



# Financial Statements

## Year Ended December 31, 2024

*Fredericton*

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## Governance and Strategic Management

Fredericton City Council is a council composed of a mayor and twelve councillors. They are elected by ward to govern the City of Fredericton. The Council is responsible for setting policy that is administered for residents by professional management and staff.

In 2021, due to a delay in the 2020 elections resulting from the COVID-19 pandemic, a new City Council was formed in May of 2021. The election resulted in a new mayor and 5 new councillors. For the first time in Fredericton's history, a female was elected as mayor and Council had the most female representation on Council with four female councillors elected. The next election is planned for May 2026.

Beginning in 2016, the City began a process to create a new municipal plan to guide the City of Fredericton into the future. The culmination of this plan was its adoption on January 27, 2020. It is based on many public consultations and will be the basis for how decisions are made today to impact the City going forward. It takes into consideration all of the things that make the City what it is and has recommendations on how to maintain and enhance the quality of life for citizens of Fredericton.

A major change to the Governance model was implemented January 1, 2023 by the Provincial Government. This Local Governance Reform resulted in the City growing both in size and population. This has impacted service delivery and results in a changing relationship with the Regional Service Commission.

A 20 Year Long-Term Financial Plan was adopted by City Council on September 13, 2010. The Long-Term Financial Plan is the City's road map to long-term financial affordability, flexibility, sustainability and resiliency. With the adoption of the new municipal plan, the long-term financial plan will be updated to reflect the new guiding document. It will also reflect new factors including growth as a result of local governance reform and a heightened focus on environmental issues surrounding adaptation and mitigation.

The General Fund long-term financial plan includes a recommended debt servicing limit of 8% of total revenue. The 8% debt servicing ceiling along with the 12-17% Pay-As-You-Go (PAYG) capital budget allocation provides 20-25% of the total General Fund budget allocated to capital assets and infrastructure, which is the amount required to maintain service levels and address stable growth. The Long Term Financial Plan was renewed in 2023 and reconfirmed policy decisions for future budgets with a new slant to incorporate a renewed focus on investment in growth.

Capital investment priorities are set based on the need for renewal, extension or addition of capital assets within the City's eight Program Result Areas. The City maintains a complete inventory and knows the replacement cost of its capital assets. The PAYG capital budget is used to (a) replace existing assets, (b) expand and enhance assets to accommodate new services and growth, and (c) repair and maintain existing assets. During 2024, the City will undertake a program to assess next steps in asset management.

The City of Fredericton develops an annual budget that outlines planned revenue collection and expenditures for the calendar year. Revenues are generated primarily from property taxes, although funds are received through transfers from other levels of government and from non-tax revenues, including permit fees, parking levies, transit fares, and from other services. Expenditures relate to each of the services provided by the municipality in support of the goals of the eight Program Result Areas.

# Financial Statement Discussion & Analysis

## Introduction

Management of the City of Fredericton is responsible for preparing the Financial Statement Discussion & Analysis (FSD&A). This report is supplementary to the audited financial statements with the objective of explaining, highlighting and analyzing information contained in the financial statements.

This discussion will provide highlights of the key financial information and analysis, including an assessment of trends and indicators of financial health.

## Highlights

### Revenue

Revenue for 2024 was \$230.8 million, up from \$203.9 million, or a 13% increase from 2023. The increase is primarily attributable to increased property tax revenues due to an extremely robust residential housing market, a significant increase in third party contributions driven primarily from other government funding and increases to non-tax revenue in areas of such as Transit, Parking and Recreation Services.

<b>Revenue</b>	<b>2024</b>
Property taxes	\$ 148,212,547
Sales, fines and other fees	37,786,091
Services to other governments	5,393,655
Community funding and Federal Grant in Lieu	1,211,982
Third party contributions:	
Federal and Provincial infrastructure funding	26,994,640
Infrastructure installations funded by private development	6,413,506
Return on investments, and other miscellaneous revenue	4,830,726
<b>Total revenue</b>	<b>\$ 230,843,147</b>

Revenue from sales, fines and fees increased by \$4.2 million, or 12.4% over the prior year. Factors driving the increase were in the following areas: building permits, public transit, recreational facilities, tourism accommodation levy and water and sewer rates.

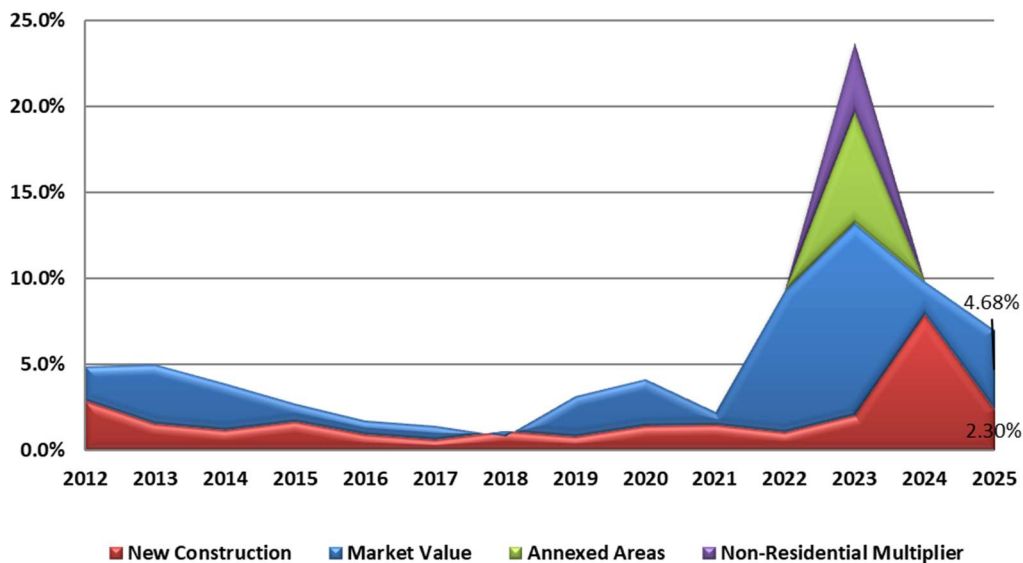
Rising costs and increasing needs for public services continue to be the key drivers for negotiating new service contracts. The City continues to negotiate contracts with neighboring communities for such services as Policing and Fire Protection of Saint Mary’s First Nation, Fire to LSDs and 911 Dispatch Services for the region. These contract agreements aim to achieve full cost recovery for the services provided to other government entities. It is important to note Local Governance Reform will have an impact on certain agreements moving forward, namely surrounding recreational services.

## Revenue growth from property taxes is unpredictable

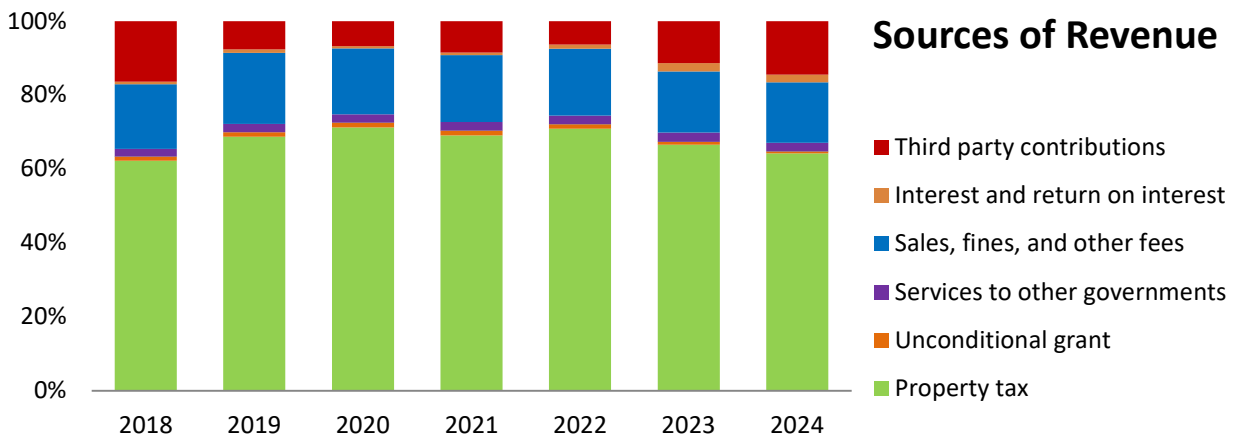
The City's revenue growth from property tax was on a downward trend but has rebounded after the property tax freeze in 2018. Tax base growth is composed of new construction and increases in the assessed market value of existing properties.

For 2024, the tax base from new construction grew by 1.95% while market assessments grew by 7.86% due to another year of a strong housing market. Looking forward, the tax base for 2025 will increase 6.98% due to a 4.68% increase in market assessments and a 2.30% increase attributable to new construction. It is extremely difficult to estimate what 2026 tax base assessment numbers will be; however, there are signs that residential transactions are slowing which could result in lower tax assessments adjustments than have been seen over the past three years.

### Growth in the Property Tax Base



The City maintains a high reliance on property taxes as the main source of revenue. In 2024, property tax revenue was approximately 64.2% of total revenue.

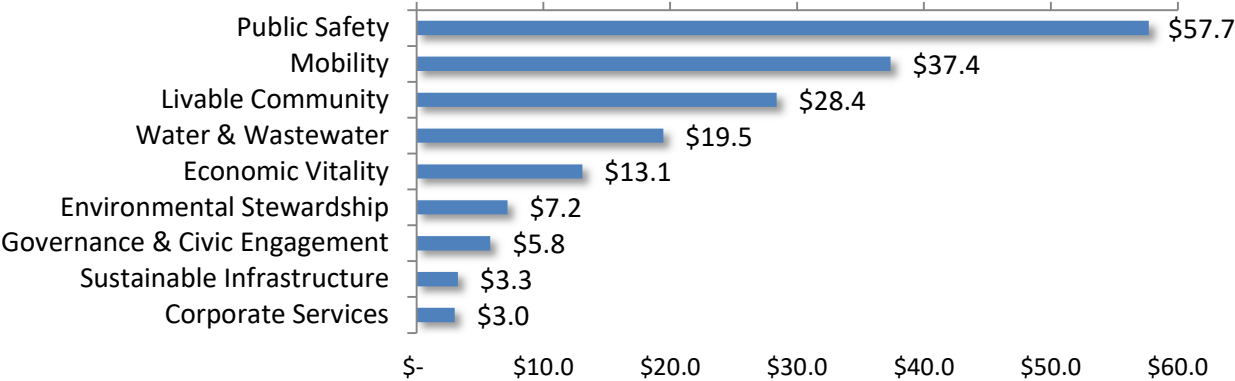


The reliance on property taxes is partly due to a reduction in the Community Funding and Equalization grant received from the Province of New Brunswick. The grant decreased over a four-year period, from \$5.78 million in 2011 to \$1.71 million in 2015. In 2024, the Community Funding and Equalization grant was 0.5% of total revenue, compared to 4.3% in 2011. Due to Local Governance Reform, the Province has announced changes to the Community Funding and Equalization Grant that will result in allocation to the City of Fredericton being reduced to zero by the end of 2026. The City is focusing on leveraging funds from other levels of government to advance capital projects, however, this funding is not guaranteed to be available to the City in future years.

**Expenses by Program Results Area**

Expenses are reported by Program Results Area. Community results are achieved in each program area through the delivery of services and provision of municipal infrastructure.

**Expenditures by Program Results Area (in \$ millions)**



\* Corporate Services and other overhead costs are reallocated to the external services.

**Expenses are related to salaries and benefits, goods and services, and infrastructure costs**

Annual expenses reported in the financial statements include salaries and benefits, goods and services, and amortization of infrastructure. Annual amortization expenses are calculated as the historic cost of infrastructure and assets divided by their expected useful life.

Total expenses in 2024 were \$175.3 million, compared to \$165.8 in 2023, an increase of 5.7%.

<b>Expense by Type (in \$ millions)</b>	<b>2024</b>		<b>2023</b>		<b>2022</b>	
Salaries	\$	89.6	\$	85.5	\$	74.2
Goods and Services		59.6		52.3		41.6
Amortization		25.4		24.5		23.9
Interest		0.7		0.8		1.1
Other		0.0		2.7		0.3
	\$	175.3	\$	165.8	\$	141.1

**Union agreements**

The basis for City negotiations is tied to the City’s Human Resources Tactical Plan adopted in 2019. The basis is on fair and predictable compensation for City employees that is tied to cost of living, based on the New Brunswick Consumer Price Index. Since 2019, five bargaining units representing employees of the

City of Fredericton have agreed to settlements linked to NB CPI. They include CUPE Locals 508 (Outside), 1709 (Inside), 1783 (Transit); and CUPE Local 3864 (Technical Professionals), and UBC Local 911 (Police). IAFF Local 1053 (Fire) chose to enter into arbitration for their contract in which the arbitrator awarded NB CPI similar to all other City collective bargaining agreements. The non-bargaining employees and Council also have their salaries linked to NB CPI. As Police and Fire contracts expire December 31, 2024, negotiations will commence early in 2025.

### Costs are expected to increase faster than revenue growth

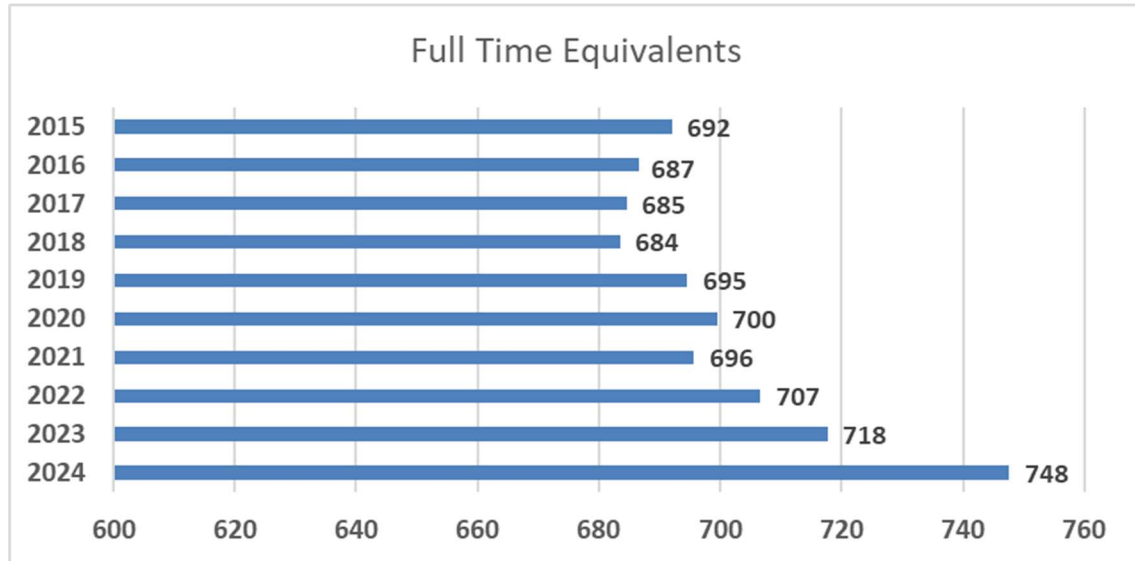
The City's inflationary costs have been increasing at a higher rate than a typical consumer's inflation as measured by the Consumer Price Index.

For 2024, this trend continued. High costs associated with non-personnel contracts above CPI and high construction costs make it difficult to provide the same quality of service to residents. The City is committed to identifying opportunities to offset higher costs. Since 2012, the City has worked diligently to produce cumulative savings exceeding \$10.3M. or \$0.11 on the tax rate. However, there is a risk that the adjustments to services will be required if inflationary costs continue to outpace annual revenue.

The City has also reduced the tax rate for the majority of residents but decreasing the inside tax rate \$0.1225 per \$100 of assessment from 2022 – 2025 to reflect that residents are also being negatively impacted by inflation.

### Aligning the workforce to a growing community – striking the balance

In the past, full time equivalent employee (FTE) growth outpaced revenue growth which resulted in an imbalance of salary costs compared to revenue which resulted in a need to right-size the FTE complement. Due to significant growth in the community and changing needs, the City is now strategically adding to the FTE complement where there are service requirements to support our growing community.



### City is mandated to operate within a balanced budget framework

The City is mandated to budget using provincially legislated cash budgeting for each of its operating funds and is required to maintain a balanced budget on a cash basis with no cumulative surplus or deficit within those operating funds.

In 2024, the City's General Operating Fund ended the year with a surplus from regular operations of \$1,695,514 or 0.8% of total revenue. The Water & Sewer Utility Fund ended with a cash budget surplus of \$673,418 or 1.9% of total revenue.

Annually, the City is required to consolidate the operations of City owned companies with regular operations to report a Consolidated General Operating Fund surplus or deficit to the Province of New Brunswick. These companies, including the Fredericton Convention Centre, e-Novations Comnet Inc. and Newmarket Properties Inc., added \$815,924 to the annual Consolidated General Fund surplus/deficit. The operating surpluses generated from the subsidiary companies are retained in each company to be used for future reinvestment in infrastructure necessary to sustain their operations.

The consolidated annual surplus also includes unrealized foreign exchange gains of \$256,134 and unrealized gains on investments of \$278,873. Including the subsidiary companies, and the effect of unrealized foreign exchange gains and unrealized investment losses, the City's Consolidated General Operating Fund surplus is \$3,046,445 or 1.5% of revenue.

### Investments in infrastructure are necessary to sustain service delivery

For 2024, the City reported tangible capital assets with a historical cost of \$1.099 billion and \$397 million in accumulated amortization, resulting in a net book value of \$702 million. During the year, the City recognized amortization expenses of \$25.4 million. To sustain current levels of service delivery, the City must replace assets at a rate greater than the rate of amortization to recognize changes in technology, service delivery/expectations and inflationary impacts.

The amortization expenses recorded for the cost of consuming assets (at historical prices) is much lower than the capital expenditures required to acquire replacement assets (at current prices).

The City's infrastructure consists of long-lasting assets. The annual amortization expense is based on the historical cost of assets at the time of construction, which is then amortized over the useful life of the infrastructure. The useful life of a municipality's large infrastructure assets ranges from 15 to 80 years and historical construction costs are much lower than current replacement costs. As a result, the total expense recorded for asset amortization tends to be much lower than the current cost of investments required to replace those same assets.

### Using Public Sector Accounting Standards, the difference between amortization expense and the current cost of replacing infrastructure gives rise to an annual surplus

The City's audited financial statements are prepared in accordance with Public Sector Accounting Board (PSAB) standards. PSAB requires governments to capitalize long-term assets and record amortization expense at historic costs over their useful lives.

Investments in infrastructure are recorded as an increase in tangible capital assets as shown on the Consolidated Statement of Financial Position, rather than as a cash expense during the year. Capital assets are then depreciated over their useful lives and the cost of asset amortization is recorded as amortization expense each year over the useful life of the asset.

In 2024, amortization expense was recorded at \$25.4 million, while the total investment in replacement and new infrastructure was \$72.1 million. Capitalizing investments as assets and recording amortization expense under PSAB standards resulted in an annual expense that was \$46.7 million lower than the City's cash operating budget because the historical amortization expense is much lower than current replacement costs. This creates an annual surplus when reporting for Public Sector Accounting purposes.

### Consolidated surplus is related to investment in infrastructure and is supported by third party contributions.

The City ended the year with a consolidated surplus from all funds of \$55.5 million and an accumulated surplus of \$756 million, compared with an annual surplus of \$38.0 million and a year-end accumulated surplus of \$700 million in 2023.

The City's operations are managed within a balanced budget on a cash expenditures basis. Budgetary cash surpluses or deficits are legislated to be included in the second ensuing year's operating budget. As a result, the consolidated annual surplus of \$38.0 million is made up primarily of:

- Cash investments in capital assets that are higher than the amortization expensed in the year,
- Third party contributions of capital assets and infrastructure funding, and
- Debt repayments.

Throughout the year, the City receives contributions of municipal infrastructure from developers who have built new subdivision streets, sidewalks, and water and sewer infrastructure and then turned those assets over to the City. This results in an increase in tangible capital assets as well as an increase in the property tax base. During the year, developers contributed \$3.5 million in linear assets.

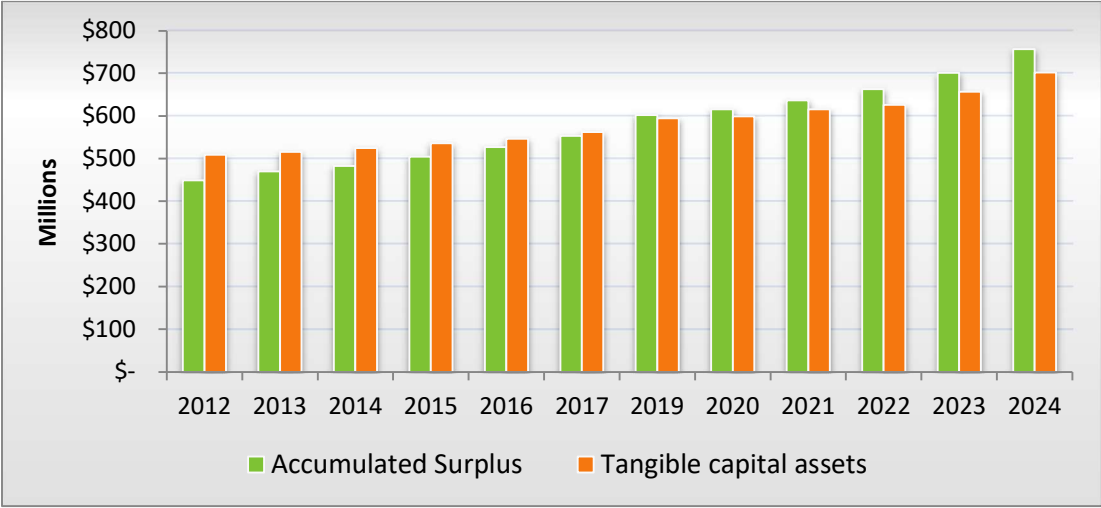
Also included in third party contributions are government transfers and funding for major capital projects. In 2024, the Federal and Provincial governments contributed investments in infrastructure valued at \$27.0 million including contributions for transit upgrades, affordable housing, and various roadway and water and sewer projects.

**Accumulated surplus related to investments in infrastructure**

The accumulated surplus reported on the Consolidated Statement of Financial Position shows the net amount of assets available to provide services for the City’s residents. This is not a cash surplus available for additional expenditures but represents the cumulative investment in infrastructure over time.

The following chart shows the accumulated surplus compared to the net book value of tangible capital assets. The accumulated surplus is made up almost entirely of investment in infrastructure and tangible capital assets. This is because the City is required by legislation not to accumulate year over year cash surpluses from operations.

The net difference between the accumulated surplus and the value of tangible capital assets shown on the following chart is outstanding long-term debt.



Readers of the financial statements should be cautious about their interpretation of the increase in tangible assets and accumulated surplus.

The increase in accumulated surplus or tangible capital assets does not necessarily indicate that the overall condition or life expectancy of existing infrastructure is improving or that future cash requirements to replace capital assets are diminishing.

The accumulated surplus represents the City’s equity in assets which represents the City’s future ability to use infrastructure to deliver municipal services and achieve Program Results.

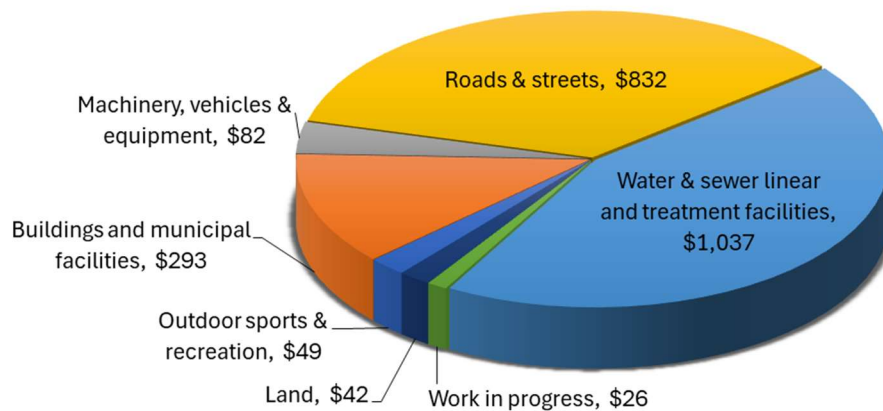
## Investments in infrastructure support Program Results

During 2024, the City made significant investments to renew existing infrastructure and additions of new infrastructure to achieve Program Results.

Program Results Area	Project	Community Result
Environmental Stewardship	<ul style="list-style-type: none"> <li>• Riverside Drive, Aquarius Street, and Glazier Road coordinated reconstruction to replace end of life infrastructure and improve flood resiliency</li> <li>• Refillable water fountains</li> <li>• Installation of solar panels at Two Nations Crossing Depot</li> </ul>	An environmentally conscious corporation and community, adapting and mitigating against climate change
Livable Community	<ul style="list-style-type: none"> <li>• Begun construction of new Performing Arts Centre</li> <li>• Grand opening Officers' Square for Garrison Fest and Canada Day</li> <li>• Continuing work on the Public Realm investments in the City's downtown and Main Street</li> <li>• Replacement of Willie O'Ree Turf Field</li> <li>• New Lincoln Heights Cricket Field</li> <li>• Construction of new urban dog parks</li> <li>• Construction of new small craft boat launches connecting residents to the St John and Nashwaak Rivers</li> </ul>	A vibrant, well-planned, connected, and active community
Mobility	<ul style="list-style-type: none"> <li>• Construction of new urban dog parks</li> <li>• Construction of new small craft boat launches connecting residents to the St John and Nashwaak Rivers</li> <li>• Continued investment in renewal of transportation network</li> <li>• Replacement of salt storage building</li> </ul>	New equipment and infrastructure to provide safe, accessible, options for movement around the community.
Public Safety	<ul style="list-style-type: none"> <li>• Acquisition of new pumper truck</li> <li>• Continued investment in police fleet</li> <li>• Upgrades to police IT assets</li> </ul>	Services that protect people and property, fostering a safe and secure community for all.
Water and Wastewater	<ul style="list-style-type: none"> <li>• On-going upgrades at Barker Street treatment facility</li> <li>• On-going construction of a new production well</li> <li>• Ongoing investment in in coordinated replacement of linear water and sewer infrastructure with roadway improvement projects</li> </ul>	Infrastructure to provide safe and clean water

## Infrastructure Condition and Deficit

### Total Replacement Value of Infrastructure \$2,361 Million



There are a number of tangible capital assets owned by the City that have reached the end of their intended useful lives but have not yet been replaced and are still in service. The current replacement cost of these assets is referred to as the infrastructure deficit. The infrastructure deficit is not included in the annual or accumulated surplus figures in the consolidated financial statements.

### Estimated Infrastructure Deficit (in \$ millions)

Infrastructure Assets	2024	2023
Outdoor sports & recreation	\$ 8.9	\$ 6.4
Buildings and municipal facilities	17.6	15.1
Machinery, vehicles & equipment	15.1	14.8
Roads & streets	93.6	80.7
Water & sewer linear and treatment facilities	204.2	193.0
	<u>\$ 339.3</u>	<u>\$ 310.0</u>

### Addressing the Infrastructure Deficit through long-term financial planning and fiscal policies

The City is working to address the infrastructure deficit through its fiscal policies and long-term financial plans. The Long-term Financial Plan for both the Water & Sewer Fund and the General Operating Fund prescribe a level of funding required for infrastructure renewal that will stabilize the infrastructure deficit over a 20-year period. As mentioned, this Plan will undergo in-depth reviews on a regular basis to update policies and determine effectiveness over time. An in-depth review was undertaken in 2023.

The Council has also adopted these long-term financial plans along with related fiscal policies aimed at achieving the plans' objectives. The Debt and Affordability Policy caps the level of debt payments to less than 8% of total recurring budget, and the Capital Prioritization and Investment Policy ensures that at least 75% of the capital budget is invested in the renewal of existing infrastructure.

Meeting renewal targets for infrastructure replacement is key to achieving a reduction of the infrastructure deficit.

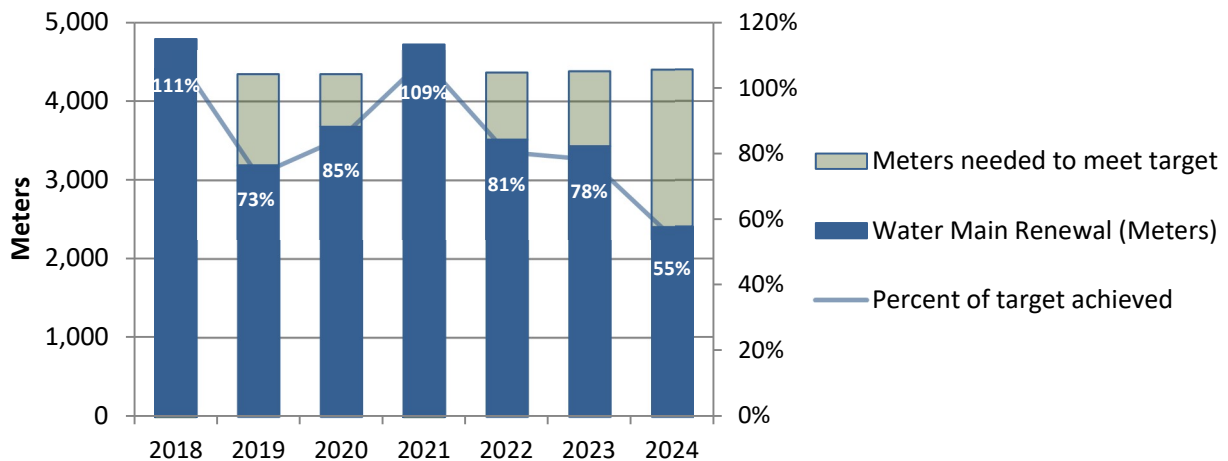
## Water and Sewer linear assets represent the largest area of infrastructure deficit

The City of Fredericton Water and Sewer utility operates 10 major water production wells, two water treatment plants, fourteen booster stations and seventeen water storage reservoirs. Wastewater is collected and treated at the Barker's Street Treatment Facility along with one sewage treatment lagoon. Water and wastewater are distributed and collected using over 840 kilometers of underground piping.

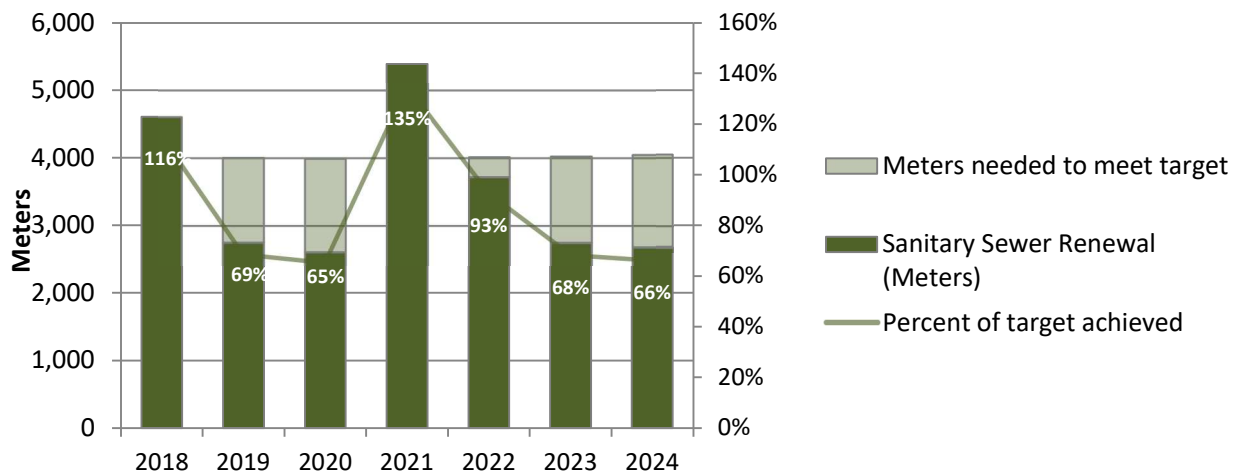
Water & Sewer Linear Assets	Total Length (km)	Infrastructure in Service Beyond Expected Useful Life		
		Length of Deficit (km)	Percent of Total	Replacement Cost (in millions)
Water mains	438.2	114.2	26%	\$ 126.0
Sanitary sewers	402.5	19.6	5%	\$ 17.7

Water mains and sanitary sewers have expected useful lives ranging from forty to eighty years. Many are still in service beyond expected useful life estimates. A minimum renewal rate of 1% of the total length of infrastructure per year is the target renewal rate for maintaining a sustainable underground system.

### Water Main Renewal Compared to Target



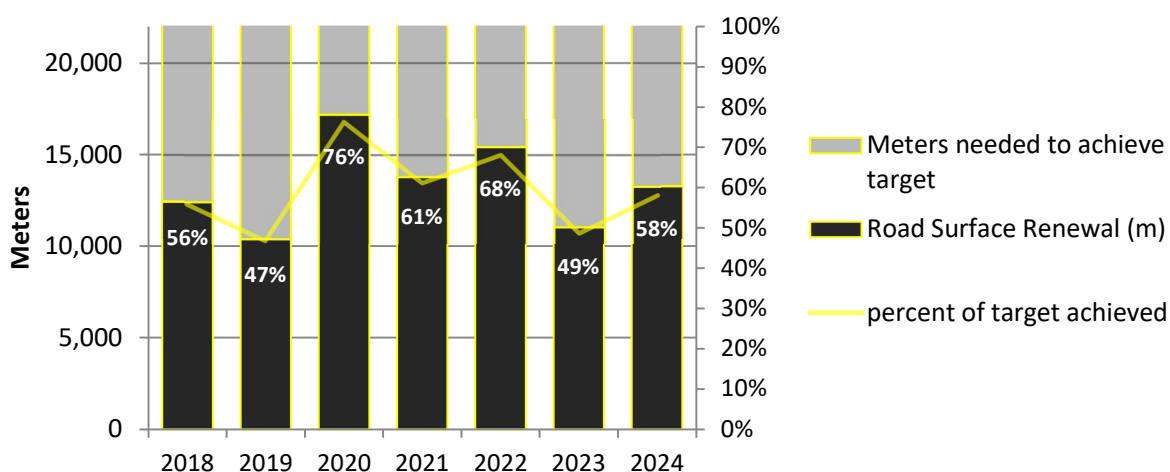
### Sanitary Sewer Renewal Compared to Target



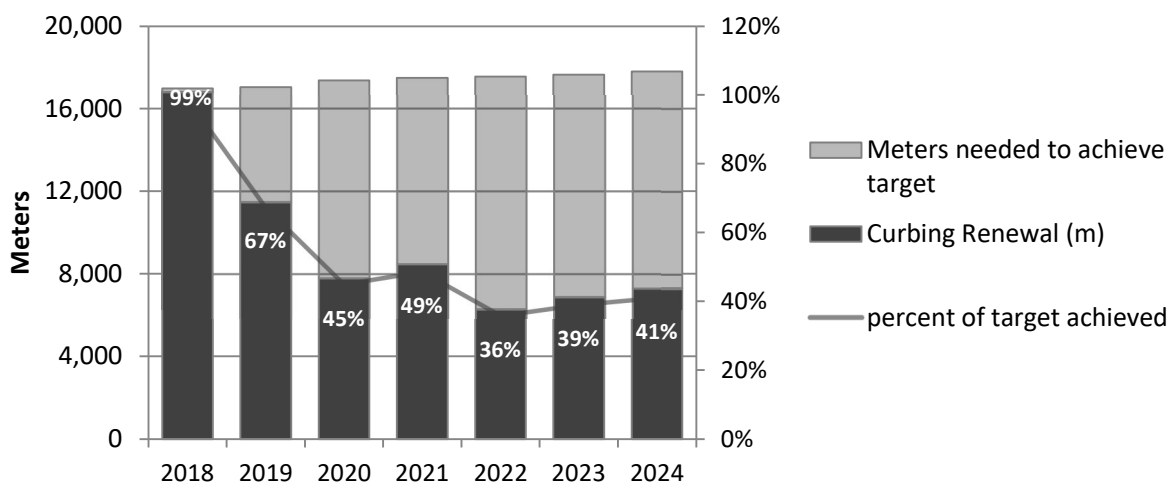
## Roads and Streets assets require significant reinvestment to sustain the quality of service

Roads & Streets Linear Assets	Total Length (km)	Infrastructure in Service Beyond Expected Useful Life		
		Length of Deficit (km)	Percent of Total	Replacement Cost (in millions)
Road surfaces	376.6	72.7	19%	\$ 18.7
Road base	378.9	37.3	10%	\$ 45.0
Curbing	583.1	63.3	11%	\$ 14.2
Sidewalk	253.2	21.5	8%	\$ 7.5

### Road Surface Renewal Compared to Target

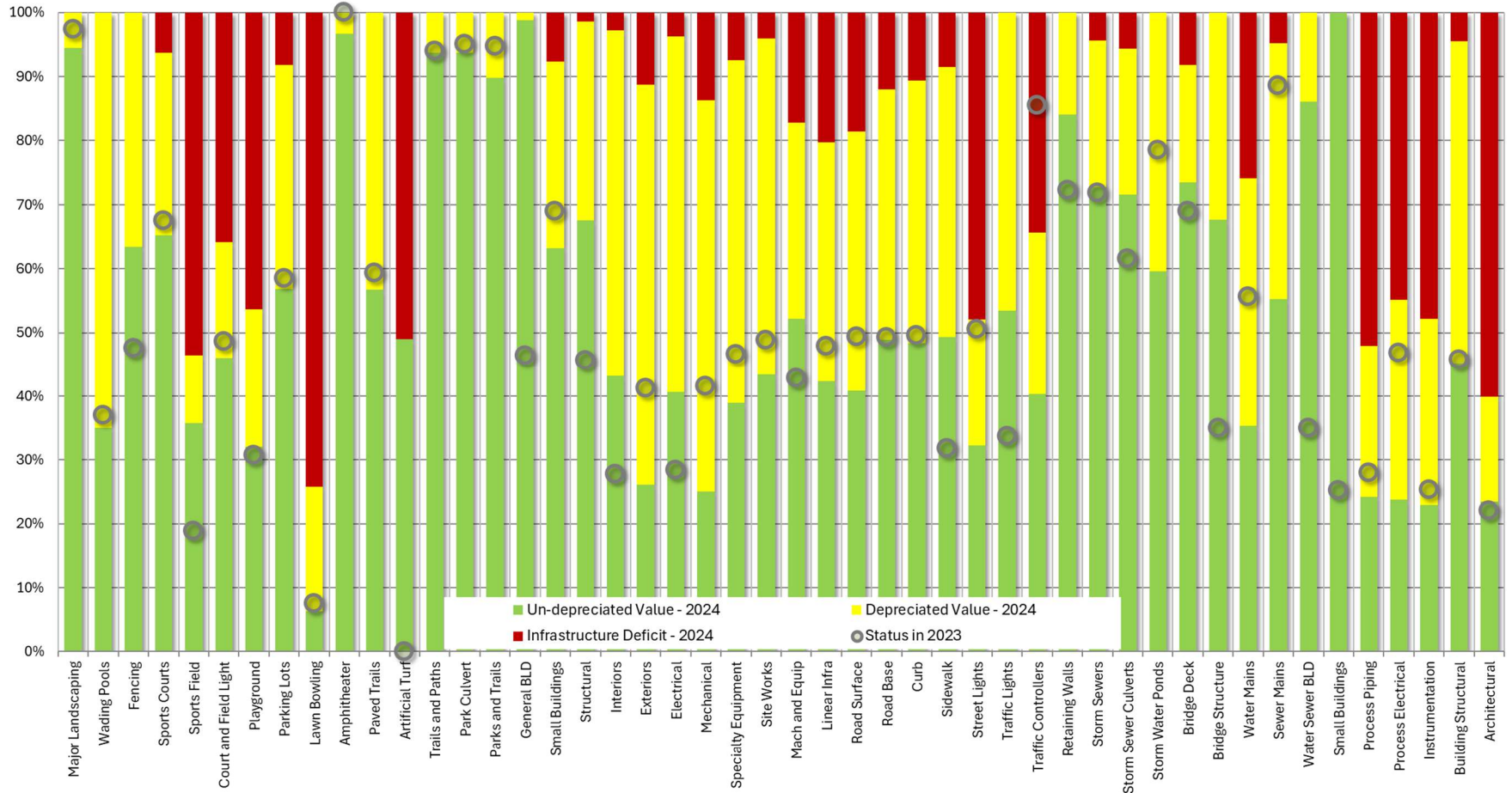


### Curbing Renewal Compared to Target



In addition to assets that have already exceeded their expected useful lives, a number of assets are nearing the end of their expected useful lives or have been partially used. The chart on the following page shows the relative percentage of assets by category that have already reached the end of their expected useful lives, the amount of life already depreciated from the pool of assets, and the un-depreciated or useful life remaining.

# Infrastructure Condition



## Assessment of Financial Trends

Debt is an important measure of financial health and future prospects for the City of Fredericton. Net debt represents the future amount of revenue required to fund existing commitments and indicates the affordability of additional spending. It is calculated as the total short- and long-term financial obligations of the City, less current financial assets.

### Change in Net Surplus

The City has experienced an increase in its net surplus over the last five years. In 2023, the City continued to repay its long-term debt, further increasing the net surplus.

- For the year ended December 31, 2024, the net surplus increased to \$51 million.

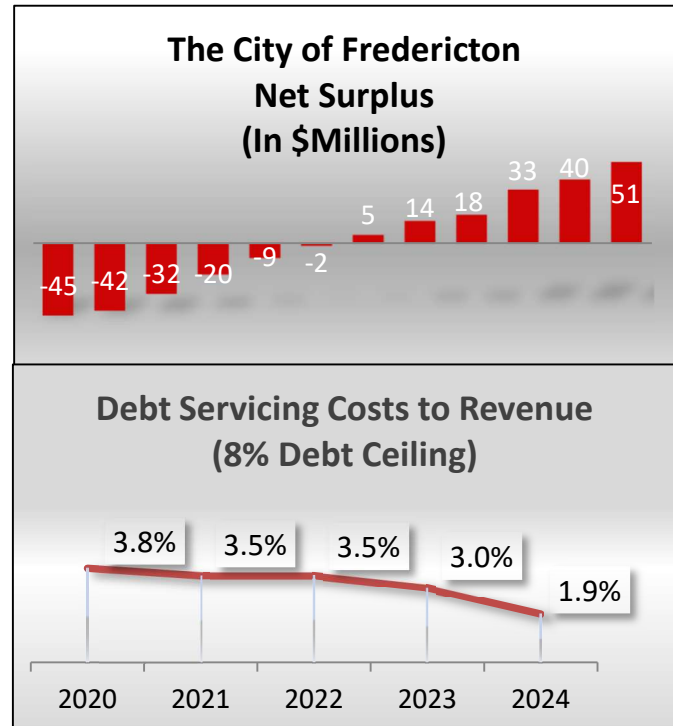
### Debt Servicing Costs

Debt servicing costs were 1.9% of total revenue in 2024. The long-term financial plan sets a target debt servicing ceiling of 8% of total recurring revenue.

- Debt servicing costs of \$4.5 million were recorded in 2024, including \$0.7 million in interest and \$3.8 million in principal repayments.

### Improving Asset-to-Liability ratio

In 2024, the City continued to pay down outstanding debt. The City also received increased contributions from other levels of government for infrastructure projects reducing out-of-pocket expense for these projects. The result is an increase in the ratio of financial assets to total liabilities which is a favourable indicator of financial sustainability.



Comparison of Assets-to-Liabilities			
Year	Total financial assets (\$millions)	Total liabilities (\$ millions)	Total assets / total liabilities (percent)
2017	53.0	62.4	85%
2018	56.1	57.7	97%
2019	70.2	70.8	99%
2020	68.3	59.5	115%
2021	79.6	67.1	119%
2022	93.7	68.0	138%
2023	112.0	79.6	141%
2024	119.0	76.1	157%

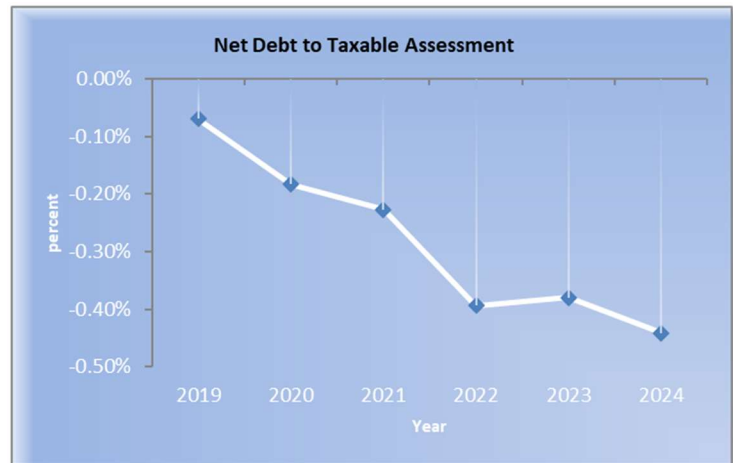
  

**Financial Assets-to-Liabilities**

Year	Financial Assets-to-Liabilities (%)
2019	99%
2020	115%
2021	119%
2022	138%
2023	141%
2024	157%

## Taxpayer Affordability

The flexibility of the City to bear additional future costs is impacted by the level of net debt compared with the total value of the tax base. This trend is improving as the tax base grows and net debt decreases. It is an indicator of the City’s ability to utilize debt financing in the future for major projects without negatively impacting the affordability of the tax rate.

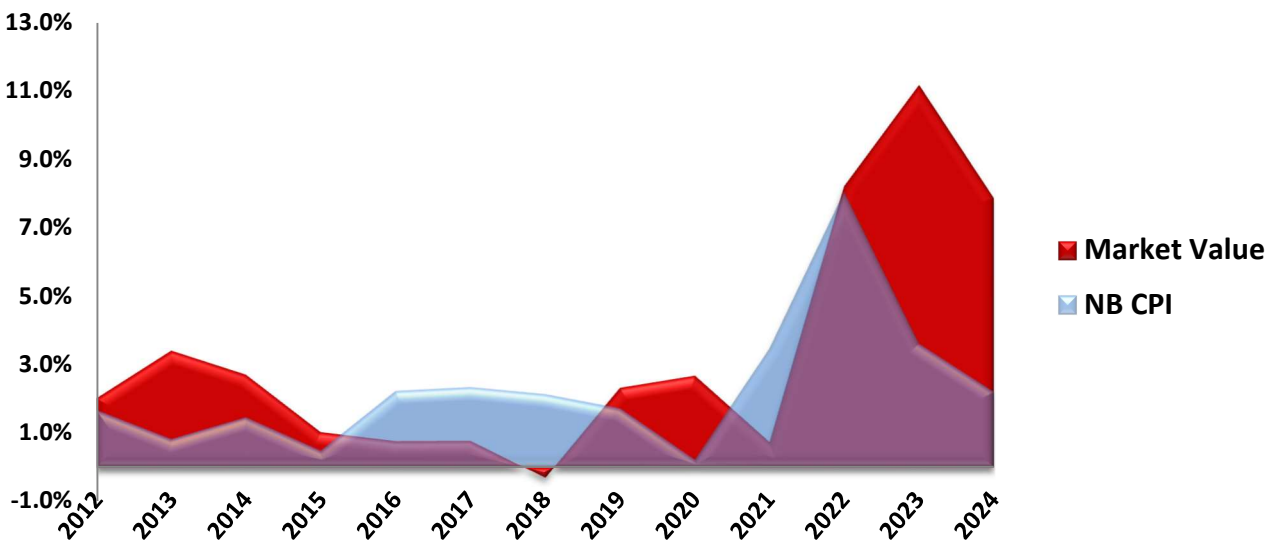


## Municipal Tax Burden

In 2023, Fredericton’s overall Municipal Tax Effort was 4.8%. This means that for the average residential unit 4.8% of their household income pays for municipal taxes and water and sewer rates. As income ranges increase so does the amount of municipal taxes paid; however, the amount of taxes paid compared to income decreases. The City provides a high level of service and value to all its taxpayers while remaining affordable. Even for lower income ranges tax effort is still at an affordable level relative to the services being provided.

In 2024, property tax assessments increased by 7.86% while the New Brunswick’s Consumer Price Index (NB CPI) rose by 2.20% for the year. Over the last ten years, property assessments have risen on average 3.5% per year, while the NB CPI averaged growth of 2.6%. This means that property taxes have remained consistent relative to other household expenses.

## Market Assessments Compared to NB CPI



## Increasing Surplus-to-Tax Assessment

The accumulated surplus measures the current and all prior years' operating results. Comparing the growth in accumulated surplus with the growth in the economy is an indicator of sustainability.

The accumulated surplus has increased due to investments in infrastructure, and the overall accumulated surplus has increased in relation to the economy (as measured by the tax base). The continuing trending increase in surplus-to-tax assessment is a favourable indicator of financial sustainability.

However, tax base growth from new construction is a significant source of funding used to sustain existing services and infrastructure. To mitigate this risk, the City employs two key planning strategies:

- Increase development density to optimize services and amenities
- Intensify development with mixed uses

The City also benefits from stimulus funding and other government transfers for major capital projects which have resulted in an increase in the accumulated surplus.

## Risks and Uncertainties

The City has identified certain risk exposures related to its financial sustainability and ability to meet its strategic objectives.

Inflationary increases like have not been seen in many years are having a significant impact on operations and buying power. In addition, supply chain delays, lack of available resources and a low number of bids on many tenders is a trend that is being closely monitored to determine long term impacts on service delivery.

### Slowing Revenue

- While going through a sharp increase to assessment amounts for properties in 2022-2025, growth in the property tax base is projected to remain quite low and may not be enough to offset other revenue shortfalls and keep pace with inflationary costs including the drastic rise in inflation. A strong real estate market and strong development/new construction will hopefully result in the City's ability to continue to provide existing services within the budget parameters anticipated.

### Rising Costs

- Personnel costs now account for 51.1% [2023 – 51.5%] of total costs and are projected to continue to rise based on the HR Tactical plan and a growing City resulting in the need for additional resources.
- Public Safety personnel costs account for 21.5% of the overall municipal expenses. Public Safety labour contracts and salary amounts are typically reached through a process of interest arbitration. This process limits the employer's efforts to control labour costs and continues to increase the costs of emergency services because contract increases are generally benchmarked against other jurisdictions, creating a leapfrog effect that escalates salaries beyond inflation.

## Financial Risks

- Volatility in oil prices affect the City's operating budgets significantly. Fuel is a major input to the City's general operations and accounts for 1.5% of total expenses. The City uses nearly 2 million litres of fuel per year to operate buses, trucks, machinery, and fire and police vehicles. Each \$0.01/litre increase in the cost of fuel costs the City approximately \$20,000 more per year. Oil is also a major factor in the price of asphalt for construction projects. The City is moving to incorporate more hybrid and electric vehicles to help reduce the impact of increasing fuel costs.
- Gains and losses on U.S. currency create volatility in managing a balanced budget. A declining Canadian dollar generates gains on U.S. holdings but makes purchases from U.S. suppliers more expensive.
- The City is exposed to interest rate risk on its debentures which have 20-year amortization periods that began to partially mature starting in 2016 and need to be refinanced for the remaining balances. The City is required to borrow through the New Brunswick Municipal Finance Corporation. If long-term bond rates rise or if the credit rating of the Province deteriorates, the interest rate on the City's bonds could increase. A 1% increase in the interest rate could result in an increase in annual interest expense of approximately \$260,000.

## Environmental Risks

- Environmental risks due to climate change and extreme weather events may require major additional investments in infrastructure to adapt, or increase operating costs related to dealing with storm events and natural disasters.

## Economic Risks

- Provincial economic performance has a direct impact on municipal service expectations. In the past poor provincial economic health led to the downloading of responsibilities and costs to municipalities. Overall economic health impacts employment growth, which in turn can cause changes in development and tax base revenue.

## Economic Risks

- Major investments to upgrade and replace failed and aging infrastructure are required to reduce the infrastructure deficit, maintain municipal services and meet strategic objectives.
- Impacts of climate change on City owned infrastructure and the requirements for mitigation and adaptation.

## Strategies and Techniques for Managing Risk

The City employs a number of strategies for dealing with financial risk. Financial strategies are focused on sustaining the City over the long-term and are centered on a long-term financial plan, a results-based budgeting process, and a corporate culture focused on finding efficiencies in service delivery.

### Municipal Plan

- Imagine Fredericton. This was the call to action in 2016 for residents, businesses, City Council, the Mayor, and the City's directors, planners and staff. Imagine Fredericton is the marketing brand name of the public consultation phase of a new municipal plan that the City began in 2015. The existing municipal plan was adopted by Council in 2007. The new municipal plan takes input from the public and professional planners and staff to develop a new growth strategy for the City. The updated municipal plan will direct the City's investment in infrastructure, land use development, and service delivery. The municipal plan is the main strategic document that guides the long-term financial plans, corporate strategic plans, and the results-based budget.

### Long-term financial plans

- The Council continues to adhere to a strategic long-term financial plan for the General Fund that addresses the infrastructure deficit, sets debt limits, and provides sustainable levels of funding for services and infrastructure.
- Capital borrowing policies aimed at maintaining financial sustainability; the long-term strategic plan sets a maximum target of 8% of revenue for debt servicing costs.
- Council has also adopted a long-term financial plan for the Water & Sewer utility.

### Results-based budgeting

- In 2018, the City continued the process of redeveloping its budget process to create a strategic financial management and governance system that budgets by results areas. Budgeting for results focuses budget dollars on areas that achieve the best results for citizens and maximizes the value that citizens receive in return for their tax dollars.
- The process creates alignment between staff and the Council and provides the flexibility necessary to address the most important community concerns within a sustainable level of funding.

### Corporate strategies

- Strategies to identify strategic investments in areas that produce the highest results for residents are prioritized through the annual corporate action plan which provides the strategic alignment and direction through Council and CAO to the departments. Departments takes the corporate action plan and develops departmental plans to achieve results. Dashboards are created and monitored on a regular basis and Council resolutions related to priorities can be found at <https://www.fredericton.ca/en/your-government/mayor-council/resolutions-dashboards>

## Indicators of Financial Health

This analysis gives a broader view of the financial health of the City as it shows trends over time. The information augments the audited financial statements, which only reflect the City's fiscal status at a point in time.

	Indicator	Purpose	2020	2021	2022	2023	2024	Analysis
Sustainability	Assets-to-liabilities	Measures extent that government finances its operations by issuing debt	11.26	10.41	10.64	9.71	10.84	Favorable
	Financial assets-to-liabilities	Measures whether future revenues will be needed to pay for past transactions	115%	119%	138%	141%	157%	Favorable
	Net debt-to-total revenue (percent)	Shows whether more time is needed to pay for past transactions	-9%	-11%	-20%	-20%	-22%	Neutral
	Net debt-to-taxable assessment	Shows the relationship between Net Debt and the activity in the economy	-0.18%	-0.23%	-0.39%	-0.38%	-0.44%	Favorable
	Accumulated surplus (deficit)-to-taxable assessment	Measures the sum of the current and all prior year operating results relative to the growth in the economy	8.10%	8.19%	7.81%	6.68%	6.56%	Neutral
	Total expenses-to-taxable assessment	Shows the trend of government spending over time in relation to the growth in the economy	1.82%	1.81%	1.66%	1.58%	1.52%	Favorable

	Indicator	Purpose	2020	2021	2022	2023	2024	Analysis
Flexibility	Debt service charges-to-revenues	Measures extent that past borrowing decisions limits ability to meet current financial and service commitments	3.47%	3.15%	3.20%	1.96%	1.95%	Favourable
	Net book value of capital assets-to-cost of capital assets	Measures the estimated useful lives of tangible capital assets available to provide products /services	63.87%	64.05%	63.32%	63.32%	63.89%	Neutral
	Own-source revenues-to-taxable assessment	Measures extent income is taken out of the economy	1.79%	1.82%	1.78%	1.66%	1.66%	Neutral
Vulnerability	Government transfers-to-total revenues	Measures the dependence on another level of government	10.29%	12.15%	9.87%	14.66%	17.33%	Neutral
	Foreign currency debt -to-net debt	Measures the government's potential vulnerability to currency fluctuations	N/A	N/A	N/A	N/A	N/A	Debt is financed through the MCBB in Canadian Funds

**Sustainability** is the degree to which a government can maintain its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others without increasing the debt or tax burden relative to the economy within which it operates. Sustainability is an important element to include in an assessment of financial condition because it describes a government's ability to manage its financial and service commitments and debt burden. It also describes the impact that the level of debt could have on service provision. For example, a government whose net debt grows at a faster rate than the gross domestic product (GDP) increases the risk that service levels cannot be sustained.

**Flexibility** is the degree to which a government can change its debt or tax burden on the economy within which it operates to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others. Flexibility provides insights into how a government manages its finances. A government that increases its current borrowing reduces its future flexibility to respond when adverse economic circumstances develop. Similarly, increasing taxation or user fees or a high tax burden reduces its ability to increase taxation in the future as a government approaches the limit that citizens and businesses are willing to bear.

**Vulnerability** is the degree to which a government is dependent on sources of funding outside its control or influence or is exposed to risks that could impair its ability to meet its existing financial obligations both in respect of its service commitments to the public and financial commitments to creditors, employees and others. Vulnerability is an important element of financial condition because it provides insights into a government's reliance on funding sources outside its direct control or influence and its exposure to risks. A government whose vulnerability is relatively low has greater control over its financial condition.

# Financial Statements

# CITY OF FREDERICTON

Consolidated Financial Statements

Year ended December 31, 2024

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# Independent auditor's report

To Her Worship the Mayor and Members of the City Council of the  
**City of Fredericton**

## Opinion

We have audited the consolidated financial statements of the **City of Fredericton** [the "City"], which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net surplus and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024 and its consolidated results of operations 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 City 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 information

Management is responsible for the other information. The other information comprises the Financial Statement Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Financial Discussion and Analysis prior to the date of the auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the consolidated financial statements

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



In preparing the consolidated financial statements, management is responsible for assessing the City'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 City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City'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 City'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 City'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 City to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Saint John, Canada  
March 24, 2025

*Ernst & Young LLP*

Chartered Professional Accountants



# CITY OF FREDERICTON

## Consolidated Statement of Financial Position


As at December 31

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents <i>[note 2]</i>	\$ 92,886,844	\$ 91,319,154
Investments	2,678,750	4,526,338
Accounts receivable	23,476,981	16,180,368
Accrued pension asset <i>[note 8]</i>	7,788,700	7,413,000
	<b>\$ 126,831,275</b>	<b>\$ 119,438,860</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 23,250,531	\$ 20,538,857
Deferred revenue	5,527,771	6,364,467
Deferred government transfers <i>[note 4]</i>	21,269,833	23,605,831
Deposits <i>[note 3]</i>	891,844	899,844
Long-term debt <i>[note 5]</i>	23,357,474	26,147,000
Long-term commitment <i>[note 17]</i>	885,858	1,183,966
Asset retirement obligations <i>[note 18]</i>	869,671	846,817
	<b>\$ 76,052,982</b>	<b>\$ 79,586,782</b>
<b>Net surplus</b>	<b>\$ 50,778,293</b>	<b>\$ 39,852,078</b>
<b>Non-financial assets</b>		
Tangible capital assets <i>[note 20]</i>	\$ 701,926,079	\$ 657,111,435
Supplies inventory	3,619,473	3,827,401
	<b>\$ 705,545,552</b>	<b>\$ 660,938,836</b>
<b>Accumulated surplus</b>	<b>\$ 756,323,845</b>	<b>\$ 700,790,914</b>
Accumulated surplus consisting of:		
Accumulated operating surplus	\$ 755,580,045	\$ 700,384,302
Accumulated remeasurement gains	743,800	406,612
	<b>\$ 756,323,845</b>	<b>\$ 700,790,914</b>

Contingencies *[note 11]*  
See accompanying notes

Approved by:

  
\_\_\_\_\_  
Kate Rogers, Mayor

  
\_\_\_\_\_  
Alicia Keating, City Treasurer

# CITY OF FREDERICTON

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31

	2024 Budget	2024 Actual	2023 Actual
<b>Revenue</b>			
Property taxes	\$ 148,212,547	\$ 148,212,547	\$ 135,680,565
Community funding and equalization grant	1,207,516	1,207,516	1,610,022
Federal grant in lieu of taxes adjustment	4,466	4,466	2,945
Services to other governments	5,255,855	5,393,655	5,096,986
Sales, fines and other fees	34,504,845	37,786,091	33,615,229
Interest and return on investments	370,000	4,830,726	4,660,868
Third-party contributions	-	33,408,146	23,181,234
	<b>\$ 189,555,229</b>	<b>\$ 230,843,147</b>	<b>\$ 203,847,849</b>
<b>Expenses</b>			
General Government Services - Corporate	\$ 2,258,446	\$ 3,019,355	\$ 2,484,719
Sustainable Infrastructure	3,740,151	3,270,371	2,714,290
Economic Vitality	14,749,504	13,083,463	12,417,049
Environmental Stewardship	6,359,651	7,171,104	6,659,499
Governance & Civic Engagement	6,433,455	5,830,563	6,239,873
Livable Community	26,436,888	28,394,889	25,800,948
Mobility [including Transit]	35,848,992	37,374,977	35,872,329
Public Safety [note 16]	59,828,090	57,713,541	55,265,211
Water and Wastewater	18,909,351	19,451,953	18,382,501
	<b>\$ 174,564,528</b>	<b>\$ 175,310,216</b>	<b>\$ 165,836,419</b>
Annual surplus	\$ 14,990,701	\$ 55,532,931	\$ 38,011,430
Remeasurement gains	-	(337,188)	(406,612)
Annual operating surplus	\$ 14,990,701	\$ 55,195,743	\$ 37,604,818
Accumulated operating surplus, beginning of year	700,384,302	700,384,302	662,779,484
<b>Accumulated operating surplus, end of year</b>	<b>\$ 715,375,003</b>	<b>\$ 755,580,045</b>	<b>\$ 700,384,302</b>

See accompanying notes

# CITY OF FREDERICTON

## Consolidated Statement of Changes in Net Surplus

For the year ended December 31

	2024 Budget	<b>2024 Actual</b>	2023 Actual
<b>Annual operating surplus</b>	\$ 14,990,701	\$ <b>55,195,743</b>	\$ 37,604,818
Acquisition of tangible capital assets	(36,522,612)	<b>(72,127,693)</b>	(58,057,131)
Disposal of tangible capital assets	4,222,261	<b>1,864,970</b>	2,552,831
Amortization of tangible capital assets	22,968,188	<b>25,448,079</b>	24,473,410
Decrease (increase) in supplies inventory	-	<b>207,928</b>	(562,669)
	\$ (9,332,163)	\$ <b>(44,606,716)</b>	\$ (31,593,559)
Increase in net surplus excluding net remeasurement gains	5,658,538	<b>10,589,027</b>	6,011,259
Net remeasurement gains - Portfolio investments	-	<b>337,188</b>	406,612
Change in net surplus	5,658,538	<b>10,926,215</b>	6,417,871
Net surplus, beginning of year	39,852,078	<b>39,852,078</b>	33,434,207
<b>Net surplus, end of year</b>	\$ 45,510,616	\$ <b>50,778,293</b>	\$ 39,852,078

See accompanying notes

# CITY OF FREDERICTON

## Consolidated Statement of Remeasurement Gains

For the year ended December 31

	<u>2024</u>	<u>2023</u>
Accumulated remeasurement gains, beginning of year	\$ 406,612	\$ -
Adjustment for accumulated remeasurement gains attributable to portfolio investments at January 1, 2023	-	308,678
Unrealized gains attributable to portfolio investments	<u>337,188</u>	<u>97,934</u>
Net remeasurement gains for the year	<u>337,188</u>	<u>406,612</u>
<b>Accumulated remeasurement gains, end of year</b>	<b>\$ 743,800</b>	<b>\$ 406,612</b>

*See accompanying notes*

# CITY OF FREDERICTON

## Consolidated Statement of Cash Flows

For the year ended December 31

	2024	2023
<b>Operating activities</b>		
Annual surplus	\$ 55,532,931	\$ 38,011,430
Items not affecting cash		
Amortization of tangible capital assets	25,448,079	24,473,410
Loss on sale of tangible capital assets	1,864,970	2,219,467
Contributed tangible capital assets	(3,510,494)	(3,616,663)
Unrealized gain/loss on investments	(337,188)	(97,934)
Accretion of asset retirement obligations	22,854	846,817
Uses		
Change in working capital	(4,592,939)	3,425,689
Change in accrued pension asset	(375,700)	308,000
Change in deferred revenue	(836,696)	677,071
Change in deferred government transfers	(2,335,998)	11,091,935
Change in long-term commitment	(298,108)	(299,474)
Change in supplies inventory	207,928	(562,669)
<b>Cash provided by operating activities</b>	<b>\$ 70,789,639</b>	<b>\$ 76,477,079</b>
<b>Capital activities</b>		
Proceeds on sale of tangible capital assets	1,346,610	333,364
Acquisition of tangible capital assets	(68,617,199)	(54,440,468)
<b>Cash used in capital activities</b>	<b>\$ (67,270,589)</b>	<b>\$ (54,107,104)</b>
<b>Financing activities</b>		
Repayment of long-term debt	(3,126,000)	(3,082,000)
Capital lease principal repayments	(672,948)	(84,083)
<b>Cash used in financing activities</b>	<b>\$ (3,798,948)</b>	<b>\$ (3,166,083)</b>
<b>Investing activities</b>		
Net sale (purchase) of long-term investments	1,847,588	(82,260)
<b>Cash provided by (used in) investing activities</b>	<b>\$ 1,847,588</b>	<b>\$ (82,260)</b>
Change in cash and cash equivalents	1,567,690	19,121,632
Cash and cash equivalents, beginning of year	91,319,154	72,197,522
<b>Cash and cash equivalents, end of year</b>	<b>\$ 92,886,844</b>	<b>\$ 91,319,154</b>

See accompanying notes

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies

(i) Reporting entity

The consolidated financial statements of the City of Fredericton [the "City"] reflect the assets, liabilities, revenue, expenditures, remeasurement gains and losses, and changes in net debt and accumulated surplus in the reporting entity. The reporting entity comprises the organizations accountable for the administration of their affairs and resources to City Council and owned by the City. Inter-fund and inter-corporate balances and transactions have been eliminated. The entities included in the consolidated financial statements are as follows:

Owned corporations

e-Novations ComNet Inc.  
Fredericton Convention Centre Inc.  
Newmarket Properties Inc.

(ii) Basis of accounting

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ["PSAB"] of the Chartered Professional Accountants of Canada.

(iii) Revenue recognition

Revenue is recognized on the accrual basis and as it is earned and measurable. Revenue received prior to being earned is recorded as deferred revenue until such time as the revenue is earned.

(iv) Expense recognition

Expenses are recorded on the accrual basis as they are incurred and are measurable based on receipt of goods or services and obligation to pay.

(v) Supplies inventory

Inventory is valued at the lower of cost and net replacement cost, with cost being determined on the first-in, first-out basis.

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued)

### (vi) Tangible capital assets

Tangible capital assets ["TCAs"] are physical assets that are used to provide city services, city administration, construction or maintenance of other TCAs owned by the City, will be used on a regular basis for a period greater than one year, and are not surplus properties held for resale or disposal. Studies and master plans are not considered TCAs.

TCAs are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on a straight-line basis over their estimated useful lives. Amortization begins in the year after the asset has been put into use. Assets under construction are not amortized until they are put into use. Descriptions and useful lives are as follows:

	Useful Lives
<b>Land:</b> all land owned by the City, including land under buildings	N/A
<b>Land improvements:</b> includes major landscaping projects, sports fields/courts, trail culverts, paved trails, parking lots, playgrounds and similar assets	15–80 years
<b>Buildings:</b> all City-owned buildings, with the exception of treatment plants, as single assets or broken into components: structural, interior, exterior, mechanical, electrical, specialty items and equipment, and site works	20–60 years
<b>Machinery and equipment:</b> includes information technology assets, large signage, transit fare boxes, motorized fleet equipment, parking meters, leasehold improvements and similar assets	3–40 years
<b>Vehicles:</b> all City vehicles, including cars, trucks, buses and similar assets	6–20 years
<b>Linear assets:</b> all Public Works infrastructure including roads, sidewalks, street lights, traffic signals, storm sewers, water and sewer mains	15–80 years
<b>Water and wastewater treatment facilities:</b> includes water and wastewater treatment plants broken into components: process piping/equipment, electrical and instrumentation, structural, architectural, mechanical, and site works	10–60 years

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued)

### (vi) Tangible capital assets (continued)

All grants, donations from subdivision developers and other third-party contributions are recorded as income in the year during which the expenditure for the capital asset is incurred.

### (vii) Employee future benefits

The City accrues its obligations under employee future benefit plans and the related costs, net of plan assets. The City has adopted the following policies:

a) The cost of pensions earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Current service costs are expensed during the year.

The excess of net actuarial gains (losses) is amortized over the average remaining service period of active employees, which is estimated to be 16 years.

b) The City has a Supplemental Executive Retirement Plan ["SERP"] for eligible employees [see note 8].

c) City employees are entitled to a retirement allowance under collective agreements or in accordance with City policy. The liability is actuarially determined [see note 9].

### (viii) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions based on information available at the date of the consolidated financial statements. Actual results may differ from those estimates.

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 1. Significant accounting policies (continued)

### (ix) Asset retirement obligation

The City accounts for an asset retirement obligation in the period during which a legal obligation associated with the retirement of a tangible capital asset is incurred and when a reasonable estimate of this amount can be made. The asset retirement obligation is initially measured at the best estimate of the expenditure required to settle the present obligation at the consolidated statement of financial position date. A corresponding amount is added to the carrying amount of the related asset and is then amortized over its useful life. Changes in the liability due to the passage of time are recognized as interest expense in net income with a corresponding increase in the liability.

At each consolidated balance sheet date, the asset retirement obligation is reviewed and adjusted to reflect the then current best estimate of the liability. Such adjustments may result from changes in the assumptions used to estimate the undiscounted cash flows required to settle the obligation, including changes in estimated probabilities, amounts and timing of settlement, as well as changes in the legal requirements of the obligation and in the discount rate. These changes are recognized as an increase or decrease in the carrying amount of the asset retirement obligation, with a corresponding adjustment to the carrying amount of the related asset.

### (x) Budget

The budget figures contained in these financial statements were approved by Council on November 20, 2023 and the Minister of Local Government on December 11, 2023. The budget is unaudited and does not include elimination of inter-organizational revenues and expenses with controlled entities.

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## 2. Cash and cash equivalents

Cash and cash equivalents are recorded at cost, which approximates their fair value, and are redeemable upon demand. Included in this amount are funds internally restricted by City Council for predetermined projects in the amount of \$56,296,798 [2023 - \$50,350,817].

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## 3. Deposits

Deposits consist of monies being held by the City that will either be refunded, provided certain requirements are met, or earned upon final sale of assets.

	<b>2024</b>	<b>2023</b>
Foundation locations	\$ 86,500	\$ 86,500
Tenders	161,837	171,837
Infrastructure fees	306,796	306,796
Performance bonds	205,806	205,806
Animal control and other	240	240
Development fees	885	885
Water and sewer installations	129,780	127,780
	<b>\$ 891,844</b>	<b>\$ 899,844</b>

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 4. Deferred government transfers

Funding received as part of the Canada Community Building Funding program is recorded as revenue in the year during which related expenditures are incurred. Monies that have not been spent are recorded as deferred government transfers on the consolidated statement of financial position. This amount consists of the following:

	<b>2024</b>	2023
Canada Community Building Fund	<b>\$ 17,164,834</b>	\$ 17,711,299
CMHC Housing Accelerator Fund	<b>1,810,415</b>	2,568,530
CMHC Rapid Housing Initiative Fund	<b>2,294,584</b>	3,326,002
	<b>\$ 21,269,833</b>	\$ 23,605,831

These amounts are restricted to fund pre-approved projects that relate to the program objectives and cannot be used for other projects.

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 5. Long-term debt

### External Borrowing

	2024	2023
General Fund		
Debtures, 20-year amortization period:		
Maturing in 2028, bearing interest at 4.51% to 5.25%	\$ 2,651,000	\$ 3,238,000
Maturing in 2029, bearing interest at 1.95% to 2.45%	6,632,000	7,873,000
Maturing in 2030, bearing interest at 0.50% to 1.80%	3,795,000	4,402,000
Maturing in 2033, bearing interest at 1.35% to 4.00%	4,727,000	5,166,000
Maturing in 2041, bearing interest at 0.86% to 2.96%	5,216,000	5,468,000
	<b>23,021,000</b>	26,147,000
Capital lease obligations with implicit interest rates of 4.83% - Pumper Truck	<b>336,474</b>	-
Total external long-term debt and capital lease obligations	<b>\$ 23,357,474</b>	\$ 26,147,000

The General Fund debtures are amortized over a period of up to 20 years, with fixed rates of interest over the initial term which can vary between 5-20 years. After the initial term the City has the option to renew the debtures for the remainder of the amortization period or to pay them off in full.

The City has obtained approval of the Municipal Capital Borrowing Board for the long-term debt, and expects to renew each of the debtures as they mature.

Interest in the amount of \$701,453 [2023 - \$838,282] relating to the external debtures is included in interest expense.

No interest expense was incurred for capital lease obligations in 2024 [2023 - \$3,897].

### Internal Borrowing

The City has refinanced some of the debtures with internal inter-fund debtures. These are not presented on the Statement of Financial Position as they are eliminated upon consolidation.

	2024	2023
General Fund		
Debtures, 10-year amortization period:		
Maturing in 2026, bearing interest at 1.45% to 2.90%	\$ 1,773,064	\$ 2,628,648
Maturing in 2026, bearing interest at 1.45% to 2.90%	333,074	493,796
Maturing in 2028, bearing interest at 2.10% to 3.45%	959,206	1,182,898
Total internal long-term debt	<b>\$ 3,065,344</b>	\$ 4,305,342

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 5. Long-term debt (continued)

Principal due within the next five years and thereafter on certificates of indebtedness is as follows:

	External	Internal		Total
2025	3,372,183	1,268,759	\$	4,640,942
2026	3,464,291	1,301,378		4,765,669
2027	3,381,000	243,525		3,624,525
2028	3,475,000	251,682		3,726,682
2029 and thereafter	9,665,000	-		9,665,000
	<b>\$ 23,357,474</b>	<b>\$ 3,065,344</b>	<b>\$</b>	<b>\$ 26,422,818</b>

## 6. Capital borrowing

### Requested and approved capital borrowing

The City obtained approval under Order in Council ["OIC"] and Ministerial order to borrow an amount of \$145,137,000, of which \$78,814,000 has been borrowed to date. This includes \$5,964,000 in 2021, \$8,950,000 in 2013, \$1,100,000 in 2012, \$11,000,000 in 2010, \$21,800,000 in 2009, \$13,500,000 in 2008, and \$16,500,000 in 2006 by the New Brunswick Municipal Finance Corporation. Of this amount, \$9,934,000 and \$2,251,000 were refinanced with internal inter-fund debentures in 2016 and 2018, respectively.

		<u>Approved</u>	<u>Borrowed</u>
Recreation and Cultural	OIC 06-02	\$ 14,350,000	\$ 14,350,000
Recreation and Cultural	OIC 06-23	5,900,000	5,900,000
Recreation and Cultural	OIC 06-43	9,360,000	9,360,000
Protective Services	OIC 06-43	5,400,000	5,400,000
Protective Services	OIC 07-17	1,400,000	1,400,000
General Government	OIC 07-55	3,040,000	3,040,000
General Government	OIC 07-66	1,000,000	1,000,000
General Government	OIC 09-08	30,800,000	30,800,000
Protective Services	OIC 10-72	500,000	500,000
Environmental Health	OIC 11-06	1,100,000	1,100,000
General Government	OIC 21-0048	9,487,000	5,964,000
Recreation and Cultural	OIC 23-0075	62,800,000	-
Total authorizations to December 31, 2024		<b>\$ 145,137,000</b>	<b>\$ 78,814,000</b>

Of the total amount borrowed, \$23,021,000 [2023 - \$26,147,000] remains to be repaid to the New Brunswick Municipal Finance Corporation [see note 5].

## 7. Capital commitments

As at Dec 31, 2024, the City has approved a total budget of \$111,209,744 for capital projects related to the construction of a new Performing Arts Centre. Funding for the project is expected to come from multiple sources, including contributions from other levels of government, the divestiture of the existing Playhouse, the Encore! capital campaign, the City, and debt borrowings.

Grants have been formally committed to The Fredericton Playhouse Inc. under the Local Governance Act to guarantee awarded vendor and supplier invoices. As of Dec 31, 2024, tenders totaling \$60,042,478 had been awarded for the project, of which \$13,300,037 has been paid.

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 8. Pension asset/liability

### a - Superannuation Pension Plan

The City provides pension benefits to certain employees of the City, in accordance with the *Pension Benefits Act* (New Brunswick) and City By-Law A-5. The Superannuation Pension Plan [the "Plan"] is administered by City Council as the Board of Administrators. The Plan is a contributory defined benefit pension plan covering the active members of IAFF 1053 and UBCJ 911, and IAFF 1053 and UBCJ 911 retirees on or after March 31, 2013. Under the Plan, contributions are made by the Plan members and the City.

An actuarial valuation of the Plan was completed for December 31, 2023 and extrapolated to December 31, 2024.

	2024	2023
<b>Plan assets, at January 1</b>	<b>\$ 97,456,600</b>	\$ 87,097,700
Contributions - City	2,618,300	2,535,500
Contributions - employee required	2,323,700	2,259,500
Contributions - past service	-	66,600
Benefit payments	(5,868,800)	(5,884,700)
Administrative expenses paid from plan assets	(250,000)	(250,000)
Expected earnings on market-related value	6,683,900	6,052,200
Actuarial gain	3,606,600	5,579,800
<b>Plan assets, at December 31</b>	<b>\$ 106,570,300</b>	\$ 97,456,600
<b>Accrued benefit obligation, January 1</b>	<b>\$ 99,369,700</b>	\$ 94,643,500
Current service cost	3,083,900	2,997,300
Prior service cost	-	66,600
Benefit payments	(5,868,800)	(5,884,700)
Interest on accrued benefit obligation	6,756,600	6,522,400
Net actuarial loss	1,666,900	1,024,600
<b>Accrued benefit obligation, December 31</b>	<b>\$ 105,008,300</b>	\$ 99,369,700
<b>Unamortized actuarial losses, January 1</b>	<b>\$ (9,590,000)</b>	\$ (15,588,500)
Losses on accrued obligation	(1,666,900)	(1,024,600)
Actuarial gains on pension fund assets	3,606,600	5,579,800
Amortization of prior-year actuarial losses	1,139,600	1,443,300
<b>Unamortized actuarial losses, December 31</b>	<b>\$ (6,510,700)</b>	\$ (9,590,000)
<b>Net pension fund asset comprising:</b>		
Accrued benefit obligation	\$ 105,008,300	\$ 99,369,700
Less plan assets	(106,570,300)	(97,456,600)
Less unamortized losses	(6,510,700)	(9,590,000)
<b>Net pension fund asset</b>	<b>\$ (8,072,700)</b>	\$ (7,676,900)
<b>City portion of Plan expenses</b>		
Current year benefit cost	\$ 3,333,900	\$ 3,247,300
Employee contributions	(2,323,700)	(2,259,500)
Amortization of prior-year actuarial losses	1,139,600	1,443,300
Interest on accrued benefits	6,756,600	6,522,400
Expected return on assets	(6,683,900)	(6,052,200)
<b>Pension-related expense</b>	<b>\$ 2,222,500</b>	\$ 2,901,300

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 8. Pension asset/liability (continued)

### b - Supplemental Executive Retirement Plan

	2024	2023
<b>Accrued actuarial obligation</b>	<b>\$ 284,000</b>	\$ 263,900

### c - Net Pension Asset/Liability

	2023	2023
Superannuation Pension Plan	\$ (8,072,700)	\$ (7,676,900)
Supplemental Executive Retirement Plan	<b>284,000</b>	263,900
	<b>\$ (7,788,700)</b>	\$ (7,413,000)

Significant management assumptions used in the actuarial valuation for the Plan are:

Discount rate:	6.80% for 2024 year-end disclosures [6.90% for fiscal 2024 expense and 2023 year-end disclosures]
Inflation rate:	2.10% [2023 - 2.10%] per annum
Salary growth rate:	2.85% [2023 - 2.85%] per annum, plus promotional and merit scale
Retirement age:	60% [2023 - 60%] at the age first eligible for an unreduced pension, 20% [2023 - 20%] at 35 years of service [if prior to age 65], remainder at age 65 [2023 - 65]

The Plan is exempted from funding on a solvency basis. The exemption was approved by the New Brunswick Superintendent of Pensions and recorded effective May 5, 2014.

Significant management assumptions used in the actuarial valuation for the SERP are:

Discount rate:	3.63% [2023 - 4.82%] per annum
Inflation rate:	2.75% per annum

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 9. Retirement allowance liability

The City provides a retirement allowance to employees of the City who have continuous service of five years or more and retire due to disability, death or age, or are laid off by the City. The City shall pay such employees or their beneficiaries an allowance equal to one month's pay for each five years of service or fraction thereof, but not exceeding six months, at the employee's regular rate of salary plus their benefit spending allowance at retirement.

Based on an actuarial valuation of the liability, the results as at December 31, 2024 are as follows:

	2024	2023
<b>Accrued benefit liability as at January 1</b>	<b>\$ 12,829,200</b>	\$ 11,888,200
Current service cost	746,800	876,500
Interest on obligation	578,900	382,300
Benefit payments	(868,600)	(565,600)
Amortization of losses	91,800	247,800
<b>Accrued benefit liability as at December 31</b>	<b>\$ 13,378,100</b>	\$ 12,829,200
<b>Restricted cash and investments for retirement allowance</b>	<b>\$ 13,378,100</b>	\$ 12,829,200
<b>Net accrued benefit obligation</b>	<b>\$ -</b>	\$ -
<b>Benefit expenses</b>		
Current-period benefit cost	\$ 746,800	\$ 876,500
Interest cost	578,900	382,300
Amortization of losses	91,800	247,800
<b>Retirement allowance expense</b>	<b>\$ 1,417,500</b>	\$ 1,506,600

Significant economic and demographic assumptions used in the actuarial valuation are:

Discount rate:	3.63% [2023 - 4.82%] per annum
Salary growth rate:	2.75% per annum thereafter, plus promotional and merit scale [2023 - 2.75% in 2022, 5.38% in 2023, 6.83% in 2024 and 2.75% per annum thereafter, plus promotional and merit scale]
Retirement age:	60% at the age first eligible for an unreduced pension, remainder at age 65

## 10. Expenses by nature of object

	2024	2023
Salaries and benefits	\$ 89,589,329	\$ 85,457,889
Goods and services	59,586,719	52,303,370
Amortization	25,448,079	24,473,410
Interest	701,454	838,282
Other (gain) loss on assets	(15,365)	2,763,468
	<b>\$ 175,310,216</b>	<b>\$ 165,836,419</b>

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 11. Contingencies

The City is subject to claims and lawsuits arising in the normal course of operations. Many of these claims, especially related to property expropriation, may take several years to resolve. Management is of the opinion that the ultimate resolution of any legal proceedings will not have a significant effect on the City's financial position.

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## 12. Recreational service agreement

The City entered into Recreational Service Agreements ["Agreements"] with a number of surrounding Local Service Districts [the "LSDs"] and the Village of New Maryland [the "Village"]. The Agreements are in effect from January 1, 2008 to December 31, 2027 with an option to extend beyond this period.

Under the Agreements, the City is required to provide access to constituents of the LSDs and the Village to the City's recreational facilities as if they were residents of the City. In addition, the City is required to provide an audited consolidated schedule of net operating loss of the City's arena complexes [note 22]. A capital replacement fund is in place to plan for future capital expenditures relating to the arenas.

In return, the LSDs and the Village had agreed to have a portion of their property taxes paid to the City in order to help fund a proportional amount of the capital and operating expenses of the facilities. The contributions are collected by the Province of New Brunswick, then distributed to the City by the Minister of Local Government. Contributions under this agreement for the current year amounted to \$709,279 [2023 - \$584,055] and are included in revenue under services to other governments.

With the implementation of Local Governance Reform, there are new entities that have replaced the former Local Service Districts covered by these agreements. As such, two of the newly formed entities have signed new agreements effective January 1, 2025, in addition to the Capital Region Rural Community, under the same terms as the original agreement. These new agreements will also expire December 31, 2027 and will need to be renegotiated that that time.

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## 13. Other

### Funds held in trust

Trust fund assets administered by the City for the benefit of external parties in the amount of \$1,176,257 [2023 - \$1,059,217] are not included in these consolidated financial statements.

### Lease arrangement

The City, through Newmarket Properties Inc., leases land and a building from the Province of New Brunswick for a nominal fee of \$1 per year under a five-year renewable lease agreement expiring on April 30, 2029. Under the terms of the lease, the Province of New Brunswick is responsible for the provincial portion of the real property tax levy. The effect of this lease arrangement is not recorded in these consolidated financial statements.

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 14. Segmented information

The City is a diversified municipal government that provides a wide range of services to citizens. For management reporting purposes, these operations are broken into segments *[note 19]*. The segments are as follows:

### **General Government Services - Corporate**

General Government Services are responsible for the internal services provided by and for the other City departments. They consist of Corporate Services—including Communications, Human Resources, Purchasing, Fleet, Information Technology, Building Services, Telecommunications, Real Estate, and Finance. Internal services costs are re-allocated to the public services areas below.

### **Governance & Civic Engagement**

Governance & Civic Engagement services provide legislation, community relations, and community and corporate leadership. This segment includes the Mayor and Council, and the City Administrator—including Strategic Initiatives, the City Solicitor, and the City Clerk.

### **Sustainable Infrastructure**

Sustainable Infrastructure services consist of planning for long-term infrastructure needs, creating long-term capital plans, and managing debt and affordability.

### **Public Safety**

Public Safety services include Police, Fire, Bylaw and Building Inspection services within the City and aiding surrounding areas as required.

### **Mobility**

Mobility services consist of common services, road and linear maintenance, street lighting, traffic services, Parking Services and Public Transit.

### **Environmental Stewardship**

Environmental Stewardship consists of garbage and waste collection and disposal, and composting.

### **Economic Vitality**

Economic Vitality consists of economic development, and tourism and culture. It includes the Fredericton Convention Centre Inc., e-Novations ComNet Inc., and Newmarket Properties Inc.

### **Livable Community**

Livable Community services include recreation and cultural services consisting of administration, programs, community liaison, indoor and outdoor pools, arenas, community facilities, the Fredericton Public Library and the Fredericton Playhouse. Livable Community also includes Parks and Trees, outdoor sport, and community planning, building permits and inspection, development approval, heritage planning and conservation, and long-range land use planning.

### **Water and Wastewater**

Water and Wastewater services consist of supply, purification and treatment, transportation, storage, distribution of water, and collection and treatment of wastewater.

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 15. Province of New Brunswick Compliance Requirements

The City is in compliance with the following requirements under the *Local Governance Act* of the Province of New Brunswick:

(i) Inter-fund accounts

All inter-fund accounts as at December 31, 2024 represent current transactions except as noted below and are in compliance with the policy established by the Department of Environment and Local Government.

(ii) Restrictions on municipal borrowings

Section 100 of the *Local Governance Act* of the Province of New Brunswick restricts a municipality's borrowings for operating purposes to less than four percent of the operating budget of the municipality, as defined by the Province of New Brunswick, and to less than two percent of the assessed value of real property in the municipality for capital purposes. Borrowings by the City are within these legislative restrictions.

(iii) Water cost transfer

The City's water cost transfer is within the maximum allowable by regulation 2020-52 under the *Local Governance Act* based on the applicable percentage of water system expenditures for the population.

(iv) Second previous year's surplus

The *Local Governance Act* requires that the General Operating Fund surplus (deficit) be absorbed into the operating budget of the second subsequent year and that the Water and Sewerage Operating Fund surplus (deficit) be absorbed into one or more of the three operating budgets commencing with the second following year [see note 21].

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## 16. Public Safety

Included in Public Safety expenses are amounts related to a contribution agreement between the Government of Canada, the Province of New Brunswick, the City of Fredericton and Sitansisk (Saint Mary's) First Nation for policing services to Sitansisk (St. Mary's) First Nation. Amounts included relating to expenses and recoveries are as follows:

	<b>2024</b>	<b>2023</b>
Sitansisk (St. Mary's) First Nation policing expenses	<b>\$ 1,142,725</b>	\$ 1,037,755
Federal contribution	<b>(604,777)</b>	(440,474)
Provincial contribution	<b>(462,752)</b>	(406,592)
City contribution	<b>\$ 75,196</b>	\$ 190,689

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## 17. Shared risk pension

The City is a participating contributing employer to the City of Fredericton Shared Risk Plan [the "SRP Plan"] which is a Shared Risk Plan in accordance with the *Pension Benefits Act* (New Brunswick). The SRP Plan is administered by an independent Board of Trustees and covers employees of the City who are not active members of IAFF 1053 or UBCJ 911. Under the SRP Plan, contributions are made by the SRP Plan members and the City. The SRP Plan was created effective March 31, 2013 as a result of a Memorandum of Understanding between the City and CUPE locals 508, 1709, 1783 and 3864.

Plan members contribute at a rate of 9% of pensionable earnings, with the exception that designated Police and Fire Management employees contribute at a rate of 12% of pensionable earnings. The City matches these contributions to form the Plan's Initial Contributions. In addition, the City is making initial Temporary Contributions in the amount of 5% of pensionable earnings for at least 10 years and at most 15 years beginning March 31, 2013. As per the Plan's Funding Policy, contributions may increase or decrease by 2.25% of payroll for both the City and the employees should certain funding levels be reached.

As a result of the Pension plan asset split changes to the SRP Plan assets, the City made a new long-term commitment to increase the Temporary Contributions to the SRP Plan from the initial rate of 4.25% of payroll to 5.0% of payroll. The commitment for additional Temporary Contributions is for the same period as the initial Temporary Contributions.

The present value of the long-term commitment for additional Temporary Contributions is estimated to be \$885,858 [2023 - \$1,183,966].

Additional Temporary Contributions due within the next three years on the long-term commitment are approximately as follows:

2025	\$	370,656
2026		370,656
2027		370,656
	\$	1,111,968

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For service up to and including March 31, 2013, benefits accrue at a rate of 1.3% on the first \$5,000 of earnings and 2.0% on the remainder of pensionable earnings, to a maximum benefit of \$2,000 per year of pensionable service. For this period of pre-conversion service, benefits are available on an unreduced basis for members who retire on or after age 55 and whose age plus service total at least 80 years [or 75 years for designated Police and Fire Management employees]. For service after March 31, 2013, benefits accrued at a rate of 1.8% of pensionable earnings. For this period of post-conversion service, benefits are available on an unreduced basis for members who retire on or after age 65 [or 60 for designated Police and Fire Management employees].

The last actuarial valuation of the SRP Plan was conducted as at March 31, 2023. At that date, the open group funded ratio of the Plan was 125.1% [2023 - 123.6%].

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## 18. Asset retirement obligations

The estimated liability is the present value of future cash flows associated with asset retirement costs discounted using a long-term borrowing rate of 4.60%. The future cash flows to settle the liabilities were based on actuals incurred recently, management experience and estimates from third-parties, escalated for inflation. The City's asset retirement obligation consists of obligations relating to; buildings that are known to have asbestos and lead, and land requiring future remediation due to normal use of the land.

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# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 19. Consolidated schedule of segment disclosure

	Governance & Civic Engagement	General Government Services - Corporate	Sustainable Infrastructure	Public Safety	Mobility [including Transit]	Environmental Stewardship	Economic Vitality	Livable Community	Water and Wastewater	2024 Consolidated	2023 Consolidated
<b>Revenue</b>											
Property tax/community funding and equalization grant	\$ 6,367,067	\$ -	\$ 3,762,907	\$ 55,179,110	\$ 37,925,683	\$ 9,565,291	\$ 10,390,330	\$ 26,234,141	\$ -	\$ 149,424,529	\$ 137,293,532
Services to other governments	-	1,639,132	-	1,819,410	448,265	-	1,486,848	-	-	5,393,655	5,096,986
Sales, fines and other fees	-	#REF!	-	3,680,444	6,252,756	-	1,719,206	3,377,046	22,385,236	#REF!	33,615,229
Interest and return on investments	-	4,300,416	-	-	-	-	-	-	530,310	4,830,726	4,660,868
Government transfers	-	2,187,329	-	-	8,574,403	223,958	1,543,010	7,255,138	7,210,801	26,994,639	18,494,887
Other	-	201,972	-	-	3,178,930	932,790	-	173,262	1,926,553	6,413,507	4,686,347
	\$ 6,367,067	#REF!	\$ 3,762,907	\$ 60,678,964	\$ 56,380,037	\$ 10,722,039	\$ 15,139,394	\$ 37,039,587	\$ 32,052,900	#REF!	\$ 203,847,849
<b>Expenses</b>											
Salaries and benefits	\$ 3,229,337	\$ 14,313,290	\$ 1,267,625	\$ 37,728,802	\$ 12,269,899	\$ 930,787	\$ 3,751,269	\$ 9,710,183	\$ 6,388,137	\$ 89,589,329	\$ 85,457,889
Goods and services	1,083,621	22,977,512	1,015,157	3,494,129	7,307,357	4,845,648	5,985,121	5,601,995	7,276,179	59,586,719	52,303,370
Amortization	63,696	-	95,671	1,957,840	10,653,772	777,368	1,787,801	4,324,067	5,787,864	25,448,079	24,473,410
Interest	-	131,772	-	96,599	69,439	-	147,428	256,216	-	701,454	838,282
Other (gain) loss on assets	-	645	-	(269)	(15,471)	(369)	5,868	(5,542)	(227)	(15,365)	2,763,468
Subtotal expenses	\$ 4,376,654	\$ 37,423,219	\$ 2,378,453	\$ 43,277,101	\$ 30,284,996	\$ 6,553,434	\$ 11,677,487	\$ 19,886,919	\$ 19,451,953	\$ 175,310,216	\$ 165,836,419
Allocation of Corporate overhead	1,453,909	(34,403,864)	891,918	14,436,440	7,089,981	617,670	1,405,976	8,507,970	-	-	-
<b>Total expenses</b>	<b>5,830,563</b>	<b>3,019,355</b>	<b>3,270,371</b>	<b>57,713,541</b>	<b>37,374,977</b>	<b>7,171,104</b>	<b>13,083,463</b>	<b>28,394,889</b>	<b>19,451,953</b>	<b>\$ 175,310,216</b>	<b>\$ 165,836,419</b>
<b>Annual surplus</b>	<b>\$ 536,504</b>	<b>#REF!</b>	<b>\$ 492,536</b>	<b>\$ 2,965,423</b>	<b>\$ 19,005,060</b>	<b>\$ 3,550,935</b>	<b>\$ 2,055,931</b>	<b>\$ 8,644,698</b>	<b>\$ 12,600,947</b>	<b>#REF!</b>	<b>\$ 38,011,430</b>

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 20. Schedule of tangible capital assets

	Land	Land improvements	Buildings	Vehicles	Machinery and equipment	Treatment facilities	Linear assets	Assets under construction	2024 Total	2023 Total
<b>Cost</b>										
Balance, beginning of year	\$ 22,464,420	\$ 31,901,267	\$ 162,008,455	\$ 36,723,677	\$ 35,227,742	\$ 79,457,170	\$ 654,737,130	\$ 15,165,520	\$ 1,037,685,381	\$ 988,728,944
Net additions during the year	445,887	7,107,674	6,255,701	3,772,949	4,639,867	442,610	38,401,728	11,061,277	72,127,693	58,057,131
Disposals during the year	(120,104)	(3,341,041)	(420,896)	(1,160,760)	(1,300,068)	(204,026)	(4,677,739)	-	(11,224,634)	(9,100,694)
Balance, end of year	\$ 22,790,203	\$ 35,667,900	\$ 167,843,260	\$ 39,335,866	\$ 38,567,541	\$ 79,695,754	\$ 688,461,119	\$ 26,226,797	\$ 1,098,588,440	\$ 1,037,685,381
<b>Accumulated amortization</b>										
Balance, beginning of year	\$ -	\$ 11,504,124	\$ 74,478,305	\$ 19,841,971	\$ 18,594,801	\$ 39,141,735	\$ 217,013,010	\$ -	\$ 380,573,946	\$ 362,648,399
Amortization during the year	-	1,067,641	5,113,250	2,458,731	2,645,041	2,267,385	11,896,031	-	25,448,079	24,473,410
Accumulated amortization on disposals	-	(2,979,806)	(310,511)	(1,057,098)	(1,251,784)	(204,026)	(3,556,439)	-	(9,359,664)	(6,547,863)
Balance, end of year	\$ -	\$ 9,591,959	\$ 79,281,044	\$ 21,243,604	\$ 19,988,058	\$ 41,205,094	\$ 225,352,602	\$ -	\$ 396,662,361	\$ 380,573,946
<b>Net book value of tangible capital assets</b>										
	\$ 22,790,203	\$ 26,075,941	\$ 88,562,216	\$ 18,092,262	\$ 18,579,483	\$ 38,490,660	\$ 463,108,517	\$ 26,226,797	\$ 701,926,079	\$ 657,111,435
<b>Consists of:</b>										
General Fund Assets	\$ 21,416,936	\$ 26,075,942	\$ 88,562,215	\$ 16,007,316	\$ 16,802,997	\$ -	\$ 266,070,522	\$ 14,506,038	\$ 449,441,966	\$ 417,404,248
Water and Sewer Fund Assets	1,373,267	-	-	2,084,946	1,776,486	38,490,660	197,037,995	11,720,759	252,484,113	239,707,187
	\$ 22,790,203	\$ 26,075,942	\$ 88,562,215	\$ 18,092,262	\$ 18,579,483	\$ 38,490,660	\$ 463,108,517	\$ 26,226,797	\$ 701,926,079	\$ 657,111,435

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 21. Consolidated schedule of accumulated surplus reconciliation to Province of New Brunswick ["PNB"] compliance requirements

	General Operating Fund	Water and Sewerage Operating Fund	Reserve Funds	Land Sales Fund	Parking Land Bank Fund	General Capital Fund	Water and Sewerage Capital Fund	Total
<b>2024 annual surplus</b>	\$ 2,545,923	\$ (141,767)	\$ 5,945,981	\$ (1,542,406)	\$ 212,991	\$ 34,066,831	\$ 14,445,378	\$ 55,532,931
<b>Adjustments to 2024 annual surplus for PNB compliance requirements</b>								
Second previous year's surplus	\$ 1,194,431	\$ 815,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,009,616
Second previous year's surplus from annexed areas	93,943	-	-	-	-	-	-	\$ 93,943
Amortization expense	-	-	-	-	-	19,660,215	5,787,864	25,448,079
Accumulated amortization on asset disposal	-	-	-	-	-	(8,613,901)	(745,763)	(9,359,664)
PSAB adjusting entries	(787,852)	-	-	-	-	-	-	(787,852)
<b>Total adjustments to 2024 annual surplus</b>	\$ 500,522	\$ 815,185	\$ -	\$ -	\$ -	\$ 11,046,314	\$ 5,042,101	\$ 17,404,122
<b>2024 annual surplus per PNB compliance requirements</b>	\$ 3,046,445	\$ 673,418	\$ 5,945,981	\$ (1,542,406)	\$ 212,991	\$ 45,113,145	\$ 19,487,479	\$ 72,937,053
Accumulated surplus per PNB compliance requirements, beginning of year	4,341,135	1,583,938	50,350,817	10,066,365	4,091,164	616,730,867	385,716,889	1,072,881,175
Second previous year's surplus	(1,194,431)	(815,185)	-	-	-	-	-	(2,009,616)
<b>Accumulated surplus per PNB compliance requirements, end of year</b>	\$ 6,193,149	\$ 1,442,171	\$ 56,296,798	\$ 8,523,959	\$ 4,304,155	\$ 661,844,012	\$ 405,204,368	\$ 1,143,808,612

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 22. Schedule of net operating loss - arena complexes

	2024	2023
Revenue <i>[note 12]</i>		
Ice rental	\$ 1,591,092	\$ 1,504,776
Canteen rental	35,973	20,414
Building rental	11,317	10,613
Community room rental	30,269	23,515
Other	4,925	4,669
YMCA lease agreement	30,545	28,000
<b>Total arena complex revenue</b>	<b>1,704,121</b>	<b>1,591,987</b>
Expenses <i>[note 12]</i>		
Salaries and wages	2,267,504	2,051,267
Supplies	154,813	130,550
Repairs and maintenance	409,035	359,935
Utilities	993,559	954,116
Service contracts	226,183	280,998
Other	63,508	57,173
<b>Total arena complex expenses</b>	<b>4,114,602</b>	<b>3,834,039</b>
<b>Net operating loss</b>	<b>\$ (2,410,481)</b>	<b>\$ (2,242,052)</b>

Revenue is included in sales, fines and other fees and expenses are included in Livable Community in the consolidated statement of operations and accumulated surplus.

### Capital Replacement Fund - Arenas *[note 12]*

	2024	2023
Opening balance, beginning of year	\$ 1,870,892	\$ 1,776,123
Expenditure	(1,121,337)	-
Interest on balance	90,792	94,769
<b>Closing balance, end of year</b>	<b>\$ 840,347</b>	<b>\$ 1,870,892</b>

The Capital Replacement Fund is included with cash that is designated as reserves for spending in future years by City Council *[see note 3]*.

Total payments made during the year to the Municipal Capital Borrowing Board for the debt associated with the Grant Harvey Centre and Willie O'Ree Centre was \$2,130,654 (2023 -\$2,133,504). The amount representing interest for the year was \$343,651 (2023 - \$385,891).

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 23. Statement of reserves

	General Operating Reserve	General Capital Reserve (a)	Water & Sewer Reserve	2024 Total	2023 Total
<b>Assets</b>					
Cash	\$ 8,487,060	\$ 36,296,630	\$ 11,313,695	\$ 56,097,384	\$ 46,954,828
Net payables	(30,825)	(1,199,829)	(826,269)	(2,056,923)	(1,511,762)
Investments	-	2,256,336	-	2,256,336	4,907,751
<b>Accumulated surplus</b>	<b>\$ 8,456,235</b>	<b>\$ 37,353,137</b>	<b>\$ 10,487,426</b>	<b>\$ 56,296,798</b>	<b>\$ 50,350,817</b>
<b>Revenue</b>					
Transfers from Operating Funds	\$ 2,679,224	\$ 12,563,949	\$ 4,535,583	\$ 19,778,756	\$ 3,097,303
Interest	319,785	1,248,244	328,492	1,896,521	1,864,483
	2,999,009	13,812,193	4,864,075	21,675,277	4,961,786
<b>Expenditures</b>	<b>1,925,429</b>	<b>9,922,563</b>	<b>3,881,304</b>	<b>15,729,296</b>	<b>1,382,907</b>
Annual surplus	\$ 1,073,580	\$ 3,889,630	\$ 982,771	\$ 5,945,981	\$ 3,578,879
Balance, beginning of the year	7,382,655	33,463,507	9,504,655	50,350,817	46,771,938
<b>Balance, end of the year</b>	<b>\$ 8,456,235</b>	<b>\$ 37,353,137</b>	<b>\$ 10,487,426</b>	<b>\$ 56,296,798</b>	<b>\$ 50,350,817</b>

(a) Included in the assets of the General Capital Reserve is \$4,811,526 for the Capital Replacement Reserve of the Fredericton Convention Centre. Transfers from Operating Funds to the General Capital Reserve include \$807,525 from the Fredericton Convention Centre for the Capital Replacement Reserve.

Name of Investment	Principal Amount	Interest Rate	Date of Maturity
Interfund debenture	\$ 959,206	2.10% - 3.45%	May 16, 2028
Interfund debenture	\$ 333,074	1.65% - 2.90%	December 1, 2026
Non-cashable GIC	\$ 563,127	5.30%	April 30, 2027
Canadian equities	\$ 400,929	N/A	N/A

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## Council Resolutions regarding transfer to and from reserves:

Moved by: Councillor Eric Megarity

Seconded by: Councillor Margo Sheppard

THAT City Council adopt the following resolution:

BE IT RESOLVED that the Council of the City of Fredericton authorizes the City Treasurer to apply the amount of \$1,925,429 in the General Operating Reserve Fund to the 2024 expenditures incurred to complete previously approved projects.

BE IT RESOLVED that the Council of the City of Fredericton authorizes the City Treasurer to apply the amount of \$9,922,563 in the General Capital Reserve Fund to the 2024 expenditures incurred to complete previously approved projects.


BE IT RESOLVED that the Council of the City of Fredericton authorizes the City Treasurer to apply the amount of \$3,881,304 in the Water and Sewer Capital Reserve Fund to the 2024 expenditures to complete previously approved projects.

BE IT RESOLVED that the Council of the City of Fredericton authorizes the City Treasurer to transfer the amount of \$2,679,224 to the General Operating Reserve Fund in order to complete projects budgeted for in 2024 in future years from the General Operating Fund pursuant to section 101 under Part 9 of the Local Governance Act.

BE IT RESOLVED that the Council of the City of Fredericton authorizes the City Treasurer to transfer the amount of \$11,756,424 to the General Capital Reserve Fund in order to complete projects budgeted for in 2024 in future years from the General Operating Fund pursuant to section 101 under Part 9 of the Local Governance Act.

BE IT RESOLVED that the Council of the City of Fredericton authorizes the City Treasurer to transfer the amount of \$4,535,583 to the Water and Sewer Capital Reserve Fund in order to complete projects budgeted for in 2024 in future years from the Water and Sewer Operating Fund pursuant to section 101 under Part 9 of the Local Governance Act.

I hereby certify that the above are true and exact copies of resolutions adopted by City Council on December 9, 2024.

  
Jennifer Lawson  
City Clerk  
City of Fredericton



March 26, 2025  
Date

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 24. Statement of controlled entities

	Controlled entities consolidated with the General Operating Fund				2024 Total	2023 Total
	e-Novations ComNet Inc.	Newmarket Properties Inc.	Fredericton Convention Centre	Intercompany Eliminations		
<b>Assets</b>	\$ 1,960,889	\$ 1,408,970	\$ 1,176,167	\$ (1,799,257)	\$ 2,746,769	\$ 2,653,390
<b>Liabilities</b>	(674,653)	(58,895)	(552,946)	(1,259)	(1,287,753)	(1,202,775)
<b>Accumulated surplus</b>	\$ 1,286,236	\$ 1,350,075	\$ 623,221	\$ (1,800,516)	\$ 1,459,016	\$ 1,450,615
<b>Revenue</b>	\$ 207,750	\$ 465,379	\$ 6,297,539	\$ (2,202,381)	\$ 4,768,287	\$ 3,461,412
<b>Expenditures</b>	(184,919)	(397,988)	(5,400,289)	2,030,833	(3,952,363)	(2,744,484)
<b>Annual surplus - Per PNB compliance requirements</b>	\$ 22,831	\$ 67,391	\$ 897,250	\$ (171,548)	\$ 815,924	\$ 716,928

The above-noted entities are included in the consolidated financial statements of the City of Fredericton.

Intercompany revenue and expenses and accounts payable and receivable are eliminated upon consolidation.

The controlled entities are consolidated with the General Operating Fund per the Province of New Brunswick compliance requirements.

Surplus includes eliminating adjustments for depreciation and capital expenditures, and the second previous year's surplus as per PNB requirements.

The net of revenue and expenses are included in expenses for the Economic Vitality segment.

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 25. Reconciliation of operating budget for provincial compliance requirements to Public Sector Accounting Standards ["PSAB"]

	Operating Budget General	Operating Budget Water & Sewer	Amortization TCA	Adjustments for Full Accrual Accounting	Total Budget to PSAB Budget
<b>Revenue</b>					
Property taxes	\$ 148,212,547	\$ -	\$ -	\$ -	\$ 148,212,547
Community funding and equalization grant	1,207,516	-	-	-	1,207,516
Federal grant in lieu of taxes adjustment	4,466	-	-	-	4,466
Services to other governments	5,255,855	-	-	-	5,255,855
Licenses, permits and fines	2,279,000	-	-	-	2,279,000
Sales and own source revenue	9,600,126	22,625,719	-	-	32,225,845
Interest and return on investments	370,000	-	-	-	370,000
Second previous year's surplus	1,288,374	815,185	-	(2,103,559) (a)	-
	\$ 168,217,884	\$ 23,440,904	\$ -	\$ (2,103,559)	\$ 189,555,229
<b>Expenses</b>					
Governance & Civic Engagement	\$ 6,369,759	\$ -	\$ 63,696	\$ -	6,433,455
Sustainable Infrastructure	3,644,480	-	95,671	-	3,740,151
General Government Services - Corporate	2,105,405	-	-	153,041 (b)	2,258,446
Public Safety [note 16]	57,758,059	-	1,957,840	112,191 (b)	59,828,090
Mobility [including Transit]	25,114,573	-	10,653,772	80,647 (b)	35,848,992
Environmental Stewardship	5,582,283	-	777,368	-	6,359,651
Economic Vitality	12,790,479	-	1,787,801	171,224 (b)	14,749,504
Livable Community	21,815,250	-	4,324,067	297,571 (b)	26,436,888
Fiscal Services					
Principal payments on long-term debt	6,019,727	-	-	(6,019,727) (c)	-
Interest payments on long-term debt	814,674	-	-	(814,674) (b)	-
Funding current year's capital projects	26,203,195	10,319,417	-	(36,522,612) (d)	-
Water and Wastewater	-	13,121,487	5,787,864	-	18,909,351
	\$ 168,217,884	\$ 23,440,904	\$ 25,448,079	\$ (42,542,339)	\$ 174,564,528
Annual surplus	\$ -	\$ -	\$ (25,448,079)	\$ 40,438,780	\$ 14,990,701

(a) Eliminate second previous year's surplus (deficit) for PSAB

(b) Allocation of interest expense

(c) Principal debt repayment

(d) Funding for current year's capital projects

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 26. Detailed statement of revenue and expenditure

### General Operating Fund - Consolidated

	2024		2023
	Budget	Actual	Actual
<b>Revenue from operations</b>			
Province of New Brunswick			
Property taxes	\$ 148,212,547	\$ 148,212,547	\$ 135,680,565
Community funding and equalization grant	1,207,516	1,207,516	1,610,022
	149,420,063	149,420,063	137,290,587
Federal payment in lieu of taxes	4,466	4,466	2,945
Services provided to other governments			
Transportation services - provincial routes	416,658	448,265	416,658
Public Safety Emergency Dispatch and 911	1,635,342	1,639,132	1,573,695
Fire services - local service districts	334,052	336,851	413,028
Fire services - provincial hazmat	105,237	106,440	98,467
Services to Saint Mary's First Nation			
Fire services - Federal transfer	305,774	308,591	296,072
Police services - Federal transfer	505,411	604,777	440,474
Police services - Provincial transfer	466,533	462,752	406,592
Regional Tourism	1,486,848	1,486,848	1,452,000
	5,255,855	5,393,656	5,096,986
Licenses, permits and fines			
Taxi, business and dog licenses	22,000	16,744	27,412
Building permits	1,555,000	3,511,556	2,536,055
Development approval	100,000	94,384	98,365
Parking, municipal bylaw, and other fines	476,000	533,618	490,527
Police security checks, fine sharing and false alarms	126,000	148,291	141,301
	2,279,000	4,304,593	3,293,660
Sales and other revenue			
Parking meters	592,000	695,864	581,403
Parking lots and garages	1,222,100	1,549,545	1,419,580
Public transit	2,422,432	3,434,096	2,780,045
Para transit	46,410	41,155	30,223
Arena rentals	1,208,546	1,703,973	1,694,234
Outside user fee	728,374	735,544	614,377
Community centres	232,628	341,721	336,994
Indoor pool	252,421	311,561	324,181
Sports fields	119,915	168,692	171,438
Cultural development	5,300	84,630	75,891
Police sale of unclaimed goods	5,000	2,332	8,189
Cash flow and investment management	370,000	1,924,658	1,960,111
Miscellaneous	10,000	155,098	240,842
Vehicle auction proceeds	-	519,120	-
Tourism Accomodation Levy	2,755,000	1,548,030	1,142,241
	9,970,126	13,216,019	11,379,749
<b>Total revenue from operations</b>	\$ 166,929,510	\$ 172,338,797	\$ 157,063,927

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

**26. Detailed statement of revenue and expenditure (continued)**

**General Operating Fund - Consolidated (continued)**

	2024		2023
	Budget	Actual	Actual
<b>Revenue (Continued):</b>			
Government transfers	\$ -	\$ 17,596,509	\$ 12,603,373
Third-party contributions	-	2,903,012	1,291,140
Transfer from General Capital Reserve	-	9,922,563	1,382,907
Transfer from Operating Reserve	-	1,925,429	-
Total transfers from reserves	-	11,847,992	1,382,907
Second previous year's surplus	1,288,374	1,288,374	3,028,978
<b>Total revenue</b>	\$ 168,217,884	\$ 206,402,159	\$ 175,370,325

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 26. Detailed statement of revenue and expenditure (continued)

### General Operating Fund - Consolidated (Continued)

	2024		2023
	Budget	Actual	Actual
<b>Expenditure from operations</b>			
Governance & Civic Engagement			
Community Leadership	\$ 3,067,815	\$ 2,575,859	\$ 3,033,387
Management Systems	3,133,711	3,027,451	3,007,423
Intergovernmental Affairs	168,233	163,557	92,850
	6,369,759	5,766,867	6,133,660
Economic Vitality			
Affordable Housing	848,719	1,967,247	2,086,049
Business Attraction and Retention	214,299	260,275	115,604
Development Approval	1,771,104	1,544,205	1,098,222
Land Use Planning	1,251,942	1,271,864	1,026,752
Tourism Development and Operations	1,675,783	1,579,410	1,647,727
Tourism Marketing and Sales	7,028,632	5,707,334	5,030,835
	12,790,479	12,330,335	11,005,189
Environmental Stewardship			
Composting	148,699	269,789	89,186
Environmental Strategy	605,329	478,986	546,887
Solid Waste Management	4,034,475	4,392,867	4,043,012
Storm Water Management	793,780	1,252,463	1,260,907
	5,582,283	6,394,105	5,939,992
Livable Community			
Arboriculture	1,310,489	1,637,938	1,660,724
Community Inclusion	837,188	1,106,407	1,011,050
Community Special Event Coordination and Support	689,130	637,618	488,711
Cultural Development	2,604,321	2,999,824	2,466,114
Heritage Planning and Conservation	310,838	249,556	152,771
Horticulture	991,615	1,218,511	1,110,506
Leisure and Recreation Development and Delivery	4,473,610	4,777,836	4,118,768
Parks and Playground Management	1,806,525	2,466,836	2,248,869
Recreation Facility Scheduling	7,683,811	7,635,171	7,000,007
Sport Field Management	1,107,723	1,214,000	1,128,690
	21,815,250	23,943,697	21,386,210
Mobility [including Transit]			
Fixed Route Scheduled Transit	7,322,560	7,391,616	6,740,500
Para Transit	977,296	908,224	724,877
Parking Management	2,428,749	2,155,864	2,093,960
Roadway Management	6,419,783	6,972,420	6,267,770
Sidewalk Management	2,754,870	2,470,069	2,372,424
Taxi Industry Regulation	107,969	105,096	96,903
Trails Management	1,042,747	1,248,675	1,038,328
Transportation System Management	4,060,599	5,430,926	4,519,186
	\$ 25,114,573	\$ 26,682,890	\$ 23,853,948

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 26. Detailed statement of revenue and expenditure (continued)

### General Operating Fund - Consolidated (continued)

	2024		2023
	Budget	Actual	Actual
<b>Expenditure from operations (continued)</b>			
Public Safety			
Animal Registration and Control	\$ 212,077	\$ 213,927	\$ 269,686
Building Construction Permission and Enforcement	1,434,980	1,440,224	1,448,929
Bylaw Enforcement	1,253,833	1,369,506	1,023,016
Emergency Preparedness	2,899,679	2,962,669	2,900,712
Fire Emergency Incident Mitigation	17,828,468	17,835,812	16,626,171
Fire Investigation	690,981	717,813	712,982
Fire Prevention and Inspection	981,623	980,235	1,002,655
Police - Enforce Federal, Provincial and Municipal Laws	8,347,166	8,020,275	7,461,038
Police - Keeping the Peace	6,672,731	6,354,443	6,043,101
Police - Prevent and Detect Crime	9,245,259	8,967,629	8,716,854
Police - Protect Life and Property	8,191,262	8,176,716	7,609,733
	<b>57,758,059</b>	<b>57,039,249</b>	<b>53,814,877</b>
Corporate Services			
Communications Management	1,232,898	1,278,553	1,229,321
Continuous Improvement	49,175	35,494	731,472
Facilities Management	7,874,661	7,683,413	7,040,910
Financial Management	2,339,411	2,692,978	1,811,936
Fleet and Equipment Management	4,741,304	5,290,172	4,569,317
Human Resource Management	1,497,457	1,047,096	1,414,526
Information Technology Solution Delivery	1,067,947	1,165,023	1,316,363
Information Technology Support	2,948,553	2,917,721	2,630,827
Insurance Coverage Service	1,070,053	1,351,730	1,133,626
Legal Services	871,555	889,855	759,888
Occupational Health and Safety	319,181	300,545	192,582
Public Procurement Management	424,762	411,966	358,067
Public Safety Service Request Management	3,038,042	2,808,136	2,882,180
Real Estate Management	1,776,864	1,649,665	1,846,764
Records Management	101,025	170,596	241,268
Request Management	390,633	391,714	380,184
Corporate overhead allocated to external services	(29,743,522)	(30,084,655)	(28,539,231)
Property assessment and collection [PNB]	2,105,406	2,166,820	1,968,671
	<b>\$ 2,105,405</b>	<b>\$ 2,166,822</b>	<b>\$ 1,968,671</b>

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## 26. Detailed statement of revenue and expenditure (continued)

### General Operating Fund - Consolidated (continued)

	2024		2023
	Budget	Actual	Actual
<b>Expenditure from operations (continued)</b>			
Sustainable Infrastructure			
Capital Asset Management	\$ 228,528	\$ 217,813	\$ 164,077
Capital Planning and Implementation	1,849,133	2,188,892	1,122,390
Capital Prioritization and Investment Service	1,396,046	577,734	1,186,933
Debt and Affordability Management Service	170,773	190,262	146,549
Debt principal repayment	6,019,727	5,130,078	4,386,764
Interest on capital debt	814,674	819,307	979,225
Funding current year's new capital projects	9,482,200	21,076,132	18,732,534
Funding current year's capital renewal projects	16,720,995	24,939,289	20,235,218
	36,682,076	55,139,507	46,953,690
Transfer to General Capital Reserve	-	12,563,949	567,367
Transfer to General Operating Reserve	-	2,679,224	1,361,250
Total transfer to reserves	-	15,243,173	1,928,617
<b>Total expenditure from operations</b>	<b>\$ 168,217,884</b>	<b>\$ 204,706,645</b>	<b>\$ 172,984,854</b>
<b>General Operating Fund surplus from operations</b>	<b>\$ -</b>	<b>\$ 1,695,514</b>	<b>\$ 2,385,471</b>
<b>Remeasurement gains and losses</b>			
Unrealized gain (loss) attributable to foreign exchange	\$ -	\$ 256,134	\$ (27,634)
Unrealized gain (loss) on investments	-	278,873	71,933
Unrealized surplus from subsidiary entities	-	815,924	716,928
<b>Total remeasurement gains</b>	<b>\$ -</b>	<b>\$ 1,350,931</b>	<b>\$ 761,227</b>
<b>Consolidated General Fund annual surplus</b>	<b>\$ -</b>	<b>\$ 3,046,445</b>	<b>\$ 3,146,698</b>

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

## Water and Sewerage Operating Fund - Consolidated Statement of Revenue and Expenditures

	2024		2023
	Budget	Actual	Actual
<b>Revenue</b>			
Water and sewerage rates	\$ 21,433,386	\$ 22,376,907	\$ 20,615,373
Water supply for fire protection	1,000,612	1,000,612	1,000,612
Miscellaneous revenue	191,720	210,951	205,367
Interest	-	201,818	217,833
Transfer from utility reserve	-	3,881,304	-
Land sales and vehicle auction proceeds	-	126,096	-
Third-party contributed capital	-	288,038	-
Federal and provincial grant funding	-	7,210,802	5,857,539
Second previous year's surplus	815,186	815,185	2,074,658
<b>Total revenue</b>	<b>\$ 23,440,904</b>	<b>\$ 36,111,713</b>	<b>\$ 29,971,382</b>
<b>Expenditures</b>			
Water			
Purification and treatment	\$ 474,300	\$ 772,619	\$ 854,136
Source of supply	340,000	378,189	392,580
Transmission and distribution	65,209	170,218	81,785
Plant and equipment maintenance	517,306	1,192,353	923,917
Billing and collecting	118,770	188,483	171,908
Water meters	75,000	618,324	477,141
	1,590,585	3,320,186	2,901,467
Sewerage			
Lift stations and system maintenance	742,505	1,108,372	965,423
Sewerage treatment and disposal	2,418,628	2,288,495	2,434,104
	3,161,133	3,396,867	3,399,527
Common services			
	8,369,769	6,979,756	6,349,597
Fiscal services			
Funding current year's new capital projects	2,600,000	7,131,209	3,946,774
Funding current year's renewal capital projects	7,719,417	10,074,694	11,436,576
Transfer to water and sewer capital reserve	-	4,535,583	1,168,686
	10,319,417	21,741,486	16,552,036
<b>Total expenditures</b>	<b>\$ 23,440,904</b>	<b>\$ 35,438,295</b>	<b>\$ 29,202,627</b>
<b>Annual surplus</b>	<b>\$ -</b>	<b>\$ 673,418</b>	<b>\$ 768,755</b>

# CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2024

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## **27. Subsequent Events**

On October 3, 2024 The City entered into a Memorandum of Understanding (MOU) regarding the superannuation plan for certain employees of the City of Fredericton with the Fredericton Firefighter's Association Local 1053 and the Fredericton Police Union UBC 911. The conversion date of the Plan is January 1, 2025. An estimate of the financial impact is not yet available, as the plan text and actuarial valuations are still pending.

## **28. Comparative figures**

Certain amounts of the previous year have been reclassified to conform to the presentation adopted for the current year.