

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Consolidated Financial Statements
Year Ended March 31, 2026

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
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Year Ended March 31, 2026

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of the Municipality of the County of Cumberland have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Municipality of the County of Cumberland's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Mayor and Council are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Mayor and Council carry out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Mayor and Council and meets periodically with management and the Mayor and Council's auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Mayor and Council prior to its approval of the financial statements. The Committee also considers, for review by the Mayor and Council and approval by the Mayor and Council, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the Mayor and Council by McIsaac Darragh Inc. Chartered Professional Accountants. The accompanying Auditor's report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Gregory D. Herrett, CPA, CA
Chief Administrative Officer

Aimee Hirtle, CPA, CA
Director of Finance

Upper Nappan, Nova Scotia
September 29, 2026



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of The Municipality of the County of Cumberland

Opinion

We have audited the consolidated financial statements of The Municipality of the County of Cumberland (the Municipality), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at March 31, 2026, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 29-33 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied only to the extent necessary to express an opinion on the audit of the consolidated financial statements as a whole.

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

The Municipality's administration is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

McIsaac Darragh Inc.

Amherst, Nova Scotia
September 29, 2026

CHARTERED PROFESSIONAL ACCOUNTANTS

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Consolidated Statement of Financial Position
March 31, 2026

	2026	2025
ASSETS		
Cash and cash equivalents (Note 4)	\$ 18,818,810	\$ 18,218,730
Term deposits (Note 5)	1,401,963	266,148
Taxes receivable, net of valuation allowances (Note 6)	1,611,946	1,691,594
Other receivables (Note 7)	10,137,993	11,409,846
	<u>31,970,712</u>	<u>31,586,318</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	2,690,326	3,814,962
Other liabilities (Note 10)	3,422,481	2,577,062
Prepayment of taxes	1,356,542	1,126,421
Asset retirement obligation (Note 11)	160,039	154,235
Employee future benefits payable (Note 12)	416,602	417,346
Deferred revenue (Note 13)	2,246,729	3,586,981
Long term debt (Note 14)	16,726,695	16,273,898
	<u>27,019,414</u>	<u>27,950,905</u>
NET FINANCIAL ASSETS	<u>4,951,298</u>	<u>3,635,413</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	131,280	208,502
Inventory	338,992	351,760
Tangible capital assets (Note 15)	122,390,771	120,856,698
	<u>122,861,043</u>	<u>121,416,960</u>
ACCUMULATED SURPLUS (Note 16)	<u>\$127,812,341</u>	<u>\$125,052,373</u>
COMMITMENTS (Note 17)		
CONTINGENT LIABILITIES (Note 18)		

On Behalf of the Municipality of the County of Cumberland

Mayor

Chief Administrative Officer

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Consolidated Statement of Operations
Year Ended March 31, 2026

	(Note 21) Budget 2026	2026	2025
REVENUES			
Taxes	\$ 30,940,569	\$ 31,439,568	\$ 29,146,523
Grants in lieu of taxes	2,285,666	2,288,951	2,274,700
Long term care facilities	10,157,787	9,648,259	18,423,097
Other revenue from own sources	1,815,296	2,739,559	2,536,333
Conditional transfers	3,465,427	2,857,716	2,810,753
Unconditional transfers	1,922,753	1,920,108	1,915,176
Water utilities	2,160,538	2,154,995	2,037,462
	<u>52,748,036</u>	<u>53,049,156</u>	<u>59,144,044</u>
EXPENSES			
General government	6,910,938	6,451,108	5,722,034
Protective services	10,195,576	10,295,919	9,611,711
Transportation services	3,389,344	3,487,494	3,114,919
Environmental health services	6,706,247	6,541,264	6,707,640
Public health and welfare	9,771,183	10,112,044	16,944,099
Environmental development	1,031,318	1,169,631	951,037
Recreation and culture	3,218,810	3,089,453	3,045,959
Education	6,498,002	6,490,968	5,929,704
Water utilities	2,725,698	2,651,308	2,585,047
Loss on disposal of assets	-	-	799,760
	<u>50,447,116</u>	<u>50,289,189</u>	<u>55,411,910</u>
ANNUAL SURPLUS	<u>\$ 2,300,920</u>	<u>\$ 2,759,967</u>	<u>\$ 3,732,134</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Consolidated Statement of Changes in Accumulated Surplus
Year Ended March 31, 2026

	2026	2025
ACCUMULATED SURPLUS - BEGINNING OF YEAR	\$125,052,374	\$126,091,581
ANNUAL SURPLUS	<u>2,759,967</u>	<u>3,732,134</u>
	127,812,341	129,823,715
OTHER ITEMS AFFECTING SURPLUS	<u>-</u>	<u>(4,771,342)</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$127,812,341</u>	<u>\$125,052,373</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Consolidated Statement of Changes in Net Financial Assets (Debt)
Year Ended March 31, 2026

	(Note 21) Budget 2026	2026	2025
ANNUAL SURPLUS	\$ 2,300,920	\$ 2,759,967	\$ 3,732,134
Acquisition of tangible capital assets	(16,072,784)	(6,376,008)	(13,580,414)
Amortization of tangible capital assets	4,643,439	4,643,439	4,111,605
Proceeds on disposal of tangible capital assets	-	-	68,840
Loss on disposal of assets	-	198,497	799,760
Asset retirement obligation	-	-	(15,958)
Decrease (increase) in prepaid expenses	-	77,222	(30,828)
Other items affecting surplus	-	-	7,851,383
Decrease (increase) in inventory	-	12,768	(4,354)
	(11,429,345)	(1,444,082)	(799,966)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (DEBT)	(9,128,425)	1,315,885	2,932,168
NET FINANCIAL ASSETS - BEGINNING OF YEAR	3,635,413	3,635,413	703,245
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (5,493,012)	\$ 4,951,298	\$ 3,635,413

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Consolidated Statement of Cash Flows

Year Ended March 31, 2026

	2026	2025
OPERATING ACTIVITIES		
Cash receipts from provincial and federal funding and residents	\$ 48,288,245	\$ 50,345,243
Cash receipts from sale of services	4,710,955	4,597,904
Cash from fundraisers and donations	16,823	19,029
Cash paid to suppliers and employees	<u>(45,694,810)</u>	<u>(44,773,315)</u>
Cash flow from operating activities	<u>7,321,213</u>	<u>10,188,861</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(6,376,008)	(13,580,414)
Proceeds on disposal of tangible capital assets	-	68,840
Government funding for tangible capital assets	<u>158,249</u>	<u>1,165,656</u>
Cash flow used by capital activities	<u>(6,217,759)</u>	<u>(12,345,918)</u>
INVESTING ACTIVITIES		
Purchase of term deposits	(1,401,963)	(252,459)
Matured term deposits	266,147	1,000,000
Change in restricted cash	1,801,557	1,626,748
Change in designated cash	<u>5,034,705</u>	<u>(1,242,538)</u>
	<u>5,700,446</u>	<u>1,131,751</u>
FINANCING ACTIVITIES		
Proceeds from capital financing	-	-
Proceeds from long term debt	2,000,000	-
Repayment of long term debt	(1,547,203)	(951,377)
Cash receipts from Province of NS - debt repayment	<u>179,646</u>	<u>197,935</u>
Cash flow from (used by) financing activities	<u>632,443</u>	<u>(753,442)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>7,436,343</u>	<u>(1,778,748)</u>
Deficiency - beginning of year	<u>(7,478,436)</u>	<u>(5,699,688)</u>
DEFICIENCY - END OF YEAR	<u>\$ (42,093)</u>	<u>\$ (7,478,436)</u>
CASH CONSISTS OF:		
Unrestricted / undesignated cash	\$ (42,093)	\$ (7,478,436)
Restricted cash (Note 4)	8,184,421	9,985,979
Designated cash (Note 4)	<u>10,676,482</u>	<u>15,711,187</u>
	<u>\$ 18,818,810</u>	<u>\$ 18,218,730</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Municipality of the County of Cumberland ("the Municipality") were prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board.

Basis of accounting

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

Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds for general operations and water utilities.

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and change in fund balances of all organizations accountable for the administration of their financial affairs and resources to the Municipal Council and which are owned or controlled by the County. Inter-fund and inter-entity transactions have been eliminated.

Entities included in the consolidated financial statement of the Municipality include the following:

- The Municipality of the County of Cumberland ("the County")
- Cumberland Senior Care Corporation ("CSCC")

Trust funds administered by the Municipality are not included in the financial statements (Note 19).

Financial instruments policy

The Municipality's financial instruments are comprised of cash and cash equivalents, restricted cash, receivables, payables, short term debt, other liabilities, and long term debt. All financial instruments are measured at cost or amortized cost.

It is management's opinion that the Municipality is not exposed to significant currency or market risks from these financial instruments. The Municipality is exposed to interest rate risk due to its short term and long term debt.

As the Municipality has no assets subject to re-measurement, no statement of re-measurement gains and losses has been presented.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and bank balances and does not include restricted or designated cash (Note 4).

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THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee future benefits

The contributions to pension plans are expensed when contributions are due. The costs of post-employment benefits are recognized when the event that obligates the Municipality occurs.

- (a) CSCC contributes to a multi-employer defined benefit plan, administered by the Nova Scotia Association of Health Organizations, which provides a pension on retirement based on the member's age at retirement and length of service. The most recent actuarial valuation was conducted as at July 1, 2024, which indicated a funded liability. The corporation bears no direct financial responsibility for the liability of the pension plan. The contribution rates are based on salary level and range from 7.82% to 10.18% for the employee from 9.22% to 11.58% for the employer.
- (b) The County contributes to a defined contribution pension plan administered through Sun Life Financial in which the employer and employee contribute between 6% and 18% of eligible income to the pension plan. Effective June 1, 2025 the majority of employees were transferred to the new pension plan (c), only those retiring within 2 years remain on this plan.
- (c) The County contributes to a multi-employer defined benefit plan, administered by the Nova Scotia Public Service Superannuation Plan, which provides a pension on retirement based on the member's age at retirement and length of service. The most recent actuarial valuation was conducted as at December 31, 2025, which indicated a funded liability. The corporation bears no direct financial responsibility for the liability of the pension plan. The contribution rates are based on salary level and range from 8.4% to 10.9% for the employee and employer.

The Municipality's total expense for the defined contribution pension plans for 2026 was \$922,620 (2025 - \$1,109,939) and is included in salaries and benefits (Schedule 1).

- (d) Employees are provided with sick leave benefits. The cost of vesting sick leave benefits is calculated based on accumulated sick time multiplied by the percentage that vests and applying current salary and benefit rates. The liability for non-vesting sick leave benefits is based on management's best estimate (Note 12).

Asset retirement obligation

The Municipality has adopted PSAS section 3280 outlining the accounting treatment of asset retirement obligations. Management has utilized the transitional provisions under PSAS 3280.72 which allows for prospective application of the standard. The following is the Municipality's accounting policy and the impact of the adoption of this new section can be seen in Note 11.

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 of 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 liability for all asset retirement obligations has been recognized based on estimated future expenses.

The liability is discounted using a present value calculation, and adjusted annually for accretion expense. The increase to the tangible capital assets is being amortized in accordance with the tangible capital assets accounting policy.

(continues)

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites would be recognized when all the following criteria are met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) The Municipality of the County of Cumberland:
 - is directly responsible; or
 - accepts responsibility; and
- d) a reasonable estimate of the amount can be made.

As at March 31, 2026, the Municipality has not identified any contaminated sites for which it is responsible.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Inventory

Inventories held for sale are recorded at the lower of cost and net realizable value.

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THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost, which includes all amounts that are directly attributable to acquisition, construction, design, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life.

Depreciation in the Water Utility Operating fund is calculated based on rates prescribed by the Nova Scotia Utility and Review Board.

Land and land improvements	N/A
Buildings	10 to 40 years
Machinery and equipment	10 to 25 years
Streets and sidewalks	20 to 30 years
Vehicles	5 to 10 years
Traffic and street lights	10 years
Water and sewer systems	50 to 75 years

Tangible capital assets are written down when conditions indicate that they are no longer contributing to the Municipality's ability to provide services. Assets under construction are not amortized until the asset is available for productive use. Amortization is not taken in the year of acquisition.

Interest capitalization

Interest costs relating to construction in progress are capitalized to the cost of the asset. Total interest capitalized in 2026 - \$nil (2025- \$nil). Capitalization of interest ceases when the asset is substantially complete and ready for its intended productive use.

Taxation and related revenue recognition

Property tax billings are prepared by the County based on assessed rolls issued by Property Valuation Services Corporation (PVSC) and adjusted for estimates of appeals and reassessments. Tax rates are established annually by Municipal Council during the budget approval process. Tax revenue is recorded at the time tax billings are issued. Tax adjustments as a result of appeals and reassessments are recorded when the results of the appeal process are known. Valuation allowances are established based on the estimated losses that may be incurred in collecting outstanding receivables. The County includes interest on overdue taxes in other revenue from own sources.

Other revenue recognition

- a) Other revenue from own sources is recognized when services are performed and/or when earned as long as amounts can be reasonably estimated and collection is reasonably assured.
- b) Revenue from long term care facilities, including patient pays and per diems, sales of meals and laundry services, apartment rentals and cafeteria revenue are recognized at the time the service is rendered in the normal course of operations.
- c) Externally restricted contributions are recognized as revenue when the resources are used for their intended purpose. Externally restricted contributions received before this time are reported as deferred revenue.
- d) The Municipality collected revenue on behalf of the Villages of Pugwash and River Hebert. Revenue collected is not recorded in the consolidated financial statements of the Municipality. The amount collected and remitted to the Villages is \$311,824 (2025 - \$297,854).

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THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government transfers

Conditional and unconditional government transfers are recognized in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria have been met.

Measurement uncertainty

Certain amounts in the consolidated financial statements are subject to measurement uncertainty and are based on management's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- asset retirement obligations;
- estimated useful lives of tangible capital assets and impairment of tangible capital assets;
- asset valuation allowances;
- assumptions used in determining the obligation of accrued sick time;
- salary and benefit rates used in determining the obligation of accrued vacation and holiday pay.

(continues)

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Segmented information

The Municipality of the County of Cumberland is a diversified municipal government that provides a wide range of municipal programs and services to its constituents, including fire, RCMP, waste and recycling services, water supply and distribution, waste water treatment, libraries, recreation and tourism. Segmented information has been prepared by major functional classification, consistent with the Consolidated Statement of Operations and provincially legislated requirements.

The major segments are as follows:

- **General government:** Activities that provide for the overall operation of the Municipality and that are common to or affect all of the services provided by the Municipality. This includes the administrative arm of the Municipality (finance, taxation & collection, facilities management (including interest on debt charges), information services, Chief Administrative Officer, human resources) and legislative activities related to Mayor and Council of the Municipality, including their remuneration and expenses.
- **Protective services:** Activities that provide for the public safety of the inhabitants of the municipality, such as: RCMP protection, correctional services, bylaw enforcement, building inspectors, emergency measures, fire departments and fire hydrants.
- **Transportation services:** Activities, transfers and related debt for roads, sidewalks and LED lighting.
- **Environmental health services:** Activities that provide environmentally regulated services, including sewage collection, treatment & disposal, waste management centre operations, multi-stream waste collection and disposal programs and engineering/environmental stewardship.
- **Public health and welfare:** Operation of long term care facilities.
- **Environmental development:** Activities that support and control the municipality's economic development including environmental planning and zoning, industrial park development, tourism and community development.
- **Recreational and culture:** Activities that provide recreation and cultural services, including recreational facilities, libraries and cultural buildings.
- **Education:** Mandatory education transfers to the Chignecto-Central Regional School Board.
- **Water utilities:** Activities related to the operations of the Cumberland Water Utility. The Cumberland Water Utility has 2,484 customers. The utility operates water distribution and treatment facilities and related infrastructure.

2. CONTRIBUTIONS TO BOARDS

The Municipality of the County of Cumberland, along with other municipal units in Cumberland County, is required to finance the operations of various Boards and Commissions to the extent of its participation based on assessment or population formulas.

Cumberland Regional Library

During the year, the Municipality of the County of Cumberland paid \$188,375 (2025 - \$230,545) to the Cumberland Regional Library and is included in the expenses for Recreation and Culture. The Municipality of the County of Cumberland does not share in any surpluses or deficits.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

3. CONTRIBUTIONS TO PROVINCIAL GOVERNMENT DEPARTMENTS & AGENCIES

The Municipality of the County of Cumberland, along with other municipal units in the province, is required to finance the operations of various provincial government departments and boards, based upon formula defined in legislation

Education Contribution

The Municipality of the County of Cumberland is required to contribute to the Chignecto Central Regional School Board based on a formula calculation. For 2026 the education contribution was \$6,490,968 (2025 - \$5,929,704).

Assessment Services Contributions

The Municipality of the County of Cumberland is required to contribute to Property Valuation Services Corporation on a formula calculation. During 2026 the Municipality of the County of Cumberland paid \$569,313 (2025 - \$552,915) to the province for assessment services.

Roads Contributions

The Municipality of the County of Cumberland is required to contribute to fund the cost of road maintenance of provincial roads. The contribution rate is set by the provincial formula. During 2026 the Municipality of the County of Cumberland paid \$271,735 (2025 - \$266,924) to the province for road maintenance.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

4. CASH AND CASH EQUIVALENTS

	2026	2025
Restricted cash and cash equivalents		
Tax sale surplus (Note 10)	\$ 1,420,908	\$ 1,385,316
Capital replacement	462,573	351,956
Springhill Community Centre	269,876	269,876
Gas tax reserves	4,524,327	6,903,038
Water Utility depreciation	1,506,737	1,075,793
	<u>\$ 8,184,421</u>	<u>\$ 9,985,979</u>

Restricted cash for capital replacement includes guaranteed investment certificates with maturity dates ranging from April 2026 to July 2027 and interest rates ranging from 2.65% to 3.20% (2025 maturity dates from July 2025 to April 2026 and interest rates ranging from 3.10% to 4.75%).

Funding received through the Gas Tax Grant Program is restricted for use on eligible capital projects, as approved under the Canada - Nova Scotia Gas Tax Agreement. Gas tax reserves are held in cash.

Designated cash and equivalents

Capital reserves	\$ 5,990,343	\$ 8,186,305
Operating reserves	4,686,139	7,524,882
	<u>\$ 10,676,482</u>	<u>\$ 15,711,187</u>

The Municipality has designated assets that are distinct from restricted assets. Unlike restricted assets, the Municipality can readily change the legislation, by-law or resolution and use the designated assets for another purpose if the need arises.

The capital reserves are intended to be used for replacement or repair of tangible capital assets. Included is cash of \$7,479,817 (2025 - \$8,596,511) and guaranteed investment certificates of \$228,985 (2025 - \$222,863) with maturity dates ranging from April 2026 to August 2026 and interest rates of 2.75% (2025 maturity dates from April 2026 to August 2026 and interest rates of 2.75%).

Operating reserves are held in cash and are designated for various purposes as listed in Note 16.

Unrestricted / undesignated cash	<u>\$ (42,093)</u>	<u>\$ (7,478,436)</u>
Total cash and cash equivalents	<u>\$ 18,818,810</u>	<u>\$ 18,218,730</u>

5. TERM DEPOSITS

Term deposits include guaranteed investment certificates with maturity dates ranging from August 2026 to March 2027 and interest rates ranging from 1.90% to 3.20% (2025 October 2025 to January 2026 and interest rates ranging from 2.60% to 2.75%).

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

6. TAXES RECEIVABLE

	2026	2025
Beginning balance, taxes receivable	\$ 2,829,686	\$ 3,237,879
Tax levy - current year	30,118,861	27,888,886
Cash receipts and adjustments	(29,703,974)	(28,044,731)
Exemptions	(737,541)	(753,297)
Interest	461,593	500,949
Ending balances, taxes receivable	2,968,625	2,829,686
Valuation allowance	(1,356,679)	(1,138,092)
Net taxes receivable	\$ 1,611,946	\$ 1,691,594

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from customers. A valuation allowance is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Municipality's receivables are from a significant number of individuals and entities which reduces concentration of credit risk.

7. OTHER RECEIVABLES

	2026	2025
Federal Government and agencies	\$ 508,205	\$ 1,340,868
Provincial Government and agencies	1,938,766	1,570,628
Other receivables	7,815,573	8,463,511
Other municipal units	36,325	195,715
Valuation allowance	(160,876)	(160,876)
	\$ 10,137,993	\$ 11,409,846

Credit risk

Management is of the opinion that the Municipality is not exposed to significant credit risk from other receivables. A valuation allowance is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

8. SHORT TERM DEBT

The Municipality has an overdraft limit on its operating bank account of \$11,500,000. The overdraft is payable on demand and bears interest at prime less 1.72%. It is secured by a borrowing resolution under corporate seal.

The Municipality also has a \$340,000 revolving line of credit. Bank advances on the credit lines are payable on demand and bears interest at prime plus 0.5%. The credit line is secured by a resolution to borrow passed by the Municipality of the County of Cumberland. At year end this line of credit was not in use (2025 - \$nil).

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2026</u>	<u>2025</u>
Accounts payable and accrued liabilities	\$ 1,278,850	\$ 2,643,816
Salaries and benefits	658,164	457,614
Accrued vacation and holiday pay	753,312	713,532
	<u>\$ 2,690,326</u>	<u>\$ 3,814,962</u>

10. OTHER LIABILITIES

	<u>2026</u>	<u>2025</u>
Due to Provincial Government and agencies	\$ 1,615,020	\$ 1,180,253
Due to Federal Government and agencies	-	1,388
Due to other municipal units	90,319	37,775
Tax sale surplus	1,717,142	1,357,646
	<u>\$ 3,422,481</u>	<u>\$ 2,577,062</u>

Tax sale surplus - The Municipality is required to hold any surplus from tax sales for a period of 20 years. This surplus represents excess funds received at tax sale over and above amounts owing to the Municipality at the time a particular property was sold. Surplus proceeds still held after 20 years are to be transferred to the Capital Reserve Fund. Provincial regulations require the tax sale surplus be included on the consolidated financial statements as a liability. Of the tax sale surplus liability, \$2,586 is to be transferred to the capital reserve in 2027 (2026 - \$8,185).

The Municipality holds restricted cash of \$1,420,908 (2025 - \$1,385,316) to fund this liability (Note 4). The Municipal Government Act requires that the surplus liability be fully funded. Cash was transferred subsequent to year end to fully fund this liability.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

11. ASSET RETIREMENT OBLIGATION

The Municipality owns several buildings that potentially have asbestos, which represents a health hazard upon demolition of the buildings and there is a legal obligation to remove it. Following the adoption of PSAS 3280 - Asset Retirement Obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at March 31, 2026. Estimated costs have been discounted to the present value using a discount rate of 3.4% per annum. The transition and recognition of asset retirement obligations involved an accompanying increase to the Municipal Buildings and Other Buildings capital asset carrying value (Note 15).

Asset retirement obligations recognized as at March 31, 2026 include the following:

	Years Remaining	2026 Present Value Cost	2025 Present Value Cost
<u>Municipal Buildings</u>			
Municipal Office	7	\$ 486	\$ 469
Parrsboro Service Centre	35	1,877	1,773
Springhill Office/Police Station	17	2,205	2,115
		<u>4,568</u>	<u>4,357</u>
<u>Other Buildings</u>			
Parrsboro Fire Hall	3	2,529	2,445
Cape D'Or Lightstation	27	11,928	11,352
Parrsboro Public Library	3	3,937	3,807
Parrsboro Park Recreation building	1	9,947	9,630
Parrsboro shower building	1	4,713	4,563
Comfort stations	1	1,530	1,482
Springhill Senior Citizens Recreation Centre	7	18,740	18,085
Isabel Simpson Heritage Centre	20	9,155	8,760
Old River Hebert School	7	39,627	38,242
Amherst Court House	22	4,209	4,022
Parrsboro Equipment Depot	5	47,773	46,155
Parrsboro Chlorination Building	7	1,383	1,335
		<u>155,471</u>	<u>149,878</u>
		<u>\$ 160,039</u>	<u>\$ 154,235</u>

12. EMPLOYEE FUTURE BENEFITS PAYABLE

	2026	2025
Accrued sick leave	\$ 416,602	\$ 417,346

The County's employees earn sick leave per year at a rate of 1.5 days per month. Maximum accumulation of sick leave is 150 working days. Upon termination, the balance is not paid out. The accrued sick leave liability of \$130,000 (2025 - \$130,000) has been estimated based on 10% of non-vested days using current salary and benefit rates.

CSCC's full time employees earn sick leave per year at the rate of 1.5 days per month. Part time employees earn 1.5 days for each 20 shifts worked. Maximum accumulation of sick leave is 150 working days/1,200 hours. Upon termination, unionized employees are paid 25% of accumulated sick leave. Non-union employees are paid at 40% of accumulated sick leave. The accrued sick pay liability of \$286,602 (2025 - \$287,346) has been estimated based on the number of accumulated sick days (100% of vested days and 15% of non-vested days) and current salary and benefit rates.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

13. DEFERRED REVENUE

	March 31, 2025	Receipts	Recognized as revenue	March 31, 2026
Restricted capital contributions - CSCC	\$ 344,788	\$ 41,885	\$ (44,815)	\$ 341,858
Donations - CSCC	55,483	16,822	(5,665)	66,640
N.S. Department of Seniors Long Term Care - CSCC	186,169	169,945	(282,241)	73,873
Sustainable Service Growth Fund	276,127	-	(276,127)	-
Parrsboro playground	43,695	-	(41,409)	2,286
Provincial Grant - BSP	21,939	-	(21,939)	-
Provincial letter of intent - post transition	37,833	-	-	37,833
Provincial letter of intent - capital	642,493	-	-	642,493
Provincial capital grants - other	865,410	-	(863,664)	1,746
Other	1,113,044	351,617	(384,661)	1,080,000
	\$ 3,586,981	\$ 580,269	\$ (1,920,521)	\$ 2,246,729

Restricted capital contributions received by CSCC are set aside for specific purposes as required by agreement.

Deferred donations consist of donations received by CSCC that are restricted by the donors to be used on capital projects, long term care resident activities and staff training.

N.S. Department of Health and Wellness funds received by CSCC is capital funding to replace facility components.

Sustainable Services Growth Fund (SSGF) is provincial funding to be used towards municipal infrastructure projects that support growing populations, accessibility and active transportation.

Parrsboro playground project consists of grants and donations received for the construction of a playground.

Provincial letter of intent grants to the County are to be used for specific programs and capital projects identified in the letter of intent agreements for the former Towns of Springhill and Parrsboro.

Provincial capital grants are to be used for various projects.

Included in other are a number of small individual restricted grants and donations.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

14. LONG TERM DEBT

	2026	2025
Nova Scotia Municipal Finance Corporation ("NSMFC") loan bearing interest at rates varying from 2.490% to 3.389% over the term of the loan, repayable in 3 annual payments of \$371,650 and one payment of \$4,088,150. The loan matures in November 2028 and is unsecured.	\$ 4,831,450	\$ 5,203,100
NSMFC loan bearing interest at rates varying from 1.734% to 3.073% over the term of the loan, repayable in 2 annual payments of \$360,000 and one payment of \$3,960,000. The loan matures in November 2027 and is guaranteed by the NS Department of Community Development.	4,320,000	4,680,000
NSMFC loan bearing interest at rates varying from 2.511% to 4.727% over the term of the loan, repayable in 20 annual payments of \$100,000, with interest paid semi-annually. The loan matures in November 2045 and is unsecured.	2,000,000	-
NSMFC loan bearing interest at rates varying from 4.177 to 4.116% over the term of the loan, repayable in 8 annual payments of \$261,980 with interest paid semi-annually. The loan matures in October 2032. \$1,610,000 of the balance is guaranteed by the NS Department of Community Development with the remaining unsecured.	1,833,855	2,095,835
Nova Scotia Housing Development Corporation loan bearing interest at 4.42% per annum, repayable in monthly blended payments of \$14,549. The loan matures in September 2036 and is secured by a building with a net book value of \$5,309,567.	1,427,349	1,531,096
NSMFC loan bearing interest at rates varying from 0.678% to 1.879% over the term of the loan, repayable in 1 annual payments of \$181,720 and 5 annual payments of \$159,220 with interest paid semi-annually. The loan matures in July 2030 and is unsecured.	796,100	977,820
NSMFC loan bearing interest at rates varying from 3.550% to 4.741% over the term of the loan. The loan is repayable in 19 annual payments of \$30,042 with interest paid semi-annually. The loan matures in May 2043 and is unsecured.	540,762	570,804
NSMFC loan bearing interest at rates varying from 2.575% to 3.290% over the term of the loan, repayable in 3 annual payments of \$138,050 with interest paid semi-annually. The loan matures in May 2027 and is unsecured.	276,100	414,150
NSMFC loan bearing interest at rates varying from 0.4% to 2.376% over the term of the loan. The loan is repayable in 6 annual payments of \$24,115 and one payment of \$265,274 with interest paid semi-annually. The loan matures in May 2031 and is guaranteed by the NS Department of Community Development.	385,849	409,964
Nova Scotia Housing Development Corporation loan bearing interest at 3.72% per annum, repayable in monthly blended payments of \$2,406. The loan matures in March 2040 and is secured by a building with a net book value of \$5,309,567.	315,230	332,462

(continues)

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

14. LONG TERM DEBT (continued)

	2026	2025
Nova Scotia Housing Development Corporation loan was repaid in the year.	-	58,667
Amounts payable within one year	-	-
	\$ 16,726,695	\$ 16,273,898

Principal repayment terms are approximately:

2027	\$ 1,575,300
2028	5,180,800
2029	4,805,400
2030	724,700
2031	730,500
Thereafter	3,709,995

15. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2025 Balance	Additions	Disposals	2026 Balance
Land and land improvements	\$ 5,383,822	\$ 460,880	\$ -	\$ 5,844,702
Long term care buildings	8,138,061	197,530	204,496	8,131,095
Municipal buildings	13,480,498	111,359	-	13,591,857
Joggins Fossil Centre	6,020,089	-	-	6,020,089
Fire protection facilities	4,491,601	6,637,940	-	11,129,541
Other buildings	1,806,660	257,715	-	2,064,375
Sanitary sewer systems	33,777,311	-	-	33,777,311
Water treatment plant	12,716,678	-	-	12,716,678
Fire protection vehicles	6,702,064	-	-	6,702,064
Vehicles	1,716,618	501,891	-	2,218,509
Machinery and equipment	10,879,678	900,872	436,659	11,343,891
Electronic data equipment	1,134,763	-	-	1,134,763
Streets and sidewalks	16,880,763	1,020,081	-	17,900,844
Traffic and street lights	1,494,675	-	-	1,494,675
Water mains and meters	23,765,558	1,667,765	-	25,433,323
Storm sewers	6,808,973	7,270	-	6,816,243
Fire hydrants	1,019,242	-	-	1,019,242
Assets under construction	6,752,849	(5,387,295)	-	1,365,554
	\$ 162,969,903	\$ 6,376,008	\$ 641,155	\$ 168,704,756

<u>Accumulated Amortization</u>	2025 Balance	Amortization	Accumulated Amortization on Disposals	2026 Balance
Land and land improvements	\$ 299,128	\$ 71,807	\$ -	\$ 370,935
Long term care buildings	2,828,491	256,720	114,634	2,970,577
Municipal buildings	3,494,727	340,890	-	3,835,617
Joggins Fossil Centre	2,558,537	150,502	-	2,709,039

(continues)

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

15. TANGIBLE CAPITAL ASSETS (continued)

<u>Accumulated Amortization</u>	<u>2025</u> <u>Balance</u>	<u>Amortization</u>	<u>Amortization</u> <u>on Disposals</u>	<u>2026</u> <u>Balance</u>
Fire protection facilities	1,287,354	120,300	-	1,407,654
Other buildings	526,539	68,418	-	594,957
Sanitary sewer systems	11,998,373	865,404	-	12,863,777
Water treatment plant	1,598,447	288,500	-	1,886,947
Fire protection vehicles	5,463,201	151,719	-	5,614,920
Vehicles	949,937	237,339	-	1,187,276
Machinery and equipment	4,103,596	647,988	328,025	4,423,559
Electronic data equipment	997,555	29,708	-	1,027,263
Streets and sidewalks	3,029,073	657,797	-	3,686,870
Traffic and street lights	597,871	149,468	-	747,339
Water mains and meters	1,636,903	450,340	-	2,087,243
Storm sewers	611,954	139,473	-	751,427
Fire hydrants	131,519	17,066	-	148,585
Assets under construction	-	-	-	-
	\$ 42,113,205	\$ 4,643,439	\$ 442,659	\$ 46,313,985

<u>Net Book Value</u>	<u>2026</u>	<u>2025</u>
Land and land improvements	\$ 5,473,767	\$ 5,084,694
Long term care buildings	5,160,518	5,309,570
Municipal buildings	9,756,240	9,985,771
Joggins Fossil Centre	3,311,050	3,461,552
Fire protection facilities	9,721,887	3,204,247
Other buildings	1,469,418	1,280,121
Sanitary sewer systems	20,913,534	21,778,938
Water treatment plant	10,829,731	11,118,231
Fire protection vehicles	1,087,144	1,238,863
Vehicles	1,031,233	766,681
Machinery and equipment	6,920,332	6,776,082
Electronic data equipment	107,500	137,208
Streets and sidewalks	14,213,974	13,851,690
Traffic and street lights	747,336	896,804
Water mains and meters	23,346,080	22,128,655
Storm sewers	6,064,816	6,197,019
Fire hydrants	870,657	887,723
Assets under construction	1,365,554	6,752,849
	\$122,390,771	\$120,856,698

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

16. ACCUMULATED SURPLUS

	<u>2026</u>	<u>2025</u>
Capital reserves		
Gas tax	\$ 3,547,379	\$ 3,087,275
Parrsboro sewer	2,316,805	2,420,128
Parrsboro Aboiteau	52,389	51,066
Unappropriated	1,625,281	1,021,325
Landfill proceeds	1,454,338	1,591,886
Fire purposes	1,440,582	2,000,542
Springhill Community Centre	523,997	507,779
Capital reserves	<u>10,960,771</u>	<u>10,680,001</u>
Operating reserves		
Unappropriated	2,773,786	3,064,086
Springhill area rate	569,855	9,082
Sewer purposes	469,829	518,256
Economic development	351,530	342,496
School enhancement	270,929	263,968
Solid waste	204,781	216,663
Street light reserve	189,878	137,036
Public open space	62,306	24,951
Springhill streets	-	108,571
Solar reserve	184,793	148,251
Fire purposes	10,735	80,680
Parrsboro area rate	44,211	40,372
Elections	26,030	5,361
CSCC donations reserve	26,237	24,100
Glooscap Park	10,310	10,045
Operating reserves	<u>5,195,210</u>	<u>4,993,918</u>
Total reserves	<u>16,155,981</u>	<u>15,673,919</u>
Unreserved		
County	107,845,763	105,311,934
CSCC	3,810,597	4,066,521
Total unreserved	<u>111,656,360</u>	<u>109,378,455</u>
Accumulated surplus	<u>\$127,812,341</u>	<u>\$125,052,374</u>

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

17. COMMITMENTS

- a) The Municipality has entered an agreement for solid waste collection effective April 1, 2023 to March 31, 2028. The Municipality is committed to paying \$12,608,684 plus HST over the life of the contract, with adjustments for increases in fuel costs to an annual maximum of \$1,485 plus HST per 1 cent increase in fuel prices.
 - b) On August 21, 2020, The Municipality of the County of Cumberland and the Municipality of the County of Colchester entered into an agreement with Xplornet Communications Inc. in relation for the acquisition of exclusive Indefeasible Right of Use (IRU) on dark optical fibre strands for the entire network fibre build to the Municipalities and acquisition of other valuable community benefits. The initial term for the IRU is twenty years, with options to renew for two additional ten-year terms. The remaining contribution from the Municipality of Cumberland is \$1,709,975 plus HST.
 - c) On February 26, 2025 Council approved Cumberland YMCA operation funding of \$124,240 per year until Fiscal 2029. Adjusted annually for CPI.
 - d) On October 29, 2025 Council approved a fire protection services agreement with the Town of Oxford for April 1, 2025 to March 31, 2027 at a cost of \$120,000 per year, adjusted annually for CPI.
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18. CONTINGENT LIABILITIES

The Municipality may, from time to time, be involved in legal proceedings, claims and litigation arising in the normal course of operations. As of March 31, 2026, management believes it is not exposed to material, adverse impact on its financial position as a result of any such claims.

19. TRUSTS UNDER ADMINISTRATION

At March 31, 2026, the balance of funds held in trusts under administration was \$128,652 (2025 - \$64,266).

20. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2026

21. BUDGET

The County budgets for rate setting purposes in the general operating fund. Council approved a balanced budget in the general operating fund County-wide operations. Council approves separate area rates which may budget for surplus funds, and water utility budgets which have regulated rates. Council also approves a separate capital budget. The CSCC budget was approved by its Board of Directors.

The following adjustments reconcile the approved budgets to the financial reporting presentation under Canadian Public Sector Accounting Standards.

	<u>2026</u>
<u>Revenue</u>	
County approved general operating	\$ 41,060,202
County approved reserves	1,293,578
County approved capital	14,300,095
County approved Cumberland water utility capital	1,772,689
County approved Cumberland water utility	2,954,783
CSCC approved operating	<u>10,157,787</u>
	71,539,134
Remove inter-entity and inter-fund transactions	(1,396,927)
Remove transfers from reserves for operating	(2,273,628)
Remove transfers from reserves for capital funding	(8,892,843)
Remove transfers from revenue for capital funding	(500,125)
Remove debt for capital funding	(4,661,875)
Remove tax exemptions	(752,394)
Remove collections for other governments	<u>(313,306)</u>
Revenue budget per consolidated financial statements	<u>\$ 52,748,036</u>
<u>Expenses</u>	
County approved general operating	\$ 41,060,201
County approved Cumberland water utility	2,954,783
CSCC approved operating	<u>9,546,310</u>
	53,561,294
Add amortization for County operating	3,421,656
Remove inter-entity and inter-fund transactions	(1,276,927)
Remove loan principal repayments	(1,367,557)
Remove reserve appropriations	(2,325,650)
Remove capital appropriations	(500,000)
Remove tax exemptions	(752,394)
Remove transmission of taxes collected for other governments	<u>(313,306)</u>
Expense budget per consolidated financial statements	<u>\$ 50,447,116</u>

Budgeted figures are unaudited and have been provided by management for comparison purposes.

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Notes to Consolidated Financial Statements
Year Ended March 31, 2026

22. REMUNERATION PAID TO ELECTED OFFICIALS AND CAO

The gross earnings paid during the year and expenses paid on behalf of each member of Council and CAO are as follows:

	Gross Earnings	Expenses	Hospitality
Roderick Gilroy - Mayor	\$ 50,075	\$ 11,297	\$ -
Frederick Gould - Councillor and Deputy Mayor	33,654	6,441	-
Anthony Fromm - Councillor	30,536	1,590	-
Jennifer Houghtaling - Councillor	30,812	5,976	-
Kathleen Redmond - Councillor	27,224	2,800	-
Angela McCormick - Councillor	30,812	3,843	-
Scott Lockhart - Councillor	30,537	3,677	-
Carrie Lee - Councillor	30,537	2,628	-
Marchel Strong - Councillor	30,537	6,629	-
Gregory Herrett - CAO	256,522	6,490	-
	<u>\$ 551,246</u>	<u>\$ 51,371</u>	<u>\$ -</u>

MUNICIPALITY OF THE COUNTY OF CURBERLAND
Consolidated Schedule of Segmented Disclosure
(Schedule 1)
Year ended March 31, 2026

	(Note 21) Budget	General Government	Protective	Transportation	Environmental Health	Public Health	Environmental Development	Recreation	Education	Water Utility	2026	Total 2025
Revenue												
Taxes	\$ 30,940,569	\$ 30,021,147	\$ -	\$ 83,122	\$ 1,335,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,439,569	\$ 29,146,523
Grants in lieu of taxes	2,285,666	2,288,951	-	-	-	-	-	-	-	-	2,288,951	2,274,700
Long term care facilities	10,157,787	-	-	-	-	9,648,259	-	-	-	-	9,648,259	18,423,097
Other revenue from own sources	1,815,296	1,395,873	143,552	65,534	515,669	209,999	27,265	346,029	-	35,638	2,738,559	2,636,333
Loss/Gain on Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Conditional transfers	3,465,427	1,315,517	-	518,136	-	-	119,806	40,594	-	863,664	2,857,716	2,810,753
Unconditional transfers	1,922,753	1,920,108	-	-	-	-	-	-	-	-	1,920,108	1,915,176
Water utility	2,160,538	-	-	-	-	-	-	-	-	2,154,995	2,154,995	2,037,462
Total Revenue	\$ 52,748,038	\$ 36,941,595	\$ 143,552	\$ 666,792	\$ 1,850,968	\$ 9,858,258	\$ 147,071	\$ 386,623	\$ -	\$ 3,054,297	\$ 53,048,156	\$ 59,144,044
Expenditures												
Advertising and Promotion	58,175	33,357	2,061	-	-	-	5,643	1,387	-	-	42,448	47,204
Allowance for Doubtful Accounts	79,013	441,185	-	-	-	-	-	-	-	-	441,185	33,140
Amortization	4,303,908	94,505	561,124	1,116,430	1,033,625	-	50,033	565,939	-	872,096	4,293,751	3,726,889
Contracted Services	5,912,729	261,824	585,232	65,493	3,914,275	-	8,472	141,327	-	17,341	4,993,964	5,036,943
Goods and Service From Public Sector	13,895,858	569,313	6,208,869	271,735	-	-	-	188,375	6,490,968	-	13,728,259	12,800,600
Grants and Transfer to Organizations	927,034	1,229,568	64,924	-	-	-	117,188	17,112	-	-	1,428,792	1,008,945
Insurance	848,607	117,624	486,971	60,888	41,227	-	1,513	77,708	-	65,289	851,220	786,185
Interest on Long Term Debt	456,196	1,281	42,936	21,850	183,054	210,000	-	-	-	29,649	488,770	392,185
Interest on Short Term Debt	-	108	-	-	-	-	-	-	-	19,303	19,412	7,310
Leases	32,408	28,895	-	-	-	-	-	-	-	5,928	34,822	37,036
Long-term Care Facilities	9,546,310	-	-	-	-	9,902,044	-	-	-	-	9,902,044	16,798,872
Material, Goods and Supplies	2,531,988	455,810	426,969	693,648	248,443	-	39,288	232,319	-	367,548	2,484,025	2,775,112
Other expenses	56,525	26,830	27,490	12	3	-	312	87	-	-	54,734	34,460
Professional Services	842,703	316,706	59,467	18,833	56,719	-	40,332	4,115	-	146,564	840,736	914,601
Salaries and Benefits	9,373,533	2,564,536	1,342,535	1,042,242	793,485	-	890,459	1,585,024	-	884,442	9,102,722	8,476,569
Travel and Professional Development	329,043	129,550	114,835	12,210	5,279	-	13,384	25,732	-	4,174	305,164	261,940
Utilities	1,448,290	180,015	372,505	186,154	265,156	-	3,007	250,327	-	238,974	1,496,139	1,474,157
Loss/Gain on Disposal	-	-	-	-	-	-	-	-	-	-	-	799,760
Total Expenditures	\$ 50,447,116	\$ 6,451,108	\$ 10,285,919	\$ 3,487,494	\$ 6,541,264	\$ 10,112,044	\$ 1,189,631	\$ 3,089,453	\$ 6,490,968	\$ 2,651,308	\$ 50,285,189	\$ 55,411,910
Surplus/(Deficit)	\$ 2,300,922	\$ 30,490,487	\$ (10,152,367)	\$ (2,820,703)	\$ (4,690,296)	\$ (253,786)	\$ (1,022,560)	\$ (2,702,830)	\$ (6,490,968)	\$ 402,988	\$ 2,759,967	\$ 3,732,134

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Cumberland Water Utility Operating Fund Statement of Financial Position
(Schedule 2)
Year Ended March 31, 2026

	2026	2025
Assets		
Cash	\$ -	\$ -
Receivables		
Water rates	568,825	564,143
Due from general capital fund	8,466	-
Due from general operating fund	1,780,970	1,399,925
Inventory not held for resale	79,372	73,320
Prepaid expenses	-	-
	<u>\$ 2,437,633</u>	<u>\$ 2,037,388</u>
Liabilities		
Short term debt	\$ 1,217,317	\$ 976,404
Accounts payable and accrued liabilities	169,690	136,676
Prepaid water rates	35,378	72,590
Due to water capital fund	822,163	710,037
Other liabilities	6,146	2,780
	<u>2,250,694</u>	<u>1,898,487</u>
Accumulated surplus	<u>186,939</u>	<u>138,901</u>
	<u>\$ 2,437,633</u>	<u>\$ 2,037,388</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Cumberland Water Utility Operating Fund Statement of Operations
(Schedule 3)
Year Ended March 31, 2026

	Budget 2026	Total 2026	Total 2025
Operating revenues			
Flat rate sales	\$ 1,798	\$ 20,994	\$ 49,429
Metered sales	2,183,802	2,143,215	1,918,769
Public fire protection	746,783	746,783	682,980
Other	7,000	14,912	97,935
Sprinkler service	5,400	5,650	5,700
Interest	10,000	12,216	10,190
	<u>2,954,783</u>	<u>2,943,770</u>	<u>2,765,003</u>
Operating expenditures			
Source of supply	9,214	13,316	7,295
Power and pumping	52,994	44,776	42,553
Water treatment	958,956	733,812	849,496
Transmission and distribution	457,027	613,800	653,290
Administration and general	354,641	335,294	320,805
Depreciation	882,250	872,096	689,339
Taxes	48,386	48,781	47,500
	<u>2,763,468</u>	<u>2,661,875</u>	<u>2,610,278</u>
Net operating revenue	<u>191,315</u>	<u>281,895</u>	<u>154,725</u>
Non-operating expenditures			
Principal	170,030	170,030	170,030
Interest	21,285	47,842	31,924
Capital expenditures out of revenue	-	15,985	-
	<u>191,315</u>	<u>233,857</u>	<u>201,954</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>48,038</u>	<u>(47,229)</u>
Accumulated Surplus Beginning	<u>138,901</u>	<u>138,901</u>	<u>186,130</u>
Accumulated Surplus Ending	<u>\$ 138,901</u>	<u>\$ 186,939</u>	<u>\$ 138,901</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Cumberland Water Utility Capital Fund Statement of Financial Position
(Schedule 4)
Year Ended March 31, 2026

	2026	2025
Assets		
Cash	\$ -	\$ 442,724
Receivables		
Due from general capital	-	156,918
Due from general operating	15,649	26,407
Due from water operating fund	822,163	710,037
Other	1,110	2,220
	<u>838,922</u>	<u>1,338,306</u>
 Tangible plant and equipment	 <u>43,294,905</u>	 <u>41,498,671</u>
	<u>\$ 44,133,827</u>	<u>\$ 42,836,977</u>
Liabilities		
Accounts payable	\$ -	\$ 47,437
Short term debt	211,722	-
Due to general operating	-	-
Due to general capital	208,847	-
Accumulated allowance for depreciation	4,578,182	3,706,087
Deferred revenue	-	863,664
Long term debt	499,955	669,985
	<u>5,498,706</u>	<u>5,287,173</u>
 Investment in capital assets	 <u>38,635,121</u>	 <u>37,549,804</u>
	<u>\$ 44,133,827</u>	<u>\$ 42,836,977</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Cumberland Water Utility Capital Fund Statement of Operations (Schedule 5)
Year Ended March 31, 2026

	Budget 2026	2026	2025
Revenue			
Other revenue from own sources	\$ -	\$ 35,638	\$ 91,672
Conditional transfers	865,797	863,664	-
	<u>865,797</u>	<u>899,302</u>	<u>91,672</u>
Expenditures			
Bank charges	-	-	-
Annual surplus	<u>865,797</u>	<u>899,302</u>	<u>91,672</u>
Financing and transfers			
Transfers from own funds	-	15,985	156,918
Principal payments	170,030	170,030	170,030
	<u>170,030</u>	<u>186,015</u>	<u>326,948</u>
	<u>1,035,827</u>	<u>1,085,317</u>	<u>418,620</u>
Accumulated Surplus Beginning	<u>37,549,804</u>	<u>37,549,804</u>	<u>37,131,184</u>
Accumulated Surplus Ending	<u>\$ 38,585,631</u>	<u>\$ 38,635,121</u>	<u>\$ 37,549,804</u>

Cumberland Water Utility Capital Fund Statement of Utility Plant and Equipment
(Schedule 6)
Year Ended March 31, 2026

	2026	2025
Tangible plant and equipment		
Land and land rights	\$ 2,237,442	\$ 2,237,442
Structures and improvements	12,716,678	12,716,678
Equipment	1,897,330	1,692,132
Mains	23,631,049	21,999,918
Services	-	-
Meters	1,640,665	1,604,031
Hydrants	1,019,241	1,019,242
Vehicles	152,500	152,500
Assets under construction	-	76,728
	<u>\$ 43,294,905</u>	<u>\$ 41,498,671</u>

See accompanying notes to the financial statements

THE MUNICIPALITY OF THE COUNTY OF CUMBERLAND
Cumberland Water Utility Capital Fund Statement of Investment in Capital Assets
(Schedule 7)
Year Ended March 31, 2026

	2026	2025
Balance, beginning of year	\$ 37,549,804	\$ 37,131,184
Water operating fund	-	-
Transfer from revenue	15,985	-
Gas tax	-	156,918
Term debt retired	170,030	170,030
MCGP Funding	820,667	-
Interest earned on depreciation funds	35,638	91,672
PCAP Funding	42,997	-
Balance, end of year	\$ 38,635,121	\$ 37,549,804

See accompanying notes to the financial statements