

Consolidated Financial Statements of

TOWN OF PICTOU

Year ended March 31, 2019

TOWN OF PICTOU

Consolidated Financial Statements

Year ended March 31, 2019

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September 27, 2019

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 are 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 MGM & Associates, Chartered Professional Accountants, 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.

Dan Troke
Chief Administrative Officer



MGM & Associates
Chartered Professional Accountants
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of
Town of Pictou

Opinion

We have audited the consolidated financial statements of Town of Pictou on pages 4 – 18 which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Town of Pictou as at March 31, 2019 and the results of its consolidated financial performance 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 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 Matters – Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 19 – 23 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion on the audit of consolidated financial statements as a whole.

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

Management is responsible for the preparation and fair presentation of these 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 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.

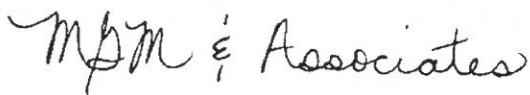
Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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 decision 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.

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



Chartered Professional Accountants
Licensed Public Accountants

Sydney, Canada
September 16, 2019

TOWN OF PICTOU

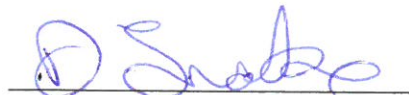

Consolidated Statement of Financial Position

March 31, 2019, with comparative figures for 2018

	2019	2018
FINANCIAL ASSETS		
Cash (note 2)	\$ 1,330,006	\$ 1,399,059
Taxes receivable (note 3)	748,919	770,374
Rates receivable (note 4)	1,193,831	1,343,244
Other accounts receivable	321,181	325,080
Due from federal government and its agencies	131,185	326,131
Due from provincial government and its agencies	20,999	40,999
	<u>3,746,121</u>	<u>4,204,887</u>
FINANCIAL LIABILITIES		
Demand loans (note 5)	2,042,112	904,447
Accounts payable and accrued liabilities	1,191,465	1,230,367
Accrued vacation payable	76,064	113,702
Accrued interest on long-term debt	36,727	38,586
Deferred revenue	1,405,333	1,820,998
Long-term debt (note 6)	2,973,884	2,862,640
	<u>7,725,585</u>	<u>6,970,740</u>
NET DEBT	<u>(3,979,464)</u>	<u>(2,765,853)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	26,926,069	23,422,247
Inventory, prepaid expenses and other	118,597	132,414
	<u>27,044,666</u>	<u>23,554,661</u>
ACCUMULATED SURPLUS	<u>\$ 23,065,202</u>	<u>\$ 20,788,808</u>

See accompanying notes to consolidated financial statements.

On behalf of the Town of Pictou:



TOWN OF PICTOU

Consolidated Statement of Operations

Year ended March 31, 2019, with comparative figures for 2018

	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
REVENUES			
Taxes	\$ 3,590,145	\$ 3,584,470	\$ 3,578,472
Grants in lieu of taxes	339,046	347,549	342,038
Services provided to other governments	17,326	16,829	17,317
Sales of services	270,527	267,219	257,068
Revenue from own sources	375,860	414,443	377,002
Unconditional transfers from other governments	572,470	563,175	600,252
Capital grants	-	1,862,810	1,287,966
Gas tax revenue	229,535	229,535	218,742
Other	-	19,163	32,152
Sale proceeds	-	418,995	-
Water utility revenue	740,000	739,307	763,198
	6,134,909	8,463,495	7,474,207
EXPENSES			
General government services	881,096	891,550	874,242
Protective services	1,389,759	1,317,073	1,090,809
Transportation services	1,116,891	1,084,241	1,110,120
Environmental health services	1,190,627	1,157,319	1,184,345
Public health and welfare services	47,000	42,208	47,585
Environmental development services	96,930	111,563	100,470
Recreation and cultural services	781,048	707,748	704,863
Water utility expense	730,000	875,399	777,085
	6,233,351	6,187,101	5,889,519
ANNUAL SURPLUS (DEFICIT)	\$ (98,442)	2,276,394	1,584,688
ACCUMULATED SURPLUS, BEGINNING OF YEAR		20,788,808	19,204,120
ACCUMULATED SURPLUS, END OF YEAR		\$ 23,065,202	\$ 20,788,808

See accompanying notes to consolidated financial statements.

TOWN OF PICTOU

Consolidated Statement of Change in Net Debt

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
ANNUAL SURPLUS	\$ 2,276,394	\$ 1,584,688
Other non-financial assets		
Amortization of tangible capital assets	1,086,877	1,028,545
Additions to tangible capital assets	(4,590,699)	(2,817,228)
Decrease in inventory, prepaid expenses and other	13,817	3,885
INCREASE IN NET DEBT	(1,213,611)	(200,110)
NET DEBT, BEGINNING OF YEAR	(2,765,853)	(2,565,743)
NET DEBT, END OF YEAR	\$ (3,979,464)	\$ (2,765,853)

See accompanying notes to consolidated financial statements.

TOWN OF PICTOU

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 2,276,394	\$ 1,584,688
Add amortization of tangible capital assets	1,086,877	1,028,545
Change in non-cash items		
Decrease in taxes and rates receivable	170,868	109,924
Decrease in other accounts receivable	3,899	420,552
Decrease (increase) in government receivables	214,946	(287,702)
Increase (decrease) in accounts payable and accrued liabilities	(38,902)	162,728
Decrease in other payables	(39,497)	(21,171)
Decrease in deferred revenue	(415,665)	(5,132)
Decrease in inventory, prepaid expenses and other	13,817	3,885
	<u>3,272,737</u>	<u>2,996,317</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(303,172)	(493,173)
Principal payments on demand loans	(267,000)	—
Proceeds from long-term debt	414,416	—
Proceeds from demand loans	1,404,665	904,447
	<u>1,248,909</u>	<u>411,274</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(4,590,699)	(2,817,228)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(69,053)	590,363
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,399,059	808,696
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,330,006</u>	<u>\$ 1,399,059</u>

See accompanying notes to consolidated financial statements.

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. 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) 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.

(d) Fund accounting

The resources and operations of the Town are comprised of the operating, capital and reserve 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.

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) 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.

(f) 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.

(g) 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.

(h) 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 - 10 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.

(i) 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.

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) 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.

(l) 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.

(m) 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. Significant items subject to management's estimate and assumptions include the valuation of receivables and carrying amount of tangible capital assets. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

2. CASH AND CASH EQUIVALENTS

	2019	2018
Cash		
General operating fund	\$ 279,296	\$ 355,867
Water operating fund	(27,746)	362,953
Capital reserve fund	867,392	469,175
Water capital fund	201,291	201,291
Trust funds	9,773	9,773
Cash and cash equivalents	\$ 1,330,006	\$ 1,399,059

3. TAXES RECEIVABLE

	2019	2018
Balance, beginning of year	\$ 965,911	\$ 779,109
Current year's levy of property taxes	4,149,253	4,132,106
Interest	150,478	142,839
Subtotal	5,265,642	5,054,054
Less		
Current year's collections	4,265,083	3,935,682
Reduced taxes	140,460	152,461
	4,405,543	4,088,143
Gross taxes receivable, end of year	860,099	965,911
Less		
Allowance for uncollectible taxes	111,180	195,537
Taxes receivable, net	\$ 748,919	\$ 770,374

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

4. RATES RECEIVABLE

	2019	2018
Sewer capital charges	\$ 1,010,708	\$ 1,223,912
Water rates	224,121	159,209
	1,234,829	1,383,121
Less: allowance for doubtful accounts	(40,998)	(39,877)
	\$ 1,193,831	\$ 1,343,244

5. DEMAND LOANS

The Royal Bank of Canada (RBC) demand loans are secured by a temporary general borrowing resolution, payments are interest only at RBC prime.

6. LONG-TERM DEBT

	2019	2018
Municipal Finance Corporation, repayable in annual principal payments of \$31,982, plus interest at 2.49%, to 3.55% maturing in 2033	\$ 414,416	\$ -
Municipal Finance Corporation, repayable in annual principal payments of \$32,000, plus interest at 4.04%, to 5.64% maturing in 2024	192,000	224,000
Municipal Finance Corporation, repayable in annual principal payments of \$163,733, plus interest at 2.57%, to 4.41%, maturing in 2025	1,250,137	1,413,869
Municipal Finance Corporation, repayable in annual principal payments of \$22,140, plus interest at 2.00%, maturing in 2032	287,831	309,971
Municipal Finance Corporation, repayable in annual principal payments of \$9,000, plus interest at 2.36% to 3.48%, maturing in 2022	36,000	45,000
	2,180,384	1,992,840

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. LONG-TERM DEBT (CONTINUED)

	2019	2018
Carry forward	\$ 2,180,384	\$ 1,992,840
Municipal Finance Corporation, repayable in annual principal payments of \$13,500, plus interest at 1.82% to 3.58%, maturing in 2027	189,000	202,500
Municipal Finance Corporation, repayable in annual principal payments of \$40,300, plus interest at 1.46% to 4.11%, maturing in 2028	604,500	644,800
Municipal Finance Corporation, repaid during the year	–	22,500
	<u>\$ 2,973,884</u>	<u>\$ 2,862,640</u>

Principal payments required in each of the next five years on debt held as of March 31, 2019 are as follows:

2020	\$ 311,000
2021	311,000
2022	311,000
2023	311,000
2024	302,000

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

7. TANGIBLE CAPITAL ASSETS

			2019	2018
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 397,743	\$ –	\$ 397,743	\$ 391,593
Work in progress	66,390	–	66,390	84,903
Buildings				
General government services	1,415,485	733,125	682,360	699,889
Protective services	1,041,958	574,981	466,977	487,888
Transportation services	209,132	157,766	51,366	53,044
Sewer collection and disposal	10,693	3,475	7,218	7,485
Recreational and cultural services	2,900,493	1,841,776	1,058,717	1,126,063
Equipment				
General government services	49,970	45,027	4,943	7,988
Protective services	733,869	605,373	128,496	104,242
Transportation services	1,080,951	412,491	668,460	418,517
Environmental health services	3,197,736	2,334,019	863,717	1,148,529
Recreational and cultural services	60,762	60,762	–	2,842
Other				
General government services	127,608	127,608	–	–
Protective services	16,755	2,346	14,409	14,744
Streets and sidewalks	6,282,769	2,343,023	3,939,746	3,681,465
Sewer collection and disposal	10,201,137	2,607,341	7,593,796	7,344,473
Recreation and culture services	1,247,246	1,147,334	99,912	110,596
Water utility assets	12,598,496	1,716,677	10,881,819	7,737,986
Schools	979,932	979,932	–	–
	\$ 42,619,125	\$15,693,056	\$ 26,926,069	\$ 23,422,247

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

8. ACCUMULATED SURPLUS

	2019	2018
General operating fund	\$ -	\$ -
Water utility operating fund	77,301	110,636
General capital fund	13,735,582	13,502,932
Water utility capital fund	8,085,119	6,296,195
	21,898,002	19,909,763
Reserve fund	1,155,501	867,549
Trust funds	11,699	11,496
	\$ 23,065,202	\$ 20,788,808

9. 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, bank indebtedness, 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.

TOWN OF PICTOU

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. 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.

	2019 Contribution	2018 Contribution
Pictou County Shared Services Authority	\$ 220,443	\$ 267,694
Eastern Mainland Housing Authority	90,719	100,500
Pictou-Antigonish Regional Library	32,416	32,416
CHAD - Transit Authority	20,000	20,000
Active Pictou County (a)	4,000	3,333

- (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 \$50,344 (2018 - \$54,371) on behalf of Active Pictou County.

11. OTHER COMMITMENTS

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, 2019, the amount transferred was \$68,028 (2018 - \$64,560).

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, 2019, the Town's portion of the estimated deficit was \$39,714 which has been recorded as a liability in the financial statements.

TOWN OF PICTOU

Schedule of Remuneration of Members of Council and CAO

Year ended March 31, 2019

Name	Title	Remuneration
Jim Ryan	Mayor	\$19,921
Dan Currie	Councillor, Deputy Mayor	12,041
Nadine Leblanc	Councillor	11,772
Malcolm Houser	Councillor	11,323
Eric Daley	Councillor	11,323
Dan Troke	CAO	113,648

TOWN OF PICTOU

Schedule of Segment Disclosure

Year ended March 31, 2019, with comparative figures for 2018

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 2019 and 2018 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 1. The Town has determined that the following segments represent the major activities of government.

Year ended March 31, 2019	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES									
Taxation	\$ 3,036,444	\$ -	\$ -	\$ 548,026	\$ -	\$ -	\$ -	\$ -	\$ 3,584,470
Grants in lieu of taxes	347,549	-	-	-	-	-	-	-	347,549
Sale of services	-	-	-	-	-	-	-	-	267,219
Revenue from own sources	236,847	177,596	-	-	-	-	267,219	-	414,443
Unconditional transfers from other governments	563,175	-	-	-	-	-	-	-	563,175
Capital grants	-	-	-	158,086	-	-	-	1,704,724	1,862,810
Gas tax revenue	229,535	-	-	-	-	-	-	-	229,535
Other	438,158	-	-	-	-	-	-	-	438,158
Water utility revenue	-	-	-	-	-	-	-	739,307	739,307
Services provided to other governments	16,829	-	-	-	-	-	-	-	16,829
	4,868,537	177,596	-	706,112	-	-	267,219	2,444,031	8,463,495
EXPENSES									
Salaries, wages and benefits	436,843	109,853	521,352	115,609	-	-	263,643	251,745	1,699,045
Interest on long-term debt	25,641	11,438	1,294	55,366	-	-	-	78,205	171,944
Other operating expenses	347,325	1,154,410	347,829	462,282	-	78,446	325,649	342,244	3,058,185
External transfers and grants	43,309	-	20,000	-	42,208	15,575	32,416	-	153,508
Internal transfers	-	-	-	-	-	17,542	-	-	17,542
Amortization	38,432	41,372	193,766	524,062	-	-	86,040	230,205	1,086,877
	891,550	1,317,073	1,084,241	1,157,319	42,208	111,563	707,748	875,399	6,187,101
ANNUAL SURPLUS (DEFICIT)	-\$ 3,976,987	-\$ (1,139,477)	-\$ (1,084,241)	-\$ (448,520)	-\$ (42,208)	-\$ (111,563)	-\$ (440,529)	-\$ 1,568,632	-\$ 2,276,394

Year ended March 31, 2018	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES									
Taxation	\$ 3,038,641	\$ -	\$ -	\$ 539,831	\$ -	\$ -	\$ -	\$ -	\$ 3,578,472
Grants in lieu of taxes	342,038	-	-	-	-	-	-	-	342,038
Sale of services	-	-	-	-	-	-	-	-	257,068
Revenue from own sources	218,690	158,312	-	-	-	-	257,068	-	377,002
Unconditional transfers from other governments	600,252	-	-	-	-	-	-	-	600,252
Capital grants	-	-	-	13,074	-	-	-	1,274,892	1,287,966
Gas tax revenue	218,742	-	-	-	-	-	-	-	218,742
Other	32,152	-	-	-	-	-	-	-	32,152
Water utility revenue	-	-	-	-	-	-	-	763,198	763,198
Services provided to other governments	17,317	-	-	-	-	-	-	-	17,317
	4,467,832	158,312	-	552,905	-	-	257,068	2,038,090	7,474,207
EXPENSES									
Salaries, wages and benefits	419,895	113,930	593,575	94,398	-	212	311,703	231,892	1,765,605
Interest on long-term debt	14,908	13,264	1,448	58,756	-	-	6,822	39,129	134,327
Other operating expenses	357,406	927,387	338,597	519,690	-	69,518	282,547	311,927	2,787,072
External transfers and grants	43,229	-	20,000	-	47,585	18,175	32,416	-	161,405
Internal transfers	-	-	-	-	-	12,565	-	-	12,565
Amortization	38,804	36,228	156,500	511,501	-	-	91,375	194,137	1,028,545
	874,242	1,090,809	1,110,120	1,184,345	47,585	100,470	704,863	777,085	5,889,519
ANNUAL SURPLUS (DEFICIT)	-\$ 3,593,590	-\$ (932,497)	-\$ (1,110,120)	-\$ (631,440)	-\$ (47,585)	-\$ (100,470)	-\$ (447,795)	-\$ 1,261,005	-\$ 1,584,688

TOWN OF PICTOU

Non-Consolidated Schedule of Operating Fund

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
REVENUES		
Taxes	\$ 3,584,470	\$ 3,578,472
Grants in lieu of taxes	347,549	342,038
Services provided to other governments	16,829	17,317
Sales of services	267,219	257,068
Revenue from own sources	414,443	377,002
Unconditional transfers from other governments	563,175	600,252
	<u>5,193,685</u>	<u>5,172,149</u>
EXPENSES		
General government services	853,118	835,438
Protective services	1,462,659	1,240,578
Transportation services	890,475	953,620
Environmental health services	633,259	672,844
Public health and welfare services	42,208	47,585
Environmental development services	111,563	100,470
Recreation and cultural services	621,708	613,488
	<u>4,614,990</u>	<u>4,464,023</u>
Excess of revenues over expenses before the following	578,695	708,126
FINANCING AND TRANSFERS		
Debenture and term loan principal installments	(238,973)	(428,973)
Transfer to capital fund	(280,806)	(197,903)
Transfer from (to) capital reserve	(43,284)	127,099
Net financing and transfers	<u>(563,063)</u>	<u>(499,777)</u>
ANNUAL SURPLUS	15,632	208,349
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
TRANSFER TO OPERATING RESERVE	(15,632)	(208,349)
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

TOWN OF PICTOU

Non-Consolidated Schedule of Water Utility Operating Fund

Year ended March 31, 2019, with comparatives for 2018

	2019	2018
OPERATING REVENUES		
Sales	\$ 717,898	\$ 738,128
Other	2,888	3,920
Public fire protection	186,957	185,997
	<u>907,743</u>	<u>928,045</u>
OPERATING EXPENSES		
Source of supply	1,042	482
Pumping	138,356	115,430
Water treatment	104,602	106,827
Transmission and distribution	190,318	184,195
Administration and general	194,857	132,998
Depreciation	203,206	194,137
Taxes	43,018	43,016
	<u>875,399</u>	<u>777,085</u>
Excess of operating revenues over expenses before the following	32,344	150,960
NON-OPERATING REVENUES		
Miscellaneous and interest	18,521	21,150
NON-OPERATING EXPENSES		
Debt charge, principal	64,200	64,200
Transfer to capital fund, water section	20,000	113,732
	<u>84,200</u>	<u>177,932</u>
ANNUAL SURPLUS (DEFICIT)	<u>(33,335)</u>	<u>(5,822)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	110,636	116,458
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 77,301</u>	<u>\$ 110,636</u>

TOWN OF PICTOU

Non-Consolidated Schedule of Capital Fund

Year ended March 31, 2019, with comparatives for 2018

	2019	2018
REVENUES		
Grants	\$ 158,086	\$ 13,073
EXPENSES		
General government services	38,432	38,804
Protective services	41,372	36,228
Transportation services	193,766	156,500
Environmental health services	524,061	511,501
Recreation and cultural services	86,040	91,375
	<u>883,671</u>	<u>834,408</u>
Deficiency of revenues over expenses before the following	(725,585)	(821,335)
FINANCING AND TRANSFERS		
Transfer from operating fund	280,806	197,903
Transfer from capital reserve fund	438,456	113,567
Debenture and term loan principal installments	238,973	428,973
	<u>958,235</u>	<u>740,443</u>
ANNUAL SURPLUS (DEFICIT)	232,650	(80,892)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,502,932	13,583,824
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 13,735,582</u>	<u>\$ 13,502,932</u>

TOWN OF PICTOU

Non-Consolidated Schedule of Water Utility Capital Fund

Year ended March 31, 2019, with comparatives for 2018

	2019	2018
REVENUES		
Government grants	\$ 1,704,724	\$ 1,274,893
FINANCING AND TRANSFERS		
Capital debt retired	64,200	64,200
Capital out of operating	20,000	113,732
	84,200	177,932
ANNUAL SURPLUS	1,788,924	1,452,825
ACCUMULATED SURPLUS, BEGINNING OF YEAR	6,296,195	4,843,370
ACCUMULATED SURPLUS, END OF YEAR	\$ 8,085,119	\$ 6,296,195

TOWN OF PICTOU

Non-consolidated Schedule of Reserve Funds

Year ended March 31, 2019, with comparative figures for 2018

	2019				2018	
	Capital Reserve	Operating Reserve	Gas Tax Reserve	Total	Total	Total
REVENUES						
Gas tax revenue	\$ -	\$ -	\$ 229,535	\$ 229,535	\$ 218,742	\$ 218,742
Sale proceeds	418,995	-	-	418,995	19,278	19,278
Other	18,962	-	-	18,962	12,673	12,673
	437,957	-	229,535	667,492	250,693	250,693
EXPENSES						
Transfer to (from) operating fund	(43,284)	-	-	(43,284)	127,099	127,099
Expenditures	-	-	-	-	-	-
Transfer to capital fund	288,456	-	150,000	438,456	113,567	113,567
	245,172	-	150,000	395,172	240,666	240,666
ANNUAL SURPLUS (DEFICIT)	192,785	-	79,535	272,320	10,027	10,027
ACCUMULATED SURPLUS, BEGINNING OF YEAR	176,095	527,861	163,593	867,549	649,173	649,173
TRANSFER FROM OPERATING FUND	-	15,632	-	15,632	208,349	208,349
ACCUMULATED SURPLUS, END OF YEAR	\$ 368,880	\$ 543,493	\$ 243,128	\$ 1,155,501	\$ 867,549	\$ 867,549