MUNICIPALITY OF THE DISTRICT OF LUNENBURG

FINANCIAL STATEMENTS

MARCH 31, 2025

10 Allée Champlain Drive
Cookville, NS
B4V 9E4

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CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2025

10 Allée Champlain Drive
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MUNICIPALITY OF THE DISTRICT OF LUNENBURG CONSOLIDATED FINANCIAL STATMENTS
Year ended March 31, 2025

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Municipality of the District of Lunenburg (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with the Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of CPA Canada. A summary of the significant accounting policies is described in note 1 to the consolidated financial statements. The preparation of financial statements involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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

Tom MacEwan
Chief Administrative Officer

Elana Wentzell, CPA, CMA
Director of Finance

September 23, 2025

Belliveau Veinotte Inc.
CHARTERED PROFESSIONAL ACCOUNTANTS

Member of The AC Group of Independent Accounting Firms

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INDEPENDENT AUDITOR'S REPORT

To the Council of The Municipality of the District of Lunenburg

Opinion

We have audited the consolidated financial statements of The Municipality of the District of Lunenburg (the Municipality), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at March 31, 2025, 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.

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

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

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

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

(continues)

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.

Belliveau Veinotte Inc.

Bridgewater, Nova Scotia
September 23, 2025

CHARTERED PROFESSIONAL ACCOUNTANTS

Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2025

Consolidated Statement of Financial Position

	2025 Actual	2024 Actual
Financial Assets		
Cash and cash equivalents (note 4)	$ **47,461,371**	$ 43,420,481
Taxes receivable (net of asset valuation allowances) (note 5)	**2,347,641**	2,000,640
Other receivables (net of asset valuation allowances) (note 6)	**4,145,050**	2,416,068
Investment in Municipal Joint Service Board (note 20)	**3,528,630**	3,528,630
Assets held for resale (note 13)	**229,428**	241,633
	57,712,120	51,607,452
Liabilities		
Bank Loan (Overdraft)	**-**	54
Accounts payable and accrued liabilities	**2,793,025**	2,931,223
Long-term debt (note 9)	**-**	-
Other liabilities		
Payable to other governments	**1,732,307**	898,736
Employee future benefit obligations (note 17b)	**695,146**	591,463
Asset retirement obligation (note 12)	**1,101,670**	1,076,901
Other (note 7)	**7,226,620**	11,353,167
	13,548,768	16,851,544
Net Financial Asset	**44,163,352**	34,755,908
Non-Financial Assets		
Tangible Capital assets (net of accumulated amortization) (note 11)	**60,633,373**	59,139,459
Prepaid expenses	**307,898**	147,037
	60,941,271	59,286,496
Accumulated Surplus (note 29)	$ **105,104,622**	$ 94,042,403

Contingent Liabilities (note 10)

Commitments (note 14)

On behalf of the Municipality of the District of Lunenburg

Elspeth McLean-Wile
_________________________ Mayor

_________________________ Chief Administrative Officer

Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2025

Consolidated Statement of Operations

	2025		2024
	Budget	**Actual**	Actual
Revenue			
Assessable property taxes[1] (note 15)	$ 29,562,100	**$ 30,713,443**	$ 27,546,870
Grants in lieu of taxes	268,700	**296,796**	268,565
Services provided to other governments	206,300	**167,369**	94,341
Other revenue from own sources (note 16)	4,917,449	**5,676,715**	4,309,237
Unconditional transfers from other governments	99,200	**106,250**	101,363
Conditional transfers from other governments (note 16)	5,238,900	**9,351,102**	2,464,662
	40,292,649	**46,311,675**	34,785,036
Expenditures			
General government services	8,359,100	**7,739,283**	6,340,553
Protective services	11,060,900	**10,997,672**	10,144,146
Transportation services	3,943,600	**3,131,688**	2,560,532
Environmental health services	4,946,900	**6,037,479**	5,777,824
Environmental development services	3,315,400	**2,764,928**	2,090,041
Recreation and cultural services	4,797,728	**4,578,407**	4,359,564
	36,423,628	**35,249,457**	31,272,660
Annual Surplus (note 30)	3,869,021	**11,062,219**	3,512,376
Accumulated Surplus, beginning of year	94,042,403	**94,042,403**	90,530,026
Accumulated Surplus, end of year (note 29)	$ 97,911,424	**$ 105,104,622**	$ 94,042,403

Note 1 - Assessable property taxes are reported net of Provincial transfers: education, corrections and regional housing.

Municipality of the District of Lunenburg
Consolidated Financial Statements
For the year ended March 31, 2025

Consolidated Statement of Cash Flows

	2025 Actual	2024 Actual
Operating Activities		
Annual Surplus	$ 11,062,219	$ 3,512,376
Change in non-cash items		
Amortization	2,530,693	2,245,564
Accretion expense	24,769	34,402
Taxes receivable (net of asset valuation allowances)	(347,001)	(305,320)
Other receivables (net of asset valuation allowances)	(1,728,982)	1,242,049
Change in assets held for sale	12,205	(144,241)
Payables	(138,198)	1,693,369
Other liabilities	(3,189,293)	7,438,167
Change in prepaid	(160,861)	41,435
	8,065,550	15,757,802
Capital Activities		
Acquisition of tangible capital assets	(4,270,529)	(3,764,891)
Disposals of tangible capital assets	245,923	208,044
	(4,024,606)	(3,556,848)
Financing Activities		
Change in bank loans (overdraft)	(54)	(1,494,434)
Principal payments on long-term debt	-	-
	(54)	(1,494,434)
Investing Activities		
Assets held for sale	-	-
Net increase (decrease) in cash and cash equivalents	4,040,890	10,706,520
Cash and Cash Equivalents		
Beginning of Year	43,420,481	32,713,961
End of Year	$ 47,461,371	$ 43,420,481

Consolidated Statement of Changes in Net Financial Assets

	2025 Actual	2024 Actual
Annual Surplus	**$ 11,062,219**	$ 3,512,376
Acquisition of tangible capital assets	**(4,270,529)**	(3,764,891)
Amortization of tangible capital assets	**2,530,693**	2,245,564
Disposal of tangible capital assets	**245,923**	208,044
	(1,493,914)	(1,311,283)
Acquisition of assets held for sale	**-**	-
Acquisition of prepaid expenses	**(160,861)**	41,435
	(160,861)	41,435
Increase (Decrease) in Net Financial Assets	**9,407,444**	2,242,527
Net Financial Assets		
Beginning of Year	**34,755,908**	32,513,379
End of Year	**$ 44,163,352**	$ 34,755,908

Notes to the Consolidated Financial Statements

1. **Summary of Significant Accounting Policies and Reporting Practices**

(a) **Basis of Presentation**

The consolidated financial statements of the Municipality of the District of Lunenburg ("Municipality") have been prepared, by Management, in accordance with the CPA Canada Public Sector Accounting Standards.

(b) **Consolidated Entities**

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

(i) Consolidated Entities

In addition to the general Municipality of the District of Lunenburg departments and funds, the following are consolidated:

- Municipal Joint Services Board
- The Municipality's proportionate share of Lunenburg County Multi-Purpose Centre Corporation

(ii) Non-Consolidated Entities

The following local boards, commission, and agencies are not consolidated:

- Property Valuation Services Corporation
- Western Regional Housing Authority
- South Shore Regional Library Board

(iii) Trust Funds

Trust funds and their related operations are administered by the Municipality for the benefit of external parties and are not consolidated. The remaining trust accounts are reported separately on the trust funds' statement of continuity and statement of financial position. The trust funds administered by the Municipality are comprised of the following:

	2025 Actual	2024 Actual
Burial funds	**$ 3,597**	$ 3,428
School lands	**26,227**	26,227
Lunenburg County Community Fund	**1,000,000**	1,000,000
	$ 1,029,824	$ 1,029,655

1. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Basis of Accounting

(i) PSAB Recommendations

These financial statements have been prepared in accordance with the standards established by the CPA Canada Public Sector Accounting Board “PSAB” which are applicable to Municipalities.

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues.

Funds from external parties and earnings thereon and restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that events giving rise to the transfer occurred, providing the transfers are authorized, the Municipality has met any eligibility criteria, and reasonable estimates of the amounts can be made.

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(ii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies and the reported amounts of revenue and expenditure in the consolidated financial statements and accompanying notes. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

In addition, the Municipality’s implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Due to inherent uncertainty in making estimates, actual results could differ from those estimates.

1. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Basis of Accounting (continued)

(iii) Taxation and Related Revenues

Property tax billings are prepared by the Municipality based on assessment 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 adjustments as a result of appeals and reassessments are recorded when the result of the appeal process is known. Valuation allowances are established based on estimated losses that may be incurred in collecting outstanding receivables.

The Municipality includes interest in revenue on overdue taxes it is entitled to collect.

(iv) Accounts Receivable

Accounts receivable are reported net of any allowance for doubtful accounts.

(v) Tangible Capital Assets

Capital assets are recorded at cost in the period they are acquired. Donated assets are capitalized and recorded at their estimated fair value upon acquisition. Certain capital assets for which historical cost information was not available have been recorded at current fair market value discounted by a relevant inflation factor.

Amortization is recorded in the financial statements on a straight-line basis over an asset's estimated useful life as follows:

	Years
Land improvements	**25**
Buildings	**15-40**
Electronic Equipment	**5-10**
Small Equipment	**3-15**
Machinery and Equipment	**10-15**
Vehicles	**3-15**
Roads and Streets	**30**
Traffic and Street Lights	**30**
Sidewalks	**25**
Sewer Systems	**50**
Wharves	**25**
Other	**25-50**
LaHave River Sewer Systems	**7**

No amortization is recorded in the year of acquisition.

1. Summary of Significant Accounting Policies and Reporting Practices (Continued)

(c) Basis of Accounting (continued)

(vi) Employee Future Benefit Obligations

The Public Sector Accounting Handbook requires accounting for and reporting obligations for employee future benefits. An estimate of these liabilities has been recorded with the Consolidated Statement of Financial Position.

On March 1, 2020 employees of the Municipality entered the Public Service Superannuation Plan ("PSSP"), a contributory pension plan administered by the Pension Services Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. The Municipality is not obligated for any unfunded liability, nor is the Municipality entitled to any surplus that may arise in the PSSP. Employer contributions are recognized as an expense in the period to which they relate.

(d) Cash and Cash Equivalents

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

(e) 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:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Municipality of the District of Lunenburg:
    - a. is directly responsible;
    - b. or accepts responsibility;
- (iv) and a reasonable estimate of the amount can be made.

As at March 31, 2025 the Centre School site was identified as a contaminated site (Note 7 d).

(f) Asset Retirement Obligations

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

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

A liability for the removal of asbestos in several of the buildings owned by the Municipality has also been recognized based on estimated future expenses on closure of those sites and post-closure care.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense.

2. Contributions to Boards, Regional Authorities and Commissions

Together with other municipal units in Lunenburg County, the Municipality is required to finance the operations of the various Boards, Regional Authorities and Commissions based on uniform assessment.

In addition to any budgeted contributions, the municipal units share in the deficits or surpluses of these Boards based on their sharing percentages. The municipal units' share of the surplus or deficit is set up as payable to, or receivable, from the other organizations.

Contribution to Non-Consolidated Boards

The following contributions were made by the Municipality for current year's operations to non-consolidated board, agencies, and commissions:

	2025		2024
	Budget	**Actual**	Actual
Western Regional Housing Authority (a)	$ -	**$ -**	$ 28,950
South Shore Regional Library Board (b)	199,700	**199,700**	199,700
Property Valuation Services Corporation (3. c)	704,200	**704,176**	690,276
	$ 903,900	**$ 903,876**	$ 918,926

(a) Contribution to Regional Housing Authority

The Municipality was required to help finance its share of the operating deficit in the Western Regional Housing Authority out of its current year's operation. The Province released all municipalities from this obligation effective April 1, 2024. Thus, the cumulative deficit financed for 2024-25 was $0 (2023-24 - $28,950).

2. Contributions to Boards, Regional Authorities and Commissions (continued)

(b) Contribution to Regional Library Board

During 2024-25, the Municipality paid $199,700 (2023-24 - $199,700) to the Regional Library Board as its share of operating costs.

3. Contributions to Provincial Government Departments and Agencies

(a) Education Contribution

The required contribution to the South Shore Regional Centre for Education is calculated using the mandatory municipal education rate (set by the Minister of Education) multiplied by the Municipality's uniform assessment. For 2024-2025 the education tax rate was $0.3048 (2023-24 - $0.3048) per $100 of uniform assessment multiplied by the uniform assessment of $3,493,034,093 (2023-24 - $3,129,872,293) for a total amount paid of $10,646,768 (2023-24 - $9,539,851).

(b) Correction Contributions

The required contribution for corrections is calculated first using an amount set by the Province, to be recovered from all municipal units. Fifty percent of this recovery amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of dwelling units as a percentage of provincial dwelling units. The Province released all municipalities from this obligation effective April 1, 2024. Thus, the Municipality paid $0 in 2024-25 (2023-24 - $428,002) to the Province for correction services.

(c) Assessment Service Contributions

The required contributions for assessment services is calculated using an amount, set by the Property Valuation Services Corporation (PVSC), to be recovered from all municipal units 2024-25 $17.882 million (2023-24 - $17.532 million). Fifty percent of this recovered amount is allocated among municipal units using each unit's uniform assessment as a percentage of provincial uniform assessment. The other fifty percent is allocated using each unit's number of assessment accounts as a percentage of provincial assessment accounts. During 2024-25 the Municipality paid $704,176 (2023-24 - $690,276) to the PVSC for assessment services.

3. Contributions to Provincial Government Departments and Agencies (continued)

(d) Lunenburg County Multi-Purpose Centre Corporation

On November 10, 2009, the Municipality entered into an agreement with the Town of Bridgewater to form the Lunenburg County Multi-Purpose Centre Corporation ("LCLC") to own and operate a multi-purpose facility. The Municipality has a fifty percent interest in the facility. The original capital cost was paid from reserves and replenished through a special tax rate. The remaining balance at March 31, 2016 of $710,339 was paid in 2016-17. The overage in capital costs was also funded through municipal reserves. The remaining balance was $1,747,478 at March 31, 2016. The LCLC had agreed to forward future capital donations to the Municipality to help replenish this additional reserve drawdown. In 2018-19, no capital donations were received. In prior years, funds were paid back to the reserve fund (2017-18: $25,500; $ 2016-17: $76,000; 2015-16: 22,500). In 2019-20, the Municipality's Council agreed to write off the $1,645,979 remaining balance

Included in the Municipality's consolidated financial statements are its proportionate share of the net assets in the amount of $14,051,575 (2023-24 - $14,451,682). The following table provides supplementary financial information for the LCLC as of March 31:

Financial Position	**2025**		2024
	MODL Share	**TOTAL**	
Financial Assets	**$ 605,885**	**$ 3,021,927**	$ 2,888,062
Liabilities	**461,076**	**2,732,310**	2,717,351
Net Financial Assets (Liabilities)	**144,809**	**289,617**	170,711
Non Financial Assets	**13,906,767**	**27,813,533**	28,732,653
Net Assets (Liabilities)	**$ 14,051,575**	**$ 28,103,150**	$ 28,903,364

As of March 31, 2025, MODL had the following related party transactions with the LCLC:

	2025	2024
Due to LCLC (rentals & program costs)	$ 29,697	$ 575
Operating Grants paid to LCLC	725,700	527,463
Capital Grants paid to LCLC	134,061	137,327
Operating deficit transfer payable to LCLC	90,211	115,697
Capital transfer receivable from LCLC	1,191	1,191

4. Cash and Cash Equivalents

	2025 Actual	2024 Actual
Included in Cash are Restricted Amounts		
Canada Community-Building Fund	**$ 2,071,802**	$ 1,803,178
Lunenburg County Lifestyle Centre	**246,174**	57,065
Tax Sale Surplus	**2,613,042**	2,524,416
Landfill Closure	**932,489**	887,271
	5,863,507	5,271,930
Unrestricted Cash	**41,597,864**	38,148,551
	$ 47,461,371	$ 43,420,481

	2025 Actual	2024 Actual
Cash Made Up Of:		
Operating Fund	**$ 20,315,524**	$ 17,466,551
Capital Fund	**203,421**	-
Reserve Fund	**26,696,252**	25,896,865
Lunenburg County Lifestyle Centre	**246,174**	57,065
	$ 47,461,371	$ 43,420,481

The Canada Community-Building Fund is restricted to eligible projects, as approved under the Canada-Nova Scotia CCBF Agreement. The landfill closure funds are restricted by provincial regulations to fund eligible landfill costs.

5. Taxes Receivable

	2025 Actual	2024 Actual
Balance, beginning of year	**$ 2,000,640**	$ 1,695,320
Current year's tax levy	**38,373,895**	35,162,632
Interest on overdue taxes and rates	**476,600**	367,191
	40,851,136	37,225,143
Deduct		
Collections	**36,841,411**	34,023,354
Adjustments,write-offs & bad debt expense	**129,864**	87,502
Exemptions for taxes	**639,993**	351,284
	37,611,268	34,462,140
Sub-total	**3,239,868**	2,763,003
Allowance for doubtful accounts	**(892,227)**	(762,363)
Net taxes receivable	**$ 2,347,641**	$ 2,000,640

6. Other Receivables

(a) Other

	2025 Actual	2024 Actual
Governments		
Government of Canada and its agencies	**$ 250,789**	$ 260,270
Province of Nova Scotia and its agencies	**2,011,138**	391,773
Trust Fund	**49,523**	128,039
Municipal Joint Services Board ("MJSB")	**-**	2,075
Municipal Governments	**229,646**	118,210
	2,541,095	900,367
General Public	**410,343**	370,633
LaHave River Stright Pipe Loans	**769,010**	1,006,842
Clean Energy Financing Loans	**435,876**	149,635
	1,615,229	1,527,110
Allowance for Doubtful Accounts	**(11,273)**	(11,409)
	$ 4,145,050	$ 2,416,068

Other Receivables Found in:

	2025 Actual	2024 Actual
Operating Fund	**$ 1,036,917**	$ 732,928
Capital Fund	**2,729,193**	1,361,433
Reserve Fund	**-**	-
Trust Fund	**-**	-
Other	**378,940**	321,706
	$ 4,145,050	$ 2,416,068

(b) Allowances for Doubtful Accounts

	2025 Actual	2024 Actual
Due from general public	**$ 11,273**	$ 11,409
	$ 11,273	$ 11,409

7. Other Liabilities

	2025 Actual	2024 Actual
Deferred Revenues		
Other	**$ 499,349**	$ 536,702
Province of Nova Scotia	**$ 281,023**	$ 5,586,992
Lunenburg County Lifestyle Centre	**273,720**	77,361
	1,054,093	6,201,055
Other		
Prepaid Taxes	**1,381,646**	1,212,024
Tax Sale Surplus (note 9)	**2,613,042**	2,524,416
Landfill closure liability (note 8a)	**408,830**	408,830
Environmental liability - Centre School	**1,000,000**	-
Loans	**769,010**	1,006,842
	$ 7,226,620	$ 11,353,167

(a) Landfill Site Closure

As of April 1, 2013, the Municipality transferred all of the assets and liabilities of the Lunenburg Regional Recycling and Composting Facility (“LRRCF”) to the Municipal Joint Service Board (“MJSB”).

Municipalities are required to recognize closure costs as an expense and make an equivalent transfer into a special capital reserve fund in each period that the landfill accepts solid waste. Recognition of closure costs started on the date the landfill began accepting solid waste. The Municipality has site closure reserves which are in excess of the landfill liability. Total transfers to site closure capital reserves and interest earned on these reserve funds at March 31, 2025 was $932,489 (2024- $887,271). The landfill was closed to further disposal in 2005 and subsequent costs incurred relate to remediation and monitoring. The present value of the remaining landfill site closure cost is estimated to be $534,812 (2024 – $534,812).

The future landfill site closure costs were forecast with inflation at 2% per annum and discounted back to March 31, 2019 using a discount rate of 2.5%. A gross landfill closure liability of $408,830 (2024 - $408,830) has been reported in the consolidated statement of financial position of the Municipality and includes costs for the assessment of the site monitoring, treatment of leachate, monitoring of ground and surface water, monitoring and recovery of gases and maintenance of required drainage systems and other control systems.

7. Other Liabilities (continued)

7. (a) Landfill Site Closure (continued)

	2025 Actual	2024 Actual
Estimated gross landfill closure cost	**$ 408,830**	$ 408,830
Reserves for Site Closure	**932,489**	887,271

(b) Contaminated Site – Riverport School

Petroleum hydrocarbon contamination was discovered during an Environmental Site Assessment of the Riverport School property. MODL notified the Provincial Department of Environment as per provincial legislation. The Department issued an inspection report with a schedule for compliance for site remediation. On July 16, 2016, Municipal Council approved a plan to demolish the building and remediate to Tier 2 standards. Environmental clearance was received on January 1, 2023. The tear down, remediation and testing follow-up costs were $407,652.

(c) Lunenburg County Community Fund Liability

The Lunenburg County Community Fund (LCCF) donated $1,000,000 to help finance the LaHave River Straight Pipe Project. In accordance with the Memorandum of Understanding between MODL and the LCCF, homeowner payments replenished the donation and were transferred to a Trust Fund in the name of the LCCF to be used on future mutually agreed upon projects. Homeowner payments of $1,000,000 have been received. The liability was paid in 2022.

(d) Contaminated Site – Centre School

Petroleum hydrocarbon contamination and other hazardous material was discovered during an Environmental Site Assessment of the Centre School property. MODL notified the Provincial Department of Environment as per provincial legislation. Municipal Council approved a capital budget in 2025-26 to demolish the building and remediate the property contingent on Provincial grant funding.

8. Tax Sale Surplus Account

The Municipality of the District of Lunenburg is required to hold the surplus from tax sales for a period of twenty (20) years. This surplus represents excess funds received at tax sales over and above the original amounts which were owing to the Municipality at the time a particular property was sold. The excess proceeds if not claimed, are to be transferred to the Capital Reserve fund at the end of the twenty (20) year period. A surplus of $13,783 was transferred to the Capital Reserve in Fiscal 2025. Provincial regulations require the tax sale surplus be included on the consolidated statements as a liability. Tax sale surplus account amounts and the respective years in which they arose are as follows:

	2025 Actual	2024 Actual
2005	-	13,783
2006	62,358	62,358
2007	4,247	4,247
2008	8,368	8,368
2009	86,299	86,299
2010	113,084	113,084
2011	19,061	19,061
2012	54,221	54,221
2013	59,145	59,145
2014	28,890	28,890
2015	69,981	69,981
2016	46,070	46,070
2017	112,409	112,409
2018	18,188	18,188
2019	38,955	38,955
2020	93,102	112,270
2021	663,206	663,206
2022	571,039	571,039
2023	34,490	115,178
2024	324,116	327,665
2025	205,814	-
	$ 2,613,042	$ 2,524,416

9. Long-term Debt

(a) Balance of Long-term Debt

The Municipality has paid all long-term debt obligations. There is no long-term debt reported on the consolidated statement of financial position.

(b) Principal Payments

Principal repayments required for the next five (5) years are as follows:

2026	$	-
2027	$	-
2028	$	-
2029	$	-
2030	$	-

(c) Total Charges for Long-term Debt

Because all long term debt obligations are paid, there are no charges for long-term debt included in the consolidated statement of financing activities.

10. Contingent Liabilities

The Municipality is contingently liable for long-term liabilities for which the responsibility of the payment of principal and interest has been assumed by other organizations as follows:

- ***Lunenburg County Multi-Purpose Centre Corporation*** – The Municipality has guaranteed the Temporary Borrowing Resolution of the "Lunenburg County Multi-Purpose Centre Corporation" in the amount of $3,850,000. There is no balance owing on this capital debt at year end.

- ***Municipal Joint Services Board*** - The Municipality is responsible for their share of the liabilities of the Board: The nature of solid waste management leads to potential for site contamination. Although active mitigation practices are in place, potential environmental liabilities in a final full site closure are undeterminable, however given the nature could potentially be significant.

- ***Blockhouse Volunteer Fire Department*** – The Municipality has provided a loan guarantee to the Blockhouse Volunteer Fire Department in the amount of $100,000 for the purpose of constructing a new fire hall for a period not exceeding ten years. The loan guarantee has been approved by the Minister of Municipal Affairs and expires May 6, 2026. As of March 31, 2025 the loan is in good standing.

11. Tangible Capital Assets

	Cost - Beg of Year	Additions	Cost Disposals & Write Offs	Cost-End of Year	Amort Disposals & Write Offs	Amort in Year	Acc Amort Beg of Year	Acc Amort End of Year	**Net Book Value 2025**	2024
Municipal General										
Land	**$ 6,454,605**	$ 111,078	$ 90,864	$ 6,474,819	$ -	$ -	$ -	$	**$ 6,474,819**	$ 6,454,605
Land Improvements	**3,875,019**	366,778	106,621	4,135,176	7,885	167,319	733,965	893,399	**3,241,776**	3,141,053
Buildings	**10,450,129**	674,795	1,142	11,123,783	400	184,008	901,205	1,084,813	**10,038,969**	9,548,925
Buildings/Plants - WWTP	**6,243,425**	129,907	-	6,373,333	-	250,012	4,338,101	4,588,113	**1,785,220**	1,905,325
Electronic Equipment	**84,571**	25,185	-	109,756	-	5,462	79,109	84,571	**25,185**	5,462
Small Equipment	**549,422**	167,484	-	716,906	-	41,003	164,608	205,611	**511,295**	384,814
Machinery & Equipment	**1,231,655**	201,948	-	1,433,604	-	64,231	663,542	727,773	**705,831**	568,113
Vehicles	**750,989**	-	-	750,989	-	112,008	332,688	444,696	**306,292**	418,300
Wharves	**393,691**	-	-	393,691	-	15,136	229,144	244,281	**149,411**	164,547
Roads and Streets	**9,637,936**	-	-	9,637,936	-	289,849	3,588,690	3,878,540	**5,759,397**	6,049,246
Sidewalks	**328,990**	-	-	328,990	-	10,966	78,333	89,299	**239,691**	250,657
Sewer System	**8,752,567**	208,799	-	8,961,365	-	190,987	2,490,732	2,681,719	**6,279,646**	6,261,835
LaHave Straight Pipe Project	**9,905,374**	-	-	9,905,374	-	447,898	1,836,857	2,284,756	**7,620,618**	8,068,517
Work-in-progress	**497,965**	2,176,461	-	2,674,426	-	-	-	-	**2,674,426**	455,919
Other	**1,748,926**	162,779	55,581	1,856,124	-	224,777	672,669	897,446	**958,678**	1,118,302
	60,905,264	4,225,214	254,208	64,876,272	8,285	2,003,656	16,109,643	18,105,017	**46,771,253**	44,795,619
Lunenburg County Multi-Purpose Centre Corporation (50% equity)										
Land	**433,583**	-	-	433,583	-	-	-	-	**433,583**	433,583
Land Improvements	**1,424,272**	-	-	1,424,272	-	56,971	597,193	654,164	**770,108**	827,079
Building	**17,143,882**	11,600	-	17,155,481	-	436,945	4,202,238	4,639,183	**12,516,299**	12,941,644
Furniture and fixtures	**167,852**	1,912	-	169,764	-	2,311	163,897	166,208	**3,556**	3,955
Computer equipment	**156,797**	-	-	156,797	-	7,831	141,402	149,232	**7,565**	15,396
Equipment	**401,604**	31,804	77,550	355,857	77,550	22,980	279,417	224,847	**131,011**	122,187
Work in Progress	**-**	-	-	-	-	-	-	-	**-**	-
Total Tangible Capital Assets	**19,727,988**	45,315	77,550	19,695,753	77,550	527,037	5,384,147	5,833,633	**13,862,120**	14,343,841
Total Tangible Capital Assets	**$ 80,633,252**	$ 4,270,529	$ 331,758	$ 84,572,025	$ 85,835	$ 2,530,693	$ 21,493,790	$ 23,938,650	**$ 60,633,373**	$ 59,139,459

12. Asset retirement obligations

The Municipality's Asset retirement obligation consists of several obligations as follows:

Asbestos obligation

The Municipality owns several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at April 1, 2022.

Estimated costs have been discounted to the present value using Nova Scotia CPI (March) at the following rates: 2019, 1.3%; 2020, 0.9%; 2021, 2.8%; 2022, 6.8%; 2023, 4.6%; 2024, 3.3%, 2025, 2.3%.

The transition and recognition of asset retirement obligations involved the restatement of opening balances (see note 2).

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

Asset Retirement Obligaton	Asbestos removal			Balance at March 31, 2025	Balance at March 31, 2024
	MARC Buildings	Wile's Lake Buildings	Centre School		
Opening Balance	$ 195,960	$ 9,266	$ 871,675	$ 1,076,901	$ 1,042,499
Accretion expense	4,507	213	20,049	24,769	34,402
Closing balance	$ 200,467	$ 9,479	$ 891,724	$ 1,101,670	$ 1,076,901

13. Assets Held for Resale

a) Land Available for Sale

At March 31, 2025, eighteen parcels of Municipally-owned land were actively on the market for sale in accordance with Policy 065 – Divestiture of Surplus Land. These parcels of land were moved from tangible capital assets to land sales inventory at cost (2025: $229,428; 2024: $241,633).

14. Commitments

(a) Payments – Garbage Collection Contract

The Municipality entered into a four-year contract for garbage collection with a two-year optional extension clause. The contract term is April 1, 2020 to March 31, 2024. The optional two-year extension amounts are 2024-25 $1,181,157 and 2025-26 $1,207,733.

A new 7-year agreement was signed effective April 1, 2026 with a 2.89% inflation clause consisting of the following payments: 2026-27 $1,476,957; 2027-28 $1,519,641; 2028-29 $1,563,559; 2029-30 $1,608,746, 2030-31 $1,655,238, 2031-32 $1,703,075; 2032-33 $1,752,294.

(b) School

On January 31, 1982, the Municipality joined with the other Municipalities and towns in Lunenburg County to form the South Shore Regional School Board which was later replaced by the South Shore Regional Centre for Education (SSRCE). Under the agreement, all school buildings as of December 31, 1981, will remain assets of the Municipality, but will be under the operational control of the SSRCE until such time they are no longer required for school purposes. At that time, control will revert back to the Municipality. Since the Municipality does not have control over the schools that are used by the SSRCE, they are not included in the financial statements of the Municipality. The SSRCE turned over the following schools for which they no longer had use: Blockhouse, Centre, and Riverport. The school facilities are fully depreciated and the value of the school lands was offset by the estimated demolition costs of the school buildings. Blockhouse School was sold in Fiscal 2016. Additional Schools are expected to be declared surplus in the next several years which are anticipated to represent a significant cost to the Municipality to decommission. However Provincial legislation has been altered and municipal acquisition is no longer mandatory.

14. Commitments (continued)

(c) Osprey Village

On April 19, 2010 the Municipality entered into a Memorandum of Understanding with the Town of Bridgewater to make a $1,000,000 contribution to a new water storage reservoir, with interest at 4% compounded annually, payable on or after April 15, 2015.

The Municipality was successful in securing an Investing in Canada Infrastructure grant (73.3% funding) for the water reservoir that will serve Osprey Village and signed the contribution agreement on May 31, 2022. The Municipality of Lunenburg and the Town of Bridgewater are responsible for 27.7% shared equally together with any non eligible costs. The Municipality will build the water reservoir and turn it over to the Public Service Commission of Bridgewater Water Utility (PSC) once complete.

(d) Partnership Project

Effective April 1, 2024 the Municipality renewed its contract with the Canadian Air Engineering Squadron to assist, support, and facilitate the recruitment of reservists by providing a facility in Pinegrove, Lunenburg County, Nova Scotia. This contract expires March 31, 2029.

(e) School Lands Trust Payments

The Municipality receives interest income annually from funds held in trust, representing its interest in school lands. These funds are available for the purchase of books as follows:

	Parkview Education Centre	New Germany Rural High	Total
Balance, beginning of year	758	758	**1,517**
Interest income earned in trust	649	649	**1,299**
Less: paid to schools for books	(758)	(758)	**(1,517)**
Balance available for book purchases	649	649	**1,299**

14. Commitments (continued)

(f) Garbage Disposal

Commencing April 1, 1991, the Municipality entered into an agreement with other Municipal Units in Lunenburg County to share in the capital cost of the site, based on the average of waste collected and uniform assessment over the last five (5) years. Each of the units has a vested interest in the site; however, no unit can receive its vested interest unless all units mutually agree to close the site to solid waste disposal. On April 1, 2012 the Town of Lunenburg ("TOL") withdrew from the partnership. This event is not expected to have a material effect of the LRRCF operations as the TOL waste amounts to less than 8% of the total received at the facility. The remaining partners formed a Municipal Joint Service Board ("MJSB") under Section 60 of the Municipal Government Act to operate the LRRCF beginning in Fiscal 2014. On March 31, 2013 the related assets and liabilities were transferred to the Municipal Joint Services Board.

The three remaining partner units, the Town of Bridgewater, Town of Mahone Bay and the Municipality of the District of Lunenburg continue their discussions with the Town of Lunenburg to determine their rights and obligations under the various waste management agreements as a result of the 2012 withdrawal by the Town of Lunenburg. Should the municipal units fail to reach an agreement, the three remaining partners are responsible for recovering the landfill closeout and post closeout costs from the Town of Lunenburg.

(g) Joint Emergency Measures Organization

The Municipality has an Agreement with the Town of Bridgewater, Town of Mahone Bay and the Municipality of Chester to provide for a coordinated response to emergencies. On April 1, 2015 the Town of Lunenburg was added to the Agreement.

15. Assessed Property Taxation

	2025 Budget	2025 Actual	2024 Actual
Total taxes and rates	$ 40,208,900	**$ 41,360,211**	37,543,672
Less:			
Taxes collected on behalf of others:			
School Board levy	10,646,800	**10,646,768**	9,539,851
Correctional Services	0	**0**	428,002
Deficit of Regional Housing Authority	0	**0**	28,950
	10,646,800	**10,646,768**	9,996,802
Net taxes and rates	$ 29,562,100	**$ 30,713,443**	$ 27,546,870

16. Schedule of other Revenues and Conditional Transfers

	Actual 2025	Actual 2024
Other revenue from own sources		
Operating fund revenue		
Licenses & permits	$ 123,435	$ 118,001
Police prosecution & fines	63,461	87,434
Rentals	109,982	90,625
CES/CEF Expense Recovery	78,063	68,246
Interest - bank accounts	2,569,917	2,300,658
Interest on overdue taxes	486,567	371,822
Administration charges - REMO	5,800	5,800
Tax Sale fees	51,751	57,425
Open Space Fees	72,727	42,530
Tax Information - third parties	63,799	62,390
Tax Sale surplus	13,783	3,556
Pro-Kids	35,829	20,317
Economic Development grants & VIC	6,000	9,187
Sale of Services	213,426	111,282
Recreation Fees	70,781	100,172
Other Administrative revenues	69,736	51,240
Capital fund revenue		
Aerated compost carts	-	456
Sewer user connect fees	-	-
Sale of Assets (used vehicle, and land)	103,159	(35,565)
Liability Change - LaHave Straight Pipe	-	-
Lun Co Community Fund	(3,371)	2,042
Other Contributions	237,832	64,301
Interest on receivables	-	1,802
Donated assets (land)	-	-
Gain on sale of assets	538,032	139,001
LCLC consolidated revenue	766,005	636,515
	$ 5,676,715	$ 4,309,237

Conditional transfers from other governments		
Gas Tax revenue	1,234,632	1,235,717
Federal & Provincial capital grants	7,431,014	512,748
Provincial operating grants	337,079	221,531
LCLC consolidated government transfers	348,378	494,666
	$ 9,351,102	$ 2,464,662

17. Employee Benefits

(a) Pension Agreements

Effective March 1, 2020, the Municipality signed a transfer agreement with the Public Service Superannuation Plan Trustee Incorporated (“PSSPTI”) to transition its pension plan assets to the PSSP, a contributory multi-employer defined benefit pension plan administered by the PSSPTI, which provides pension benefits based on length of service and earnings.

Upon entering into such agreements, assets and liabilities of a Municipality pension plan are in whole, or in part, transferred to the PSSP. On or after the transfer date, retirees of the former Municipality defined benefit pension plan are deemed to be retirees within the PSSP.

The transition was accounted for as a settlement as the Municipality transferred its assets and any remaining obligation of its defined benefit pension plan to the PSSP. In accordance with the transfer agreement, the Municipality has no further obligations or liabilities in respect of its former defined benefit pension plan and is only responsible to make contributions to the PSSP as an employer. The resulting differential on transfer was a deficit of $166,527 (actuarial estimates were $155,200). This pension benefit deficit was paid and has been recorded in the consolidated statement of operations.

Expenses associated with the transfer including legal and actuarial fees were budgeted utilizing the Employee Pension Reserve. These costs were expensed in the fiscal year in which they are incurred. In 2021/22 the final costs totaled $132,965 (2020/21- $102,045. The transfer costs were paid from the Employee Pension Reserve.

The PSSP is accounted for as a defined contribution plan as the obligation to pay retirement obligations does not reside with the Municipality.

The PSSP is 106.7 % funded with an accrued pension obligation resulting in a $0.525 B funding surplus (extrapolated) as at March 31, 2025 on a going concern basis.

The actual pension obligation as of the actuarial date of December 31, 2024 was a funding excess of $525,072.

Contributions to the Plan are required by both the employer and its employees. Total MODL contributions for 2024-2025 were $1,020,888 and are recognized as an expense in that period.

17. Employee Benefits (continued)

(b) Employee Future Benefit Obligations

Management's estimates of employee future benefit obligations represent future liabilities of the Municipality to its employees for benefits earned but not taken as at March 31, 2025 and consist of the following:

	2025 Actual	2024 Actual	Net Change
Accrued sick leave	**$ 121,740**	$ 78,847	$ 42,892
Service awards	**24,000**	23,700	300
Vacation pay	**549,406**	488,916	60,490
	$ 695,146	$ 591,463	$ 103,683

Sick leave is accumulated at a rate of 1 ½ days per month to a maximum of 100 days. This benefit is not paid out upon retirement. Service Awards are recognition awards for permanent full-time employees. Employees are compensated based on achieving certain years of service milestones. Awards range from $300 to $2,100 for 5 years to 35 years of service.

(i) Vacation

Vacation pay reflects the value of vacation earned during the year but not taken as at the year end.

(ii) Service Awards

Service awards reflect the value of cash awards for long service employees but not taken at year end.

The Municipality has no material unfunded post-employment benefit obligations.

(iii) Accrued Sick Leave

The Municipality's estimated sick leave entitlements for 2024-25 are $121,740 ($78,847 in 2023-24) based on an estimate of sick leave credit drawdown history.

In lieu of a short-term disability plan, the Municipality has a sick leave policy that allows employees to earn sick leave credits based on time worked.

The accrued sick leave is an estimate of the sick leave credits that may be used in future years, based on past experience.

18. Consolidated Expenditures by Object – Municipal Operations

The following is a summary reclassification by object of the consolidated expenditures as reported in the supplementary financial information.

	2025 Actual	2024 Actual
Salaries, benefits & other personnel costs	**$ 8,185,156**	$ 7,463,360
Long-term interest charges	**36,751**	46,496
Materials, outsourced and other	**12,471,048**	10,638,811
Amortization	**2,530,692**	2,245,565
Asset Retirement obligations	**24,769**	34,402
Utilities	**751,772**	746,322
Rents	**16,492**	11,047
Grants	**1,319,098**	1,183,241
Fire Area Rates	**4,820,498**	4,352,169
Policing and corrections	**4,453,188**	4,199,964
Reduced taxes	**639,993**	351,284
Total consolidated statement of operations expenditures	**$ 35,249,457**	$ 31,272,660

19. Government Transfers

(a) The Municipality receives grants, subsidies and contributions from provincial and federal governments for general purposes, to finance specific program expenditures and to finance capital expenditures. These government transfers are recognized in the consolidated financial statements 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, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction the transfer stipulations by the Municipality determines the timing of the recognition of the transfer as revenue.

(b) The Municipality makes discretionary disbursements to individuals, institutions, and agencies. These payments are recorded as grants to organizations and individuals in the consolidated statement of financing activities to the extent that the payments meet the accrual basis of accounting. Amounts paid for Canada Pension Plan are not reported as government transfers. During 2025 fiscal year the Municipality issued payments as government transfers as follows:

	2025		2024
	Budget	**Actual**	Actual
Grants to fire departments	$ 306,200	**$ 288,444**	$ 330,942
Grants to agencies and institutions	1,325,700	**1,030,654**	852,299
	$ 1,631,900	**$ 1,319,098**	$ 1,183,241

20. Municipal Joint Services Board ("MJSB")

As outlined in note 12(f), the Municipal Joint Services Board was incorporated under Section 60 of the Municipal Government Act and began operations on April 1, 2013. The MJSB operates the Lunenburg Regional Community Recycling Centre ("LRCRC") and identifies opportunities for increased sharing of services among partner Municipalities. Information Technology and Human Resource management have been identified and implemented.

The Capital and Operating budgets of the MJSB are subject to annual approval of at least two of the three partners representing at least 51% of the interest. The Council of each partner are responsible to guarantee any capital borrowings required to implement the annual capital budget.

The costs for the LRCRC are shared by its partners based on a cost sharing formula for metric tonnage received at the facility. Tipping fees are approved by Councils as part of the Operating and Capital Budget process.

20. Municipal Joint Services Board ("MJSB") (continued)

The District of Lunenburg had the following related party transactions with the MJSB:

	2025	2024
Tipping fee payments & monitoring	$ 1,479,308	$ 1,416,247
IT Services	328,069	254,260
HR Services	118,723	66,664
Safety Officer Services	10,727	-
Payable for landfill closure and post closure costs	408,830	408,830
	$ 2,345,656	$ 2,146,001

The MJSB is accounted for as a portfolio investment in MODL's Consolidated Financial Statements as 61.95% of the MJSB April 1, 2013 total equity of $5,695,933, which equates to MODL portfolio investment of $3,528,630.

21. Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, and requisition over-levy. It is management's opinion that the Municipality is not currently exposed to significant interest risks arising from these financial instruments.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is subject to interest rate risk if the interest rate were to drop below current levels; the majority of its cash balances are invested in deposits that pay interest based on current market interest rates. The Municipality does not use derivative financial instruments to alter effects of this risk.

The Municipality is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

All financial instruments are carried at approximate fair value unless otherwise noted.

22. Remuneration of Elected Officials and Chief Administrative Officer

	Remuneration		Expense Claims		Totals	
	2025	2024	**2025**	2024	**2025**	2024
Mayor Elspeth McLean Wile	**$ 30,579**	$ -	**$ 5,969**	$ -	**$ -**	$ -
Mayor Carolyn Bolivar-Getson	**46,412**	72,410	**6,161**	14,213	**52,573**	86,623
Deputy Mayor Chasidy Veinotte	**51,508**	46,816	**8,201**	9,146	**59,708**	55,962
Councillor Martin Bell	**48,659**	46,816	**10,615**	3,017	**59,274**	49,833
Councillor Ben Brooks	**19,771**	-	**3,405**	-	**23,176**	-
Councillor Edgar Burns	**19,771**	-	**1,337**	-	**21,108**	-
Councillor Michelle Greek	**30,007**	46,816	**1,301**	8,004	**31,308**	54,820
Councillor Leitha Haysom	**30,007**	46,816	**6,674**	4,867	**36,681**	51,683
Councillor Pamela Hubley	**48,659**	51,243	**4,011**	5,437	**52,670**	56,680
Councillor Cathy Moore	**48,659**	46,816	**3,064**	4,800	**51,723**	51,616
Councillor Wendy Oickle	**53,242**	49,541	**6,555**	7,603	**59,797**	57,144
Councillor Kathryn Petersen Delong	**48,659**	46,816	**10,493**	5,410	**59,152**	52,226
Councillor Morgan Reinhardt	**19,771**	-	**2,446**	-	**22,217**	-
Councillor Alison Smith	**19,771**	-	**3,800**	-	**23,571**	-
Councillor Sandra Statton	**30,007**	46,816	**3,338**	2,127	**33,345**	48,943
Councillor Reid Whynot	**30,007**	46,816	**259**	3,293	**30,266**	50,109
	575,491	547,722	**77,628**	67,917	**616,571**	615,639
Chief Administrative Officer(s)	**218,454**	190,361	**18,094**	12,727	**236,548**	203,088
	$ 793,945	$ 738,083	**$ 95,721**	$ 80,644	**$ 853,117**	$ 818,727

23. Hospitality Expenses

Hospitality expenses are incurred while hosting individuals from outside of the municipality for business purposes including receptions, ceremonies, conferences, business meetings, performances or other group events. The offering of hospitality is done in such a manner to reflect the prudent stewardship of public funds.

The Municipality spent $0 for hospitality in 2024-25 ($0 in 2023-24).

24. Area Rates

	2025 Actual	2024 Actual
Balance, beginning of year	**$ 79,177**	$ 45,831
Rates levied		
Fire protection	**4,779,538**	4,370,604
Street lighting	**138,801**	161,800
Hydrant charges	**70,917**	78,311
Sewer	**526,282**	490,492
	5,515,539	5,101,206
Services provided in current year		
Fire protection payments	**4,820,498**	4,352,169
Street lighting	**146,672**	152,082
Hydrant charges	**78,898**	73,116
	5,046,068	4,577,368
Sewer		
Collection and disposal systems	**1,093,881**	1,054,550
Transfer to restricted reserve surplus	**175,000**	175,000
Municipal Subsidy	**(742,599)**	(739,058)
Total sewer	**526,282**	490,492
	5,572,350	5,067,860
Balance, end of year	**$ 22,365**	$ 79,177

24. Area Rates (continued)

	Balance, beginning of year	Rates levied for current year	Total	Services Provided in current year	Balance, end of year
Fire protection					
Big Tancook Island	$ 1,027	$ 23,079	$ 24,106	$ 24,161	$ (56)
Blockhouse	2,013	210,825	212,838	212,909	(71)
Conquerall Bank	1,599	127,400	128,999	128,999	-
Cornwall	1,797	142,098	143,895	143,895	-
Dayspring and District	2,595	303,598	306,193	306,054	139
District No. 1 Fire Protection	509	412,124	412,633	411,570	1,062
Hebb's Cross	1,545	97,771	99,316	99,316	(0)
Hebbville	6,417	197,181	203,597	197,501	6,096
Hemford and District	1,554	83,909	85,463	85,137	326
Indian Point	694	89,217	89,911	89,911	-
Italy Cross	2,047	122,692	124,739	124,830	(90)
LaHave and District	6,703	262,924	269,627	268,873	754
Lapland and District	1,368	74,062	75,430	75,289	142
Maders Cove	70	85,331	85,401	85,401	(0)
Martins River	1,433	127,684	129,117	129,117	-
Midville and District	1,658	96,451	98,109	98,109	(0)
New Germany	4,843	350,419	355,262	355,039	223
Northfield	15,605	442,213	457,817	441,945	15,873
Oakhill	1,629	226,571	228,200	227,014	1,186
Oakland/Clearland	30	127,120	127,150	126,994	155
Petite Riviere & Crousetown	1,585	140,677	142,262	142,228	34
Pleasantville	1,473	115,272	116,745	116,681	64
Riverport	2,585	491,591	494,176	493,566	610
Tri-District[1]	417	204,070	204,487	207,942	(3,455)
United Communities	1,804	102,531	104,335	104,068	267
Walden	1,290	24,757	26,047	26,040	6
Wileville	2,722	97,973	100,694	97,910	2,784
	67,009	4,779,538	4,846,547	4,820,498	26,050
Hydrants	5,571	70,917	76,488	78,898	(2,410)
Sewer services	-	526,282	526,282	526,282	-
Street lighting	6,598	138,801	145,399	146,672	(1,274)
	$ 79,177	$ 5,515,539	$ 5,594,716	$ 5,572,350	$ 22,365

Note 1 - Tri-District is the combination of Baker's Settlement, Chelsea and Newcombville Departments.

25. Operating Reserve Details

	Balance, beginning of year	Interest on Savings	Transfer (to) from Other Funds	Other	**Balance end of year**
Roads	**$ 324,400**	$ -	$ 25,000		**$ 349,400**
Surveying	**17,202**				**17,202**
General Operations	**18,379,802**	(68,317)	1,964,636	1,205,260	**21,481,380**
Climate Change Reserve	**353,500**		(43,452)		**310,048**
Election	**150,000**		(144,422)		**5,578**
Open Space Strategic Plan	**627,889**		132,727		**760,616**
Contingency	**274,818**		(50,000)		**224,818**
Depreciation Reserve	**4,474,235**		1,410,303		**5,884,538**
PACE - Clean Energy Financing	**(126,895)**		(224,800)		**(351,695)**
Restricted To Area Rates (Sewer)	**2,110,533**		(213,077)		**1,897,456**
LaHave River Sewer Reserve	**-**		-		**-**
NS Transit Grant	**43,364**				**43,364**
LCLC Operating Reserve	**191,994**				**191,994**
Indian Path	**833**				**833**
Pro Kids	**29,416**		(7,997)		**21,419**
Pine Grove Park	**10,265**				**10,265**
Hirtles Beach	**2,638**				**2,638**
CES-CEF Reserve	**219,270**		84,000		**303,270**
Safe Restart Grant	**12,000**		(12,000)		**-**
SNSMR Grant	**42,000**	-	25,185		**16,815**
Pickleball Court Reserve	**800,000**				**800,000**
Fire Training Facility	**100,000**		100,000		**200,000**
	$ 28,037,263	$ (68,317)	$ 2,995,733	$ 1,205,260	**$ 32,169,939**

26. Capital Reserve Details

	Balance, beginning of year	Interest	Net transfers from (to) other funds	**Balance end of year**
Land development - Saw Pit	**$ 6,276**			**$ 6,276**
Landfill Site Closure	**887,271**	45,219		**932,489**
Land Sales - Tax Sale Surplus	**129,220**		13,783	**143,004**
Recreation complex depreciation	**384,950**	19,619	165,000	**569,569**
Sherbrooke Lake	**200,000**			**200,000**
Trails	**6,245**			**6,245**
Lift station replacement	**537**			**537**
Canada Community Building Fund	**1,803,178**	80,326	188,299	**2,071,802**
Open space	**479,821**		541,089	**1,020,910**
User connection fees	**31,812**		704	**32,516**
Aerated Carts	**690**			**690**
District General Capital	**48,000**			**48,000**
Sustainable Services Growth Fund	**1,136,943**	68,317	(1,205,260)	**-**
MCGP - Osprey Village Sidewalks	**-**	67,162	1,356,426	**1,423,588**
MCGP - Cookville WWTP	**-**	198,982	3,770,973	**3,969,955**
	$ 5,114,943	$ 479,624	$ 4,831,014	**$ 10,425,581**

27. Segmented Reporting Statement

	Protective Services	Engineering Services & Streets & Roads	Environmental Health	Planning and Economic Development	Recreation, Cultural & Education	Administration and Other	Consolidated **2025**	Consolidated 2024
Revenues								
Property taxes	$ 4,850,456	$ 138,801	$ 526,282	$ -	$ -	$ 25,197,905	**$ 30,713,443**	$ 27,546,870
Grants in lieu of taxes	-		-			296,796	**296,796**	268,565
Services provided to other governments	167,369	-	-	-	-	-	**167,369**	94,341
Other revenue from own sources	282,686	5,128	273,987	299,057	1,600,779	3,215,077	**5,676,715**	4,309,237
Unconditional transfers from other govts	-	-	-	-	-	106,250	**106,250**	101,363
Conditional transfers from other govts	6,714	1,359,693	5,919,178	225,467	605,418	1,234,632	**9,351,102**	2,464,662
	5,307,225	1,503,622	6,719,447	524,524	2,206,197	30,050,660	**46,311,675**	34,785,036
Expenditures								
Salaries, benefits & other personnel costs	1,007,201	640,801	4,043	1,484,020	1,693,419	3,355,672	**8,185,156**	7,463,360
Interest	-	-	-	-	36,752	-	**36,752**	46,496
Materials, outsources and other operating	313,646	1,974,366	4,937,826	965,817	1,688,917	2,590,477	**12,471,048**	10,638,811
Amortization	2,113	360,495	911,905	303,186	833,936	119,057	**2,530,692**	2,245,565
Accretion	-	-	20,049	-	4,720	-	**24,769**	34,402
Utilities	87,487	156,026	121,333	-	320,664	66,262	**751,772**	746,322
Rents	1,300	-	-	11,906	-	3,287	**16,492**	11,047
Grants	312,239	-	42,323	-	-	964,535	**1,319,098**	1,183,241
Fire area rates	4,820,498	-	-	-	-	-	**4,820,498**	4,352,169
Policing and corrections	4,453,188	-	-	-	-	-	**4,453,188**	4,199,964
Contributions to boards and agencies	-	-	-	-	-	-	**-**	-
Reduced taxes	-	-	-	-	-	639,993	**639,993**	351,284
	10,997,672	3,131,688	6,037,479	2,764,928	4,578,407	7,739,283	**35,249,457**	31,272,660
Annual surplus (Deficit)	$ (5,690,446)	$ (1,628,066)	$ 681,968	$ (2,240,404)	$ (2,372,210)	$ 22,311,377	**$ 11,062,219**	$ 3,512,376

28. Segmented Reporting Detailed Information

The Municipality of the District of Lunenburg (MODL) is a diversified municipal government that provides a wide range of services to its citizens. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Functional activities of certain departments have been separately disclosed in the segmented information to identify key areas of accountability:

(a) Protective Services

Police, Fire, Inspections, Animal Control and Regional Emergency Measures Services.

The Municipality's policing services are under contract to the Royal Canadian Mounted Police. Fire Services are provided by twenty-seven volunteer fire departments. A fire services coordinator is provided through the Municipal administration office. Regional Emergency Measures services are governed by a joint inter-municipal service agreement between MODL and the Municipality of the District of Chester, and the Towns of Mahone Bay, Bridgewater, and Lunenburg. The planning department manages certain areas of protective services such as building and fire inspections. This department ensures an acceptable quality of building construction and maintenance through enforcement of fire regulations and construction codes for the protection of occupants.

(b) Engineering Services, Streets and Roads

The Engineering department is responsible for the delivery of Municipal Public Works services related to the planning, development and maintenance of municipal roads, street lighting, solid waste collection and disposal, and waste water.

(c) Waste Management

The collection of residential waste is through an independent contractor. MODL operates the Lunenburg Regional Community Recycling Centre through an Inter-Municipal Joint Services agreement with the Towns of Bridgewater and Mahone Bay.

(d) Sewers

The District maintains wastewater collection and treatment systems located in New Germany, Hebbville, Conquerall Bank and Cookville.

28. Segmented Reporting Detailed Information (continued)

(e) Planning and Economic Development

The Planning department facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws, and the processing of building permit applications. MODL also maintains an industrial building and leases space to the Canadian Reserve – Canadian Engineering Squadron. The Economic Development department assists in the development of a long-term perspective and plans for economic development opportunities within MODL.

(f) Recreation, Culture & Tourism

The Recreation department provides services that contribute to neighborhood development and sustainability through the provision of recreation and leisure services as well as supporting tourism by operating a mobile Visitor Information Centre. This department assists in the implementation of MODL's Open Space Strategy and facilitates recreational partnerships with other levels of government. This segment also includes external transfers to the South Shore Regional Library.

Certain allocation methodologies are employed in the preparation of segmented financial information. The General Operating fund reports on Municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to operating fund segment activities based on the segment's net operating deficit.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

29. Accumulated Surplus

	2025 Actual	2024 Actual
Operating fund (schedule 1)	**$ -**	$ -
Capital fund (schedule 2)	**44,928,895**	42,909,883
Reserve fund (schedule 3)	**42,595,521**	33,152,207
Municipal Joint Service Board (note 15)	**3,528,630**	3,528,630
LCMPCC (note 2d)	**14,051,575**	14,451,682
	105,104,622	94,042,403

30. Budget Reconciliation

The District of Lunenburg prepares budgets for spending control, revenue rate-setting and calculating a property tax levy. The budgets include interfund transfers and do not include amortization costs. The following adjustments reconcile the operating budget surplus to the consolidated surplus presented under Canadian Public Sector Accounting Standards (PSAS).

	2025	2024
Approved budget surplus		
Operating Fund	27,000	27,700
Adjustments		
Reserve Fund		
Operating Reserve Budget	(4,955,500)	(4,240,600)
Capital Reserve Budget	1,196,600	370,900
Capital Fund		
Capital Additions	9,701,700	8,402,000
Debt Financing & proceeds	-	-
Debt repayment	-	-
Amortization & Accretion	(1,600,000)	(1,200,000)
Consolidated Entities		
LCLC	(500,780)	(519,617)
Net PSAB Adjustments	3,842,020	2,812,683
PSAB adjusted budget surplus	3,869,021	2,840,384

31. Comparative Figures

Certain 2025 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2025.

Schedule of Operating Fund Financial Position

	2025 Actual	2024 Actual
Financial Assets		
Cash and cash equivalents (note 4)	**$ 20,315,524**	$ 17,466,551
Taxes receivable (net of asset valuation allowances) (note 5)	**2,347,641**	2,000,640
Loan receivables (net of asset valuation allowances)	**435,876**	149,635
Due from other funds and consolidated entities	**4,255,895**	4,686,629
Other receivables (net of asset valuation allowances)	**601,041**	583,294
	27,955,977	24,886,749
Liabilities		
Accounts payable and accrued liabilities	**3,809,298**	2,864,291
Other liabilities		
Due to other funds and consolidated entities	**19,220,746**	17,282,404
Employee benefit obligations (note 17b)	**695,146**	591,463
Other liabilities	**4,494,037**	4,273,142
	28,219,228	25,011,300
Net Financial Assets	**(263,251)**	(124,551)
Non-Financial Assets		
Prepaid expenses	**263,251**	124,551
Accumulated Surplus	$ -	$ -

Schedule of Operating Fund Financial Activities and change in Fund Balances

	2025 Budget	2025 Actual	2024 Actual
Revenues			
Assessable property taxes	$ 40,208,900	**$ 41,360,211**	$ 37,543,672
Expenditures as a reduction of tax revenue			
Appropriation to regional school board	(10,646,800)	**(10,646,768)**	(9,539,851)
Transfer to correctional services	-	**-**	(428,002)
Deficit of Regional Housing Authority	-	**-**	(28,950)
Net Assessable property taxes	29,562,100	30,713,443	27,546,870
Grants in lieu of taxes	268,700	**296,796**	268,565
Services provided to other governments	206,300	**167,369**	94,341
Other revenue from own sources	3,240,300	**4,035,058**	3,500,685
Unconditional transfers from other governments	99,200	**106,250**	101,363
Conditional transfers from other governments	695,000	**337,079**	221,531
Total Revenues	34,071,600	**35,655,995**	31,733,353
Expenditures			
General government services	8,265,200	**7,313,438**	6,229,453
Protective services	11,059,300	**10,995,559**	10,142,033
Transportation services	3,659,600	**2,771,193**	2,253,089
Environmental health services	4,211,900	**4,105,525**	3,819,933
Public health services	-	**-**	-
Environmental development services	3,075,700	**2,461,742**	1,881,240
Recreation and cultural services	3,034,900	**2,752,298**	2,717,430
Total Expenditures	33,306,600	**30,399,755**	27,043,179
Annual Operating Surplus	765,000	**5,256,240**	4,690,174
Financing and Transfers			
Debenture and term loan principal instalments	-	**-**	-
Transfers from (to) own reserves, fund and agencies	(738,000)	**(2,107,410)**	(1,253,788)
Change in Surplus after Financing & Transfers	27,000	**3,148,830**	3,436,386
Accumulated Surplus, Beginning of Year	-	**-**	-
Transfer Surplus to Operating Reserve	-	**(3,148,830)**	(3,436,386)
Accumulated Surplus, End of Year	$ 27,000	**$ -**	-$ 0

Schedule of Capital Fund Financial Position

	2025 Actual	2024 Actual
Financial Assets		
Cash and cash equivalents (note 4)	**$ 203,421**	$ -
Receivables (net of asset valuation allowances)	**1,960,183**	354,591
Loan Receivables	**769,010**	1,006,842
Due from other funds	**6,052,298**	7,006,652
Assets held for resale	**229,428**	241,633
	9,214,340	8,609,718
Liabilities		
Bank overdraft	**-**	54
Payables	**105,484**	378,409
Due to other funds	**7,390,681**	1,813,384
Long-term debt (note 9)	**-**	-
Other liabilities	**3,560,533**	8,303,606
	11,056,698	10,495,453
Net Financial Asset	**(1,842,359)**	(1,885,735)
Non-Financial Assets		
Tangible capital assets (net of accumulated amortization) (note 11)	**46,771,253**	44,795,618
Net Assets	**$ 44,928,895**	$ 42,909,882

Schedule of Capital Fund Financial Activities and Change in Fund Balances

	2025 Budget	2025 Actual	2024 Actual
Revenue			
Capital Contributions			
From federal and provincial governments	$ 3,135,300	**$ 7,431,014**	$ 512,748
Canada Community Building Fund (Gas Tax)	1,112,800	**1,234,632**	1,235,717
From other municipal governments	356,700	**-**	-
Sundry	500,000	**87,493**	33,035
Sale of Land Inventory	-	**12,295**	139,001
Gain on sale of assets	-	**538,032**	-
Change in Liability for Straight Pipe Loans		**237,832**	-
Total Revenue	5,104,800	**9,541,298**	1,920,501
Expenditures			
Write off/Disposal of assets	-	**251,207**	-
Liability for Straight Pipe Loans	-	**-**	1,006,842
Liability for Centre School (note 7.d)	-	**1,000,000**	-
Amortization	1,550,000	**2,003,656**	1,705,075
Accretion	50,000	**24,769**	34,402
Other - prior year adjustment	-	**55,581**	62,418
	1,600,000	**3,335,213**	2,808,737
Annual Capital Surplus	3,504,800	**6,206,086**	(888,236)
Financing and Transfers			
Loan payments from operating fund	-	**-**	-
Transfers from own reserves, funds	4,596,900	**(4,187,074)**	454,085
	4,596,900	**(4,187,074)**	454,085
Change in Fund Balance	8,101,700	**2,019,012**	(434,151)
Beginning Balance	42,909,882	**42,909,882**	43,344,033
Ending Balance	$ 51,011,582	**$ 44,928,894**	$ 42,909,882

Schedule of Reserve Fund Financial Position

	2025 Actual	2024 Actual
Financial assets		
Cash and cash equivalents (note 4)	**$ 26,696,252**	$ 25,896,865
Due from other funds	**19,596,644**	9,894,773
	46,292,896	35,791,638
Liabilities and Fund Balance		
Due to other funds	**3,697,374**	2,639,429
Net Financial Assets	**42,595,520**	33,152,207
Fund Balance		
Capital	**10,425,581**	5,114,943
Operating	**32,169,939**	28,037,263
	$ 42,595,521	$ 33,152,207

Schedule of Reserve Fund Financial Activities and Change in Fund Balance

	Capital Reserve Actual	Operating Reserve Actual	**2025** Total Reserve Actual	2024 Total Reserve Actual
Revenue				
Interest on savings	$ 479,624	$ (68,317)	**$ 411,307**	$ 134,604
Total Revenue	479,624	(68,317)	**411,307**	134,604
Expenditures				
Municipalities & other	-	-	**-**	-
Annual Reserve Surplus	479,624	(68,317)	**411,307**	134,604
Financing and Transfers				
Transfers (from) to own				
Capital Fund & Operating Fund	4,831,014	1,052,163	**5,883,177**	665,099
Operating Surplus Transfer	-	3,148,830	**3,148,830**	3,436,386
	4,831,014	4,200,993	**9,032,007**	4,101,485
Change in Fund Balance	5,310,638	4,132,676	**9,443,314**	4,236,089
Beginning Balance	5,114,943	28,037,263	**33,152,206**	28,916,117
Ending Balance	$ 10,425,581	$ 32,169,939	**$ 42,595,521**	$ 33,152,207

Schedule of Tax Sale Accounts

Assets and Liabilities

	2025 Actual	2024 Actual
Financial Assets		
Cash and cash equivalents	**$ 2,613,042**	$ 2,524,416
Tax Sale Surplus Liability (note 9)	**$ 2,613,042**	**$ 2,524,416**

Schedule of Tax Sale Operations

	2025 Actual	2024 Actual
Revenue		
Tax Sale Surplus funds received	**$ -**	$ -
Expenses		
Tax Sale Surplus payments	**88,626**	324,109
Change in Tax Sale Surplus	**88,626**	324,109
Beginning Tax Sale Surplus	**2,524,416**	2,200,307
Ending Tax Sale Surplus	**$ 2,613,042**	$ 2,524,416

MUNICIPALITY OF THE DISTRICT OF LUNENBURG TRUST FUNDS FINANCIAL STATEMENTS

MARCH 31, 2025

**10 Allée Champlain Drive
Cookville, NS
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INDEPENDENT AUDITOR'S REPORT

To the Council of The Municipality of the District of Lunenburg Trust Fund

Opinion

We have audited the financial statements of The Municipality of the District of Lunenburg Trust Fund (the Trust), which comprise the statement of financial position as at March 31, 2025, and the statement of revenues and expenditures 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 Trust as at March 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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.

(continues)

Independent Auditor's Report to the Council of The Municipality of the District of Lunenburg Trust Fund *(continued)*

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 Trust'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 Trust'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 Trust 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.

Belliveau Veinotte Inc.

CHARTERED PROFESSIONAL ACCOUNTANTS

Bridgewater, Nova Scotia
September 23, 2025

Municipality of the District of Lunenburg
Trust Fund Financial Statements
As at March 31, 2025

Statement of Financial Position

	Burial Funds	School Lands	LCCF		March 31 **2025 Actual**	March 31 2024 Actual
Assets						
Cash	$ 3,427	$ 26,227	$1,000,000		**1,029,654**	$1,100,687
Due from the District of Lunenburg	170	1,299	49,523		**50,991**	59,537
	$ 3,597	$ 27,526	$1,049,523	**$**	**1,080,645**	$1,160,224
Liabilities						
Due to the District of Lunenburg	$ -	$ 1,299	$ 49,523	**$**	**50,821**	130,569
Accounts payable - schools	-		-		**-**	-
Reserves						
Trust funds reserves	3,597	26,227	1,000,000		**1,029,824**	1,029,655
Reserves and Liabilities	$ 3,597	$ 27,526	$1,049,523	**$**	**1,080,645**	$1,160,224

Reserves Detail	(note 3) Burial Funds	(note 4) School Lands	(note 5) LCCF		Year Ended March 31 **2025 Actual**	Year Ended March 31 2024 Actual
Balance, beginning of year	$ 3,427	$ 26,227	$1,000,000	**$**	**1,029,654**	$1,029,467
Interest received on trust accounts	170	1,299	49,523		**50,991**	59,537
Funds received in trust	-	-	-		**-**	-
	3,597	27,526	1,049,523		**1,080,645**	1,089,004
Trust expenses	-	1,299	49,523		**50,821**	59,349
	-	1,299	49,523		**50,821**	59,349
Balance, end of year	$ 3,597	$ 26,227	$1,000,000	**$**	**1,029,824**	$1,029,655

On behalf of the Municipality of the District of Lunenburg

E. Elspeth McLean-Wile
______________________________ Mayor

______________________________ Chief Administrative Officer

Notes to the Financial Statements

1. Purpose of Trust

Trusts under administration by the Municipality of the District of Lunenburg.

2. Significant accounting policies

a. Basis of presentation

The Trust's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

b. Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Trust may undertake in the future. Actual results may differ from these estimates.

c. Financial assets and liabilities

Initial measurement
Upon initial measurement, the Trust's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Subsequent measurement
At each reporting date, the Trust measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets). With respect to financial assets measured at amortized cost, the Trust assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Trust determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

2. Significant accounting policies (continued)

d. Revenue recognition

Contributions
The Trust follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income
Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized on a time apportionment basis.

3. Burial Funds

	2025 Actual	2024 Actual
Distribution of funds		
Conrad, Ray	**$ 2,050**	$ 1,954
Smith, Everette	**949**	904
Wagner, Willis	**598**	570
	$ 3,597	$ 3,428

4. School Lands

The Municipality of the District of Lunenburg is holding in trust a total of $26,227 which represents the Municipality's interest. The interest earned annually is held for distribution of funds to pay for book purchases for New Germany Rural High School and Park View Education Centre.

5. Lunenburg County Community Fund

The Municipality of the District of Lunenburg (MODL) is holding a trust fund in the amount of $1,000,000 for the Lunenburg County Community Fund (LCCF). The LCCF committed $1,000,000 towards the cost of the LaHave River Straight Pipe Replacement Program. As per a Memorandum of Understanding between MODL and the LCCF, homeowner payments made under the program were transferred to a Trust Fund. This Trust Fund can be used towards other mutually agreed upon projects.

	2025 Actual	2024 Actual
Balance, beginning of year	**$ 1,000,000**	$ 1,000,000
Homeowner payments	**-**	-
Balance, end of year	**$ 1,000,000**	$ 1,000,000