

Town of Pictou
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2026

Town of Pictou
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March 31, 2026

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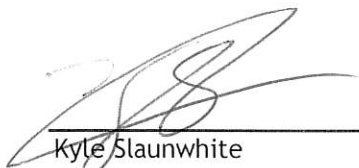
Statement of Responsibility

The accompanying consolidated financial statements are the responsibility of the management of the Town of Pictou. The consolidated financial statements have been prepared by management in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards ("PSAS").

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

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

BDO Canada LLP, as the Town of Pictou's appointed external auditors, have audited the accompanying consolidated financial statements. The independent auditor's report is addressed to the Mayor and Council and appears on the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the Town of Pictou in accordance with Canadian Public Sector Accounting Standards.



Kyle Slaunwhite
Chief Administrative Officer



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Independent Auditor's Report

To the Mayor and Council of Town of Pictou

Opinion

We have audited the consolidated financial statements of the Town of Pictou, (the "Town"), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows and 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, 2026, 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 - Supplementary 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 22-29 is presented for purposes of additional information and does not form part of the consolidated financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion, or any other form of assurance on this supplementary information.

The financial statements of the Town for the year ended March 31, 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 23, 2025.



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 management'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 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.

BDO Canada LLP

Chartered Professional Accountants

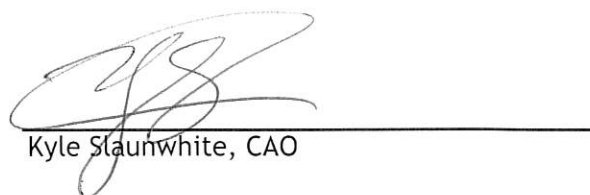
Halifax, Nova Scotia
September 22, 2026

Town of Pictou
Consolidated Statement of Financial Position
March 31, 2026

	2026	2025
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 163,685	\$ 1,577,033
Short-term investments	-	812,160
Taxes receivable (Note 4)	966,054	841,775
Rates receivable (Note 5)	426,929	480,667
Other accounts receivable (Note 6)	1,188,658	725,009
Due from federal government and its agencies	246,992	161,683
Due from provincial government and its agencies	1,000	313,617
	<u>2,993,318</u>	<u>4,911,944</u>
Financial Liabilities		
Demand loan (Note 7)	3,600,000	-
Accounts payable and accrued liabilities (Note 8)	1,055,990	1,419,246
Deferred revenue (Note 9)	1,273,653	4,775,628
Long-term debt (Note 10)	7,224,033	6,016,502
Asset retirement obligation (Note 11)	40,822	131,565
	<u>13,194,498</u>	<u>12,342,940</u>
Net Debt	<u>(10,201,180)</u>	<u>(7,430,997)</u>
Non-Financial Assets		
Tangible capital assets (Note 13)	64,804,730	53,300,251
Inventory, prepaid expenses and other	145,549	159,442
	<u>64,950,279</u>	<u>53,459,693</u>
Accumulated Surplus	<u>\$ 54,749,099</u>	<u>\$ 46,028,696</u>

Approved on behalf of Council:


Jim Ryan, Mayor


Kyle Slaunwhite, CAO

Town of Pictou
Consolidated Statement of Operations
March 31, 2026

	2026 Budget (Note 17)	2026 Actual	2025 Actual
Revenue			
Taxes	\$ 5,807,314	\$ 5,965,508	\$ 5,462,205
Grants in lieu of taxes	425,899	425,575	443,065
Services provided to other governments	95,272	140,309	40,946
Sales of services	310,363	165,963	272,499
Revenue from own sources	581,610	591,460	780,572
Unconditional transfers from other governments	545,651	673,412	891,463
Conditional transfer from other governments	6,040	-	16,746
Capital grants	-	9,545,212	10,931,522
Canada Community-Building Fund Revenue	251,545	251,545	226,045
Other	-	211,305	150,861
Water Utility revenue	1,815,425	1,383,619	1,234,865
	9,839,119	19,353,908	20,450,789
Expenses			
General government services	1,221,737	1,521,633	1,421,481
Protective services	2,097,332	1,865,714	1,645,029
Transportation services	1,912,777	2,100,711	1,695,178
Environmental services	1,261,444	1,247,802	1,323,966
Public health services	47,000	42,585	44,868
Environmental development services	171,700	247,226	263,975
Recreation and cultural services	1,496,268	1,557,166	1,773,936
Water Utility expenses	2,196,519	2,050,668	1,511,739
	10,404,777	10,633,505	9,680,172
Annual Surplus	(565,658)	8,720,403	10,770,617
Accumulated Surplus, Beginning of Year	46,028,696	46,028,696	35,258,079
Accumulated Surplus, End of Year	\$ 45,463,038	\$ 54,749,099	\$ 46,028,696

Town of Pictou
Consolidated Statement of Changes in Net Debt
March 31, 2026

	2026 Budget (Note 17)	2026 Actual	2025 Actual
Annual surplus	\$ (565,658)	\$ 8,720,403	\$ 10,770,617
Other non-financial assets			
Acquisition of tangible capital assets	-	(14,232,317)	(13,967,467)
Amortization of tangible capital assets	-	2,034,799	2,009,010
Loss on disposal of tangible capital assets	-	506,319	-
Proceeds on disposal of tangible capital assets	-	186,720	-
Gain on adjustment of ARO asset	-	-	-
Change in inventory and prepaid expenses	-	13,893	(26,793)
Change in net debt	(565,658)	(2,770,183)	(1,214,633)
Net Debt, Beginning of Year	(7,430,997)	(7,430,997)	(6,216,364)
Net Debt, End of Year	\$ (7,996,655)	\$ (10,201,180)	\$ (7,430,997)

Town of Pictou
Consolidated Statement of Cash Flows
March 31, 2026

	2026	2025
Cash flows from (used in) operating activities		
Annual surplus	\$ 8,720,403	\$ 10,770,617
Amortization of tangible capital assets	2,034,799	2,009,010
Accretion expense of asset retirement obligations	1,219	2,302
Loss on disposal of tangible capital assets	506,319	-
Gain on adjustment of ARO asset	(91,962)	-
Changes in non-cash items:		
Taxes receivable	(124,279)	(168,092)
Rates receivable	53,738	67,030
Other accounts receivable	(463,649)	(351,442)
Government receivables	227,308	190,247
Accounts payable and accrued liabilities	(363,257)	(872,975)
Deferred revenue	(3,501,975)	(3,840,001)
Inventory, prepaid expenses and other	13,893	(26,793)
	<u>7,012,558</u>	<u>7,779,903</u>
Cash flows from (used in) financing activities		
Repayment of long-term debt	(794,838)	(660,266)
Proceeds from short-term debt	3,600,000	-
Proceeds from long-term debt	2,002,369	1,165,627
	<u>4,807,531</u>	<u>505,361</u>
Cash flows from investing activities		
Decrease in short-term investments	812,160	\$ 1,687,840
Cash flows from (used in) capital activities		
Additions to tangible capital assets	(14,232,317)	(13,967,467)
Proceeds on disposal of tangible capital assets	186,720	-
	<u>(14,045,597)</u>	<u>(13,967,467)</u>
Decrease in Cash and Cash Equivalents	(1,413,348)	(3,994,363)
Cash and Cash Equivalents, Beginning of Year	1,577,033	5,571,396
Cash and Cash Equivalents, End of Year	\$ 163,685	\$ 1,577,033

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

1. Status of the Town

The incorporated Town of Pictou is a municipal government located in Pictou County, Nova Scotia. The Town was incorporated in 1873 and operates under the authority of the Municipal Government Act of Nova Scotia. The Town provides a range of municipal services to its residents, including protective services, transportation and public works, environmental health services, recreation and cultural services, planning and development, water utility services, and general government administration.

2. Significant Accounting Policies

The consolidated financial statements are prepared using Canadian public sector accounting standards (PSAS).

(a) 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 the General Operating and Capital Funds, Water Operating and Capital Funds, Reserve Funds, and Trust Funds.

(b) 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.

2. Significant Accounting Policies (continued)

(b) 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.

(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 is 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 operations as a reduction of taxation revenue.

(d) 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.

2. 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 include cash on hand, cash on deposit and short-term liquid investments that are readily convertible to cash and are not subject to significant risk of changes in value. Short-term liquid investments have a maturity date of ninety days or less from the date of acquisition.

(g) Short-term investments

Short-term investments consist of term deposits recorded at amortized cost.

(h) 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.

(i) 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 from reserve funds are an adjustment to the respective fund when approved.

(j) Financial instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, short-term borrowing, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense and transaction costs are added to the carrying value for financial instruments.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

2. Significant Accounting Policies (continued)

(k) Asset retirement obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure at the financial statement date.

This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

(l) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Tangible capital assets under construction, development or that have been removed from service are not amortized until they are available to be put into service.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

The cost of tangible capital assets is amortized on a straight line basis over the estimated useful lives as follows:

General tangible capital assets

Buildings	40 years
Equipment	5-25 years
Roads	50 years
Sewer collection and disposal	50 years
Other tangible capital assets	25-40 years

Water Fund

Structures and improvements	75 years
Equipment	5-20 years
Mains	75 years
Services and other	50 years
Meters	20 years
Hydrants	50 years

2. Significant Accounting Policies (continued)

(m) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(n) Revenue recognition

Funds from external parties and earnings thereon, other than from government transfers, are deferred when restrictions are placed on their use by the external party, and are recognized as revenue in the period when used for the purpose specified.

Property tax revenue is determined based on assessments according to Nova Scotia legislation. Tax rates are set annually, and revenue is recorded in the period to which it relates. Assessments can be appealed, and provisions are made for significant appeals. Overdue tax penalties are recorded in the period they are levied.

Water utility revenue is based on meter readings and levies, recognized using the accrual basis as they are earned and measurable.

Investment income earned on surplus operating funds, capital funds, and reserve funds is reported as revenue in the period earned.

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.

(o) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include amortization of tangible assets, and taxation revenue. Actual results could differ from these estimates.

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

3. Cash and Cash Equivalents

	2026	2025
General operating fund	\$ (11,002)	\$ 1,042,693
Water operating fund	37,460	33,539
Capital reserve fund	59,731	378,446
Water capital fund	77,496	122,355
	<u>\$ 163,685</u>	<u>\$ 1,577,033</u>

4. Taxes Receivable

	2026	2025
Taxes receivable	\$ 974,306	\$ 855,329
Less: allowance for doubtful accounts	(8,252)	(13,555)
Taxes receivable, net	<u>\$ 966,054</u>	<u>\$ 841,775</u>

5. Rates Receivable

	2026	2025
Sewer capital charges	\$ -	\$ 97,565
Water rates	429,657	393,600
	<u>429,657</u>	<u>491,166</u>
Less: Allowance for doubtful accounts	(2,728)	(10,498)
Rates receivable, net	<u>\$ 426,929</u>	<u>\$ 480,667</u>

6. Other Accounts Receivable

	2026	2025
Government grants and assistance receivable	\$ 944,176	\$ 662,597
Other receivables	246,283	65,065
	<u>1,190,459</u>	<u>727,662</u>
Less: Allowance for doubtful accounts	(1,801)	(2,653)
Other accounts receivable, net	<u>\$ 1,188,658</u>	<u>\$ 725,009</u>

7. Demand Loan

As at March 31, 2026, the Town had an outstanding demand loan with Royal Bank of Canada of \$3,600,000 (2025 - \$Nil). The loan bears interest at Term CORRA plus 1.05% (3.31% at March 31, 2026) and matures on April 13, 2026. Subsequent to year-end, the loan has been renewed on a month-to-month basis. The balance has been classified as a current liability as it is repayable on demand.

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

8. Accounts Payable and Accrued Liabilities

	2026	2025
Trade accounts payable	\$ 938,504	\$ 1,314,795
Accrued interest	75,622	63,104
Accrued vacation	41,864	41,347
	<u>\$ 1,055,990</u>	<u>\$ 1,419,246</u>

9. Deferred Revenue

	2026	2025
Opening balance	\$ 4,775,628	\$ 8,615,629
Contributions received	1,167,022	2,220,941
Revenue recognized	<u>(4,668,997)</u>	<u>(6,060,942)</u>
Ending balance	<u>\$ 1,273,653</u>	<u>\$ 4,775,628</u>

Included in deferred revenue at March 31, 2026 is \$975,277 received from the Province of Nova Scotia under the Growth and Renewal for Infrastructure Development Program. The funding is restricted to eligible construction costs and will be recognized as revenue as those costs are incurred and the program stipulations are satisfied.

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

10. Long-Term Debt

	2026	2025
Province of Nova Scotia, repayable in annual principal payments of \$225,636, plus interest at 1.24% to 2.38%, maturing in 2035	\$ 2,182,308	\$ 2,407,944
Province of Nova Scotia, repayable in annual principal payments of \$100,118, plus interest at 2.72% to 4.85%, maturing in 2045	2,002,369	-
Province of Nova Scotia, repayable in annual principal payments of \$75,500, plus interest at 4.37% to 5.14%, maturing in 2044	1,090,127	1,165,627
Province of Nova Scotia, repayable in annual principal payments of \$83,077, plus interest at 2.90% to 4.12%, maturing in 2037	652,387	735,464
Province of Nova Scotia, repayable in annual principal payments of \$34,965, plus interest at 3.55% to 4.72%, maturing in 2043	556,549	591,514
Province of Nova Scotia, repayable in annual principal payments of \$40,300, plus interest at 3.72% to 4.11%, maturing in 2028	322,400	362,700
Province of Nova Scotia, repayable in annual principal payments of \$31,982, plus interest at 3.14% to 3.55%, maturing in 2033	190,542	222,524
Province of Nova Scotia, repayable in annual principal payments of \$22,140, plus interest at 2.00%, maturing in 2032	132,851	154,991
Province of Nova Scotia, repayable in annual principal payments of \$13,500, plus interest at 3.34% to 3.58%, maturing in 2027	94,500	108,000
Province of Nova Scotia, repaid during the year	-	267,738
Total long-term debt	<u>\$ 7,224,033</u>	<u>\$ 6,016,502</u>

Principal payments required in each of the next five years are as follows:

2027	\$ 627,218
2028	694,719
2029	806,345
2030	535,968
2031	535,964

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

11. Asset Retirement Obligation

Asset retirement obligations are recognized related to the remediation of contaminants present in a number of buildings and a wharf owned by the Town. An obligation of \$40,822 (2025 - \$131,565) has been accrued on the statement of financial position. The obligation was determined based on the estimated costs required to remove and remediate hazardous contaminants upon decommissioning of the affected assets. Estimated remediation costs have been discounted to present value using discount rates ranging from 2.2% to 3.3%.

Buildings and wharf containing contaminants 1 - 15 years

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

	<u>2026</u>	<u>2025</u>
Opening balance	\$ 131,565	\$ 129,263
Accretion expense	1,219	2,302
Derecognition of asset retirement obligation	<u>(91,962)</u>	<u>-</u>
	<u>\$ 40,822</u>	<u>\$ 131,565</u>

12. Accumulated Surplus (Deficit)

	<u>2026</u>	<u>2025</u>
General operating fund	\$ -	\$ -
Water utility operating fund	(1,052,964)	(936,935)
General capital fund	44,895,982	35,534,572
Water utility capital fund	<u>10,023,522</u>	<u>10,137,058</u>
	53,866,539	44,734,694
Reserve funds	<u>882,560</u>	<u>1,294,002</u>
	<u>\$ 54,749,099</u>	<u>\$ 46,028,696</u>

Town of Pictou
Consolidated Schedule of Tangible Capital Assets
For the Year Ended March 31, 2026

13. Tangible Capital Assets

Cost	Land	Buildings	Equipment	Roads	Sewer collection and disposal	Other tangible capital assets	Water utility assets	Work-in- progress	2026	2025
Opening costs	\$ 905,453	\$ 24,129,139	\$ 8,859,474	\$ 13,488,098	\$ 10,799,538	\$ 1,917,303	\$ 16,571,007	\$ 714,959	\$ 77,384,971	\$ 63,417,504
Additions during the year	17,508	295,610	1,019,779	1,302,252	107,132	48,400	888,967	10,552,669	14,232,317	13,967,467
Disposals and write downs	(6,149)	(733,145)	(886)	-	-	(46,305)	(1,021,439)	-	(1,807,924)	-
Ending costs	916,812	23,691,604	9,878,367	14,790,350	10,906,670	1,919,398	16,438,535	11,267,628	89,809,364	77,384,971
Accumulated Amortization										
Opening accumulated amortization	-	5,509,383	5,961,771	3,466,370	3,864,523	1,434,705	3,847,968	-	24,084,720	22,075,710
Amortization	-	534,446	581,060	295,207	218,133	24,861	381,092	-	2,034,799	2,009,010
Disposals and write downs	-	(499,389)	(886)	-	-	(46,305)	(568,305)	-	(1,114,885)	-
Ending accumulated amortization	-	5,544,440	6,541,945	3,761,577	4,082,656	1,413,261	3,660,755	-	25,004,634	24,084,720
Net Book Value of Tangible Capital Assets	\$ 916,812	\$ 18,147,164	\$ 3,336,422	\$ 11,028,773	\$ 6,824,014	\$ 506,137	\$ 12,777,780	\$ 11,267,628	\$ 64,804,730	\$ 53,300,251

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

14. 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.

	<u>2026 Contribution</u>
Pictou County Shared Services Authority	\$ 286,342
Pictou - Antigonish Regional Library	35,294
Pictou County Transit Authority	43,300
CHAD - Transit Authority	23,700
Active Pictou County (a)	<u>16,500</u>

(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 administered by the Town. At year-end, the Town held \$47,539 (2025 - \$71,680) on behalf of Active Pictou County.

15. 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 ended March 31, 2026, the Town of Pictou transferred \$169,097 (2025 - \$197,384) to the Pictou County Deed Transfer Tax Trust.

(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, 2026, the Town's portion of contributions for the deficit was \$63,708 (2025 - \$48,927).

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

16. 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 currency risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because a counterparty 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.

The risk has increased from the prior year as receivable balances have increased.

	2026			2025		
	Taxes receivable	Impairment allowance	Total	Taxes receivable	Impairment allowance	Total
Current	\$ 675,893	\$ -	\$ 675,893	\$ 653,113	\$ -	\$ 653,113
1 to 2 years	294,290	(4,130)	290,161	190,965	(2,303)	188,662
2 to 3 years	3,734	(3,734)	-	10,998	(10,998)	-
Over 3 years	388	(388)	-	254	(254)	-
	<u>\$ 974,306</u>	<u>\$ (8,252)</u>	<u>\$ 966,054</u>	<u>\$ 855,329</u>	<u>\$ (13,555)</u>	<u>\$ 841,775</u>

	2026			2025		
	Rates receivable	Impairment allowance	Total	Rates receivable	Impairment allowance	Total
Current	\$ 367,455	\$ -	\$ 367,455	\$ 450,668	\$ -	\$ 450,668
91 to 180	45,754	-	45,754	30,401	(401)	30,000
181 to 270	1,464	-	1,464	1,852	(1,852)	-
271 to 360	14,984	(2,728)	12,256	8,245	(8,245)	-
	<u>\$ 429,657</u>	<u>\$ (2,728)</u>	<u>\$ 426,929</u>	<u>\$ 491,166</u>	<u>\$ (10,498)</u>	<u>\$ 480,668</u>

	2026			2025		
	Other receivable	Impairment allowance	Total	Other receivable	Impairment allowance	Total
Current	\$1,167,353	\$ -	\$1,167,353	\$ 933,093	\$ -	\$ 933,093
31 to 60 days	328	-	328	-	-	-
61 to 90 days	-	-	-	-	-	-
Over 90 days	270,770	(1,801)	268,969	268,604	(1,388)	267,216
	<u>\$1,438,451</u>	<u>\$ (1,801)</u>	<u>\$1,436,650</u>	<u>\$ 1,201,697</u>	<u>\$ (1,388)</u>	<u>\$ 1,200,309</u>

Town of Pictou
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2026

16. Financial Instruments (continued)

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.

	Current	Due within 1 year	Due within 2 years	Thereafter	Total
Accounts payable and accrued liabilities	\$ 1,055,990	\$ -	\$ -	\$ -	\$ 1,055,990
Demand loan	3,600,000	-	-	-	3,600,000
Long-term debt	-	627,218	694,719	5,902,096	7,224,033
	<u>\$ 4,655,990</u>	<u>\$ 627,218</u>	<u>\$ 694,719</u>	<u>\$ 5,902,096</u>	<u>\$11,880,023</u>

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 debts 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 8.

17. Budget Information

The disclosed budget information has been approved by the Mayor and Council at the council meeting on April 22, 2025.

The Town budgets for rate setting 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").

	2026
General operations	\$ 1,217,594
Water utility operations	2
Approved budget surplus	<u>1,217,596</u>
Adjustment for:	
Canada Community-Building Fund	251,545
Amortization of tangible capital assets	(2,034,799)
	<u>(1,783,254)</u>
	<u>\$ (565,658)</u>

Schedule of Remuneration and Expenses of Members of Council and CAO
For the Year Ended March 31, 2026

Name	Title	Remuneration		Expenses	
Jim Ryan	Mayor	\$	24,218	\$	2,288
Robert Fry	Councillor, Deputy Mayor		14,710		-
Nadine Leblanc	Councillor		15,643		3,503
Krista Fulton	Councillor		14,433		1,143
Terry Dunbrack	Councillor		7,003		90
Kyle Slaunwhite	CAO		141,962		1,889

Schedule B

Town of Pictou
Consolidated Statement of Operations by Program
March 31, 2026
(Unaudited)

Year ended March 31, 2026	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Services	Water Utility	Total
Revenues									
Taxation	\$ 5,247,698	\$ -	\$ -	\$ 717,810	\$ -	\$ -	\$ -	\$ -	\$ 5,965,508
Grants in lieu of taxes	425,575	-	-	-	-	-	-	-	425,575
Services provided to other governments	140,309	-	-	-	-	-	-	-	140,309
Sales of services	-	-	-	-	-	-	165,963	-	165,963
Revenue from own sources	280,504	310,956	-	-	-	-	-	-	591,460
Unconditional transfers from other governments	673,412	-	-	-	-	-	-	-	673,412
Conditional transfer from other governments	-	-	-	-	-	-	-	-	-
Capital grants	-	-	9,545,212	-	-	-	-	-	9,545,212
Canada Community-Building Fund revenue	251,545	-	-	-	-	-	-	-	251,545
Other	211,305	-	-	-	-	-	-	-	211,305
Water utility revenue	-	-	-	-	-	-	-	1,383,619	1,383,619
	7,230,348	310,956	9,545,212	717,810	-	-	165,963	1,383,619	19,353,908
Expenses									
Salaries, wages and benefits	504,980	128,201	731,005	139,709	-	-	321,571	332,919	2,158,385
Interest on short-term and long-term debt	55,655	17,935	104,019	18,833	-	-	19,095	79,427	294,964
Other operating expenses	893,048	1,602,369	663,740	717,572	-	247,226	577,984	1,257,230	5,959,169
External transfers and grants	45,120	-	63,189	-	42,585	-	35,294	-	186,188
Amortization	22,830	117,209	538,758	371,688	-	-	603,222	381,092	2,034,799
	1,521,633	1,865,714	2,100,711	1,247,802	42,585	247,226	1,557,166	2,050,668	10,633,505
Surplus (deficit)	\$ 5,708,715	\$ (1,554,758)	\$ 7,444,501	\$ (529,992)	\$ (42,585)	\$ (247,226)	\$ (1,391,203)	\$ (667,049)	\$ 8,720,403

Town of Pictou
Consolidated Statement of Operations by Program
March 31, 2026
(Unaudited)

Year ended March 31, 2025	General Government Services	Protective Services	Transportation Services	Environmental Services	Public Health Services	Environmental Development Services	Recreation and Cultural Service	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 the 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
Conditional transfer from other governments	16,746	-	-	-	-	-	-	-	16,746
Capital grants	-	-	10,905,836	-	-	-	-	25,686	10,931,522
Canada Community-Building Fund revenue	226,045	-	-	-	-	-	-	-	226,045
Other	150,861	-	-	-	-	-	-	-	150,861
Water utility revenue	-	-	-	-	-	-	-	1,234,865	1,234,865
	6,830,302	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 short-term and long-term debt	22,616	17,104	57,758	26,889	-	-	9,548	77,700	211,615
Other operating expenses	847,502	1,398,808	525,454	772,383	-	227,485	692,281	765,497	5,229,409
External transfers and grants	43,739	-	67,000	-	44,868	36,490	33,841	-	225,938
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	1,773,936	1,511,739	9,680,172
Surplus (deficit)	\$ 5,408,820	\$ (1,147,880)	\$ 9,210,658	\$ (639,513)	\$ (44,868)	\$ (263,975)	\$ (1,501,438)	\$ (251,188)	\$ 10,770,617

Town of Pictou

Schedule C

Non-Consolidated Schedule of Operating Fund

March 31, 2026

(Unaudited)

	2026	2025
Revenue		
Taxes	\$ 5,965,508	\$ 5,462,205
Grants in lieu of taxes	425,575	443,065
Services provided to other governments	140,309	40,946
Sales of services	165,963	272,499
Revenue from own sources	591,460	780,572
Transfers from other governments	673,412	908,209
	<u>7,962,227</u>	<u>7,907,496</u>
Expenses		
General government services	1,497,583	1,375,264
Protective services	2,185,989	1,894,317
Transportation services	1,561,953	1,254,838
Environmental services	876,114	927,732
Public health services	42,585	44,868
Environmental development services	247,226	263,975
Recreation and cultural services	953,944	1,165,766
	<u>7,365,394</u>	<u>6,926,760</u>
Excess of revenues over expenses before the following	<u>596,833</u>	<u>980,736</u>
Financing and transfers		
Debenture and term loan principal repayments	(418,394)	(389,389)
Transfer to capital fund	(602,829)	(412,260)
Transfer to capital reserve	(75,000)	(77,800)
Transfer to operating reserve	-	-
Transfer to Water Utility capital fund	-	-
Net financing and transfers	<u>(1,096,223)</u>	<u>(879,449)</u>
Surplus (deficit)	<u>(499,390)</u>	<u>101,287</u>
Accumulated Surplus, Beginning of Year	-	-
Transfer to (from) Operating Reserve	<u>499,390</u>	<u>(101,287)</u>
Accumulated Surplus, End of Year	<u>\$ -</u>	<u>\$ -</u>

Town of Pictou

Schedule D

Non-Consolidated Schedule of Water Utility Operating Fund

March 31, 2026

(Unaudited)

	2026	2025
Operating Revenues		
Rates	\$ 1,354,941	\$ 1,210,996
Public fire protection	437,484	364,114
	<u>1,792,425</u>	<u>1,575,110</u>
Operating Expenses		
Source of supply	11,886	32,075
Pumping	171,457	144,520
Water treatment	189,642	164,445
Transmission and distribution	459,492	442,969
Administration and general	227,908	214,079
Depreciation	381,092	406,517
Taxes	119,211	107,134
	<u>1,560,688</u>	<u>1,511,739</u>
Excess of revenues over expenses before the following	<u>231,737</u>	<u>63,371</u>
Non-Operating Revenues		
Miscellaneous and interest	28,678	23,869
Non-Operating Expenses		
Debt charge, principal	376,444	257,944
Annual Deficit	<u>(116,029)</u>	<u>(170,704)</u>
Accumulated Deficit, Beginning of Year	<u>(936,935)</u>	<u>(766,231)</u>
Accumulated Deficit, End of Year	<u>\$ (1,052,964)</u>	<u>\$ (936,935)</u>

Town of Pictou
Non-Consolidated Schedule of Capital Fund
March 31, 2026
(Unaudited)

Schedule E

	2026	2025
Revenues		
Government grants	\$ 9,777,493	\$ 10,905,836
Expenses		
General government services	24,048	45,217
Protective services	117,209	114,826
Transportation services	538,758	440,340
Environmental health services	371,688	396,234
Recreation and cultural services	603,222	608,170
	<u>1,654,925</u>	<u>1,604,787</u>
Excess of revenues over expenses before the following	<u>8,122,568</u>	<u>9,301,049</u>
Financing and transfers		
Transfer from operating fund	602,829	412,260
Transfer from capital reserve fund and Canada Community Building fund reserve	217,619	244,074
Debenture and term loan principal repayments	418,394	389,389
	<u>1,238,842</u>	<u>1,045,723</u>
Annual Surplus	<u>9,361,410</u>	<u>10,346,772</u>
Accumulated Surplus, Beginning of Year	<u>35,534,572</u>	<u>25,187,800</u>
Accumulated Surplus, End of Year	<u>\$ 44,895,982</u>	<u>\$ 35,534,572</u>

Town of Pictou
Non-Consolidated Schedule of Water Utility Capital Fund
March 31, 2026
(Unaudited)

Schedule F

	2026	2025
Revenues		
Government grants	\$ -	\$ 25,686
Expenses		
Loss on sale of assets	489,980	-
Financing and transfers		
Capital debt retired	376,444	257,944
Annual Surplus	(113,536)	283,630
Accumulated Surplus, Beginning of Year	10,137,058	9,853,428
Accumulated Surplus, End of Year	\$ 10,023,522	\$ 10,137,058

Town of Pictou

Schedule G

Non-Consolidated Schedule of Reserve Funds

March 31, 2026

(Unaudited)

	Capital Reserve	Operating Reserve	Canada Community-Building Fund Reserve	2026 Total	2025 Total
Revenues					
Canada Community-Building Fund	\$ 16,150	\$ -	\$ 235,395	\$ 251,545	\$ 226,045
Other	-	24,141	444	24,585	28,345
Proceeds on sale of land and equipment	186,720	-	-	186,720	122,516
	202,870	24,141	235,839	462,850	376,906
Expenses					
Expenditures	-	-	-	-	-
Transfer from operating fund	118,486	524,102	-	642,588	(77,800)
Transfer to capital fund	118,486	524,102	231,704	231,704	244,074
	84,384	(499,961)	4,135	(411,442)	210,632
Surplus (deficit)					
Accumulated Surplus, Beginning of Year	441,295	825,316	27,391	1,294,002	982,083
Transfer from Operating Fund	-	-	-	-	101,287
Accumulated Surplus, End of Year	\$ 525,679	\$ 325,355	\$ 31,526	\$ 882,560	\$ 1,294,002