

Town of Pictou
Consolidated Financial Statements
March 31, 2024

Town of Pictou
Consolidated Financial Statements
For the year ended March 31, 2024

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To the Mayor and Council of Town of Pictou:

Opinion

We have audited the consolidated financial statements of Town of Pictou (the "Town"), on pages 2-20 which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, change 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, 2024, and the results of its consolidated operations, its consolidated change in its 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.

Other Matter - Supplemental Information

The audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 21-25 is presented for the purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of the consolidated financial statements as a whole.

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

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 24, 2024

MNP LLP

Chartered Professional Accountants

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 2 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 Stainwhite
Chief Administrative Officer

Town of Pictou
Consolidated Statement of Financial Position

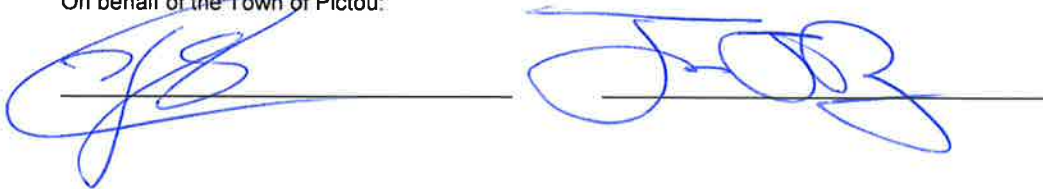
As at March 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 3)	\$ 5,583,069	\$ 2,613,860
Short-term investments	2,500,000	—
Taxes receivable (Note 4)	673,683	574,691
Rates receivable (Note 5)	547,697	650,608
Other accounts receivable	373,567	328,211
Due from federal government and its agencies	349,468	179,777
Due from provincial government and its agencies	316,079	176,078
	10,343,563	4,523,225
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	2,206,363	1,281,557
Accrued vacation payable	36,026	31,682
Accrued interest on long-term debt	49,832	46,784
Deferred revenue	8,615,629	3,344,071
Long-term debt (Note 6)	5,511,141	5,497,029
Asset retirement obligation (Note 7)	129,263	260,000
	16,548,254	10,461,123
NET DEBT	(6,204,691)	(5,937,898)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	41,341,794	32,956,325
Inventory, prepaid expenses and other	132,649	137,517
	41,474,443	33,093,842
ACCUMULATED SURPLUS (Note 9)	\$ 35,269,752	\$ 27,155,944

Commitments (Note 12)

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, 2024

	2024	2024	2023
	Budget	Actual	Actual
REVENUES			
Taxes	\$ 4,702,346	\$ 4,801,633	\$ 4,204,944
Grants in lieu of taxes	396,510	413,812	377,019
Services provided to other governments	25,935	27,980	22,656
Sales of services	285,439	329,107	280,342
Revenue from own sources	556,248	834,892	456,126
Unconditional transfers from other governments	964,771	918,682	780,317
Conditional transfer from other governments	-	15,070	3,160
Capital grants	-	7,662,381	1,542,315
Gas tax revenue	227,980	227,980	221,231
Other	-	127,332	299,160
Water Utility revenue	1,072,765	1,101,712	1,075,809
	8,231,994	16,460,581	9,263,079
EXPENSES			
General government services	1,058,878	1,234,037	1,112,674
Protective services	1,476,539	1,351,274	1,321,638
Transportation services	1,477,762	1,590,750	1,315,961
Environmental health services	1,078,150	1,155,011	1,027,470
Public health and welfare services	44,000	30,169	58,298
Environmental development services	214,519	180,215	562,065
Recreation and cultural services	1,422,455	1,342,322	910,338
Water Utility expenses	1,135,065	1,462,995	1,246,999
	7,907,368	8,346,773	7,555,443
ANNUAL SURPLUS	324,626	8,113,808	1,707,636
ACCUMULATED SURPLUS, BEGINNING OF YEAR	27,155,944	27,155,944	25,448,308
ACCUMULATED SURPLUS, END OF YEAR	\$ 27,480,570	\$ 35,269,752	\$ 27,155,944

See accompanying notes to consolidated financial statements.

Town of Pictou
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2024

	Budget	2024	2023
ANNUAL SURPLUS	\$ 324,626	\$ 8,113,808	\$ 1,707,636
Other non-financial assets			
Acquisition of tangible capital assets	-	(9,935,006)	(4,575,431)
Amortization of tangible capital assets	1,027,730	1,417,290	1,404,477
Loss on disposal of tangible capital assets	-	7,000	-
Proceeds on disposal of tangible capital assets	-	13,808	-
Gain on adjustment of ARO asset	-	(65,603)	-
Change in estimate of ARO asset	-	177,042	-
Change in inventory, prepaid expenses and other	-	4,868	(18,092)
DECREASE (INCREASE) IN NET DEBT	1,352,356	(266,793)	(1,481,410)
NET DEBT, BEGINNING OF YEAR	(5,937,898)	(5,937,898)	(4,456,488)
NET DEBT, END OF YEAR	\$ (4,585,542)	\$ (6,204,691)	\$ (5,937,898)

See accompanying notes to consolidated financial statements.

Town of Pictou
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 8,113,808	\$ 1,707,636
Add		
Amortization of tangible capital assets	1,417,290	1,404,477
Loss on disposal of tangible capital assets	7,000	-
Gain on adjustment of ARO asset	(65,603)	-
Change in non-cash items		
Taxes receivable	(98,992)	(178,139)
Rates receivable	102,911	65,613
Other accounts receivable	(45,356)	(458,868)
Government receivables	(309,692)	(32,759)
Accounts payable and accrued liabilities	924,806	400,466
Other accruals	7,392	(23,725)
Deferred revenue	5,271,558	1,987,907
Inventory, prepaid expenses and other	4,868	(18,092)
	<u>15,329,990</u>	<u>4,854,516</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(612,367)	(551,224)
Proceeds of long-term debt	626,479	901,618
Repayment of demand loans	-	(112,798)
	<u>14,112</u>	<u>237,596</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investments	(2,500,000)	-
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(9,888,701)	(4,315,431)
Proceeds on disposal of tangible capital assets	13,808	-
	<u>(9,874,893)</u>	<u>(4,315,431)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>2,969,209</u>	<u>776,681</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,613,860</u>	<u>1,837,179</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,583,069</u>	<u>\$ 2,613,860</u>
Supplementary cash flow information		
Additions to tangible capital assets related to asset retirement obligations	\$ 46,305	\$ 260,000

See accompanying notes to consolidated financial statements.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

1. CHANGE IN ACCOUNTING POLICY

Revenue

Effective April 1, 2023, the Town adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

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 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.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment information (Continued)

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.

Transportation services

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

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.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) School boards (Continued)

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.

(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.

(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, short-term investments, taxes and rates receivable, other accounts receivable, due from government and its agencies, accounts payable and accrued liabilities, other accruals and long-term debt.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments (Continued)

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 operations. The financial instruments measured at amortized cost are cash and cash equivalents, short-term investments, taxes and rates receivable, other accounts receivable, accounts payable and accrued liabilities, other accruals 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.

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 and wharf owned by the Town has been recognized based on estimated future expenses of remediation.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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
Roads	Straight-line	50 years
Sewer collection and disposal	Straight-line	50 years
Other tangible capital assets	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.

(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.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

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

Taxes, rates and other account 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 consolidated 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 operations in the years in which they become know.

3. CASH AND CASH EQUIVALENTS

	2024	2023
Cash		
General operating fund	\$ 5,265,913	\$ 1,885,807
Water operating fund	13,062	18,555
Capital reserve fund	291,535	696,815
Water capital fund	606	606
Trust Funds	11,953	12,077
	\$ 5,583,069	\$ 2,613,860

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

4. TAXES RECEIVABLE

	2024	2023
Balance, beginning of year	\$ 587,748	\$ 423,588
Current year's levy of property taxes	4,498,065	4,056,667
Interest	146,099	107,284
Subtotal	5,231,912	4,587,539
Less		
Current year's collections	4,247,141	3,715,152
Reduced taxes	279,883	284,639
	4,527,024	3,999,791
Gross taxes receivable, end of year	704,888	587,748
Less		
Allowance for uncollectible taxes	(31,205)	(13,057)
Taxes receivable, net	\$ 673,683	\$ 574,691

5. RATES RECEIVABLE

	2024	2023
Sewer capital charges	\$ 206,646	\$ 323,904
Water rates	362,834	349,073
	569,480	672,977
Less: allowance for doubtful accounts	(21,783)	(22,369)
	\$ 547,697	\$ 650,608

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

6. LONG-TERM DEBT

	2024	2023
Municipal Finance Corporation, repayable in annual principal payments of \$31,982, plus interest at 3.05% to 3.55%, maturing in 2033	\$ 254,506	\$ 286,488
Municipal Finance Corporation, repayable in annual principal payments of \$32,000, plus interest at 5.53% to 5.64%, maturing in 2024	32,000	64,000
Municipal Finance Corporation, repayable in annual principal payments of \$163,733, plus interest at 4.22% to 4.41%, maturing in 2025	431,471	595,204
Municipal Finance Corporation, repayable in annual principal payments of \$22,140, plus interest at 2.00%, maturing in 2032	177,131	199,271
Municipal Finance Corporation, repayable in annual principal payments of \$34,965, plus interest at 3.55% to 4.72%, maturing in 2043	626,479	-
Province of Nova Scotia, repayable in annual principal payments of \$13,500, plus interest at 3.26% to 3.58%, maturing in 2027	121,500	135,000
Province of Nova Scotia, repayable in annual principal payments of \$40,300, plus interest at 3.61% to 4.11%, maturing in 2028	403,000	443,300
Province of Nova Scotia, repayable in annual principal payments of \$225,636, plus interest at 0.96% to 2.38%, maturing in 2035	2,633,580	2,859,215
Province of Nova Scotia, operating loan, repayable in annual principal payments of \$12,933, plus interest at 1.10%, maturing in 2024	12,933	12,933
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	818,541	901,618
	\$ 5,511,141	\$ 5,497,029

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

6. LONG-TERM DEBT (CONTINUED)

Principal payments required in each of the next five years on debt held as of March 31, 2024 are as follows:

2025	\$ 647,333
2026	719,338
2027	451,600
2028	519,101
2029	630,727
Thereafter	2,543,042

7. ASSET RETIREMENT OBLIGATION

The Town's asset retirement obligation consists of the liability for the remediation of contaminants present within a number of buildings and wharf 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 and wharf have expected useful lives ranging from 1-15 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:

	2024	2023
Opening balance	\$ 260,000	\$ -
Acquired upon adoption	-	260,000
Addition to asset retirement obligation	46,305	-
Derecognition of asset retirement obligation	(177,042)	-
	\$ 129,263	\$ 260,000

Town of Picou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

8. TANGIBLE CAPITAL ASSETS

	2023		2024		Net Book Value	Net Book Value
	Cost Beginning of Year	Cost End of Year	Amortization Beginning of Year	Amortization End of Year		
Land	\$ 823,229	\$ 876,379	\$ —	\$ —	\$ 823,229	\$ 823,229
Buildings	7,298,993	7,164,623	4,974,477	4,961,289	2,324,516	2,324,516
Equipment	7,172,134	8,447,458	4,986,525	5,438,149	2,009,301	2,185,609
Roads	9,503,679	10,353,657	2,989,535	3,196,008	7,127,649	6,514,144
Sewer collection and disposal	10,671,967	10,718,868	3,434,155	214,377	7,070,336	7,237,812
Other tangible capital assets	1,625,934	1,896,141	1,338,044	1,390,281	505,860	284,890
Water Utility assets	15,338,376	15,863,262	3,051,891	3,441,451	12,421,811	12,266,485
Work-in-progress	1,296,640	8,217,124	—	—	8,217,124	1,296,640
	\$ 53,730,952	\$ 63,417,512	\$ 20,774,629	\$ 22,075,710	\$ 41,341,794	\$ 32,956,325
		\$ 9,935,006	\$ 248,446	\$ 116,199	\$ 1,417,290	\$ 1,296,640

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

9. ACCUMULATED SURPLUS (DEFICIT)

	2024	2023
General operating fund	\$ —	\$ —
Water Utility operating fund	(766,231)	(475,371)
General capital fund	25,187,800	17,288,280
Water Utility capital fund	9,853,427	9,569,798
	<u>34,274,996</u>	<u>26,382,707</u>
Reserve fund	982,083	761,160
Trust funds	12,673	12,077
	<u>\$ 35,269,752</u>	<u>\$ 27,155,944</u>

10. FINANCIAL INSTRUMENTS

The Town as part of its operations carries a number of financial instruments. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instructions except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations. The carrying amount of the Town's financial instruments best represents the maximum exposure to credit risk. The Town manages its credit risk by providing allowances for potentially uncollectible accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Town will encounter difficulty in meeting its obligations associated with financial liabilities. The Town enters into transactions to borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. The Town manages liquidity risk by monitoring forecasted and actual cash flows.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Town's interest rate risk arises from long-term borrowings at a fixed rate that creates fair value interest rate risk. Changes in market interest rates cause the fair value of these long-term debt with fixed interest rates to fluctuate but do not affect net income, as the Town's long-term debt is carried at amortized cost and the carrying value does not change as the interest rate changes. The Town's future obligations with respect to debt repayment are disclosed in Note 6.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

11. 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.

	2024 Contribution	2023 Contribution
Pictou County Shared Services Authority	\$ 244,792	\$ 228,546
Eastern Mainland Housing Authority	138,666	132,717
Pictou-Antigonish Regional Library	33,841	33,841
CHAD - Transit Authority	21,500	21,500
Active Pictou County (a)	15,000	15,000

(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 \$131,824 (2023 - \$89,624) on behalf of Active Pictou County.

12. 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, 2024, the amount transferred was \$133,320 (2023 - \$212,884).

(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. For the year ended March 31, 2024, the Town's portion of contributions for the deficit was \$37,011 (2023 - \$43,339).

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2024

13. BUDGET INFORMATION

The disclosed budget information has been approved by the Mayor and Council at the council meeting on April 19, 2023.

The Town budgets for rate settling purposes. These budgeted amounts do not include amortization or revenue from Canada Community Building Fund. The following adjustments to the annual surplus reconcile the operating budgets to the financial reporting presentation under Canadian Public Sector Accounting Standards ("PSAB").

	2024
Approved budgeted surplus for the year	
General operations	\$ 858,309
Water utility operations	266,067
Approved budget surplus	1,124,376
Addition of:	
Canada Community Building Fund	227,980
Amortization of tangible capital assets	(1,027,730)
Net PSAB adjustments	(799,750)
	\$ 324,626

Town of Pictou

Schedule of Remuneration and Expenses of Members of Council and CAO

For the year ended March 31, 2024

Name	Title	Remuneration	Expenses
Jim Ryan	Mayor	\$ 22,766	\$ 870
Melinda MacKenzie	Councillor	14,369	—
Nadine Leblanc	Councillor	13,589	3,030
Shaun McNamara	Councillor	13,589	—
Dan Currie	Councillor, Deputy Mayor	14,143	3,212
Kyle Slaunwhite	CAO	133,460	1,808

Town of Pictou
Schedule of Segment Disclosure
For the year ended March 31, 2024

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 2024 and 2023 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, 2024	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES									
Taxation	\$ 4,197,777	\$ -	\$ -	\$ 603,856	\$ -	\$ -	\$ -	\$ -	\$ 4,801,633
Grants in lieu of taxes	413,812	-	-	-	-	-	-	-	413,812
Services provided to other governments	27,980	-	-	-	-	-	-	-	27,980
Sale of services	-	539,016	-	-	-	329,107	-	-	834,892
Revenue from own sources	285,876	-	-	-	-	-	-	-	933,752
Transfers from other governments	933,752	-	-	-	-	-	-	-	7,662,381
Capital grants	-	-	7,636,696	-	-	-	-	-	227,980
Gas tax revenue	227,980	-	-	-	-	-	-	-	127,332
Other	127,332	-	-	-	-	-	-	-	1,101,712
Water Utility revenue	-	-	-	-	-	-	-	1,101,712	16,460,581
EXPENSES									
Salaries, wages and benefits	6,224,509	539,016	7,636,696	603,856	-	-	329,107	-	14,833,184
Interest on long-term debt	417,868	127,663	604,658	81,522	-	-	464,067	-	1,982,850
Other operating expenses	19,542	46,102	32,943	8,002	-	-	8,002	-	208,335
External transfers and grants	706,827	1,114,139	582,903	666,449	-	143,725	673,198	-	4,573,192
Amortization	43,106	21,500	335,587	374,097	30,169	36,490	33,841	-	165,106
	46,694	109,138	335,587	374,097	30,169	36,490	183,214	-	1,417,290
	1,234,037	1,351,274	1,590,750	1,155,011	30,169	180,215	1,342,322	1,482,995	6,346,773
ANNUAL SURPLUS (DEFICIT)	\$ 4,980,472	\$ (812,259)	\$ 6,045,946	\$ (551,155)	\$ (30,169)	\$ (180,215)	\$ (1,013,215)	\$ (335,598)	\$ 8,113,808

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
Services provided to other governments	22,656	-	-	-	-	-	-	-	22,656
Sale of services	-	178,446	-	-	-	-	280,342	-	280,342
Revenue from own sources	277,680	-	-	-	-	-	-	-	456,126
Transfers from other governments	763,477	-	-	-	-	-	-	-	783,477
Capital grants	-	-	1,542,315	-	-	-	-	-	1,542,315
Gas tax revenue	221,231	-	-	-	-	-	-	-	221,231
Other	299,160	-	-	-	-	-	-	-	299,160
Water Utility revenue	-	-	-	-	-	-	-	1,075,809	1,075,809
EXPENSES									
Salaries, wages and benefits	5,632,767	178,446	1,542,315	553,400	-	-	280,342	-	9,263,079
Interest on long-term debt	410,196	89,780	466,231	86,534	-	-	291,118	-	1,594,207
Other operating expenses	19,709	5,852	27,083	35,564	-	-	7,036	-	195,666
External transfers and grants	602,707	1,175,219	495,914	549,985	-	302,752	439,957	-	4,113,804
Amortization	42,504	21,500	305,223	355,487	58,298	36,490	33,841	-	192,633
	37,558	50,787	305,223	355,487	58,298	36,490	138,386	-	54,656
	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)	\$ (629,996)	\$ (171,190)	\$ 1,707,836

Town of Pictou
Non-Consolidated Schedule of Operating Fund
For the year ended March 31, 2024
(Unaudited)

	2024	2023
REVENUES		
Taxes	\$ 4,801,633	\$ 4,204,944
Grants in lieu of taxes	413,812	377,019
Services provided to other governments	27,980	22,656
Sales of services	329,107	280,342
Revenue from own sources	834,892	456,126
Transfers from other governments	959,437	783,477
	<u>7,366,861</u>	<u>6,124,564</u>
EXPENSES		
General government services	1,235,268	1,075,116
Protective services	1,530,339	1,526,049
Transportation services	1,287,567	1,010,738
Environmental services	780,914	671,983
Public health services	30,169	58,298
Environmental development services	180,215	393,898
Recreation and cultural services	1,179,108	771,952
	<u>6,223,580</u>	<u>5,508,034</u>
Excess of revenues over expenses before the following	1,143,281	616,530
FINANCING AND TRANSFERS		
Debenture and term loan principal repayments	(354,424)	(280,347)
Transfer to capital fund	(541,588)	(360,575)
Transfer to capital reserve	(60,000)	(60,000)
Transfer to operating reserve	(8,800)	-
Transfer to Water Utility capital fund	(25,685)	-
Net financing and transfers	<u>(990,497)</u>	<u>(700,922)</u>
ANNUAL SURPLUS (DEFICIT)	152,784	(84,392)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
TRANSFER (TO) FROM OPERATING RESERVE	(152,784)	84,392
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

Town of Pictou
Non-Consolidated Schedule of Water Utility Operating Fund
For the year ended March 31, 2024
(Unaudited)

	2024	2023
OPERATING REVENUES		
Rates	\$ 1,080,224	\$ 1,056,397
Public fire protection	328,367	304,629
	<u>1,408,591</u>	<u>1,361,026</u>
OPERATING EXPENSES		
Source of supply	13,006	317
Pumping	136,468	106,279
Water treatment	129,761	106,975
Transmission and distribution	454,217	377,228
Administration and general	240,307	222,570
Depreciation	389,561	348,869
Taxes	99,675	84,761
	<u>1,462,995</u>	<u>1,246,999</u>
Excess (deficiency) of operating revenues over expenses before the following	(54,404)	114,027
NON-OPERATING REVENUES		
Miscellaneous and interest	21,488	19,412
NON-OPERATING EXPENSES		
Debt charge, principal	257,944	257,944
ANNUAL DEFICIT	(290,860)	(124,505)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(475,371)	(350,866)
ACCUMULATED DEFICIT, END OF YEAR	<u>\$ (766,231)</u>	<u>\$ (475,371)</u>

Town of Pictou
Non-Consolidated Schedule of Capital Fund
For the year ended March 31, 2024
(Unaudited)

	2024	2023
REVENUES		
Government grants	\$ 7,636,696	\$ 1,542,315
EXPENSES		
General government services	46,698	37,558
Protective services	112,338	50,787
Transportation services	288,804	305,223
Environmental health services	364,511	355,487
Environmental development services	-	168,167
Recreation and cultural services	163,214	138,386
	975,565	1,055,608
Excess of revenues over expenses before the following	6,661,131	486,707
FINANCING AND TRANSFERS		
Transfer from operating fund	541,588	360,575
Transfer from capital reserve fund and gas tax fund	342,377	1,127,118
Debenture and term loan principal repayments	354,424	280,347
	1,238,389	1,768,040
ANNUAL SURPLUS	7,899,520	2,254,747
ACCUMULATED SURPLUS, BEGINNING OF YEAR	17,288,280	15,033,533
ACCUMULATED SURPLUS, END OF YEAR	\$ 25,187,800	\$ 17,288,280

Town of Pictou
Non-Consolidated Schedule of Water Utility Capital Fund
For the year ended March 31, 2024
(Unaudited)

	2024	2023
REVENUES		
Government grants	\$ -	\$ -
FINANCING AND TRANSFERS		
Capital debt retired	257,944	257,944
Transfer from operating fund	25,685	-
ANNUAL SURPLUS	283,629	257,944
ACCUMULATED SURPLUS, BEGINNING OF YEAR	9,569,798	9,311,854
ACCUMULATED SURPLUS, END OF YEAR	\$ 9,853,427	\$ 9,569,798

Town of Pictou
Non-Consolidated Schedule of Reserve Funds
For the year ended March 31, 2024
(Unaudited)

	2024		2023	
	Capital Reserve	Operating Reserve	Gas Tax Reserve	Total
REVENUES				
Nova Scotia Federal Gas Tax Rebate	\$ -	-	\$ 227,980	\$ 227,980
Other	-	26,162	70	26,232
Proceeds on sale of land and equipment	100,504	-	-	100,504
	100,504	26,162	228,050	354,716
EXPENSES				
Expenditures	13,000	-	-	13,000
Transfer from operating fund	(60,000)	(8,800)	-	(68,800)
Transfer to capital fund	127,377	-	215,000	342,377
	80,377	(8,800)	215,000	286,577
ANNUAL SURPLUS (DEFICIT)	20,127	34,962	13,050	68,139
ACCUMULATED SURPLUS, BEGINNING OF YEAR	241,036	517,207	2,917	761,160
TRANSFER TO (FROM) OPERATING FUND	-	152,784	-	152,784
ACCUMULATED SURPLUS, END OF YEAR	\$ 261,163	\$ 704,953	\$ 15,967	\$ 982,083
				\$ 761,160