

Town of Pictou
Consolidated Financial Statements

March 31, 2025

Town of Pictou
Consolidated Financial Statements
For the year ended March 31, 2025

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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 2-19 which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations change in net debt, cash flows and the related schedules 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, 2025, 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 20-24 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Town as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 23, 2025

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 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 Auditor's 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, 2025

	2025	2024
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,588,706	\$ 5,583,069
Short-term investments	812,160	2,500,000
Taxes receivable (Note 3)	841,775	673,683
Rates receivable (Note 4)	480,667	547,697
Other accounts receivable	725,009	373,567
Due from federal government and its agencies	161,683	349,468
Due from provincial government and its agencies	313,617	316,079
	4,923,617	10,343,563
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,314,795	2,206,363
Accrued vacation payable	41,347	36,026
Accrued interest on long-term debt	63,104	49,832
Deferred revenue	4,775,628	8,615,629
Long-term debt (Note 5)	6,016,502	5,511,141
Asset retirement obligation (Note 6)	131,565	129,263
	12,342,941	16,548,254
NET DEBT	(7,419,324)	(6,204,691)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	53,300,251	41,341,794
Inventory, prepaid expenses and other	159,442	132,649
	53,459,693	41,474,443
ACCUMULATED SURPLUS (Note 8)	\$ 46,040,369	\$ 35,269,752

Commitments (Note 11)

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, 2025

	2025	2025	2024
	Budget (Note 12)	Actual	Actual
REVENUES			
Taxes	\$ 5,285,244	\$ 5,462,205	\$ 4,801,633
Grants in lieu of taxes	430,349	443,065	413,812
Services provided to other governments	35,005	40,946	27,980
Sales of services	344,523	272,499	329,107
Revenue from own sources	661,176	780,572	834,892
Unconditional transfers from other governments	582,771	891,463	918,682
Conditional transfer from other governments	236,210	16,746	15,070
Capital grants	-	10,931,522	7,662,381
Canada Community Building Fund revenue	226,045	226,045	227,980
Other	-	150,861	127,332
Water Utility revenue	1,223,912	1,234,865	1,101,712
	<u>9,025,235</u>	<u>20,450,789</u>	<u>16,460,581</u>
EXPENSES			
General government services	1,086,198	1,421,481	1,234,037
Protective services	1,690,069	1,645,029	1,351,274
Transportation services	1,708,543	1,695,178	1,590,750
Environmental health services	1,214,023	1,323,966	1,155,011
Public health and welfare services	46,000	44,868	30,169
Environmental development services	187,500	263,975	180,215
Recreation and cultural services	1,718,360	1,773,936	1,342,322
Water Utility expenses	1,366,959	1,511,739	1,462,995
	<u>9,017,652</u>	<u>9,680,172</u>	<u>8,346,773</u>
ANNUAL SURPLUS	7,583	10,770,617	8,113,808
ACCUMULATED SURPLUS, BEGINNING OF YEAR		35,269,752	27,155,944
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 46,040,369</u>	<u>\$ 35,269,752</u>

See accompanying notes to consolidated financial statements.

Town of Pictou
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2025

	Budget	2025	2024
ANNUAL SURPLUS	\$ 7,583	\$ 10,770,617	\$ 8,113,808
Other non-financial assets			
Acquisition of tangible capital assets	-	(13,967,467)	(9,935,006)
Amortization of tangible capital assets	1,613,316	2,009,010	1,417,290
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	-	(26,793)	4,868
CHANGE IN NET DEBT	1,620,899	(1,214,633)	(266,793)
NET DEBT, BEGINNING OF YEAR		(6,204,691)	(5,937,898)
NET DEBT, END OF YEAR		\$ (7,419,324)	\$ (6,204,691)

See accompanying notes to consolidated financial statements.

Town of Pictou
Consolidated Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	\$ 10,770,617	\$ 8,113,808
Add		
Amortization of tangible capital assets	2,009,010	1,417,290
Accretion of asset retirement obligation	2,302	-
Loss on disposal of tangible capital assets	-	7,000
Gain on adjustment of ARO asset	-	(65,603)
Change in non-cash items		
Taxes receivable	(168,092)	(98,992)
Rates receivable	67,030	102,911
Other accounts receivable	(351,442)	(45,356)
Government receivables	190,247	(309,692)
Accounts payable and accrued liabilities	(891,568)	924,806
Other accruals	18,593	7,392
Deferred revenue	(3,840,001)	5,271,558
Inventory, prepaid expenses and other	(26,793)	4,868
	<u>7,779,903</u>	<u>15,329,990</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(660,266)	(612,367)
Proceeds of long-term debt	1,165,627	626,479
	<u>505,361</u>	<u>14,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase (decrease) in short-term investments	1,687,840	(2,500,000)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Additions to tangible capital assets	(13,967,467)	(9,888,701)
Proceeds on disposal of tangible capital assets	-	13,808
	<u>(13,967,467)</u>	<u>(9,874,893)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(3,994,363)</u>	<u>2,969,209</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,583,069	2,613,860
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,588,706</u>	<u>\$ 5,583,069</u>
Supplementary cash flow information		
Additions to tangible capital assets related to asset retirement obligations	\$ -	\$ 46,305

See accompanying notes to consolidated financial statements.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

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) 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.

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.

Town of Pictou
Notes to Consolidated Financial Statements

For the year ended March 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 consist of term deposits recorded at amortized cost.

(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.

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 portfolio 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 consolidated statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, short-term investments, taxes and rates receivable, other receivables, 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.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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

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 Nova Scotia Utility and Review Board, to repay principal of capital debt.

(l) Government transfers

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Town recognizes revenues as the liability is settled.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Deferred revenue

Deferred revenue represents user charges, prepayment of taxes, other fees and government transfers 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 other 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.

Revenue from services to other governments, sale of services and other revenues are recognized at the time when services are performed and/or when earned as long as amounts can be reasonably estimated, and collection is reasonably assured.

(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 tangible 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 known.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

2. CASH AND CASH EQUIVALENTS

	2025	2024
General operating fund	\$ 1,042,693	\$ 5,265,913
Water operating fund	33,539	13,062
Capital reserve fund	378,446	291,535
Water capital fund	122,355	606
Trust funds	11,673	11,953
	\$ 1,588,706	\$ 5,583,069

3. TAXES RECEIVABLE

	2025	2024
Balance, beginning of year	\$ 704,888	\$ 587,748
Current year's levy of property taxes	4,862,915	4,498,065
Interest	157,725	146,099
Subtotal	5,725,528	5,231,912
Less		
Current year's collections	4,590,328	4,247,141
Reduced taxes	279,870	279,883
	4,870,198	4,527,024
Gross taxes receivable, end of year	855,330	704,888
Less		
Allowance for uncollectible taxes	(13,555)	(31,205)
Taxes receivable, net	\$ 841,775	\$ 673,683

4. RATES RECEIVABLE

	2025	2024
Sewer capital charges	\$ 97,565	\$ 206,646
Water rates	393,600	362,834
	491,165	569,480
Less: allowance for doubtful accounts	(10,498)	(21,783)
	\$ 480,667	\$ 547,697

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

5. LONG-TERM DEBT

	2025	2024
Municipal Finance Corporation, repayable in annual principal payments of \$31,982, plus interest at 3.14% to 3.55%, maturing in 2033	\$ 222,524	\$ 254,506
Municipal Finance Corporation, repayable in annual principal payments of \$163,733, plus interest at 4.32% to 4.41%, maturing in 2026	267,738	431,471
Municipal Finance Corporation, repayable in annual principal payments of \$22,140, plus interest at 2.00%, maturing in 2032	154,991	177,131
Municipal Finance Corporation, repayable in annual principal payments of \$34,965, plus interest at 3.55% to 4.72%, maturing in 2043	591,514	626,479
Municipal Finance Corporation, repayable in annual principal payments of \$75,500, plus interest at 4.37% to 5.14%, maturing in 2044	1,165,627	-
Municipal Finance Corporation, repaid during the year	-	32,000
Province of Nova Scotia, repayable in annual principal payments of \$13,500, plus interest at 3.34% to 3.58%, maturing in 2027	108,000	121,500
Province of Nova Scotia, repayable in annual principal payments of \$40,300, plus interest at 3.72% to 4.11%, maturing in 2028	362,700	403,000
Province of Nova Scotia, repayable in annual principal payments of \$225,636, plus interest at 1.12% to 2.38%, maturing in 2035	2,407,944	2,633,580
Province of Nova Scotia, operating loan, repayable in annual principal payments of \$83,077, plus interest at 2.90% to 4.12%, maturing in 2037	735,464	818,541
Province of Nova Scotia, operating loan repaid during the year	-	12,933
	\$ 6,016,502	\$ 5,511,141

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

5. LONG-TERM DEBT (CONTINUED)

Principal payments required in each of the next five years on debt held as of March 31, 2025 are as follows:

2026	\$ 794,838
2027	527,100
2028	594,601
2029	706,227
2030	435,850
Thereafter	2,957,886

6. 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:

	2025	2024
Opening balance	\$ 129,263	\$ 260,000
Accretion expense	2,302	-
Addition to asset retirement obligation	-	46,305
Derecognition of asset retirement obligation	-	(177,042)
	\$ 131,565	\$ 129,263

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

7. TANGIBLE CAPITAL ASSETS

	2025		2024	
	Net Book Value	Net Book Value	Net Book Value	Net Book Value
Land	\$ 876,379	\$ 876,379	\$ 876,379	\$ 876,379
Buildings	7,164,623	7,164,623	7,164,623	7,164,623
Equipment	8,447,450	8,447,450	8,447,450	8,447,450
Roads	10,323,657	10,323,657	10,323,657	10,323,657
Sewer collection and disposal	10,718,868	10,718,868	10,718,868	10,718,868
Other tangible capital assets	1,896,141	1,896,141	1,896,141	1,896,141
Water Utility assets	15,863,262	15,863,262	15,863,262	15,863,262
Work-in-progress	8,127,124	8,127,124	8,127,124	8,127,124
	\$ 63,417,504	\$ 63,417,504	\$ 63,417,504	\$ 63,417,504
	\$ 63,417,504	\$ 63,417,504	\$ 63,417,504	\$ 63,417,504
	\$ 13,967,467	\$ 13,967,467	\$ 13,967,467	\$ 13,967,467
	\$ 13,967,467	\$ 13,967,467	\$ 13,967,467	\$ 13,967,467
	\$ 22,075,710	\$ 22,075,710	\$ 22,075,710	\$ 22,075,710
	\$ 22,075,710	\$ 22,075,710	\$ 22,075,710	\$ 22,075,710
	\$ 24,084,720	\$ 24,084,720	\$ 24,084,720	\$ 24,084,720
	\$ 24,084,720	\$ 24,084,720	\$ 24,084,720	\$ 24,084,720
	\$ 53,300,251	\$ 53,300,251	\$ 53,300,251	\$ 53,300,251
	\$ 53,300,251	\$ 53,300,251	\$ 53,300,251	\$ 53,300,251
	\$ 714,959	\$ 714,959	\$ 714,959	\$ 714,959
	\$ 714,959	\$ 714,959	\$ 714,959	\$ 714,959
	\$ 905,453	\$ 905,453	\$ 905,453	\$ 905,453
	\$ 905,453	\$ 905,453	\$ 905,453	\$ 905,453
	\$ 18,619,756	\$ 18,619,756	\$ 18,619,756	\$ 18,619,756
	\$ 18,619,756	\$ 18,619,756	\$ 18,619,756	\$ 18,619,756
	\$ 2,897,703	\$ 2,897,703	\$ 2,897,703	\$ 2,897,703
	\$ 2,897,703	\$ 2,897,703	\$ 2,897,703	\$ 2,897,703
	\$ 10,021,728	\$ 10,021,728	\$ 10,021,728	\$ 10,021,728
	\$ 10,021,728	\$ 10,021,728	\$ 10,021,728	\$ 10,021,728
	\$ 6,935,015	\$ 6,935,015	\$ 6,935,015	\$ 6,935,015
	\$ 6,935,015	\$ 6,935,015	\$ 6,935,015	\$ 6,935,015
	\$ 482,598	\$ 482,598	\$ 482,598	\$ 482,598
	\$ 482,598	\$ 482,598	\$ 482,598	\$ 482,598
	\$ 12,723,039	\$ 12,723,039	\$ 12,723,039	\$ 12,723,039
	\$ 12,723,039	\$ 12,723,039	\$ 12,723,039	\$ 12,723,039
	\$ 714,959	\$ 714,959	\$ 714,959	\$ 714,959
	\$ 714,959	\$ 714,959	\$ 714,959	\$ 714,959
	\$ 41,341,794	\$ 41,341,794	\$ 41,341,794	\$ 41,341,794
	\$ 41,341,794	\$ 41,341,794	\$ 41,341,794	\$ 41,341,794

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

8. ACCUMULATED SURPLUS (DEFICIT)

	2025	2024
General operating fund	\$ —	\$ —
Water Utility operating fund	(936,935)	(766,231)
General capital fund	35,534,572	25,187,800
Water Utility capital fund	10,137,057	9,853,427
	44,734,694	34,274,996
Reserve funds	1,294,002	982,083
Trust funds	11,673	12,673
	\$ 46,040,369	\$ 35,269,752

9. 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 5.

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

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.

	2025 Contribution	2024 Contribution
Pictou County Shared Services Authority	\$ 258,903	\$ 244,792
Eastern Mainland Housing Authority	1,654	138,666
Pictou-Antigonish Regional Library	33,841	33,841
Pictou County Transit Authority	43,300	-
CHAD - Transit Authority	23,700	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 \$71,680 (2024 - \$131,824) on behalf of Active Pictou County.

11. 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, 2025, the amount transferred was \$197,384 (2024 - \$133,320).

(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, 2025, the Town's portion of contributions for the deficit was \$48,927 (2024 - \$37,011).

Town of Pictou
Notes to Consolidated Financial Statements
For the year ended March 31, 2025

12. BUDGET INFORMATION

The disclosed budget information has been approved by the Mayor and Council at the council meeting on April 22, 2024.

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 ("PSAS").

	2025
Approved budgeted surplus for the year	
General operations	\$ 1,173,787
Water utility operations	221,067
Approved budget surplus	1,394,854
Adjustment for:	
Canada Community Building Fund	226,045
Amortization of tangible capital assets	(1,613,316)
	(1,387,271)
	\$ 7,583

Town of Pictou

Schedule of Remuneration and Expenses of Members of Council and CAO

For the year ended March 31, 2025

Name	Title	Remuneration	Expenses
Jim Ryan	Mayor	\$ 22,817	\$ 1,020
Nadine Leblanc	Councillor, Deputy Mayor	14,136	3,252
Dan Currie	Councillor, Deputy Mayor	8,653	190
Melinda MacKenzie	Councillor	7,845	-
Shaun McNamara	Councillor	7,845	-
Robert Fry	Councillor	5,753	225
Krysta Fulton	Councillor	5,753	-
Matt Harris	Councillor	5,282	233
Kyle Slaunwhite	CAO	133,751	2,934

Town of Pictou
Schedule of Segment Disclosure
For the year ended March 31, 2025

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 2025 and 2024 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, 2025	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
REVENUES									
Taxation	\$ 4,777,752	\$ -	\$ -	\$ 684,453	\$ -	\$ -	\$ -	\$ -	\$ 5,462,205
Grants in lieu of taxes	443,065	-	-	-	-	-	-	-	443,065
Services provided to other governments	40,946	-	-	-	-	-	-	-	40,946
Sale of services	-	-	-	-	-	-	272,499	-	272,499
Revenue from own sources	283,423	497,149	-	-	-	-	-	-	780,572
Unconditional transfers from other governments	891,463	-	-	-	-	-	-	-	891,463
Capital grants	16,746	-	-	-	-	-	-	-	16,746
Canada Community Building Fund revenue	226,045	-	10,905,836	-	-	-	-	25,686	10,931,522
Other	150,861	-	-	-	-	-	-	-	150,861
Water Utility revenue	-	-	-	-	-	-	-	1,234,865	1,234,865
	6,830,301	497,149	10,905,836	684,453	-	-	272,499	1,260,551	20,450,789
EXPENSES									
Salaries, wages and benefits	462,408	114,291	604,626	128,460	-	-	430,096	262,025	2,001,906
Interest on long-term debt	22,616	17,104	57,758	26,889	-	-	9,548	77,700	211,615
Other operating expenses	847,501	1,398,808	525,454	772,383	-	227,465	692,281	765,497	5,229,409
External transfers and grants	43,739	-	67,000	-	44,868	36,490	33,841	-	226,938
Amortization	45,217	114,826	440,340	396,234	-	-	608,170	406,517	2,011,304
	1,421,481	1,645,029	1,695,178	1,323,966	44,868	263,975	1,773,836	1,511,739	9,680,172
ANNUAL SURPLUS (DEFICIT)	\$ 5,408,820	\$ (1,147,880)	\$ 9,210,658	\$ (639,513)	\$ (44,868)	\$ (263,975)	\$ (1,501,437)	\$ (251,169)	\$ 10,770,617

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	-	-	-	-	-	-	329,107	-	329,107
Revenue from own sources	295,676	539,016	-	-	-	-	-	-	834,692
Unconditional transfers from other governments	918,682	-	-	-	-	-	-	-	918,682
Capital grants	15,070	-	-	-	-	-	-	-	15,070
Canada Community Building Fund revenue	227,980	-	7,636,696	-	-	-	-	25,685	7,662,361
Other	127,332	-	-	-	-	-	-	-	127,332
Water Utility revenue	-	-	-	-	-	-	-	1,101,712	1,101,712
	6,224,509	539,016	7,636,696	603,856	-	-	329,107	1,127,397	16,460,581
EXPENSES									
Salaries, wages and benefits	417,868	127,663	604,658	81,522	-	-	464,067	287,072	1,982,850
Interest on long-term debt	19,542	1,334	46,102	32,943	-	-	8,002	69,645	177,588
Other operating expenses	706,827	1,114,139	582,903	666,449	-	143,725	673,198	716,718	4,603,959
External transfers and grants	43,106	-	21,500	-	30,169	36,490	33,841	-	165,106
Amortization	46,694	108,138	335,587	374,097	-	-	163,214	389,560	1,417,290
	1,234,037	1,351,274	1,590,750	1,155,011	30,169	180,215	1,342,322	1,462,985	8,346,773
ANNUAL SURPLUS (DEFICIT)	\$ 4,990,472	\$ (812,258)	\$ 6,045,946	\$ (551,155)	\$ (30,169)	\$ (180,215)	\$ (1,013,215)	\$ (335,598)	\$ 8,113,808

Town of Pictou
Non-Consolidated Schedule of Operating Fund
For the year ended March 31, 2025
(Unaudited)

	2025	2024
REVENUES		
Taxes	\$ 5,462,205	\$ 4,801,633
Grants in lieu of taxes	443,065	413,812
Services provided to other governments	40,946	27,980
Sales of services	272,499	329,107
Revenue from own sources	780,572	834,892
Transfers from other governments	908,209	959,437
	<u>7,907,496</u>	<u>7,366,861</u>
EXPENSES		
General government services	1,375,264	1,235,268
Protective services	1,894,317	1,530,339
Transportation services	1,254,838	1,287,567
Environmental services	927,732	780,914
Public health services	44,868	30,169
Environmental development services	263,975	180,215
Recreation and cultural services	1,165,766	1,179,108
	<u>6,926,760</u>	<u>6,223,580</u>
Excess of revenues over expenses before the following	980,736	1,143,281
FINANCING AND TRANSFERS		
Debenture and term loan principal repayments	(389,389)	(354,424)
Transfer to capital fund	(412,260)	(541,588)
Transfer to capital reserve	(77,800)	(60,000)
Transfer to operating reserve	—	(8,800)
Transfer to Water Utility capital fund	—	(25,685)
Net financing and transfers	<u>(879,449)</u>	<u>(990,497)</u>
ANNUAL SURPLUS	101,287	152,784
ACCUMULATED SURPLUS, BEGINNING OF YEAR	—	—
TRANSFER TO OPERATING RESERVE	(101,287)	(152,784)
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, 2025
(Unaudited)

	2025	2024
OPERATING REVENUES		
Rates	\$ 1,210,996	\$ 1,080,224
Public fire protection	364,114	328,367
	<u>1,575,110</u>	<u>1,408,591</u>
OPERATING EXPENSES		
Source of supply	32,075	13,006
Pumping	144,520	136,468
Water treatment	164,445	129,761
Transmission and distribution	442,969	454,217
Administration and general	214,079	240,307
Depreciation	406,517	389,561
Taxes	107,134	99,675
	<u>1,511,739</u>	<u>1,462,995</u>
Excess (deficiency) of operating revenues over expenses before the following	63,371	(54,404)
NON-OPERATING REVENUES		
Miscellaneous and interest	23,869	21,488
NON-OPERATING EXPENSES		
Debt charge, principal	257,944	257,944
ANNUAL DEFICIT	(170,704)	(290,860)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(766,231)	(475,371)
ACCUMULATED DEFICIT, END OF YEAR	<u>\$ (936,935)</u>	<u>\$ (766,231)</u>

Town of Pictou
Non-Consolidated Schedule of Capital Fund
For the year ended March 31, 2025
(Unaudited)

	2025	2024
REVENUES		
Government grants	\$ 10,905,836	\$ 7,636,696
EXPENSES		
General government services	45,217	46,698
Protective services	114,826	112,338
Transportation services	440,340	288,804
Environmental health services	396,234	364,511
Recreation and cultural services	608,170	163,214
	<u>1,604,787</u>	<u>975,565</u>
Excess of revenues over expenses before the following	9,301,049	6,661,131
FINANCING AND TRANSFERS		
Transfer from operating fund	412,260	541,588
Transfer from capital reserve fund and Canada Community Building fund reserve	244,074	342,377
Debenture and term loan principal repayments	389,389	354,424
	<u>1,045,723</u>	<u>1,238,389</u>
ANNUAL SURPLUS	10,346,772	7,899,520
ACCUMULATED SURPLUS, BEGINNING OF YEAR	25,187,800	17,288,280
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 35,534,572</u>	<u>\$ 25,187,800</u>

Town of Pictou
Non-Consolidated Schedule of Water Utility Capital Fund
For the year ended March 31, 2025
(Unaudited)

	2025	2024
REVENUES		
Government grants	\$ 25,686	\$ -
FINANCING AND TRANSFERS		
Capital debt retired	257,944	257,944
Transfer from operating fund	-	25,685
ANNUAL SURPLUS	283,630	283,629
ACCUMULATED SURPLUS, BEGINNING OF YEAR	9,853,427	9,569,798
ACCUMULATED SURPLUS, END OF YEAR	\$ 10,137,057	\$ 9,853,427

