plus semi-annual interest calculated at varying rates from 0.57% to 2.81%, maturing in May 2036. Secured by a guarantee from the municipal parties as detailed below.</p>	318,959	354,902
<p>Debenture 42-A-1, repayable in annual installments of \$88,396 until May 2027, \$63,947 until May 2032, then \$8,711 until maturity, plus semi-annual interest calculated at varying rates from 2.57% to 4.12%, maturing in May 2037. Secured by a guarantee from the municipal parties as detailed below.</p>	540,083	628,479
<p>Debenture 44-A-1, repayable in annual installments of \$69,880 until May 2029, \$21,469 until May 2034, then \$17,477 until maturity, plus semi-annual interest calculated at varying rates from 4.36% to 5.03%, maturing in May 2039. Secured by a guarantee from the municipal parties as detailed below.</p>	474,092	543,972
<p>Debenture 45-A-1, repayable in annual installments of \$179,109 until May 2030 then \$61,460 until maturity, plus semi-annual interest calculated at varying rates from 2.72% to 4.10%, maturing in May 2035. Secured by a guarantee from the municipal parties as detailed below.</p>	1,202,846	-
	\$ 2,856,857	\$ 1,999,536

Principal payments required in each of the next five years and thereafter are as follows:

2026	524,637
2027	516,990
2028	359,505
2029	341,236
2030	292,825
Thereafter	821,664
	2,856,857

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

6. Long-term Debt (continued)

The outstanding debentures are guaranteed in the following proportions by the municipal parties:

	37-A-1	38-A-1	41-A-1	42-A-1	44-A-1	45-A-1
Municipality of the County of Kings	58.13 %	59.04 %	58.92 %	59.02 %	58.11 %	58.45 %
Municipality of the County of Annapolis	20.71	20.98	20.98	20.98	20.98	20.98
Town of Kentville	7.84	7.86	7.94	7.89	8.14	8.11
Town of Wolfville	6.46	6.53	6.57	6.51	7.58	6.92
Town of Berwick	2.74	2.79	2.79	2.79	2.50	2.73
Town of Middleton	2.00	2.02	1.98	1.98	1.70	1.93
Municipality of the District of West Hants	1.33	-	-	-	-	-
Town of Annapolis Royal	0.79	0.79	0.83	0.83	0.99	0.84

The Authority has access to a credit card with a limit of \$30,000 (2025 - \$20,000) bearing interest at 19.99%. As at March 31, 2026 this credit card had a balance of \$nil (2025 - \$nil).

As of March 31, 2026, the Authority entered into a short-term loan agreement with the Province of Nova Scotia in the amount of \$709,294. The agreement was executed during the year; however, the loan proceeds were not advanced until subsequent to year end. The loan bears interest at a rate based on the Province's cost of funds plus 0.5% and is repayable upon issuance of the Authority's Spring 2026 debenture.

7. Municipal Contribution Settlement

For the purpose of the Authority's surplus disbursement policy, the operating fund annual surplus owing to the municipal parties is calculated as follows:

	2026	2025
Annual surplus	\$ 684,034	\$ 1,042,432
Add:		
Amortization of tangible capital assets	616,219	546,722
Adjustment to surplus payable	-	80,217
Less:		
Principal repayment of debts	(345,526)	(275,646)
Capital and equipment reserve fund transfer	(345,221)	(313,838)
Surplus of the capital and equipment reserve funds	(6,089)	(83,770)
Gain on disposal of tangible capital assets	(53,285)	(118,440)
	\$ 550,132	\$ 877,677

Valley Region Solid Waste-Resource Management Authority

Notes to Financial Statements

March 31, 2026

7. Municipal Contribution Settlement (continued)

In unusual or extenuating circumstances, the Authority's operating surplus/deficit policy allows it to retain its annual surplus when it is in the best interest of the Authority and a motion is passed with a majority vote. If the Authority retains the surplus in a subsequent fiscal year, the retention must be reapproved. When a surplus is retained, the funds cannot be used for normal operational or capital expenditures.

8. Contractual Obligations

The Valley Region Solid Waste-Resource Management Authority has entered into the following multiple-year contracts to meet their mandate for providing solid waste management services to residents of the municipal parties:

a) Disposal of residual solid waste

The Authority entered into a twenty-year contract, expiring March 31, 2039, with the Municipality of the District of Chester (the "Municipality") for the disposal of residual solid waste at its Kaizer Meadow landfill at a per tonne tipping fee. Included in the residuals processing and transportation expense is \$2,083,457 (2025 - \$1,759,807) related to this contract.

b) Collection and transportation of source separated solid waste

The Authority entered into a five-year contract for the collection and transportation of source separated solid waste. The contract includes the monthly cost of curbside collection and transportation and the per tonne cost of spring and fall clean up and leaf collection. The contract is set to expire on March 31, 2032. For the year ended March 31, 2026, the Authority paid \$5,206,433 (2025 - \$2,779,042) in relation to this contract. The amounts reported are net of HST rebates.

c) Organics composting

The Authority has entered into an eleven-year contract for the composting of organic solid waste collected through its source separated curbside program and requires for all organics to be sent exclusively to this contractor. The contract is set to expire March 31, 2029, subject to a per tonne price review for year six of the contract, pursuant to the terms of the agreement. For the year ended March 31, 2026, the Authority paid \$982,186 (2025 - \$1,053,821) in relation to this contract. The amounts reported are net of HST rebates.

d) Recyclables processing

The authority has entered into a ten-year contract for the processing of recyclable solid waste at the eastern and western management centres. This contract is set to expire on March 31, 2028. For the year ended March 31, 2026, the Authority paid \$523,138 (2025 - \$713,115) in relation to this contract. The amounts reported are net of HST rebates.

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

8. Contractual Obligations (continued)

e) Transportation of source separated solid waste

The Authority has entered into a five-year contract for the transportation of source separated solid waste. The contract includes the per tonne cost of transporting compacted solid waste from the eastern and western management centres and is set to expire on March 31, 2032. For the year ended March 31, 2026, the Authority paid \$742,114 (2025 - \$607,321) in relation to this contract. The amounts reported are net of HST rebates.

9. Related Party Transactions and Balances

The following table summarizes the Authority's related party transactions for the year:

	<u>2026</u>	<u>2025</u>
Contributions received from municipal parties	\$ 9,459,182	\$ 6,859,564
Tipping fees from municipal parties	10,457	12,395

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At year end, included in accounts receivable are amounts receivable from the Municipality of the County of Kings of \$140 (2025 - \$72), Tidal Transit Authority of \$6,225 (2025 - \$nil), the Town of Berwick of \$108 (2025 - \$nil), and the Town of Kentville of \$541 (2025 - \$453).

At year end, included in accounts payable are amounts payable to the Municipality of the County of Kings of \$458,173 (2025 - \$104,312)

10. Internally Restricted Reserve Funds

Capital reserve fund

The Authority has committed to fund a capital reserve for the purpose of financing future significant repairs or replacement of the eastern and western management centres, as agreed to by the municipal parties. This agreement stipulates estimated annual contributions from 2011 to 2026.

The capital reserve fund agreement outline contributions to continue through to 2026 with an annual increase of 10%. The capital reserve fund cash is restricted for this purpose. The funds in the capital reserve are held in an interest-bearing account with the BMO and in investments with Scotia Wealth Management.

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

10. Internally Restricted Reserve Funds (continued)

Equipment reserve fund

The Authority has established an equipment reserve fund for the purpose of financing the cost of future equipment replacements. The reserve is funded by proceeds from the sale of surplus equipment. There are no budgeted annual transfers to the equipment reserve fund. The funds are held in an interest-bearing account with the BMO.

11. Pension

Certain employees of the Authority are members of the Municipality of the County of Kings defined contribution pension plan. The Authority matches employee contributions equal to 8% of gross wages to the pension plan. During the year, the Authority contributed \$367,276 (2025 - \$321,776) to the pension plan.

12. Financial Instruments

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations; if there is a concentration of transactions carried out with the same counterparty; or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Authority's financial instruments that are exposed to concentrations of credit risk relate primarily to its trade accounts receivable.

At year-end, the amounts outstanding for the Authority's accounts receivable are as follows:

	2026			2025		
	Accounts Receivable	Less impairment allowance	Total	Accounts Receivable	Less impairment allowance	Total
Current	912,670	-	912,670	460,736	-	460,736
31 to 60 days	9,494	-	9,494	4,250	-	4,250
61 to 90 days	82	-	82	-	-	-
Over 90 days	2,227	-	2,227	6,812	-	6,812
	924,473	-	924,473	471,798	-	471,798

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

12. Financial Instruments (continued)

The Authority is also exposed to credit risk arising from the majority of funds being held at one financial institution and deposits are only insured up to \$100,000.

The risk has increased from the prior year with the increase in accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Authority will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Authority is exposed to this risk through its accounts payable, accrued liabilities and long-term debt.

The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The risk has decreased from the prior year as short-term borrowing capacity has increased.

The following table sets out the financial liabilities:

	2026			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Trade payables	\$ 2,692,621	\$ -	\$ -	\$ -
Accrued liabilities	96,523	-	-	-
Accrued employee liabilities	250,368	-	-	-
Municipal contribution settlement	550,132	-	-	-
Long-term debt	262,319	262,318	1,510,556	821,664
	\$ 3,851,963	\$ 262,318	\$ 1,510,556	\$ 821,664

Valley Region Solid Waste-Resource Management Authority
Notes to Financial Statements

March 31, 2026

12. Financial Instruments (continued)

	2025			
	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Trade payables	\$ 1,807,124	\$ -	\$ -	\$ -
Accrued liabilities	111,691	-	-	-
Accrued employee liabilities	268,612	-	-	-
Municipal contribution settlement	797,460	-	-	-
Long-term debt	172,763	172,763	1,025,932	628,078
	\$ 3,157,650	\$ 172,763	\$ 1,025,932	\$ 628,078

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk through its long-term debt.

13. Classification of Expenditures by Object

	2026	2025
Debt financing costs	\$ 91,850	\$ 65,135
Office, supplies and other operating	1,062,084	985,659
Professional services	85,135	42,323
Salaries, wages and benefits	2,701,788	2,555,746
Significant contract services	9,835,769	7,521,824
	\$ 13,776,626	\$ 11,170,687
Amortization of tangible capital assets	616,219	546,722
	\$ 14,392,845	\$ 11,717,409

Valley Region Solid Waste-Resource Management Authority Notes to Financial Statements

March 31, 2026

14. Remuneration

Pursuant to the Public Sector Compensation Disclosure Act, the Authority is required to disclose individuals with compensation greater than \$100,000. These individuals are as follows:

	<u>2026</u>	<u>2025</u>
General Manager, Andrew Garrett	<u>\$ 137,245</u>	<u>\$ 126,089</u>

15. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

16. Budget information

Canadian Public Sector Accounting Standards require a comparison of the results for the period with those originally budgeted on the same basis as that used for actual results. The budget in the statement of operations and accumulated surplus and the statement of changes in net assets has been adjusted to be on a consistent basis as actual results.

Valley Waste-Resource Management Authority
Tangible Capital Assets
Schedule 1
For the year ended March 31, 2026

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening	Additions (Disposals)	Ending	Opening	Additions (Disposals)	Amortization	Ending	2026	2025
Land	\$ 294,153	\$ -	\$ 294,153	\$ -	\$ -	\$ -	\$ -	\$ 294,153	\$ 294,153
Buildings	9,201,079	719,239	9,920,318	7,504,902	-	169,693	7,674,595	2,245,723	1,696,177
Balers	60,357	-	60,357	4,025	-	4,024	8,049	52,308	56,332
Concrete slab	81,779	11,944	93,723	4,543	-	8,178	12,721	81,002	77,236
Computer system	170,339	(10,535)	159,804	97,390	(10,535)	28,905	115,760	44,044	72,949
Scales	226,645	-	226,645	193,133	-	18,844	211,977	14,668	33,512
Seasonal drop off bins	261,702	-	261,702	26,170	-	26,170	52,340	209,362	235,532
Utility trailer	48,682	-	48,682	15,168	-	4,868	20,036	28,646	33,514
HHW depots	179,496	53,668	233,164	69,627	-	16,354	85,981	147,183	109,869
Signage	5,138	-	5,138	4,881	-	257	5,138	-	257
Trucks	464,621	71,528	536,149	337,845	(19,721)	60,808	378,932	157,217	126,776
Loader	2,132,978	155,694	2,288,672	676,835	(369,210)	228,867	536,492	1,752,180	1,456,143
Retaining walls	3,707	-	3,707	2,555	-	1,152	3,707	-	1,152
Compaction equipment	134,878	94,344	229,222	134,878	-	-	134,878	94,344	-
Wind turbine	571,816	-	571,816	271,613	-	28,590	300,203	271,613	300,203
Hydrogeological wells	23,955	80,612	104,567	-	-	10,457	10,457	94,110	23,955
Generator	\$ -	\$ 90,518	\$ 90,518	\$ -	\$ -	\$ 9,052	\$ 9,052	\$ 81,466	\$ -
	\$ 13,861,325	\$ 1,267,012	\$ 15,128,337	\$ 9,343,565	\$ (399,466)	\$ 616,219	\$ 9,560,318	\$ 5,568,019	\$ 4,517,760

**Valley Waste-Resource Management Authority
Accumulated Surplus
Schedule 2**

For the year ended March 31	General Operating Fund	Capital Reserve Fund	Equipment Reserve Fund	Investment in Capital Assets	2026	2025
Opening balance	\$ 74,946	\$ 3,000,483	\$ 279,507	\$ 1,021,718	\$ 4,376,654	\$ 4,211,899
Annual surplus (deficit)	1,240,879	-	6,089	(562,934)	684,034	1,042,432
Surplus payable to the municipal parties	(550,132)	-	-	-	(550,132)	(877,677)
Repayment of term financing	(345,526)	-	-	345,526	-	-
Approved transfer	(345,221)	345,221	-	-	-	-
Closing balance	<u>\$ 74,946</u>	<u>\$ 3,345,704</u>	<u>\$ 285,596</u>	<u>\$ 804,310</u>	<u>\$ 4,510,556</u>	<u>\$ 4,376,654</u>