

Town of Pictou
Consolidated Financial Statements
March 31, 2023

To the Mayor and Council of Town of Pictou:

Opinion

We have audited the consolidated financial statements of Town of Pictou (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, changes in net 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 Town as at March 31, 2023, and the results of its consolidated operations, changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Town 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Sydney, Nova Scotia
September 22, 2023

MNP LLP
Chartered Professional Accountants

Town of Pictou
Consolidated Financial Statements
For the year ended March 31, 2023

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Town of Pictou (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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



Kyle Slaunwhite
Chief Administrative Officer

Town of Pictou
Consolidated Statement of Financial Position

As at March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash (Note 3)	\$ 2,613,860	\$ 1,837,179
Taxes receivable (Note 4)	574,691	396,552
Rates receivable (Note 5)	650,608	716,221
Other accounts receivable	328,211	79,421
Due from federal government and its agencies	179,777	112,018
Due from provincial government and its agencies	176,078	1,000
	4,523,225	3,142,391
FINANCIAL LIABILITIES		
Demand loans (Note 6)	-	112,798
Accounts payable and accrued liabilities	1,281,557	881,091
Accrued vacation payable	31,682	62,339
Accrued interest on long-term debt	46,784	39,852
Deferred revenue	3,344,071	1,356,164
Long-term debt (Note 7)	5,497,029	5,146,635
Asset retirement obligation (Note 8)	260,000	-
	10,461,123	7,598,879
NET DEBT	(5,937,898)	(4,456,488)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	32,956,325	29,785,371
Inventory, prepaid expenses and other	137,517	119,425
	33,093,842	29,904,796
ACCUMULATED SURPLUS	\$ 27,155,944	\$ 25,448,308

Commitments (Note 13)

See accompanying notes to consolidated financial statements.

On behalf of the Town of Pictou:



Town of Pictou
Consolidated Statement of Operations

For the year ended March 31, 2023

	2023	2023	2022
	Budget (Unaudited)	Actual	Actual
REVENUES			
Taxes	\$ 4,200,371	\$ 4,204,944	\$ 3,782,199
Grants in lieu of taxes	365,892	377,019	335,616
Services provided to other governments	16,010	22,656	18,388
Sales of services	253,500	280,342	197,625
Revenue from own sources	421,146	456,126	439,131
Unconditional transfers from other governments	576,849	780,317	1,205,579
Conditional transfer from other governments	-	3,160	-
Capital grants	-	1,542,315	290,032
Gas tax revenue	221,231	221,231	443,230
Other	-	299,160	74,094
Water Utility revenue	1,042,571	1,075,809	938,634
	<u>7,097,570</u>	<u>9,263,079</u>	<u>7,724,528</u>
EXPENSES			
General government services	1,030,481	1,112,674	1,060,653
Protective services	1,337,136	1,321,638	1,399,576
Transportation services	1,352,048	1,315,961	1,204,411
Environmental health services	1,014,953	1,027,470	1,038,725
Public health and welfare services	35,000	58,298	43,873
Environmental development services	333,983	562,065	153,845
Recreation and cultural services	819,091	910,338	671,092
Water Utility expense	1,070,382	1,246,999	1,103,163
	<u>6,993,074</u>	<u>7,555,443</u>	<u>6,675,338</u>
ANNUAL SURPLUS	104,496	1,707,636	1,049,190
ACCUMULATED SURPLUS, BEGINNING OF YEAR		25,448,308	24,399,118
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 27,155,944</u>	<u>\$ 25,448,308</u>

See accompanying notes to consolidated financial statements.

Town of Pictou
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2023

	2023	2022
ANNUAL SURPLUS	\$ 1,707,636	\$ 1,049,190
Other non-financial assets		
Amortization of tangible capital assets	1,404,477	1,140,671
Additions to tangible capital assets	(4,575,431)	(2,553,731)
(Increase) decrease in inventory, prepaid expenses and other	(18,092)	16,975
INCREASE IN NET DEBT	(1,481,410)	(346,895)
NET DEBT, BEGINNING OF YEAR	(4,456,488)	(4,109,593)
NET DEBT, END OF YEAR	\$ (5,937,898)	\$ (4,456,488)

See accompanying notes to consolidated financial statements.

Town of Pictou
Consolidated Statement of Cash Flows

For the year ended March 31, 2023

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 1,707,636	\$ 1,049,190
Add		
Amortization of tangible capital assets	1,404,477	1,140,671
Change in non-cash items		
Taxes and rates receivable	(112,526)	313,953
Other accounts receivable	(458,868)	258,280
Government receivables	(32,759)	41,922
Accounts payable and accrued liabilities	400,466	219,781
Other payables	(23,725)	(32,656)
Deferred revenue	1,987,907	164,444
Inventory, prepaid expenses and other	(18,092)	16,975
	<u>4,854,516</u>	<u>3,172,560</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(551,224)	(551,224)
Repayment of demand loans	(112,798)	-
Proceeds of long-term debt	901,618	38,799
	<u>237,596</u>	<u>(512,425)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(4,315,431)	(2,553,731)
INCREASE IN CASH AND CASH EQUIVALENTS	<u>776,681</u>	<u>106,404</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,837,179	1,730,775
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,613,860</u>	<u>\$ 1,837,179</u>

See accompanying notes to consolidated financial statements.

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

1. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2022 the Town adopted PS3280 – Asset retirement obligations as set out in the Canadian public sector accounting standards. In accordance with the transition provision of PS3280, the change in policy was adopted on the prospective basis as of April 1, 2022.

The Town recognized the discounted obligation on April 1, 2022 that represents the decommissioning and contamination removal of specific assets held (Note 8).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements of Town of Pictou (the "Town") have been prepared, in all material respects, in accordance with Canadian public sector accounting standards.

(b) Basis of consolidation

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

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

(c) Segment information

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

General government services

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

Protective services

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transportation services

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

(c) Segment information (continued)

Environmental services

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

Public health services

This segment is responsible for issuance of grants and contributions related to public health.

Environmental development services

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

Recreation and cultural services

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

Water Utility

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

(d) School boards

The assets, liabilities, taxation and other revenue and expenses with respect to the operations of the school boards are not reflected in these consolidated financial statements as they are provincial government entities.

School boards in Nova Scotia were created by the Province under provisions in the Education Act, and, under provincial statute, every Town is required to make a mandatory contribution to its school board. The mandatory contribution is set at the value of the Education Rate, set by the Province each year, multiplied by the previous year's Uniform Assessment. The funding for this contribution to the Chignecto Regional School Board are recovered by the Town by an area rate levied on the assessed value of the taxable property and business occupancy assessments and is shown on the consolidated statement of financial activities as a reduction of taxation revenue.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fund accounting

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

(f) Basis of accounting

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

(g) Cash and cash equivalents

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

(h) Short-term investments

Short-term investments are recorded at the lower of cost and net realizable value. A permanent decline in value would result in a write down.

(i) Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Financial instruments consist of cash and cash equivalents, tax and rates receivable, other receivables, accounts payable and accrued liabilities, other payables and long-term debt.

Subsequent measurement

At each reporting date, the Town measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Town uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, tax and rates receivable, other receivables, accounts payable and accrued liabilities, other payables and long-term debt.

Impairment

For financial assets measured at cost or amortized cost, the Town regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Town determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest or credit risks arising from financial instruments.

(j) Asset retirement obligation

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

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

The liability associated with the remediation of contaminants present within a number of buildings owned by the Town has been recognized based on estimated future expenses of remediation.

(k) Tangible capital assets

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

	Basis	Rate
General Fund		
Buildings	Straight-line	40 years
Equipment	Straight-line	5 - 25 years
Streets	Straight-line	50 years
Sewer collection and disposal	Straight-line	50 years
Recreational and cultural facilities	Straight-line	25 - 40 years
Water Fund		
Structures and improvements	Straight-line	75 years
Equipment	Straight-line	5-20 years
Mains	Straight-line	75 years
Services and other	Straight-line	50 years
Meters	Straight-line	20 years
Hydrants	Straight-line	50 years

A full year's amortization is taken in the year of acquisition.

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

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Government transfers

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.

(m) Deferred revenue

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

(n) Reserve funds

Certain amounts, as approved by Council of the Town, are set aside in reserve funds for future operating and capital purposes. Transfers to and or from reserves funds are an adjustment to the respective fund when approved.

(o) Taxation and related revenues

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

(p) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenue and expenses in the consolidated financial statements and accompanying notes.

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

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

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

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

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

3. CASH AND CASH EQUIVALENTS

	2023	2022
Cash		
General Operating Fund	\$ 1,885,807	\$ 426,410
Water Operating Fund	18,555	442,557
Capital Reserve Fund	696,815	938,130
Water Capital Fund	606	19,958
Trust Funds	12,077	10,124
	\$ 2,613,860	\$ 1,837,179

4. TAXES RECEIVABLE

	2023	2022
Balance, beginning of year	\$ 423,588	\$ 644,235
Current year's levy of property taxes	4,056,667	3,764,512
Interest	107,284	113,761
Subtotal	4,587,539	4,522,508
Less		
Current year's collections	3,715,152	3,814,949
Reduced taxes	284,639	283,971
	3,999,791	4,098,920
Gross taxes receivable, end of year	587,748	423,588
Less		
Allowance for uncollectible taxes	(13,057)	(27,036)
Taxes receivable, net	\$ 574,691	\$ 396,552

5. RATES RECEIVABLE

	2023	2022
Sewer capital charges	\$ 323,904	\$ 461,280
Water rates	349,073	268,449
	672,977	729,729
Less: allowance for doubtful accounts	(22,369)	(13,508)
	\$ 650,608	\$ 716,221

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

6. DEMAND LOANS

The Royal Bank of Canada (RBC) demand loan was repaid during the year.

7. LONG-TERM DEBT

	2023	2022
Municipal Finance Corporation, repayable in annual principal payments of \$31,982, plus interest at 2.96% to 3.55%, maturing in 2033	\$ 286,488	\$ 318,470
Municipal Finance Corporation, repayable in annual principal payments of \$32,000, plus interest at 5.36% to 5.64%, maturing in 2024	64,000	96,000
Municipal Finance Corporation, repayable in annual principal payments of \$163,733, plus interest at 4.11% to 4.41%, maturing in 2025	595,204	758,937
Municipal Finance Corporation, repayable in annual principal payments of \$22,140, plus interest at 2.00%, maturing in 2032	199,271	221,411
Municipal Finance Corporation, repaid during the year	—	9,000
Province of Nova Scotia, repayable in annual principal payments of \$13,500, plus interest at 3.00% to 3.58%, maturing in 2027	135,000	148,500
Province of Nova Scotia, repayable in annual principal payments of \$40,300, plus interest at 3.25% to 4.11%, maturing in 2028	443,300	483,600
Province of Nova Scotia, repayable in annual principal payments of \$225,636, plus interest at 0.68% to 2.38%, maturing in 2035	2,859,215	3,084,851
Province of Nova Scotia, operating loan, repayable in annual principal payments of \$12,933, plus interest at 1.10%, maturing in 2024	12,933	25,866
Province of Nova Scotia, operating loan, repayable in annual principal payments of \$83,077, plus interest at 2.58% to 4.12%, maturing in 2037	901,618	—
	\$ 5,497,029	\$ 5,146,635

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2023

7. LONG-TERM DEBT (CONTINUED)

Principal payments required in each of the next five years on debt held as of March 31, 2023 are as follows:

	2023
2024	\$ 612,368
2025	612,368
2026	684,373
2027	416,635
2028	484,136
Thereafter	2,687,149

8. ASSET RETIREMENT OBLIGATION

The Town's asset retirement obligation consists of the liability for the remediation of contaminants present within a number of buildings owned by the Town. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. These buildings have expected useful lives ranging from 2-15 years. Estimated costs have been discounted to the present value using discount rates ranging from 2.2% to 3.3% per annum.

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

	2023
Opening balance	\$ —
Acquired upon adoption	260,000
Accretion expense	—
	\$ 260,000

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

9. TANGIBLE CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 823,229	\$ —	\$ 823,229	\$ 624,127
Work in progress	1,296,640	—	1,296,640	6,967
Buildings				
General government services	1,438,824	875,706	563,118	598,438
Protective services	1,041,958	667,280	374,678	397,752
Transportation services	218,732	165,351	53,381	55,299
Sewer collection and disposal	10,693	4,544	6,149	6,416
Recreational and cultural services	3,608,854	2,281,664	1,327,190	1,267,263
Equipment				
General government services	59,536	52,166	7,370	1,133
Protective services	848,468	693,494	154,974	146,641
Transportation services	1,802,252	843,686	958,566	983,714
Environmental health services	4,100,772	3,276,348	824,424	762,785
Recreational and cultural services	361,106	120,831	240,275	—
Other				
General government services	127,608	127,608	—	—
Protective services	16,755	3,686	13,069	13,404
Streets and sidewalks	9,503,679	2,989,535	6,514,144	5,576,912
Sewer collection and disposal	10,671,967	3,434,155	7,237,812	7,002,173
Recreation and culture services	1,481,571	1,206,750	274,821	208,474
Water utility assets	15,338,376	3,051,891	12,286,485	12,133,873
Schools	979,932	979,932	—	—
	\$ 53,730,952	\$ 20,774,627	\$ 32,956,325	\$ 29,785,371

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

10. ACCUMULATED SURPLUS (DEFICIT)

	2023	2022
General Operating Fund	\$ -	\$ -
Water Utility Operating Fund	(475,371)	(350,866)
General Capital Fund	17,288,280	15,033,533
Water Utility Capital Fund	9,569,798	9,311,854
	26,382,707	23,994,521
Reserve Fund	761,160	1,441,748
Trust Funds	12,077	12,039
	\$ 27,155,944	\$ 25,448,308

11. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of the Town's financial instruments that are comprised of cash, taxes, rates and other receivables, due from federal and provincial governments and its agencies, demand loans, accounts payable and accrued liabilities, and accrued interest on long-term debt approximate their carrying value due to their short-term nature.

The market value of short-term investments, consisting of guaranteed investment certificates, approximates cost due to its short-term nature.

The fair value of long-term debt is based on rates currently available to the Town with similar terms and maturities and approximates its carrying value.

Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments.

12. TRANSFERS TO BOARDS AND COMMISSIONS

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

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2023

12. TRANSFERS TO BOARDS AND COMMISSIONS (CONTINUED)

	2023 Contribution	2022 Contribution
Pictou County Shared Services Authority	\$ 228,546	\$ 219,837
Eastern Mainland Housing Authority	132,717	212,055
Pictou-Antigonish Regional Library	33,841	33,841
CHAD - Transit Authority	21,500	21,500
Active Pictou County (a)	15,000	5,000

(a) The services and programs of Active Pictou County are governed through an Inter-municipal Services Agreement, s. 60 Municipal Government Act, dated March 23, 2014 among the Towns of New Glasgow, Pictou, Stellarton, Trenton, Westville and the Municipality of Pictou County. The program is currently an administrative unit of the Town. At year end, the Town held \$89,624 (2022 - \$35,777) on behalf of Active Pictou County.

13. COMMITMENTS

(a) Pictou County Deed Transfer Tax Trust

The Town of Pictou has implemented a deed transfer tax on all properties sold in town. The proceeds from this tax will be contributed to the Pictou County Deed Transfer Tax Trust. As the beneficiaries of the Trust will benefit all municipalities within Pictou County, a similar tax has been implemented by other municipalities within Pictou County. During the year ending March 31, 2023, the amount transferred was \$212,884 (2022 - \$347,401).

(b) Pictou County Wellness Centre Building Authority

An agreement with the Pictou County Wellness Centre Building Authority stipulates that the Town of Pictou, along with other municipalities within Pictou County, will cover the annual deficit of the Pictou County Wellness Centre. At March 31, 2023, the Town's portion of the estimated deficit was \$47,087 which was paid during the year (2022 - \$47,674).

Town of Pictou

Schedule of Remuneration and Expenses of Members of Council and CAO

For the year ended March 31, 2023

Name	Title	Remuneration	Expenses
Jim Ryan	Mayor	\$ 20,483	\$ 426
Melinda MacKenzie	Councillor, Deputy Mayor	12,739	1,672
Nadine Leblanc	Councillor	12,207	-
Shaun McNamara	Councillor, Deputy Mayor	12,932	-
Dan Currie	Councillor	12,207	1,014
Kyle Slaunwhite	CAO	130,582	3,400

Town of Pictou
Schedule of Segment Disclosure
For the year ended March 31, 2023

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

The following schedules provide segment information for the 2023 and 2022 fiscal years. Segment results represent the activities of that segment and are based on the same accounting policies as described in the Significant Accounting Policies as described in Note 2. The Town has determined that the following segments represent the major activities of government.

Year ended March 31, 2023	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES									
Taxation	\$ 3,651,544	\$ —	\$ —	\$ 553,400	\$ —	\$ —	\$ —	\$ —	\$ 4,204,944
Grants in lieu of taxes	377,019	—	—	—	—	—	—	—	377,019
Sale of services	—	—	—	—	—	—	280,342	—	280,342
Revenue from own sources	277,680	178,446	—	—	—	—	—	—	456,126
Transfers from other governments	783,477	—	1,542,315	—	—	—	—	—	783,477
Capital grants	—	—	—	—	—	—	—	—	1,542,315
Gas tax revenue	221,231	—	—	—	—	—	—	—	221,231
Other	299,160	—	—	—	—	—	—	—	299,160
Water Utility revenue	—	—	—	—	—	—	—	1,075,809	1,075,809
Services provided to other governments	22,656	—	—	—	—	—	—	—	22,656
	5,632,767	178,446	1,542,315	553,400	—	—	280,342	1,075,809	9,263,079
EXPENSES									
Salaries, wages and benefits	410,196	89,780	486,231	86,534	—	—	291,118	250,348	1,594,207
Interest on long-term debt	19,709	5,852	27,083	35,564	—	—	7,036	100,412	195,666
Other operating expenses	602,707	1,175,219	495,914	549,885	—	302,752	439,957	547,370	4,113,804
External transfers and grants	42,504	—	21,500	—	58,298	36,490	33,841	—	192,633
Internal transfers	—	—	—	—	—	54,656	—	—	54,656
Amortization	37,558	50,787	305,223	355,487	—	168,167	138,366	348,989	1,404,477
	1,112,674	1,321,638	1,315,961	1,027,470	58,298	562,065	910,338	1,246,999	7,555,443
ANNUAL SURPLUS (DEFICIT)	\$ 4,520,093	\$ (1,143,192)	\$ 226,354	\$ (474,070)	\$ (58,298)	\$ (562,065)	\$ (629,966)	\$ (171,190)	\$ 1,707,630

Year ended March 31, 2022	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES									
Taxation	\$ 3,294,713	\$ —	\$ —	\$ 487,486	\$ —	\$ —	\$ —	\$ —	\$ 3,782,199
Grants in lieu of taxes	335,616	—	—	—	—	—	—	—	335,616
Sale of services	—	—	—	—	—	—	197,625	—	197,625
Revenue from own sources	287,244	151,887	—	—	—	—	—	—	439,131
Transfers from other governments	1,205,579	—	—	—	—	—	—	—	1,205,579
Capital grants	—	—	280,032	—	—	—	—	—	290,032
Gas tax revenue	443,230	—	—	—	—	—	—	—	443,230
Other	74,094	—	—	—	—	—	—	—	74,094
Water Utility revenue	—	—	—	—	—	—	—	938,634	938,634
Services provided to other governments	18,388	—	—	—	—	—	—	—	18,388
	5,658,864	151,887	280,032	487,486	—	—	197,625	938,634	7,724,528
EXPENSES									
Salaries, wages and benefits	421,393	82,513	406,053	84,532	—	—	251,135	244,034	1,489,660
Interest on long-term debt	20,166	8,679	6,875	42,508	—	—	395	50,423	128,846
Other operating expenses	540,300	1,261,168	454,941	584,283	—	97,137	312,532	487,012	3,717,373
External transfers and grants	42,866	—	21,500	—	43,873	1,975	33,841	—	144,055
Internal transfers	—	—	—	—	—	54,733	—	—	54,733
Amortization	35,928	47,216	315,242	327,402	—	—	73,189	341,694	1,140,671
	1,060,653	1,398,576	1,204,411	1,038,725	43,873	153,845	671,092	1,103,163	6,675,338
ANNUAL SURPLUS (DEFICIT)	\$ 4,598,211	\$ (1,247,689)	\$ (914,379)	\$ (551,239)	\$ (43,873)	\$ (153,845)	\$ (473,467)	\$ (164,529)	\$ 1,049,190

Town of Pictou
Non-Consolidated Schedule of Operating Fund

For the year ended March 31, 2023
(Unaudited)

	2023	2022
REVENUES		
Taxes	\$ 4,204,944	\$ 3,782,199
Grants in lieu of taxes	377,019	335,616
Services provided to other governments	22,656	18,388
Sales of services	280,342	197,625
Revenue from own sources	456,126	439,131
Transfers from other governments	783,477	1,205,579
	<u>6,124,564</u>	<u>5,978,538</u>
EXPENSES		
General government services	1,075,116	1,024,696
Protective services	1,526,049	1,589,624
Transportation services	1,010,738	889,169
Environmental services	671,983	711,323
Public health services	58,298	43,873
Environmental development services	393,898	153,845
Recreation and cultural services	771,952	597,903
	<u>5,508,034</u>	<u>5,010,433</u>
Excess of revenues over expenses before the following	616,530	968,105
FINANCING AND TRANSFERS		
Debenture and term loan principal repayments	(280,347)	(280,347)
Transfer to Capital Fund	(360,575)	(406,013)
Transfer to Capital Reserve	(60,000)	(272,993)
Net financing and transfers	<u>(700,922)</u>	<u>(959,353)</u>
ANNUAL SURPLUS (DEFICIT)	(84,392)	8,752
ACCUMULATED SURPLUS, BEGINNING OF YEAR	—	—
TRANSFER FROM (TO) OPERATING RESERVE	84,392	(8,752)
ACCUMULATED SURPLUS, END OF YEAR	\$ —	\$ —

Town of Pictou
Non-Consolidated Schedule of Water Utility Operating Fund
For the year ended March 31, 2023
(Unaudited)

	2023	2022
OPERATING REVENUES		
Rates	\$ 1,056,397	\$ 919,155
Public fire protection	304,629	270,597
	<u>1,361,026</u>	<u>1,189,752</u>
OPERATING EXPENSES		
Source of supply	317	12,778
Pumping	106,279	84,025
Water treatment	106,975	86,384
Transmission and distribution	377,228	346,768
Administration and general	222,570	159,107
Depreciation	348,869	341,694
Taxes	84,761	72,407
	<u>1,246,999</u>	<u>1,103,163</u>
Excess of operating revenues over expenses before the following	114,027	86,589
NON-OPERATING REVENUES		
Miscellaneous and interest	19,412	19,479
NON-OPERATING EXPENSES		
Debt charge, principal	257,944	257,944
ANNUAL DEFICIT	<u>(124,505)</u>	<u>(151,876)</u>
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(350,866)	(198,990)
ACCUMULATED DEFICIT, END OF YEAR	<u>\$ (475,371)</u>	<u>\$ (350,866)</u>

Town of Pictou
Non-Consolidated Schedule of Capital Fund
For the year ended March 31, 2023
(Unaudited)

	2023	2022
REVENUES		
Government grants	\$ 1,542,315	\$ 290,032
EXPENSES		
General government services	37,558	35,928
Protective services	50,787	47,216
Transportation services	305,223	315,242
Environmental health services	355,487	327,402
Environmental development services	168,167	-
Recreation and cultural services	138,386	73,189
	<u>1,055,608</u>	<u>798,977</u>
Excess (deficiency) of revenues over expenses before the following	486,707	(508,945)
FINANCING AND TRANSFERS		
Transfer from Operating Fund	360,575	406,013
Transfer from Capital Reserve Fund and Gas Tax Fund	1,127,118	903,617
Debenture and term loan principal repayments	280,347	280,347
	<u>1,768,040</u>	<u>1,589,977</u>
ANNUAL SURPLUS	2,254,747	1,081,032
ACCUMULATED SURPLUS, BEGINNING OF YEAR	15,033,533	13,952,501
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 17,288,280</u>	<u>\$ 15,033,533</u>

Town of Pictou
Non-Consolidated Schedule of Water Utility Capital Fund
For the year ended March 31, 2023
(Unaudited)

	2023	2022
REVENUES		
Government grants	\$ -	\$ -
FINANCING AND TRANSFERS		
Capital debt retired	257,944	257,944
ANNUAL SURPLUS	257,944	257,944
ACCUMULATED SURPLUS, BEGINNING OF YEAR	9,311,854	9,053,910
ACCUMULATED SURPLUS, END OF YEAR	\$ 9,569,798	\$ 9,311,854

Town of Pictou
Non-Consolidated Schedule of Reserve Funds
For the year ended March 31, 2023
(Unaudited)

	2023				2022	
	Capital Reserve	Operating Reserve	Gas Tax Reserve	Total	Total	Total
REVENUES						
Nova Scotia Federal Gas Tax Rebate	\$	-	\$ 221,231	\$ 221,231	\$	443,230
Other	-	-	722	722	-	74,094
Net proceeds on sale of land	298,400	-	-	298,400	-	-
	298,400	-	221,953	520,353	-	517,324
EXPENSES						
Transfer from Operating Fund	(60,000)	-	-	(60,000)	-	(272,993)
Expenditures	49,431	-	-	49,431	-	33,333
Transfer to Capital Fund	660,382	76,736	390,000	1,127,118	1,127,118	903,617
	649,813	76,736	390,000	1,116,549	1,116,549	663,957
ANNUAL DEFICIT	(351,413)	(76,736)	(168,047)	(596,196)	(596,196)	(146,633)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	592,449	678,335	170,964	1,441,748	1,441,748	1,579,629
TRANSFER FROM OPERATING FUND	-	(84,392)	-	(84,392)	(84,392)	8,752
ACCUMULATED SURPLUS, END OF YEAR	\$ 241,036	\$ 517,207	\$ 2,917	\$ 761,160	\$ 761,160	\$ 1,441,748