

CITY OF FREDERICTON

Consolidated Financial Statements

Year ended December 31, 2025

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CITY OF FREDERICTON

Consolidated Statement of Financial Position

As at December 31

	2025	2024 (Restated)
Financial assets		
Cash and cash equivalents <i>[note 2]</i>	\$ 77,557,735	\$ 92,886,844
Investments	4,626,986	2,678,750
Accounts receivable	21,110,345	23,476,981
Accrued pension asset <i>[note 17]</i>	-	8,072,700
	\$ 103,295,066	\$ 127,115,275
Liabilities		
Accounts payable and accrued liabilities	\$ 18,595,919	\$ 23,250,531
Deferred revenue	6,277,080	5,527,771
Deferred government transfers <i>[note 4]</i>	11,753,979	21,269,833
Deposits <i>[note 3]</i>	927,844	891,844
Long-term debt <i>[note 5]</i>	19,985,291	23,357,474
Long-term commitment <i>[note 17]</i>	589,143	885,858
Asset retirement obligations <i>[note 18]</i>	683,728	869,671
Supplemental executive retirement plan <i>[note 8]</i>	277,500	284,000
	\$ 59,090,484	\$ 76,336,982
Net surplus	\$ 44,204,582	\$ 50,778,293
Non-financial assets		
Tangible capital assets <i>[note 20]</i>	\$ 734,279,923	\$ 691,334,928
Supplies inventory	3,702,110	3,619,473
	\$ 737,982,033	\$ 694,954,401
Accumulated surplus	\$ 782,186,615	\$ 745,732,694
Accumulated surplus consisting of:		
Accumulated operating surplus	\$ 780,694,584	\$ 744,988,894
Accumulated remeasurement gains	\$ 1,492,031	743,800
	\$ 782,186,615	\$ 745,732,694

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

	2025 Budget	2025 Actual	2024 Actual (Restated)
Revenue			
Property taxes	\$ 156,346,042	\$ 156,346,042	\$ 148,212,547
Community funding and equalization grant	805,011	805,015	1,207,516
Federal grant in lieu of taxes adjustment	4,404	4,404	4,466
Services to other governments	5,508,503	5,969,197	5,393,656
Sales, fines and other fees	37,500,469	46,666,555	42,554,377
Interest and return on investments	560,000	3,686,115	4,830,726
Third-party contributions	-	46,068,152	33,408,146
	\$ 200,724,429	\$ 259,545,480	\$ 235,611,434
Expenses			
General Government Services - Corporate	\$ 2,622,308	\$ 3,277,520	\$ 3,019,355
Sustainable Infrastructure	4,086,187	2,766,164	3,270,371
Economic Vitality	15,074,128	21,147,482	17,851,750
Environmental Stewardship	6,310,154	6,599,993	7,171,104
Governance & Civic Engagement	6,668,494	7,014,013	5,830,563
Livable Community	29,853,690	49,822,681	38,986,040
Mobility [including Transit]	39,099,715	39,763,462	37,374,977
Public Safety [note 16]	64,146,464	72,297,547	57,713,541
Water and Wastewater	19,832,597	20,402,697	19,451,953
	\$ 187,693,737	\$ 223,091,559	\$ 190,669,654
Annual surplus	\$ 13,030,692	\$ 36,453,921	\$ 44,941,780
Remeasurement gains	-	(748,231)	(337,188)
Annual operating surplus	\$ 13,030,692	\$ 35,705,690	\$ 44,604,592
Accumulated operating surplus, beginning of year	755,580,045	744,988,894	700,384,302
Accumulated operating surplus, end of year	\$ 768,610,737	\$ 780,694,584	\$ 744,988,894

See accompanying notes

CITY OF FREDERICTON

Consolidated Statement of Changes in Net Surplus

For the year ended December 31

	2025 Budget	2025 Actual	2024 Actual (Restated)
Annual operating surplus	\$ 13,030,692	\$ 35,705,690	\$ 44,604,592
Acquisition of tangible capital assets	(37,953,102)	(72,051,654)	(65,060,466)
Disposal of tangible capital assets	4,222,261	2,030,643	5,388,894
Amortization of tangible capital assets	22,968,188	27,076,016	25,448,079
Decrease (increase) in supplies inventory	-	(82,637)	207,928
	\$ (10,762,653)	\$ (43,027,632)	\$ (34,015,565)
Increase (decrease) in net surplus excluding net remeasurement	2,268,039	(7,321,942)	10,589,027
Remeasurement gains	-	748,231	337,188
Change in net surplus	2,268,039	(6,573,711)	10,926,215
Net surplus, beginning of year	50,778,293	50,778,293	39,852,078
Net surplus, end of year	\$ 53,046,332	\$ 44,204,582	\$ 50,778,293

See accompanying notes

CITY OF FREDERICTON

Consolidated Statement of Remeasurement Gains

For the year ended December 31

	<u>2025</u>		<u>2024</u>
Accumulated remeasurement gains, beginning of year	\$ 743,800	\$	406,612
Unrealized gains attributable to portfolio investments	748,231		337,188
Accumulated remeasurement gains, end of year	\$ 1,492,031	\$	743,800

See accompanying notes

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CITY OF FREDERICTON

Consolidated Statement of Cash Flows

For the year ended December 31

	2025	2024 (Restated)
Operating activities		
Annual surplus	\$ 36,453,921	\$ 44,941,780
Items not affecting cash		
Amortization of tangible capital assets	27,076,016	25,448,079
Loss on disposition of tangible capital assets	944,614	5,388,894
Contributed tangible capital assets	(3,113,389)	(3,510,494)
Unrealized gain on investments	(748,231)	(337,188)
Accretion of asset retirement obligations	14,057	22,854
Loss on settlement of pension plan	8,072,700	-
Uses		
Change in working capital	(2,251,976)	(4,592,939)
Change in accrued pension asset	(6,500)	(375,700)
Change in deferred revenue	749,309	(836,696)
Change in deferred government transfers	(9,515,854)	(2,335,998)
Change in long-term commitment	(296,715)	(298,108)
Change in supplies inventory	(82,637)	207,928
Settlement of asset retirement obligation	(200,000)	-
Cash provided by operating activities	\$ 57,095,315	\$ 63,722,412
Capital activities		
Proceeds on sale of tangible capital assets	1,086,029	1,346,610
Acquisition of tangible capital assets	(68,938,265)	(61,549,972)
Cash used in capital activities	\$ (67,852,236)	\$ (60,203,362)
Financing activities		
Repayment of long-term debt	(3,208,000)	(3,126,000)
Capital lease principal repayments	(164,183)	(672,948)
Cash used in financing activities	\$ (3,372,183)	\$ (3,798,948)
Investing activities		
Net sale (purchase) of long-term investments	(1,200,005)	1,847,588
Cash provided by (used in) investing activities	\$ (1,200,005)	\$ 1,847,588
Change in cash and cash equivalents	(15,329,109)	1,567,690
Cash and cash equivalents, beginning of year	92,886,844	91,319,154
Cash and cash equivalents, end of year	\$ 77,557,735	\$ 92,886,844

See accompanying notes

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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, 2025

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
Land: all land owned by the City, including land under buildings	N/A
Land improvements: includes major landscaping projects, sports fields/courts, trail culverts, paved trails, parking lots, playgrounds and similar assets	15–80 years
Buildings: 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
Machinery and equipment: includes information technology assets, large signage, transit fare boxes, motorized fleet equipment, parking meters, leasehold improvements and similar assets	3–40 years
Vehicles: all City vehicles, including cars, trucks, buses and similar assets	6–20 years
Linear assets: all Public Works infrastructure including roads, sidewalks, street lights, traffic signals, storm sewers, water and sewer mains	15–80 years
Water and wastewater treatment facilities: 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, 2025

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

a) The City has certain shared risk pension plans for eligible employees. The City's contributions to these plans are expensed as incurred [note 17].

b) The City has a Supplemental Executive Retirement Plan ["SERP"] for eligible employees which is actuarially determined using the projected benefit method prorated on service [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 using the projected benefit method prorated on service [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.

(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 25, 2024 and the Minister of Local Government on December 19, 2024. The budget is unaudited and does not include elimination of inter-organizational revenues and expenses with controlled entities.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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 \$53,003,991 [2024 - \$56,097,384].

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.

	2025		2024
Foundation locations	\$ 86,500	\$	86,500
Tenders	161,837		161,837
Infrastructure fees	331,796		306,796
Performance bonds	205,806		205,806
Animal control and other	240		240
Development fees	885		885
Water and sewer installations	140,780		129,780
	\$ 927,844	\$	891,844

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:

	2025		2024
Canada Community Building Fund	\$ 7,906,782	\$	17,164,834
CMHC Housing Accelerator Fund	3,529,504		1,810,415
CMHC Rapid Housing Initiative Fund	317,693		2,294,584
	\$ 11,753,979	\$	21,269,833

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

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

5. Long-term debt

External Borrowing

	2025	2024
General Fund		
Debtures, 20-year amortization period:		
Maturing in 2028, bearing interest at 4.51% to 5.25%	\$ 2,033,000	\$ 2,651,000
Maturing in 2029, bearing interest at 1.95% to 2.45%	5,364,000	6,632,000
Maturing in 2030, bearing interest at 0.50% to 1.80%	3,183,000	3,795,000
Maturing in 2033, bearing interest at 1.35% to 4.00%	4,273,000	4,727,000
Maturing in 2041, bearing interest at 0.86% to 2.96%	4,960,000	5,216,000
	19,813,000	23,021,000
Capital lease obligation with implicit interest rate of 4.83% - Pumper Truck	172,291	336,474
Total external long-term debt and capital lease obligations	\$ 19,985,291	\$ 23,357,474

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 from 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 \$620,358 [2024 - \$701,453] relating to the external debtures is included in interest expense.

Interest in the amount of \$16,616 [2024 – nil] relating to the capital lease obligations is included in interest expense.

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.

	2025	2024
General Fund		
Debtures, 10-year amortization period:		
Maturing in 2026, bearing interest at 1.45% to 2.90%	\$ 897,892	\$ 1,773,064
Maturing in 2026, bearing interest at 1.45% to 2.90%	168,670	333,074
Maturing in 2028, bearing interest at 2.10% to 3.45%	730,018	959,206
Total internal long-term debt	\$ 1,796,580	\$ 3,065,344

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

5. Long-term debt (continued)

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

	External	Internal	Total
2026	\$ 3,464,291	\$ 1,301,373	\$ 4,765,664
2027	3,381,000	243,525	3,624,525
2028	3,475,000	251,682	3,726,682
2029	2,833,000	-	2,833,000
2030 and thereafter	6,832,000	-	6,832,000
	\$ 19,985,291	\$ 1,796,580	\$ 21,781,871

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, 2025		\$ 145,137,000	\$ 78,814,000

Of the total amount borrowed, \$19,813,000 [2024 - \$23,021,000] remains to be repaid to the New Brunswick Municipal Finance Corporation [note 5].

7. Capital commitments

As at December 31, 2025, 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 at December 31, 2025, tenders totaling \$100,535,077 had been awarded for the project, of which \$35,394,666 has been paid.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

8. Pension asset/liability

	2025	2024
Supplemental Executive Retirement Plan	\$ 277,500	\$ 284,000

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

Discount rate:	3.19% [2024 - 3.63%] per annum
Inflation rate:	2.75% per annum

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, 2025 are as follows:

	2025	2024
Accrued benefit liability as at January 1	\$ 13,378,100	\$ 12,829,200
Current service cost	848,200	746,800
Interest on obligation	465,400	578,900
Benefit payments	(824,800)	(868,600)
Amortization of losses	45,300	91,800
Accrued benefit liability as at December 31	\$ 13,912,200	\$ 13,378,100
Restricted cash and investments for retirement allowance	\$ 13,912,200	\$ 13,378,100
Net accrued benefit obligation	\$ -	\$ -
Benefit expenses		
Current-period benefit cost	\$ 848,200	\$ 746,800
Interest cost	465,400	578,900
Amortization of losses	45,300	91,800
Retirement allowance expense	\$ 1,358,900	\$ 1,417,500

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

Discount rate:	3.19% [2024 - 3.63%] per annum
Salary growth rate:	2.75% per annum thereafter, plus promotional and merit scale [2024 - 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

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

10. Expenses by nature of object

	2025	2024 (Restated)
Salaries and benefits	\$ 103,705,841	\$ 89,589,329
Goods and services	90,728,113	71,422,233
Amortization	27,076,017	25,448,079
Interest	636,974	701,454
Other loss (gain) on assets	944,615	3,508,559
	<u>\$ 223,091,560</u>	<u>\$ 190,669,654</u>

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.

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 \$805,602 [2024 - \$709,279] 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 LSDs 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 at that time.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

13. Other

Funds held in trust

Trust fund assets administered by the City for the benefit of external parties in the amount of \$1,279,804 [2024 - \$1,176,257] 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.

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 [including Transit]

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.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

14. Segmented information (continued)

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.

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, 2025 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 [note 21].

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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 (St. Mary's) First Nation for policing services to Sitansisk (St. Mary's) First Nation. Amounts included relating to expenses and recoveries are as follows:

	2025	2024
Sitansisk (St. Mary's) First Nation policing expenses	\$ 1,219,055	\$ 1,142,725
Federal contribution	(559,244)	(604,777)
Provincial contribution	(485,005)	(462,752)
City contribution	\$ 174,806	\$ 75,196

17. Shared risk pension plans

a - City of Fredericton Shared Risk Plan

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 Fredericton Firefighter's Association Local 1053 and the Fredericton Police Union UBC 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 \$589,143 [2024 - \$885,858].

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

2026	370,656
2027	370,656
	\$ 741,312

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

17. Shared risk pension plans (continued)

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, 2025. At that date, the open group funded ratio of the Plan was 128.1% [2024 - 125.1%].

b - City of Fredericton Police & Fire Shared Risk Plan

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 MOU outline terms for conversion of the existing superannuation plan to a shared risk plan. Effective January 1, 2025, the superannuation plan was converted into the City of Fredericton Police & Fire Shared Risk Plan ("P&F SRP").

The P&F SRP is a Shared Risk Plan in accordance with the *Pension Benefits Act* (New Brunswick). The P&F SRP Plan is administered by an independent Board of Trustees and covers employees of the City who are active members of the Fredericton Firefighter's Association Local 1053 and the Fredericton Police Union UBC 911. Under the P&F SRP, contributions are made by the P&F SRP members and the City.

Plan members contribute at a rate of 10.0% of pensionable earnings in 2025, 10.5% in 2026, and 11.0% in 2027 and thereafter. The City contributes at a rate of 12.0% of pensionable earnings in 2025, 11.5% in 2026, and 11.0% in 2027 and thereafter. As per the Plan's Funding Policy, contributions may increase or decrease by 2% of payroll for both the City and the employees should certain funding levels be reached.

For service up to and including December 31, 2024, 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 \$2,500 per year of pensionable service. For service after January 1, 2025, benefits accrued at a rate of 1.8% of pensionable earnings. Benefits are available on an unreduced basis for members who retire on or after age 65, after 27 years of pensionable service, or the age at which the member's age plus years of service equals 80 years. The P&F SRP has certain benefit terms for early retirement, death before and after retirement, and termination.

The last actuarial valuation of the P&F SRP Plan was conducted as at January 1, 2025. At that date, the open group funded ratio of the Plan was 114.4%.

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.

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

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	2025 Consolidated	2024 Consolidated (Restated)
Revenue											
Property tax/community funding and equalization grant	\$ 6,616,748	\$ -	\$ 4,109,183	\$ 58,811,314	\$ 41,044,169	\$ 6,817,729	\$ 10,843,455	\$ 28,912,863	\$ -	\$ 157,155,461	\$ 149,424,529
Services to other governments	-	2,096,788	-	1,855,580	488,349	-	1,528,480	-	-	5,969,197	5,393,655
Sales, fines and other fees	-	979,816	-	3,473,685	6,643,584	-	8,246,237	3,533,679	23,789,554	46,666,555	42,554,378
Interest and return on investments	-	3,285,112	-	-	-	-	-	-	401,003	3,686,115	4,830,726
Government transfers	-	617,167	304,410	-	12,034,527	14,149	3,099,827	17,381,861	7,605,450	41,057,391	26,994,639
Other	-	24,735	49,656	15,000	1,658,871	895,968	4,500	369,935	1,992,096	5,010,761	6,413,507
	\$ 6,616,748	\$ 7,003,618	\$ 4,463,249	\$ 64,155,579	\$ 61,869,500	\$ 7,727,846	\$ 23,722,499	\$ 50,198,338	\$ 33,788,103	\$ 259,545,480	\$ 235,611,434
Expenses											
Salaries and benefits	\$ 3,369,743	\$ 14,320,118	\$ 1,478,156	\$ 49,594,168	\$ 12,954,629	\$ 875,527	\$ 3,881,125	\$ 10,519,268	\$ 6,713,107	\$ 103,705,841	\$ 89,589,329
Goods and services	2,025,759	25,636,180	223,777	4,838,600	6,928,594	4,143,492	13,717,011	25,479,896	7,734,804	90,728,113	71,422,233
Amortization	62,717	-	92,131	2,240,064	11,384,291	884,105	1,784,708	4,693,319	5,934,682	27,076,017	25,448,079
Interest	-	127,981	-	94,631	60,255	-	124,322	229,785	-	636,974	701,454
Other (gain) loss on assets	-	(80,849)	-	116,023	817,918	52,812	78,465	(59,858)	20,104	944,615	3,508,559
Subtotal expenses	\$ 5,458,219	\$ 40,003,430	\$ 1,794,064	\$ 56,883,486	\$ 32,145,687	\$ 5,955,936	\$ 19,585,631	\$ 40,862,410	\$ 20,402,697	\$ 223,091,560	\$ 190,669,654
Allocation of Corporate overhead	1,555,794	(36,725,911)	972,100	15,414,062	7,617,775	644,058	1,561,852	8,960,270	-	-	-
Total expenses	7,014,013	3,277,519	2,766,164	72,297,548	39,763,462	6,599,994	21,147,483	49,822,680	20,402,697	223,091,560	190,669,654
Annual surplus	\$ (397,265)	\$ 3,726,099	\$ 1,697,085	\$ (8,141,969)	\$ 22,106,038	\$ 1,127,852	\$ 2,575,016	\$ 375,658	\$ 13,385,406	\$ 36,453,920	\$ 44,941,780

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

20. Schedule of tangible capital assets

	Land	Land improvements	Buildings	Vehicles	Machinery and equipment	Treatment facilities	Linear assets	Assets under construction	2025 Total	2024 Total (Restated)
Cost										
Balance, beginning of year	\$ 22,790,203	\$ 35,667,900	\$ 167,843,260	\$ 39,335,866	\$ 38,567,541	\$ 79,695,754	\$ 688,461,119	\$ 15,635,646	\$ 1,087,997,289	\$ 1,037,685,381
Net additions during the year	1,233,335	4,611,666	3,155,968	10,050,149	6,029,587	14,100,225	40,384,217	(7,513,493)	72,051,654	65,060,466
Disposals during the year	(158,463)	(2,110,523)	(390,371)	(2,855,398)	(977,175)	(331,871)	(4,909,817)		(11,733,618)	(14,748,558)
Balance, end of year	\$ 23,865,075	\$ 38,169,043	\$ 170,608,857	\$ 46,530,617	\$ 43,619,953	\$ 93,464,108	\$ 723,935,519	\$ 8,122,153	\$ 1,148,315,325	\$ 1,087,997,289
Accumulated amortization										
Balance, beginning 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
Amortization during the year	-	1,280,554	5,278,414	2,694,878	2,986,207	2,226,340	12,609,623	-	27,076,016	25,448,079
Accumulated amortization on disposals	-	(2,043,956)	(390,371)	(2,531,242)	(913,816)	(297,575)	(3,526,015)	-	(9,702,975)	(9,359,664)
Balance, end of year	\$ -	\$ 8,828,557	\$ 84,169,087	\$ 21,407,240	\$ 22,060,449	\$ 43,133,859	\$ 234,436,210	\$ -	\$ 414,035,402	\$ 396,662,361
Net book value of tangible capital assets										
	\$ 23,865,075	\$ 29,340,486	\$ 86,439,770	\$ 25,123,377	\$ 21,559,504	\$ 50,330,249	\$ 489,499,309	\$ 8,122,153	\$ 734,279,923	\$ 691,334,928
Consists of:										
General Fund Assets	\$ 22,491,808	\$ 29,340,486	\$ 86,439,770	\$ 23,046,036	\$ 19,297,388	\$ -	\$ 283,251,375	\$ 4,229,887	\$ 468,096,750	\$ 438,850,815
Water and Sewer Fund Assets	1,373,267	-	-	2,077,341	2,262,116	50,330,249	206,247,934	3,892,266	266,183,173	252,484,113
	\$ 23,865,075	\$ 29,340,486	\$ 86,439,770	\$ 25,123,377	\$ 21,559,504	\$ 50,330,249	\$ 489,499,309	\$ 8,122,153	\$ 734,279,923	\$ 691,334,928

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

21. Consolidated schedule of accumulated surplus (deficit) reconciliation

	General Operating Fund	Water and Sewer Operating Fund	Reserve Funds	Land Sales Fund	Parking Land Bank Fund	General Capital Fund	Water and Sewerage Capital Fund	Total
2025 annual surplus (deficit), per Local Governance Act	\$ 3,598,803	\$ 516,168	\$ (1,208,907)	\$ (1,667,869)	\$ 160,847	\$59,316,686	\$ 15,960,125	\$ 76,675,853
Adjustments to 2025 annual surplus for funding requirements								
Second previous year's surplus	(3,146,698)	(768,753)	-	-	-	-	-	(3,915,451)
Amortization expense	-	-	-	(9,387)	-	(21,150,722)	(5,934,682)	(27,094,791)
External long-term debt principal repayment	(3,208,000)	-	-	-	-	3,208,000	-	-
Internal long-term debt principal repayment	(1,440,690)	-	-	-	-	1,440,690	-	-
Long-term commitment	296,715	-	-	-	-	-	-	296,715
Transfer from water and sewer operating fund to water and sewer reserve fund	-	2,695,550	(2,695,550)	-	-	-	-	-
Transfer from water and sewer reserve to water and sewer operating fund	-	(3,871,711)	3,871,711	-	-	-	-	-
Transfer from general operating fund to general capital reserve fund	12,589,290	-	(12,589,290)	-	-	-	-	-
Transfer from general operating fund to general operating reserve fund	2,102,270	-	(2,102,270)	-	-	-	-	-
Transfer from general operating reserve fund to general operating fund	(14,165,557)	-	14,165,557	-	-	-	-	-
Transfer from general capital reserve fund to general operating fund	(2,008,391)	-	2,008,391	-	-	-	-	-
Transfer of capital from operating	45,827,748	19,903,220	-	-	-	(45,827,748)	(19,903,220)	-
Transfer of capital from land sales fund	-	-	-	1,281,177	-	(923,577)	(357,600)	-
Contributed capital assets	-	-	-	-	-	1,121,293	1,992,096	3,113,389
Gain (loss) on disposal of tangible capital assets	-	-	-	(8,362)	-	(12,388,475)	(224,957)	(12,621,794)
Total adjustments to 2025 annual surplus	\$ 36,846,687	\$ 17,958,306	\$ 2,658,549	\$ 1,263,428	\$ -	\$ (74,520,539)	\$ (24,428,363)	\$ (40,221,932)
2025 annual surplus per PSAB for the year	\$ 40,445,490	\$ 18,474,474	\$ 1,449,642	\$ (404,441)	\$ 160,847	\$ (15,203,853)	\$ (8,468,238)	\$ 36,453,921

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

22. Schedule of net operating loss - arena complexes

	2025	2024
Revenue <i>[note 12]</i>		
Ice rental	\$ 1,690,526	\$ 1,591,092
Canteen rental	26,801	35,973
Building rental	1,800	11,317
Community room rental	34,277	30,269
Other	5,626	4,925
YMCA lease agreement	30,596	30,545
Total arena complex revenue	1,789,626	1,704,121
Expenses <i>[note 12]</i>		
Salaries and wages	2,568,555	2,267,504
Supplies	175,244	154,813
Repairs and maintenance	450,793	409,035
Utilities	1,140,802	993,559
Service contracts	243,839	226,183
Other	68,282	63,508
Total arena complex expenses	4,647,515	4,114,602
Net operating loss	\$ (2,857,889)	\$ (2,410,481)

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]*

	2025	2024
Opening balance, beginning of year	\$ 840,347	\$ 1,870,892
Expenditure	(119,219)	(1,121,337)
Interest on balance	26,100	90,792
Closing balance, end of year	\$ 747,228	\$ 840,347

The Capital Replacement Fund is included with cash that is designated as reserves for spending in future years by City Council *[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 \$2,130,839 (2024 - \$2,130,654). The amount representing interest for the year was \$297,484 (2024 - \$343,651).

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

23. Statement of reserves

	General Operating Reserve	General Capital Reserve (a)	Water and Sewer Reserve	2025 Total	2024 Total
Assets					
Cash	\$ 8,800,396	\$ 34,024,757	\$ 10,178,838	\$ 53,003,991	\$ 56,097,384
Net payables	(11,903)	(217,665)	(583,376)	(812,944)	(2,056,922)
Investments	-	2,896,844	-	2,896,844	2,256,336
Accumulated surplus	\$ 8,788,493	\$ 36,703,936	\$ 9,595,462	\$ 55,087,891	\$ 56,296,798
Revenue					
Transfers from Operating Funds	\$ 2,102,270	\$ 12,589,290	\$ 2,695,550	\$ 17,387,110	\$ 19,778,756
Interest	238,379	927,066	284,197	1,449,642	1,896,521
	2,340,649	13,516,356	2,979,747	18,836,752	21,675,277
Expenditures	2,008,391	14,165,557	3,871,711	20,045,659	15,729,296
Annual surplus (deficit)	\$ 332,258	\$ (649,201)	\$ (891,964)	\$ (1,208,907)	\$ 5,945,981
Balance, beginning of the year	8,456,235	37,353,137	10,487,426	56,296,798	50,350,817
Balance, end of the year	\$ 8,788,493	\$ 36,703,936	\$ 9,595,462	\$ 55,087,891	\$ 56,296,798

(a) Included in the assets of the General Capital Reserve is \$5,607,934 for the Capital Replacement Reserve of the Fredericton Convention Centre. Transfers from Operating Funds to the General Capital Reserve include \$796,408 from the Fredericton Convention Centre for the Capital Replacement Reserve.

Name of Investment	Principal Amount	Interest Rate	Date of Maturity
Interfund debenture	\$ 730,018	2.10% - 3.45%	May 16, 2028
Interfund debenture	\$ 168,673	1.65% - 2.90%	December 1, 2026
Non-cashable GIC	\$ 5,000,000	3.80%	March 6, 2026
Non-cashable GIC	\$ 1,763,127	5.30%	April 30, 2027
Canadian equities	\$ 235,026	N/A	N/A

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

23. Statement of reserves (continued)

Council Resolutions regarding transfer to and from reserves:

Moved by: Councillor Greg Ericson

Seconded by: Councillor Steven Hicks

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 \$2,008,391 in the General Operating Reserve Fund to the 2025 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 \$14,165,557 in the General Capital Reserve Fund to the 2025 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 \$3,871,711 in the Water and Sewer Capital Reserve Fund to the 2025 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 \$2,102,270 to the General Operating Reserve Fund in order to complete projects budgeted for in 2025 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 \$11,792,882 to the General Capital Reserve Fund in order to complete projects budgeted for in 2025 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 \$2,695,550 to the Water and Sewer Capital Reserve Fund in order to complete projects budgeted for in 2025 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 8, 2025.

Jennifer Lawson
City Clerk
City of Fredericton

Date

Municipal Seal

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

24. Statement of controlled entities

	Controlled entities consolidated with the General Operating Fund				2025 Total	2024 Total
	e-Novations ComNet Inc.	Newmarket Properties Inc.	Fredericton Convention Centre	Intercompany Eliminations		
Assets	\$ 1,862,663	\$ 2,166,606	\$ 1,051,190	\$ (2,370,592)	\$ 2,709,867	\$ 2,746,769
Liabilities	(575,410)	(188,604)	(339,479)	137,193	(966,300)	(1,287,753)
Accumulated surplus	\$ 1,287,253	\$ 1,978,002	\$ 711,711	\$ (2,233,399)	\$ 1,743,567	\$ 1,459,016
Revenue	\$ 190,061	\$ 1,036,122	\$ 6,551,400	\$ (1,316,477)	\$ 6,461,106	\$ 4,768,287
Expenditures	(189,044)	(408,195)	(5,666,502)	883,594	(5,380,147)	(3,952,363)
Annual surplus - Per Province of New Brunswick ["PNB"] compliance requirements	\$ 1,017	\$ 627,927	\$ 884,898	\$ (432,883)	\$ 1,080,959	\$ 815,924

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, 2025

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	PSAB Budget
Revenue					
Property taxes	\$ 156,346,042	\$ -	\$ -	\$ -	\$ 156,346,042
Community funding and equalization grant	805,011	-	-	-	805,011
Federal grant in lieu of taxes adjustment	4,404	-	-	-	4,404
Services to other governments	5,508,503	-	-	-	5,508,503
Licenses, permits and fines	2,592,500	-	-	-	2,592,500
Sales and own source revenue	11,191,205	23,716,764	-	-	34,907,969
Interest and return on investments	560,000	-	-	-	560,000
Second previous year's surplus	3,146,698	768,753	-	(3,915,451) (a)	-
	\$ 180,154,363	\$ 24,485,517	\$ -	\$ (3,915,451)	\$ 200,724,429
Expenses					
Governance & Civic Engagement	\$ 6,605,777	\$ -	\$ 62,717	\$ -	6,668,494
Sustainable Infrastructure	3,994,056	-	92,131	-	4,086,187
General Government Services - Corporate	2,313,905	-	-	308,403 (b)	2,622,308
Public Safety [note 16]	61,678,364	-	2,240,064	228,036 (b)	64,146,464
Mobility [including Transit]	27,570,225	-	11,384,291	145,199 (b)	39,099,715
Environmental Stewardship	5,426,049	-	884,105	-	6,310,154
Economic Vitality	12,989,834	-	1,784,708	299,586 (b)	15,074,128
Livable Community	24,606,645	-	4,693,319	553,726 (b)	29,853,690
Fiscal Services					
Principal payments on long-term debt	6,069,058	-	-	(6,069,058) (c)	-
Interest payments on long-term debt	1,534,950	-	-	(1,534,950) (b)	-
Funding current year's capital projects	27,365,500	10,587,602	-	(37,953,102) (d)	-
Water and Wastewater	-	13,897,915	5,934,682	-	19,832,597
	\$ 180,154,363	\$ 24,485,517	\$ 27,076,017	\$ (44,022,160)	\$ 187,693,737
Annual surplus	\$ -	\$ -	\$ (27,076,017)	\$ 40,106,709	\$ 13,030,692

(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, 2025

26. Detailed statement of revenue and expenditure

General Operating Fund - Consolidated

	2025		2024
	Budget	Actual	Actual (Restated)
Revenue from operations			
Province of New Brunswick			
Property taxes	\$ 156,346,042	\$ 156,346,042	\$ 148,212,547
Community funding and equalization grant	805,011	805,015	1,207,516
	157,151,053	157,151,057	149,420,063
Federal payment in lieu of taxes	4,404	4,404	4,466
Services provided to other governments			
Transportation services - provincial routes	448,264	488,349	448,265
Public Safety Emergency Dispatch and 911	1,711,863	2,096,788	1,639,132
Fire services - local service districts	374,928	374,928	336,851
Fire services - provincial hazmat	105,237	107,632	106,440
Services to St. Mary's First Nation			
Fire services - Federal transfer	314,305	314,305	308,591
Police services - Federal transfer	525,421	559,244	604,777
Police services - Provincial transfer	485,005	499,471	462,752
Regional Tourism	1,543,480	1,528,480	1,486,848
	5,508,503	5,969,197	5,393,656
Licenses, permits and fines			
Taxi, business and dog licenses	60,500	74,375	16,744
Building permits	1,750,000	3,291,616	3,511,556
Development approval	100,000	114,960	94,384
Parking, municipal bylaw, and other fines	551,000	465,995	533,618
Police security checks, fine sharing and false alarms	131,000	158,761	148,291
	2,592,500	4,105,707	4,304,593
Sales and other revenue			
Parking meters	642,500	699,509	695,864
Parking lots and garages	1,551,100	1,770,332	1,549,545
Public transit	3,410,000	3,627,311	3,434,096
Para transit	46,410	24,399	41,155
Arena rentals	1,471,142	1,789,600	1,703,973
Outside user fee	805,603	855,442	735,544
Community centres	267,397	373,373	341,721
Indoor pool	252,421	326,824	311,561
Sports fields	145,232	175,719	168,692
Cultural development	5,900	79,962	84,630
Police sale of unclaimed goods	5,000	1,370	2,332
Cash flow and investment management	560,000	1,183,329	1,924,658
Miscellaneous	8,500	223,188	155,098
Vehicle auction proceeds	-	502,846	519,120
Tourism Accommodation Levy	2,580,000	1,599,700	1,548,030
	11,751,205	13,232,904	13,216,019
Total revenue from operations	\$ 177,007,665	\$ 180,463,269	\$ 172,338,797

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

26. Detailed statement of revenue and expenditure (continued)

General Operating Fund - Consolidated (continued)

	2025		2024
	Budget	Actual	Actual (Restated)
Revenue (Continued):			
Government transfers	\$ -	\$ 32,889,309	\$ 17,596,509
Insurance proceeds	-	-	427,475
Third-party contributions	-	1,897,373	2,903,012
Transfer from General Capital Reserve	-	14,165,557	9,922,563
Transfer from Operating Reserve	-	2,008,391	1,925,429
Total transfers from reserves	-	16,173,948	11,847,992
Second previous year's surplus	3,146,698	3,146,698	1,288,374
Total revenue	\$ 180,154,363	\$ 234,570,597	\$ 206,402,159

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CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

26. Detailed statement of revenue and expenditure (continued)

General Operating Fund - Consolidated (Continued)

	2025		2024
	Budget	Actual	Actual (Restated)
Expenditure from operations			
Governance & Civic Engagement			
Community Leadership	\$ 3,257,743	\$ 3,235,669	\$ 2,575,859
Management Systems	3,195,064	3,562,720	3,027,451
Intergovernmental Affairs	152,970	152,906	163,557
	6,605,777	6,951,295	5,766,867
Economic Vitality			
Affordable Housing	876,471	3,890,617	1,967,247
Business Attraction and Retention	219,629	294,911	260,275
Development Approval	1,912,756	1,740,532	1,544,205
Land Use Planning	1,404,142	1,251,053	1,271,864
Tourism Development and Operations	1,871,755	1,674,750	1,579,410
Tourism Marketing and Sales	6,705,081	5,494,282	5,707,334
	12,989,834	14,346,145	12,330,335
Environmental Stewardship			
Composting	310,009	445,703	269,789
Environmental Strategy	619,070	449,041	478,986
Solid Waste Management	3,665,437	3,691,272	4,392,867
Storm Water Management	831,533	1,077,061	1,252,463
	5,426,049	5,663,077	6,394,105
Livable Community			
Arboriculture	1,466,051	1,822,567	1,637,938
Community Inclusion	1,025,468	1,580,832	1,106,407
Community Special Event Coordination and Support	833,776	765,348	637,618
Cultural Development	2,660,111	21,657,022	10,067,051
Heritage Planning and Conservation	470,522	333,663	249,556
Horticulture	1,096,533	1,119,924	1,218,511
Leisure and Recreation Development and Delivery	5,289,295	5,725,755	4,777,836
Parks and Playground Management	1,984,433	2,310,462	2,466,836
Recreation Facility Scheduling	8,300,821	8,487,978	7,635,171
Sport Field Management	1,479,635	1,289,431	1,214,000
	24,606,645	45,092,982	23,943,697
Mobility [including Transit]			
Fixed Route Scheduled Transit	9,365,218	9,013,381	7,391,616
Para Transit	977,109	976,957	908,224
Parking Management	2,301,331	2,085,534	2,155,864
Roadway Management	6,596,224	6,519,257	6,972,420
Sidewalk Management	2,930,891	2,584,028	2,470,069
Taxi Industry Regulation	109,307	119,130	105,096
Trails Management	1,185,593	1,306,765	1,248,675
Transportation System Management	4,104,552	4,911,631	5,430,926
	\$ 27,570,225	\$ 27,516,683	\$ 26,682,890

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

26. Detailed statement of revenue and expenditure (continued)

General Operating Fund - Consolidated (continued)

	2025		2024
	Budget	Actual	Actual (Restated)
Expenditure from operations (continued)			
Public Safety			
Animal Registration and Control	\$ 255,830	\$ 233,878	\$ 213,927
Building Construction Permission and Enforcement	1,557,823	1,648,093	1,440,224
Bylaw Enforcement	1,630,077	2,245,612	1,369,506
Emergency Preparedness	3,229,825	3,124,531	2,962,669
Fire Emergency Incident Mitigation	19,435,317	18,820,592	17,835,812
Fire Investigation	745,797	780,322	717,813
Fire Prevention and Inspection	1,057,439	1,151,311	980,235
Police - Enforce Federal, Provincial and Municipal Laws	8,773,540	8,854,796	8,020,275
Police - Keeping the Peace	7,123,116	7,549,229	6,354,443
Police - Prevent and Detect Crime	9,323,390	9,579,764	8,967,629
Police - Protect Life and Property	8,546,210	8,794,350	8,176,716
	61,678,364	62,782,478	57,039,249
General Government Services - Corporate			
Communications Management	1,420,676	1,463,702	1,278,553
Continuous Improvement	49,175	42,933	35,494
Facilities Management	7,827,327	7,815,728	7,683,413
Financial Management	2,486,721	2,756,056	2,692,978
Fleet and Equipment Management	4,858,205	4,996,519	5,290,172
Human Resource Management	1,457,143	1,187,633	1,047,096
Information Technology Solution Delivery	1,437,075	1,429,683	1,165,023
Information Technology Support	3,330,246	3,232,667	2,917,721
Insurance Coverage Service	1,369,128	1,495,437	1,351,730
Legal Services	1,025,554	903,345	889,855
Occupational Health and Safety	366,196	296,376	300,545
Public Procurement Management	486,658	396,484	411,966
Public Safety Service Request Management	3,147,957	2,869,152	2,808,136
Real Estate Management	1,813,855	1,702,841	1,649,665
Records Management	117,296	111,765	170,596
Request Management	543,831	746,953	391,714
Corporate overhead allocated to external services	(31,737,043)	(31,447,274)	(30,084,655)
Property assessment and collection [PNB]	2,313,905	2,313,905	2,166,820
	\$ 2,313,905	\$ 2,313,905	\$ 2,166,822

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

26. Detailed statement of revenue and expenditure (continued)

General Operating Fund - Consolidated (continued)

	2025		2024
	Budget	Actual	Actual (Restated)
Expenditure from operations (continued)			
Sustainable Infrastructure			
Capital Asset Management	\$ 244,346	\$ 229,927	\$ 217,813
Capital Planning and Implementation	1,801,878	1,638,045	2,188,892
Capital Prioritization and Investment Service	1,751,183	595,784	577,734
Debt and Affordability Management Service	196,649	210,279	190,262
Debt principal repayment	6,069,058	4,648,690	5,130,078
Interest on capital debt	1,534,950	726,067	819,307
Funding current year's new capital projects	10,114,500	19,015,692	14,008,905
Funding current year's capital renewal projects	17,251,000	26,184,801	24,939,289
	38,963,564	53,249,285	55,139,507
Transfer to General Capital Reserve	-	12,589,290	12,563,949
Transfer to General Operating Reserve	-	2,102,270	2,679,224
Total transfer to reserves	-	14,691,560	15,243,173
Total expenditure from operations	\$ 180,154,363	\$ 232,607,410	\$ 204,706,645
General Operating Fund surplus from operations	\$ -	\$ 1,963,187	\$ 1,695,514
Remeasurement gains and losses			
Unrealized gain (loss) attributable to foreign exchange	\$ -	\$ (91,710)	\$ 256,134
Unrealized gain on investments	-	646,367	278,873
Unrealized surplus from subsidiary entities	-	1,080,959	815,924
Total remeasurement gains	\$ -	\$ 1,635,616	\$ 1,350,931
Consolidated General Fund annual surplus	\$ -	\$ 3,598,803	\$ 3,046,445

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

26. Detailed statement of revenue and expenditure (continued)

Water and Sewerage Operating Fund - Consolidated

	2025		2024
	Budget	Actual	Actual
Revenue			
Water and sewerage rates	\$ 22,519,220	\$ 23,776,920	\$ 22,376,907
Water supply for fire protection	1,000,612	1,000,612	1,000,612
Miscellaneous revenue	196,930	221,216	210,951
Interest	-	116,806	201,818
Transfer from utility reserve	-	3,871,711	3,881,304
Land sales and vehicle auction proceeds	-	102,471	126,096
Third-party contributed capital	-	133,153	288,038
Federal and provincial grant funding	-	7,605,450	7,210,802
Second previous year's surplus	768,755	768,753	815,185
Total revenue	\$ 24,485,517	\$ 37,597,092	\$ 36,111,713
Expenditures			
Water			
Purification and treatment	\$ 486,800	\$ 921,462	\$ 772,619
Source of supply	340,000	284,516	378,189
Transmission and distribution	65,563	256,566	170,218
Plant and equipment maintenance	550,539	1,123,082	1,192,353
Billing and collecting	123,770	206,988	188,483
Water meters	100,000	638,179	618,324
	1,666,672	3,430,793	3,320,186
Sewerage			
Lift stations and system maintenance	769,740	1,088,267	1,108,372
Sewerage treatment and disposal	2,476,225	2,541,844	2,288,495
	3,245,965	3,630,111	3,396,867
Common services			
	8,985,278	7,421,249	6,979,756
Fiscal services			
Funding current year's new capital projects	1,025,000	13,988,771	7,131,209
Funding current year's renewal capital projects	9,562,602	5,914,450	10,074,694
Transfer to water and sewer capital reserve	-	2,695,550	4,535,583
	10,587,602	22,598,771	21,741,486
Total expenditures	\$ 24,485,517	\$ 37,080,924	\$ 35,438,295
Annual surplus	\$ -	\$ 516,168	\$ 673,418

CITY OF FREDERICTON

Notes to Consolidated Financial Statements

Year ended December 31, 2025

29. Comparative figures

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

30. Restatement of Financial Statements

Subsequent to the completion of the City's December 31, 2024 financial statements on March 24, 2025, it was discovered that, due to an agreement entered with the Fredericton Playhouse Inc. (the "Playhouse") in July 2024, the Playhouse would own the Performing Arts Centre (PAC). The City's involvement would be through funding of the PAC rather than ownership. The City incurred certain costs associated with the new PAC to be constructed and recognized these costs as a tangible capital asset in the amount of \$10.6M, rather than expensing these costs. The December 31, 2024 financial statements were restated to correct this error, as follows:

	As previously reported	Correction	As restated
Consolidated Statement of Financial Position			
Tangible capital assets	701,926,079	(10,591,151)	691,334,928
Accumulated surplus	756,323,845	(10,591,151)	745,732,694
Accumulated surplus consisting of:			
Accumulated operating surplus	755,580,045	(10,591,151)	744,988,894
Consolidated Statement of Operations and Accumulated Surplus			
Livable Community	28,394,889	10,591,151	38,986,040
Annual surplus	55,532,931	(10,591,151)	44,941,780
Consolidated Statement of Changes in Net Surplus			
Annual operating surplus	55,195,743	(10,591,151)	44,604,592
Acquisition of tangible capital assets	(72,127,693)	7,067,227	(65,060,466)
Disposal of tangible capital assets	1,864,970	3,523,924	5,388,894
Consolidated Statement of Cash Flow			
Annual surplus	55,532,931	(10,591,151)	44,941,780
Loss on sale of tangible capital assets	1,864,970	3,523,924	5,388,894
Acquisition of tangible capital assets	(68,617,199)	7,067,227	(61,549,972)

Consequential amendments have also been made to the related note disclosures.