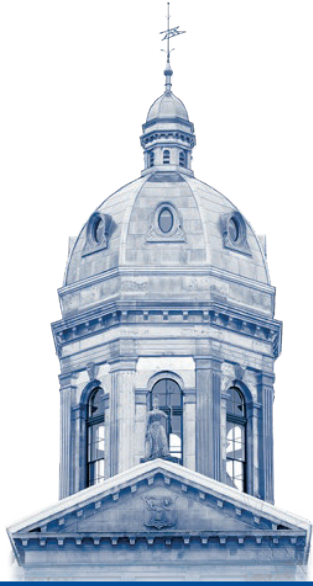


PUBLIC ACCOUNTS VOL. 1



Consolidated Financial Statements

FOR THE FISCAL YEAR ENDED
31 MARCH 2024

Public Accounts
Consolidated Financial Statements
For the Fiscal Year Ended 31 March 2024

Province of New Brunswick
PO 6000, Fredericton NB E3B 5H1 CANADA

GNB.CA

ISBN 978-1-4605-4103-6 (Bilingual print edition)
ISBN 978-1-4605-4104-3 (PDF: English edition)
ISBN 978-1-4605-4105-0 (PDF: French edition)

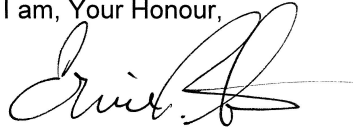
24-01311 | 2024.09 | Printed in New Brunswick

To Her Honour,

The Honourable Brenda Murphy
Lieutenant-Governor of the Province of New Brunswick

The undersigned has the honour to submit the Public Accounts of the Province of New Brunswick for the fiscal year ended 31 March 2024.

I am, Your Honour,



Ernie L. Steeves
Minister of Finance and Treasury Board

Fredericton, New Brunswick
September 2024

The Honourable Ernie L. Steeves
Minister of Finance and Treasury Board

Sir:

The undersigned has the honour to present to you the Public Accounts of the Province of New Brunswick for the fiscal year ended 31 March 2024.

Respectfully submitted,



Amy Murdock, CPA, CA
Comptroller

Fredericton, New Brunswick
September 2024

TABLE OF CONTENTS**Audited Consolidated Financial Statements**

	Page
Introduction to Volume I	1
Statement of Responsibility.....	2
Financial Statement Discussion and Analysis.....	3
Independent Auditor's Report	30
Consolidated Statement of Financial Position	34
Consolidated Statement of Operations	35
Consolidated Statement of Change in Accumulated Operating Deficit	36
Consolidated Statement of Remeasurement Gains and Losses.....	36
Consolidated Statement of Change in Net Debt	37
Consolidated Statement of Cash Flow	38
Notes to the Consolidated Financial Statements	39
Schedules to the Consolidated Financial Statements	89

INTRODUCTION VOLUME I

The Public Accounts of the Province of New Brunswick are presented in two volumes.

This volume contains the audited consolidated financial statements of the government reporting entity. They include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations, a Consolidated Statement of Change in Accumulated Operating Deficit, a Consolidated Statement of Remeasurement Gains and Losses, a Consolidated Statement of Change in Net Debt and a Consolidated Statement of Cash Flow. This volume also contains the Statement of Responsibility, the Financial Statement Discussion and Analysis, and the Independent Auditor's Report.

Volume II contains unaudited supplementary information to the consolidated financial statements presented in Volume I. It presents summary statements for revenue and expenditure as well as five-year comparative statements. This volume also contains detailed information on Supplementary Appropriations, Funded Debt, statements of the General Sinking Fund and revenue and expenditure by budgetary account for each government department.

In addition, the Province includes the following lists on the Finance and Treasury Board web site at www.gnb.ca/publicaccounts:

- Salary information of government employees and employees of certain government organizations in excess of \$80,000 for the calendar year. Salary information is for the calendar year. When an employee transfers to another government department during the year, the employee's full salary amount is reported under the department where the employee worked at 31 December. When an employee transfers from a government department to a government organization during the year, or vice versa, the amount paid to the employee by each organization is reported under the respective department or organization.
- Retirement allowances or severance payments to government employees and employees of certain government organizations in excess of \$15,000 for the calendar year.
- Travel and other employee expenses in excess of \$15,000 paid during the fiscal year to government employees, separated by department.
- Payments attributed to medical practitioners in excess of \$80,000 for the fiscal year.
- Payments made to suppliers during the fiscal year in excess of \$25,000 separated by department as well as a combined listing including payments made by all departments and some government organizations.
- Grant payments made during the fiscal year in excess of \$25,000 separated by department as well as a combined listing including payments made by all departments and some government organizations.
- Payments made through purchase cards during the fiscal year to suppliers in excess of \$25,000 separated by department as well as a combined listing including payments made by all departments and some government organizations.
- Loans disbursed to recipients during the year in excess of \$25,000 separated by department.



STATEMENT OF RESPONSIBILITY

The consolidated financial statements of the Province of New Brunswick are prepared each year by the Comptroller as required under section 14 of the *Financial Administration Act*. The Financial Statement Discussion and Analysis is prepared by the Department of Finance and Treasury Board. The consolidated financial statements include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations, a Consolidated Statement of Change in Accumulated Operating Deficit, a Consolidated Statement of Remeasurement Gains and Losses, a Consolidated Statement of Change in Net Debt and a Consolidated Statement of Cash Flow.

Financial statement integrity and objectivity are the responsibility of the Province. To help fulfil this responsibility, systems of internal control have been established to provide reasonable assurance that transactions are properly authorized, executed and reported. The statements are prepared in accordance with the accounting policies described in Note 1 to the Consolidated Financial Statements.

On behalf of the Province:

A handwritten signature in black ink, appearing to read "Ernie L. Steeves".

Ernie L. Steeves
Minister of Finance and Treasury Board

September 2024

Highlights of New Brunswick's Financial Results

31 March 2024



\$500.8 Million
Surplus



\$11.8 Billion
Net Debt



\$13.0 Billion
Revenue



\$12.5 Billion
Expenses

What were the key areas of spending?

\$4.3 Billion Health

The operation of hospitals, medical facilities, clinics, Medicare, ambulances, pharmaceutical plans and extra-mural services.

\$2.7 Billion Education and Training

The operation of schools, community colleges, contributions to higher education, and early childhood development programs.

\$1.8 Billion Social Development

Nursing home operations, support services for children and persons with disabilities, housing and income security programs.

What were the main sources of revenue?

\$6.4 Billion Taxes

Primarily from Harmonized Sales Tax, personal income tax, corporate income tax and provincial real property tax.

\$2.6 Billion Fiscal Equalization

Federal transfers addressing fiscal disparities between New Brunswick and other provinces.

\$2.2 Billion Other Federal Transfers

Including the Canada Health Transfer, the Canada Social Transfer and transfers related to labour market development, early learning and child care, healthcare, and infrastructure.

What happened this year?

- Growth in revenue driven largely by increased Harmonized Sales Tax revenue and federal government transfers, most notably Fiscal Equalization and healthcare funding
- Expense growth of 9.2% reflecting investments in health care, education and social services
- Adoption of two new accounting standards, Revenue and Public Private Partnerships

Financial Statement Discussion and Analysis

The Financial Statement Discussion and Analysis provides an overview of financial performance and should be read in conjunction with the Consolidated Financial Statements.

Summary Financial Information

The tables below provide a summary of key financial results for the Province for the fiscal years ending 31 March 2023, as restated, and 31 March 2024.

Consolidated Statement of Financial Position

	(millions)	
	2024	2023
Financial Assets	\$ 12,646.5	\$ 12,293.2
Liabilities	(24,475.6)	(24,627.8)
Net Debt	(11,829.1)	(12,334.6)
Net Tangible Capital Assets	9,452.8	9,253.9
Other Non-Financial Assets	265.4	272.6
Total Non-Financial Assets	9,718.2	9,526.5
Accumulated Deficit	\$ (2,110.9)	\$ (2,808.1)

Consolidated Statement of Operations

	(millions)	
	2024	2023
Provincial Source Revenue	\$ 8,234.2	\$ 8,146.9
Federal Source Revenue	4,776.1	4,308.3
Total Revenue	13,010.3	12,455.2
Expenses	12,509.5	11,453.7
Surplus	\$ 500.8	\$ 1,001.5

Consolidated Statement of Changes in Net Debt

	(millions)	
	2024	2023
Opening Balance	\$ (12,334.6)	\$ (12,697.0)
Decrease in Net Debt	505.5	362.4
Ending Net Debt	\$ (11,829.1)	\$ (12,334.6)

What you need to know about New Brunswick’s Financial Results

Annual Surplus (Deficit)

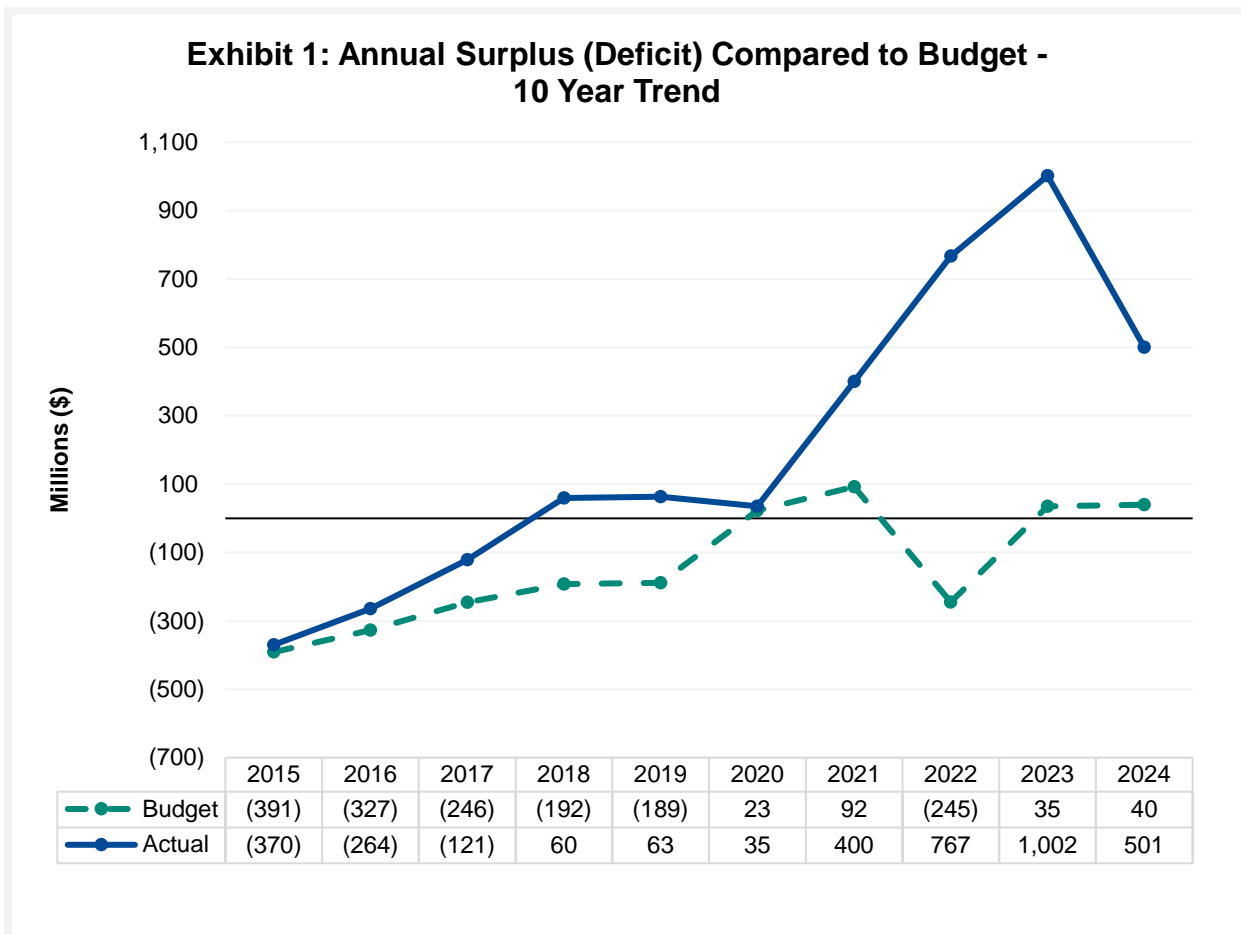
Definition

A surplus or a deficit is the gap between revenues and expenses during the year. If revenues are greater than expenses, the Province has a surplus. In contrast, if expenses are higher than revenues, the Province has a deficit.

Results

Exhibit 1 shows the Province’s actual annual surplus (deficit), as restated, compared to budget for the past decade. This year, the Province had a surplus of \$501 million, which is the seventh consecutive annual surplus. This means the Province was able to pay for its current expenses out of the total revenue obtained this year. It also contributed to a reduction in net debt.

The overall trend shows that the size of the annual deficit decreased steadily, with annual surpluses being realized since 2018. Results in 2022 and 2023 reflected unprecedented revenue increases as the economy rebounded from the pandemic more quickly than expected. The current year results reflect the impact of continued strong income, population, and employment growth on tax revenue and increased federal funding.



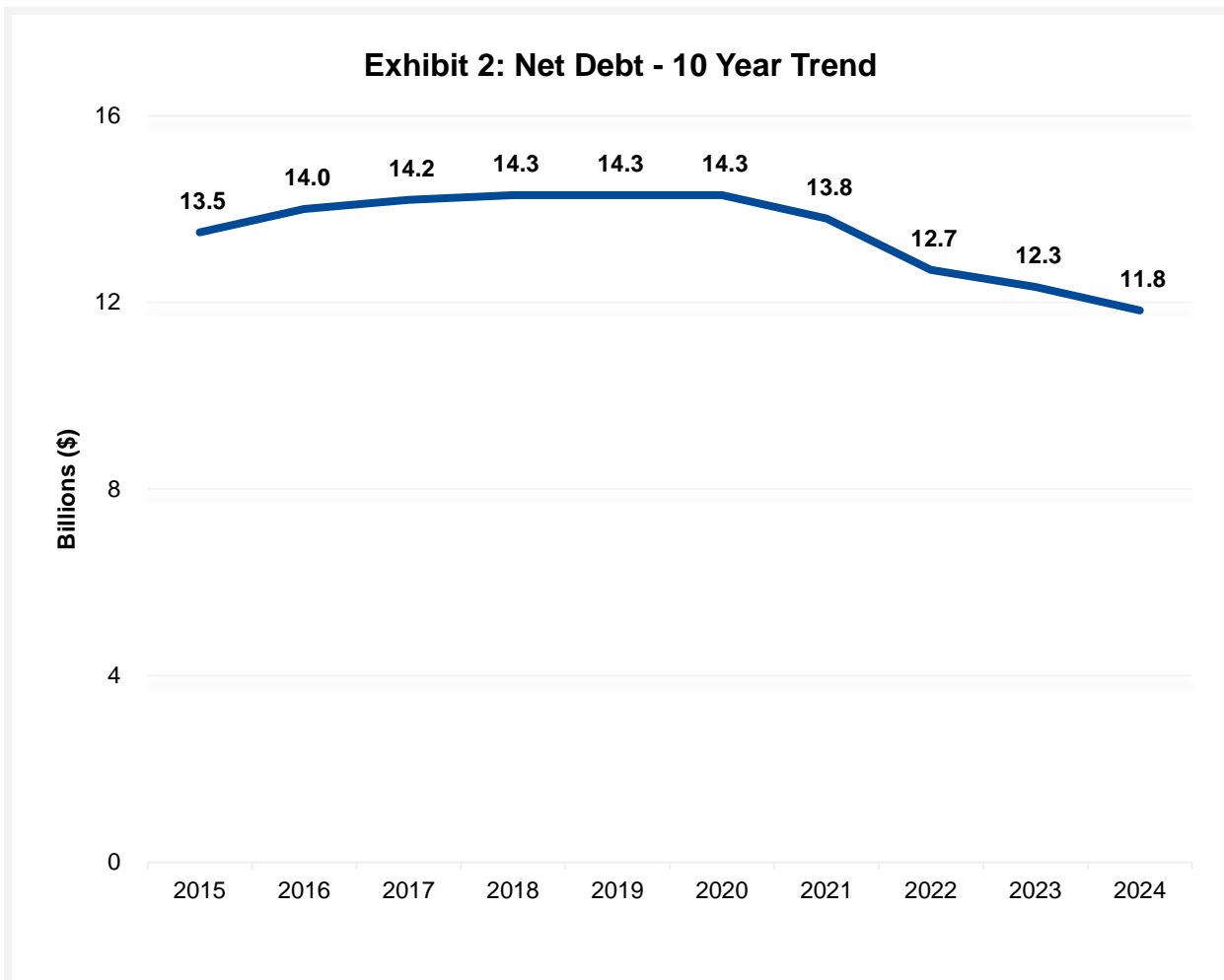
Net Debt

Definition

Net Debt is the difference between liabilities and financial assets and indicates how much future revenue is needed to pay for past expenses and non-financial asset purchases.

Results

Exhibit 2 shows the fiscal year-end balance of the Province’s Net Debt, as restated, for the past decade. The Province had a Net Debt of \$11.8 billion this year, approximately 12 percent lower than it was a decade ago. The improvements to Net Debt in the past four fiscal years are primarily due to annual surpluses, offset by net acquisitions of tangible capital assets and unrealized remeasurement losses.



How did it change during the year?

There are many factors that impact Net Debt. The common items that explain the difference between annual surplus or deficit and the change in Net Debt are:

- the acquisition and disposal of tangible capital assets
- the current year amortization expense for tangible capital assets
- other items such as: remeasurement gains / losses, the acquisition and disposal of other non-financial assets, etc.

Exhibit 3 provides details of the changes in these factors this year.

Exhibit 3: Factors Impacting Net Debt - Fiscal 2024

Factors	Amount (\$ millions)	Impact on Net Debt
Annual Surplus	501	↓
Tangible Capital Assets - Amortizations	598	↓
Tangible Capital Assets - Acquisitions	(802)	↑
Net Remeasurement Gain	196	↓
Other	13	↓
Decrease to Net Debt this year	506	↓



What were the major tangible capital asset acquisitions?

Tangible capital assets include acquired, built, developed, and improved tangible assets whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for the supply of goods and services.

During the year, significant investments were made to roads and bridges, including the Anderson Bridge, Salmon River Bridge, Approach Channel Bridge, Saint John Harbour Bridge, Florenceville Bridge, Centennial Bridge and the Route 11 project from Shediac River to Southside of Little Bouctouche River.

Investments in buildings include major work on three new schools, upgrades to hospitals across the Province and other building programs.

The regional health authorities also had significant investments in major equipment.

See Note 15 of the Consolidated Financial Statements for more details on tangible capital assets.

What are remeasurement gains and losses?

Remeasurement gains and losses arise from recording unrealized changes in the fair value of certain financial assets and liabilities (including derivatives) and from foreign currency exchange rate fluctuations.



Expenses

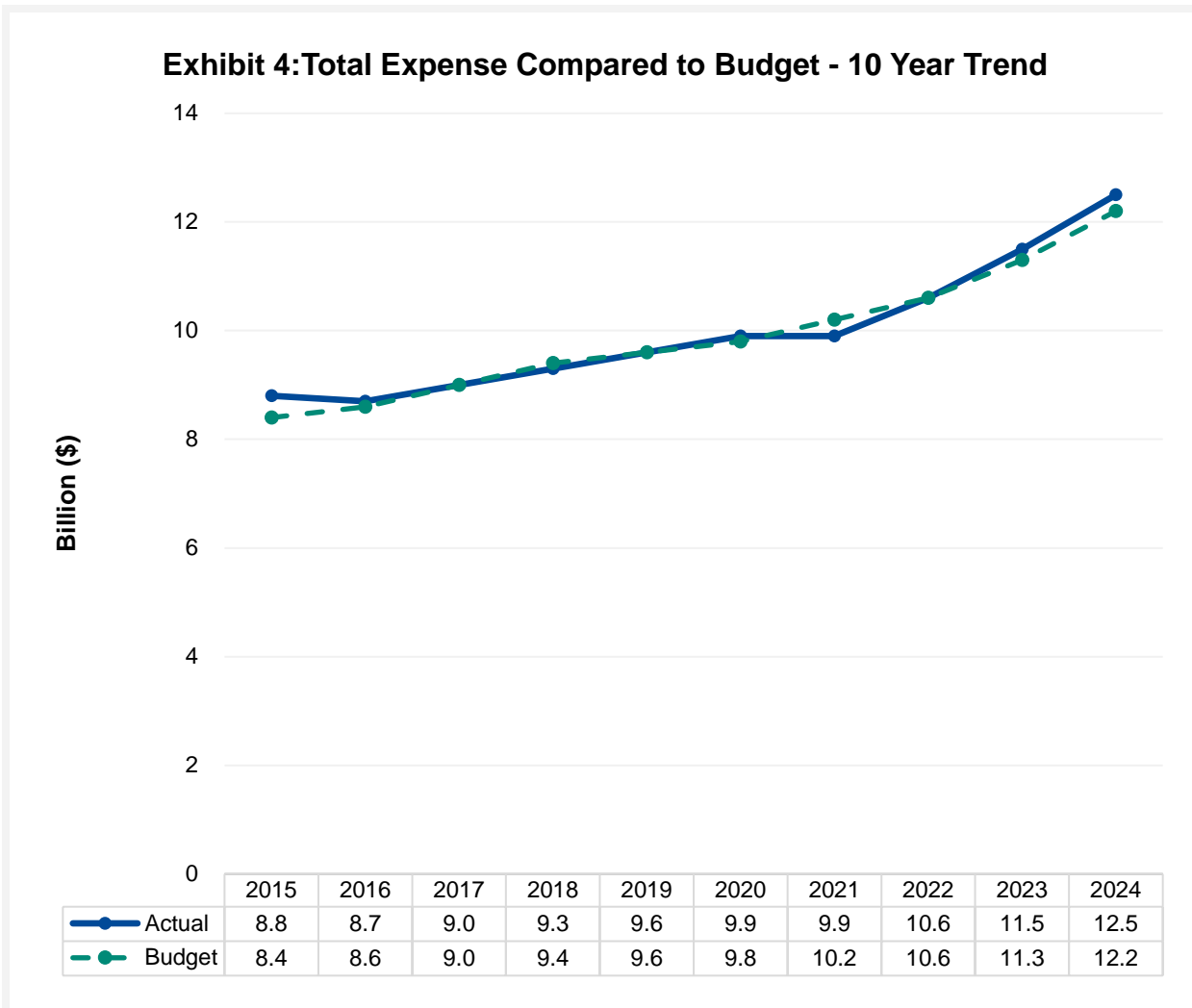
Definition

An expense is an amount spent by the Province to deliver services and programs such as health care and education.

Results

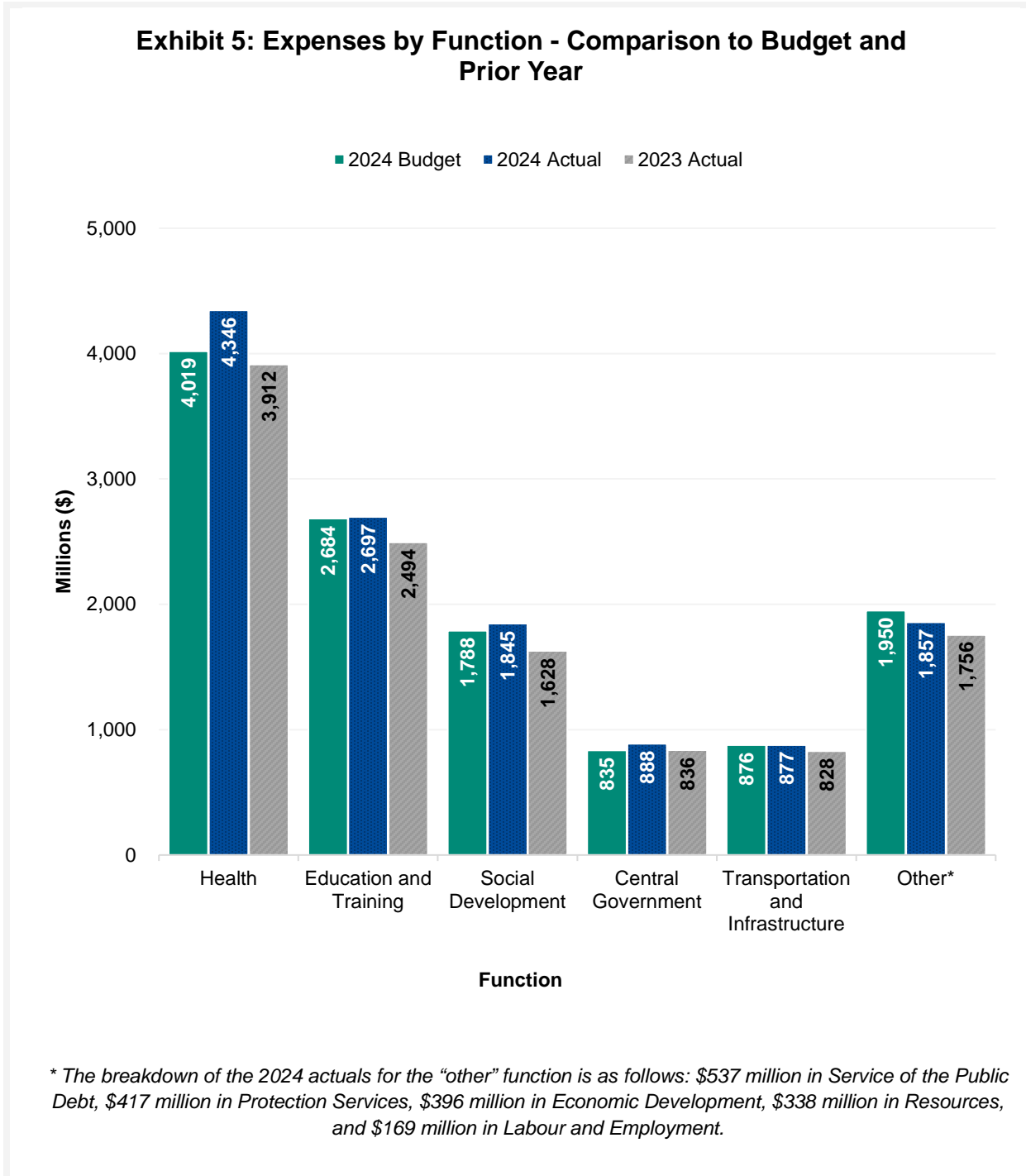
Exhibit 4 shows the Province’s annual actual expenses, as restated, compared to budget for the past decade. The Province’s total expense this year was \$12.5 billion, which is \$1.0 billion more than the prior year and \$358 million higher than budget. Budgeted expense growth can be largely attributed to investments in health, education and training and social development.

The overall trend indicates that the Province’s expenses have increased by more than 40% over the past ten years, with the largest increases occurring over the last three years. This reflects the Province’s ongoing investment in priority areas, to build capacity and resiliency into government services.



How does this year’s total expense compare?

Exhibit 5 shows a breakdown of the total expense by function for the year compared to budget and prior year. Explanations for significant differences from budget and changes from prior year are provided after the exhibit.



Health

Difference from budget

↑ \$327 million (8.1%)

The difference is due mainly to higher than budgeted expenses in:

- Regional Health Authorities related to higher operating and personnel costs;
- public health related to point of care test kits distributed and increased volume in out-of-province health care costs; and
- Medicare due to higher than expected billings related to an increase in the number of physicians as well as increased patient appointments.

Change from prior year

↑ \$434 million (11.1%)

The increase is due mainly to:

- increased expenses for health services and Regional Health Authorities due to higher operating and personnel costs;
- investments in recruitment, primary care, lab redesign, and access to addictions and mental health services; and
- increased Medicare spending due to contractual increases and changes in remuneration models to aid in recruitment.

Education and Training

Difference from budget

↑ \$13 million (0.5%)

The difference is due mainly to higher than budgeted expenses in school districts, staffing and operational costs related to growth in student enrolment, and other student supports.

These increases were partially offset by lower than budgeted costs in initiatives related to the Canada-New Brunswick Canada-Wide Early Learning and Child Care Agreement.

Change from prior year

↑ \$203 million (8.1%)

The increase is due mainly to:

- staffing costs in schools related to student enrolment growth and the signing of a new collective agreement with teachers; in addition to inflationary pressures on operating costs;
- investments in early learning and child care to improve affordability and access for families, supported by federal funding under the Canada-New Brunswick Canada-Wide Early Learning and Child Care Agreement; and
- additional post-secondary financial services expenses as a result of increased student loan demand, and higher rates for student loan provision costs.

Social Development

Difference from budget

↑ \$57 million (3.2%)

The difference is due mainly to:

- increased spending related to benefit payments and caseloads under social assistance programs;
- increased costs related to child welfare and youth services; and
- increased costs related to rental supports and public housing.

Change from prior year

↑ \$217 million (13.3%)

The increase is due mainly to:

- higher wages for nursing home staff, personal support workers, group home workers and human service workers; as well as per diem increases for adult residential facilities;
- increased spending in social assistance benefits, as well as the payments related to the household supplement; and
- increased spending in nursing home services related to the opening of new nursing homes, and other inflationary pressures.

Central Government

Difference from budget

↑ \$53 million (6.3%)

The difference is due mainly to higher than budgeted expenses in:

- the Injured Workers liability accrual due to higher-than-expected actuarial losses and the impact of legislated changes to benefits; and
- Finance and Treasury Board related to the New Brunswick Worker's Benefit program.

Change from prior year

↑ \$52 million (6.2%)

The increase is due mainly to:

- the Injured Workers liability accrual due to higher-than-expected actuarial losses and the impact of legislated changes to benefits; and
- one-time payments related to the New Brunswick Worker's Benefit program.

These increases were partially offset by lower expenses to First Nations communities under tax and gaming revenue sharing agreements, and provision for loss expenses.

Transportation and Infrastructure

Difference from budget

↑ \$1 million (0.1%)

The difference from budget was nominal as increased costs related to Vehicle Management Agency and provisions were largely offset by lower capital expense and other operational costs savings.

Change from prior year

↑ \$49 million (5.9%)

The increase is due mainly to increased amortization expense related to investments in tangible capital assets, Vehicle Management Agency, and other operational costs.

Other Expenses

(Includes: Service of the Public Debt, Economic Development, Protection Services, Resources and Labour and Employment)

Difference from budget

↓ \$93 million (-4.8%)

The difference is due mainly to lower than expected expenses in:

- Service of the Public Debt due to higher than anticipated short-term interest earnings, lower than expected borrowing requirements, and the adoption of a new accounting standard for financial instruments, whereby interest paid on debt of the province held in investments is now eliminated;
- Regional Development Corporation from projects not proceeding as quickly as anticipated under the federal Integrated Bilateral Agreement and the Canada Community-Building Fund; and
- Opportunities New Brunswick's financial assistance program from decreased claim activity.

These decreases were partially offset by higher-than-expected expenses in Resources related to the Enhanced Energy Savings program and support for small modular reactors site preparation; and Labour and Employment related to labour market funding programs.

Change from prior year

↑ \$101 million (5.8%)

The increase is due mainly to:

- higher expenses in Regional Development Corporation as a result of additional project expenditures under the federal Integrated Bilateral Agreement and the Canada Community Building Fund;
- higher expenses in Justice and Public Safety related to policing and community safety, as well as disaster financial assistance spending for storm events; and
- higher expenses in Natural Resources and Energy Development related to energy efficiency program benefits paid under the Enhanced Energy Savings program.

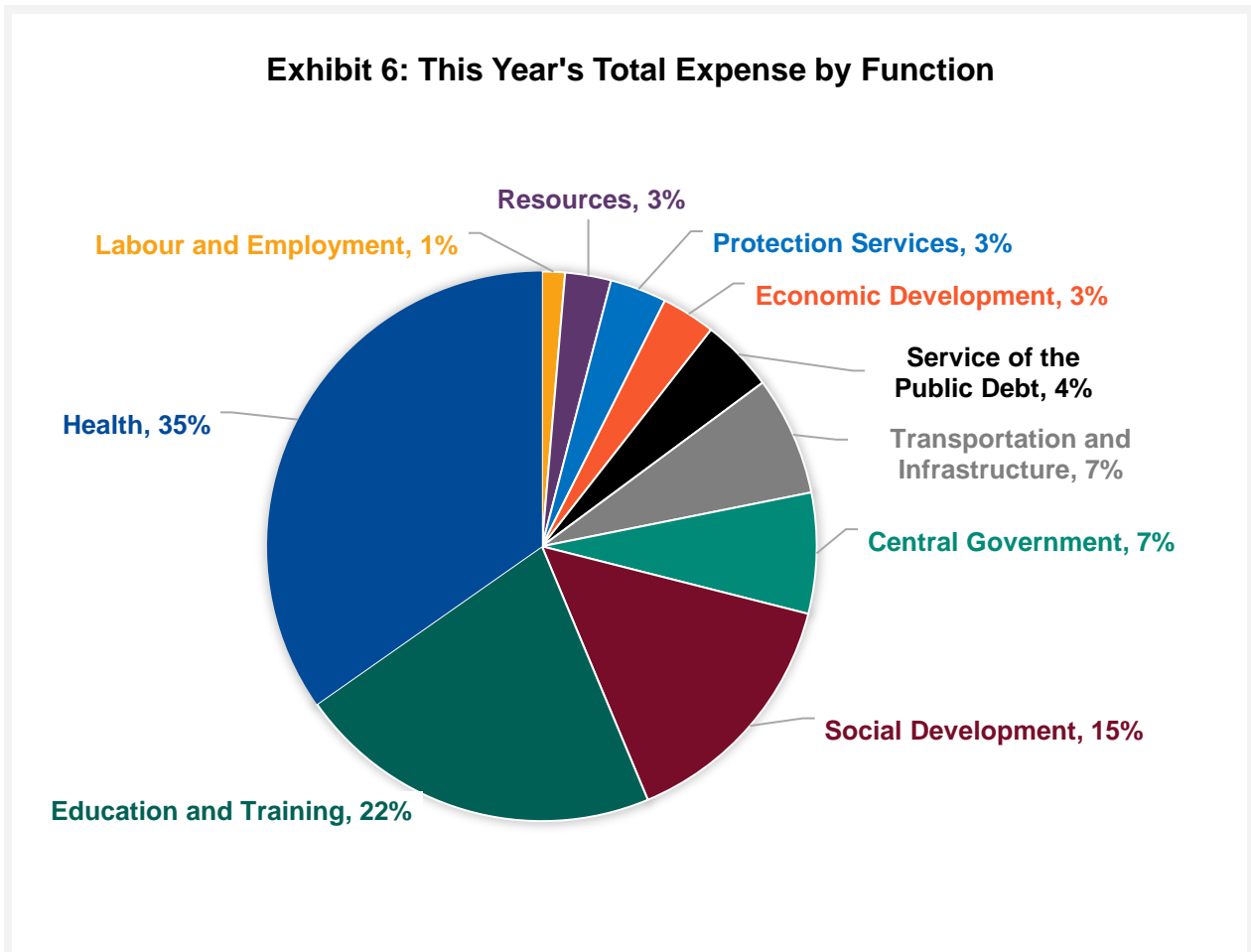
These increases were partially offset by decreases in Labour and Employment from a prior year carryover of federal labour market development programs.

What were the key areas of spending this year?

Roughly 72% of the Province’s expenses went toward the areas of Health, Education and Training and Social Development. The expenses in these areas include:

- the provision of health care through two Regional Health Authorities, and services of more than 1,800 medical practitioners through the Medicare program;
- prescription drug benefits to eligible residents of New Brunswick;
- ambulance services including land, air and dispatch;
- the operation of 295 schools providing education to more than 106,000 students across the province;
- programs to provide families with affordable access to daycare delivering quality early education services;
- financial assistance to students, colleges and universities to make post-secondary education more accessible and affordable;
- support to over 75 licensed nursing homes providing care to more than 5,200 residents;
- programs to protect the Province’s most vulnerable, including children and young people, persons with disabilities and seniors; and
- income security and housing programs to assist individuals and families to meet basic needs of food, clothing and shelter.

Exhibit 6 illustrates the percentage allocation of the Province’s \$12.5 billion expense for the year to each function. There was no significant change in the year-over-year allocation of expense by function.



Service of the Public Debt

Definition

Interest and other debt service charges are reported in the Consolidated Statement of Operations as Service of the Public Debt. This cost is impacted by factors outside the direct control of the Province, such as credit ratings, interest rates, financial markets and currency fluctuations. Not included in this amount are government business enterprise financing charges and interest costs on:

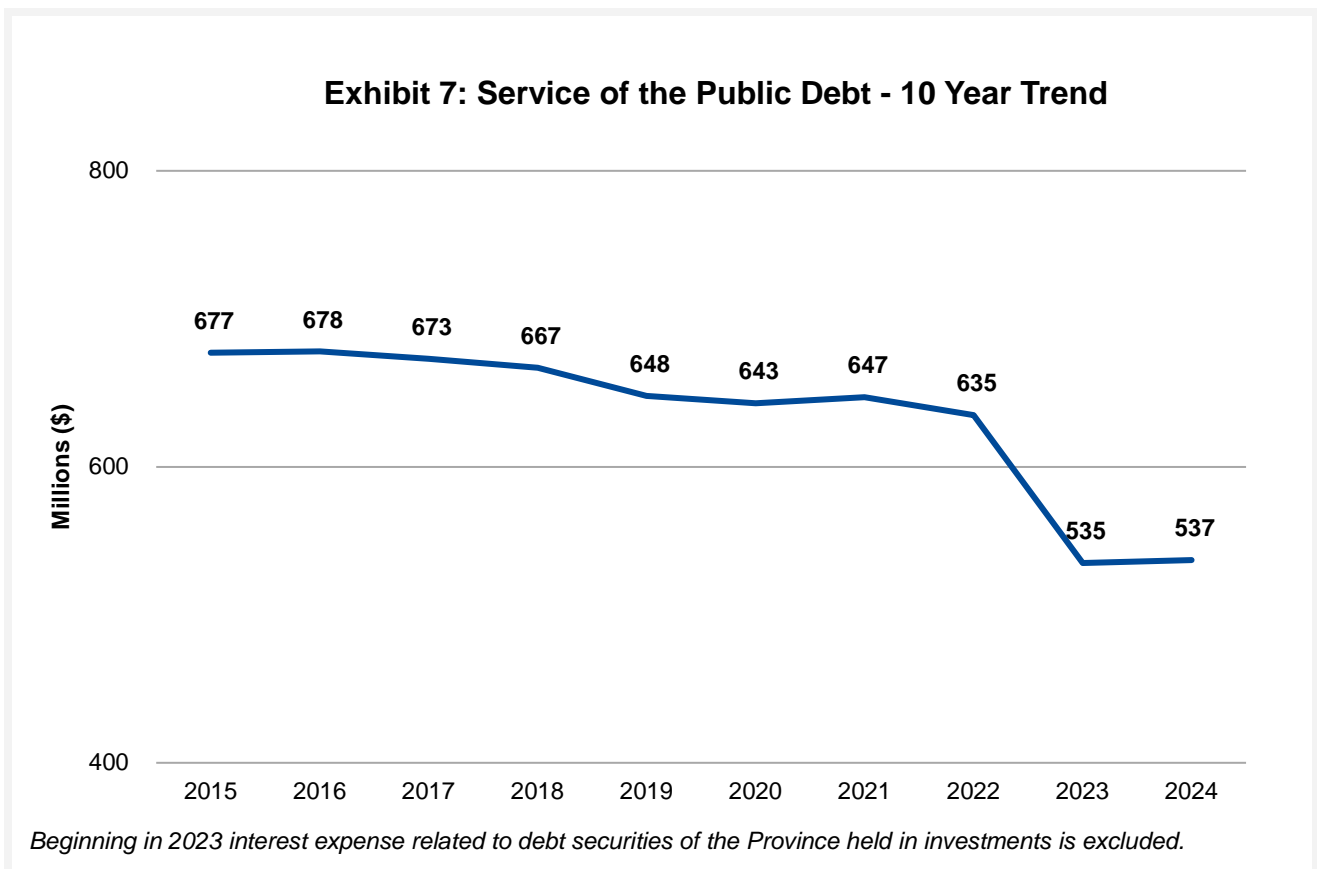
- net pension liability
- CMHC debentures and nursing home debt

Additional information on the allocation of the items not included in the service of the public debt is available in Note 1 of the Consolidated Financial Statements.

Results

Exhibit 7 shows the annual cost of the Service of the Public Debt for the past decade. This year \$537 million was spent on these costs.

As illustrated in Exhibit 7, the service of the public debt costs continue to show significant improvement primarily due to higher interest rates producing increased short term investment income and lower than expected borrowing requirements due to improved financial results. The adoption of new accounting standards related to financial instruments in 2023, without restatement of prior year results, also contributes to this improvement.



Revenue

Total Revenue

Definition

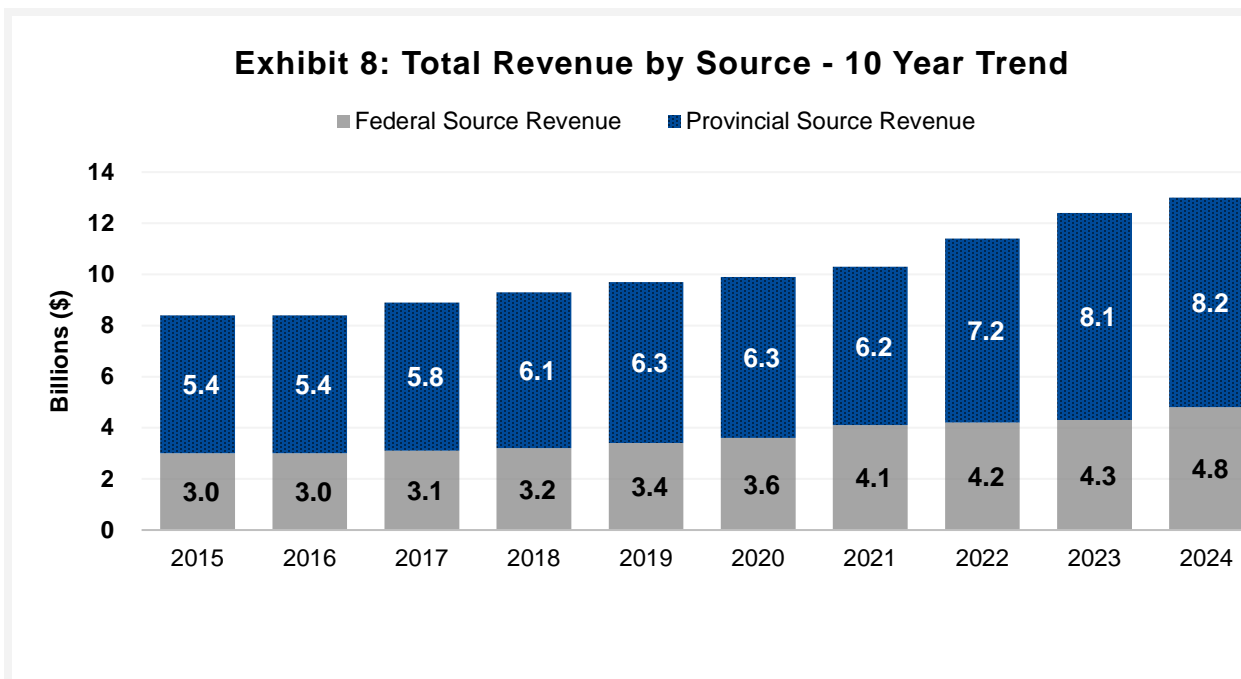
A revenue is an amount received or receivable by the Province from sources such as taxes, fees and transfers from the federal government.

Results

Exhibit 8 shows the amount of annual revenue earned by the Province from provincial and federal sources, over the past decade. The Province's total revenue this year was \$13.0 billion. This is an increase of \$0.6 billion over the prior year and is primarily attributable to Harmonized Sales Tax revenue and increased federal government transfers.

Approximately 63% of the Province's annual revenue is from provincial sources. This means the Province relies primarily on generating its own revenue, through taxes and fees, to pay for the services it delivers to its residents.

The overall trend shows that the Province's total revenue has increased by 54% since the beginning of the period.



Why did it change from the prior year?

The overall year-over-year change in total revenue is predominantly attributable to increases in Harmonized Sales Tax revenue and federal transfers including Equalization and the new healthcare agreement.

Provincial Source Revenue

Definition

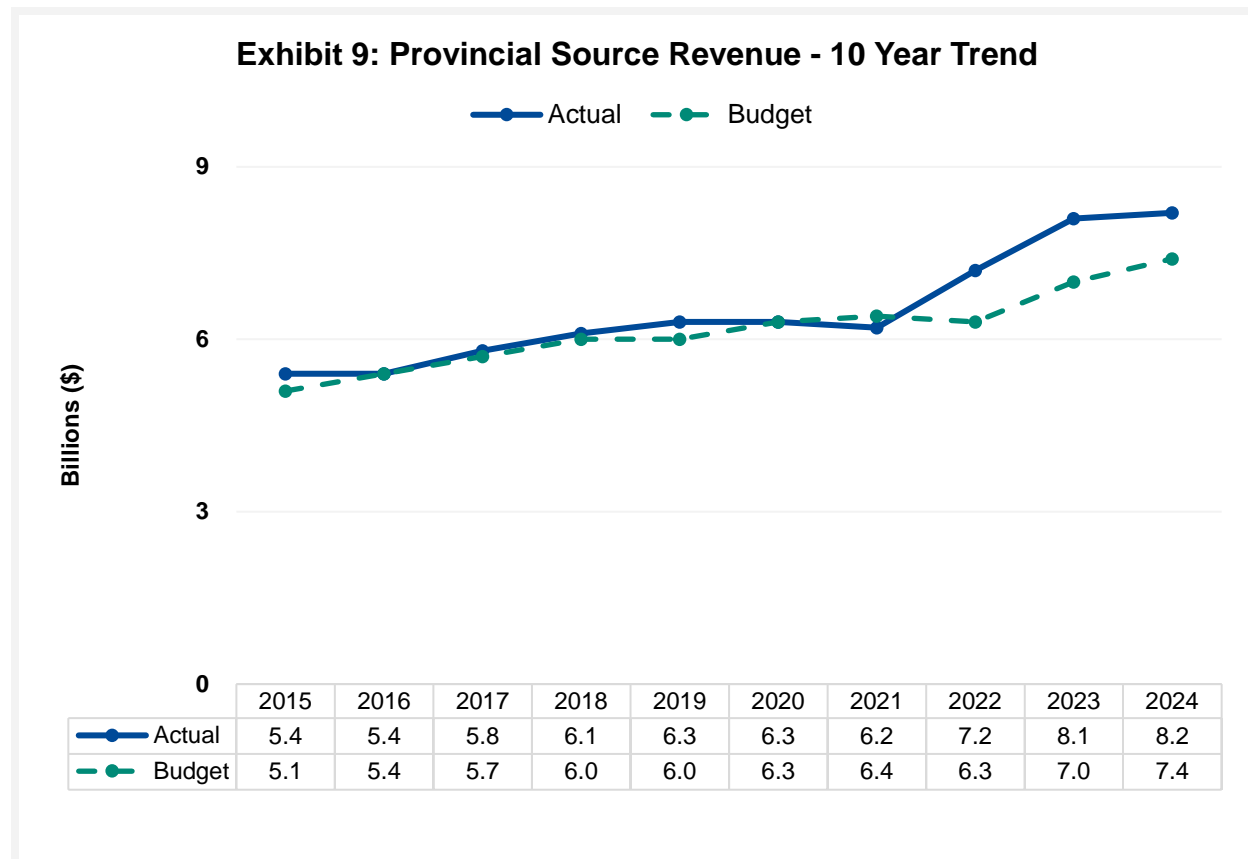
Provincial source revenue is revenue generated by the Province primarily through taxes and fees. The Province has more control over this source of revenue. For example, it establishes tax rates, fees and other charges; however, it is vulnerable to certain factors, such as:

- Health of the economy
- Changes in the collected or estimated revenue by the federal government, such as income tax and Harmonized Sales Tax
- Revenue of government business enterprises and business partnerships (i.e. New Brunswick Power Corporation, New Brunswick Liquor Corporation, Atlantic Lottery Corporation) may fluctuate due to the price of goods of sales, accounting changes, weather, etc.

Results

Exhibit 9 shows the annual provincial source revenue, as restated, compared to budget for the past decade. The revenue from provincial sources this year was \$8.2 billion. This represents a \$87 million increase from the prior year and is \$858 million higher than budgeted.

The overall trend shows that revenues increased slightly in 2024, continuing an upward trend started in 2022 after having been relatively stable in the previous four years and have increased by \$2.8 billion since the beginning of the ten-year period.

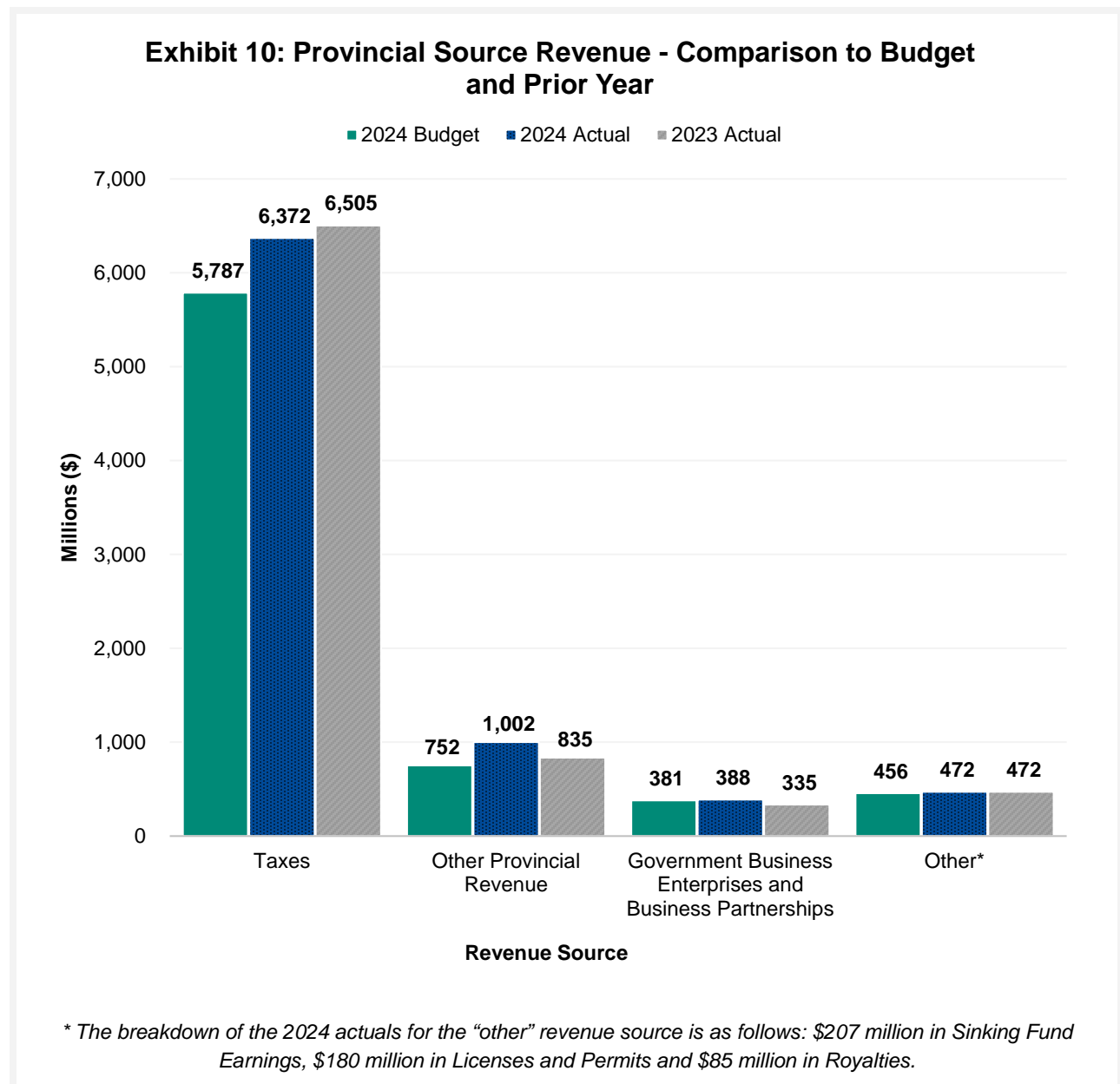


How does this year’s provincial source revenue compare?

Exhibit 10 shows a breakdown of the provincial source revenue for the year compared to budget and prior year. Explanations for significant differences from budget and changes from prior year are provided after the exhibit.

Most of the provincial source revenue is from taxes. Taxes include Harmonized Sales Tax (HST), personal income tax, corporate income tax, property taxes, gasoline and motive fuels tax, and other smaller tax sources. Economic conditions, official federal estimates of federally-administered taxes, changes in tax rates and fiscal policy can have an impact on the total revenue obtained by the Province.

The second largest provincial source revenue is Other Provincial Revenue. This includes revenue from the sale of goods and services, lotteries and gaming, investment income, fines and penalties.



Taxes

(Includes: Personal Income Tax, Corporate Income Tax, Property Tax, Harmonized Sales Tax, Gasoline and Motive Fuels Tax, Carbon Emitting Products Tax, and other smaller taxes)

Difference from budget

↑ \$585 million (10.1%)

The difference is due mainly to higher:

- Harmonized Sales Tax (HST) revenue which reflects the strengthening of the national revenue pool on which New Brunswick's payments are based and a higher New Brunswick share. This led to both large prior-year and in-year adjustments.
- Personal income tax revenue due to stronger than anticipated income, population, and employment growth.

Change from prior year

↓ \$133 million (-2.0%)

The decrease is due mainly to lower:

- corporate income tax revenue due to lower projected national corporate taxable income and an extraordinary positive prior-year adjustment that impacted 2022-2023 revenue;
- carbon tax revenue due to the elimination of the provincial carbon tax;
- provincial real property tax revenue due to impacts related to local governance reform, provincial property tax rate reductions and the temporary tax relief program, offsetting strong assessment value growth; and
- personal income tax revenue due to a large positive prior year adjustment that impacted 2022-2023 revenue.

The decrease is partially offset by a significant increase in HST revenue which reflects the strengthened national revenue pool on which payments are based and a higher New Brunswick share.

Other Provincial Revenue

(Includes: Sales of Goods and Services, Lotteries and Gaming, Investment Income, Fines and Penalties and other miscellaneous revenue)

Difference from budget

↑ \$250 million (33.3%)

The difference is due mainly to higher than budgeted:

- Opportunities New Brunswick provision recoveries;
- revenue under the Regional Health Authorities;
- revenues from school raised funds;
- output-based pricing collected under the Climate Change Fund;
- revenue for the value of contributed roads; and
- revenues from various other consolidated entities.

Change from prior year

↑ \$167 million (20.1%)

The same factors explaining the increase from budget apply to the increase in actual results from prior year.

In addition, higher RCMP municipal recoveries were collected as a result of local governance reform.

Government Business Enterprises and Business Partnerships

Difference from budget

↑ \$7 million (1.8%)

The difference is due mainly to higher net earnings for the New Brunswick Liquor Corporation attributable to annual product price increases, volume increases, and the timing of project expenditures.

This is partially offset by lower net earnings for the New Brunswick Power Corporation, attributable to higher operating, maintenance, and administrative costs relating to storms, partially offset by higher unrealized gains on investments and lower depreciation and amortization.

Change from prior year

↑ \$53 million (15.8%)

The increase is mainly due to higher net earnings for the New Brunswick Power Corporation, attributable to improved performance of the nuclear investment funds reflecting changes in market conditions, increased in-province base load, and higher average regulator-approved customer rates, partially offset by increased expenses related to storm restoration work.

Other Revenue

(Includes: Sinking Fund Earnings, Licenses and Permits and Royalties)

Difference from budget

 **\$16 million (3.6%)**

The difference is due mainly to the collection of increased timber royalties under the Private Woodlot Sustainability Fund and increased volumes of fees collected under the *Motor Vehicle Act*.

This increase is partially offset by a decrease in Sinking Fund Earnings as a result of the adoption of a new accounting standard for financial instruments.

Change from prior year

 **\$0 million (0.0%)**

There is no significant change from prior year as higher sinking fund earnings were offset by lower royalties.

Federal Source Revenue

Definition

Federal source revenue is funding from the Government of Canada. The Province has limited to no control over this amount as the federal government determines the amount provided.

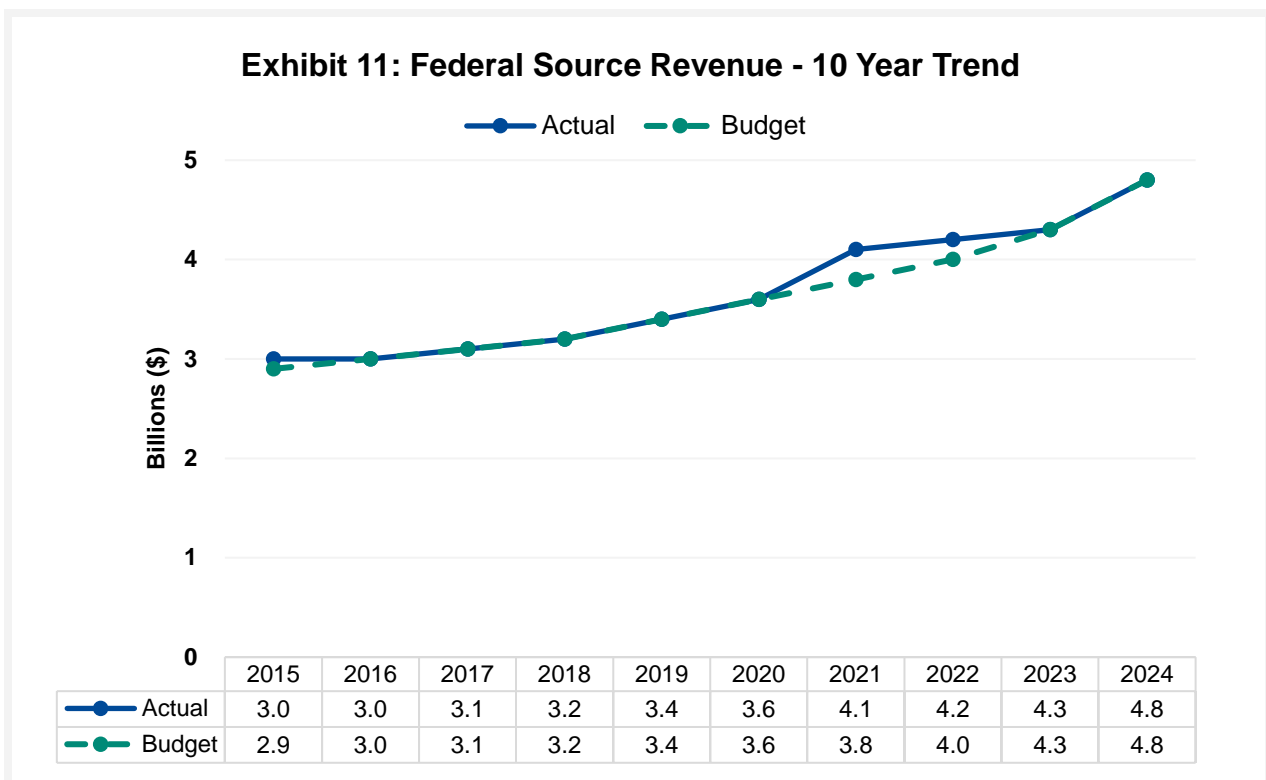
Various factors can impact the annual amount of federal source revenue:

- Federal fiscal policy
- The annual estimate process that guides federal payments under the Equalization Program, the Canada Health Transfer, and the Canada Social Transfer
- New sources of funding
- Time-limited nature of funding
- Conditions specified in transfer agreements

Results

Exhibit 11 shows the annual federal source revenue compared to budget for the past ten years. The Province's federal source revenue this year was \$4.8 billion.

This is a \$468 million increase over the previous year and is \$40 million lower than budgeted. The overall trend indicates the federal source revenue has been steadily increasing over the past decade.



Did you know?

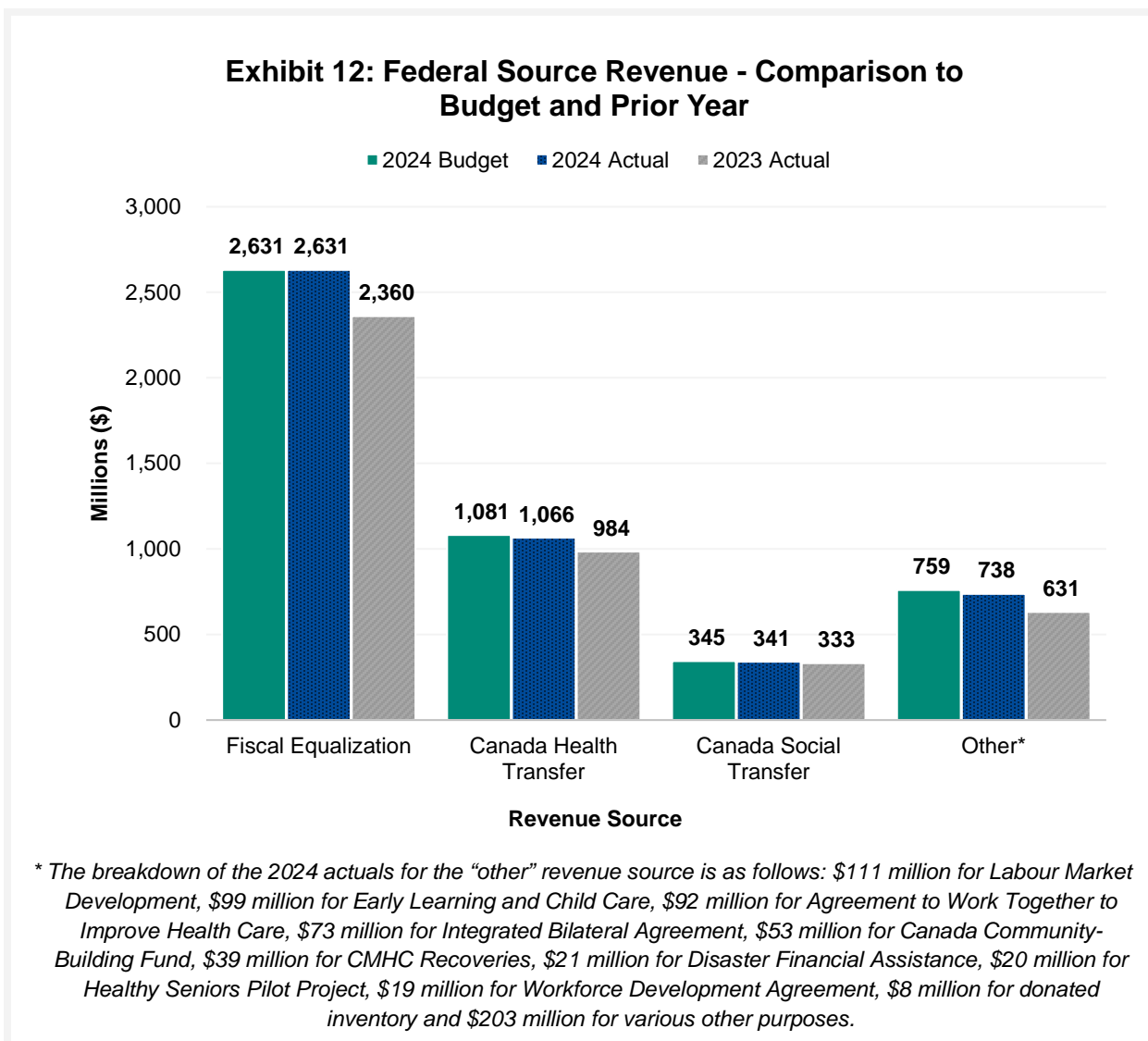
Through the health-related agreement entitled Working Together to Improve Health Care for Canadians, the Province receives federal revenue to support the three-year action plan to improve the healthcare system.

How does this year's federal source revenue compare?

Exhibit 12 provides a breakdown of the federal source revenue for the year compared to budget and prior year. Explanations for significant differences from budget and changes from prior year are provided after the exhibit.

Over half of this year's federal source revenue came from fiscal equalization payments. Fiscal equalization is a federal transfer program for addressing fiscal disparities among provinces. The goal of this transfer is to allow each province to provide reasonably comparable levels of services to its residents at reasonably comparable levels of taxation.

Two other major federal transfers are the Canada Health Transfer and the Canada Social Transfer. The Canada Health Transfer is a federal transfer to allow provinces to provide universal, comprehensive and accessible health care to its residents. The Canada Social Transfer supports post-secondary education, social assistance and social services, and early childhood development and early learning and childcare. Transfers under these programs are calculated on a per capita basis to provide equal support to all Canadians.



Fiscal Equalization

Difference from budget

\$0 million (0.0%)

Actuals agree to budget.

Change from prior year

↑ \$271 million (11.5%)

The increase is due to formula-determined payments to provinces by the federal government.

Canada Health Transfer

Difference from budget

↓ \$15 million (-1.4%)

The decrease is due to a lower official federal estimate including revised population data.

Change from prior year

↑ \$82 million (8.4%)

The increase is due to one-time top-up funding from the new healthcare agreement and legislated growth in the amount of the transfer.

Canada Social Transfer

Difference from budget

↓ \$4 million (-1.2%)

The decrease is due to a lower official federal estimate including revised population data.

Change from prior year

↑ \$8 million (2.4%)

The increase is due to legislated growth in the amount of the transfer.

Other Transfers

Difference from budget

↓ \$21 million (-2.8%)

The decrease is due mainly to the timing of revenue under the Canada-New Brunswick Canada-Wide Early Learning and Child Care Agreement and the Canada-New Brunswick Integrated Bilateral Agreement.

This is partially offset by an unbudgeted contribution of personal protective equipment and point of care test kits received from the federal government.

Change from prior year

↑ \$107 million (16.8%)

The increase is due mainly to the new Bilateral Health Agreement and increased revenue under the Canada-New Brunswick Canada-Wide Early Learning and Child Care Agreement, the Healthy Seniors Pilot Project, and the Integrated Bilateral Agreement.

This increase is partially offset by a lower in-kind contribution of personal protective equipment and point of care test kits received from the federal government.

What you need to know about New Brunswick's Financial Health Indicators

What are financial health indicators?

The Province's fiscal management can be gauged through an assessment of its financial health in the context of the overall economic and financial environment. Financial health indicators are a way to evaluate management and improve transparency. In this report, the assessment is done by considering if the Province is:

- Sustainable
- Flexible
- Vulnerable

More information on each indicator, including a definition, can be found in the following sections.

How are financial health indicators calculated?

A ratio is a calculation used to show a relationship or compare two or more numbers. Various ratios are considered in this analysis to evaluate the degree to which the financial health indicators above are being met.

The data used in the calculation of each ratio is based on the data available at the time of publishing. It uses information from the audited Consolidated Financial Statements included in this report, and other standard socio-economic indicators such as nominal Gross Domestic Product (GDP) data from Statistics Canada. GDP is a measure of the market value or price of the goods and services produced during the year, indicating the size of the provincial economy.

Data from previous years may be restated to follow any changes in accounting policy or presentation implemented during the year and to reflect updated data for socio-economic factors.

What risks can impact the calculations?

The Province is exposed to certain risks that are beyond its control which could have a significant influence on the calculations for each indicator. These include, but are not limited to:

- Changes to federal transfers or programs
- Emergencies such as floods, forest fires and pandemics
- Changes to the global economic conditions such as energy prices, commodity prices, investment valuation and inflation
- Changes to the international financial conditions that impact interest rates, currency fluctuations or availability of credit
- Developments affecting agencies, such as NB Power, that are included in the Province's consolidated financial statements
- Changes in public sector accounting standards

Sustainability

Definition

Sustainability is the degree to which the Province can maintain its current level of spending and meet its existing debt obligations, without having to increase taxes or total debt.

The ratios used to measure sustainability are the following:

- Net debt as a percentage of GDP
- Net debt per capita



Why is sustainability important?

If the Province is not sustainable, it will require future revenue to pay for current expenses. This could lead to raising taxes and/or reducing services to residents.

Net Debt as a Percentage of GDP

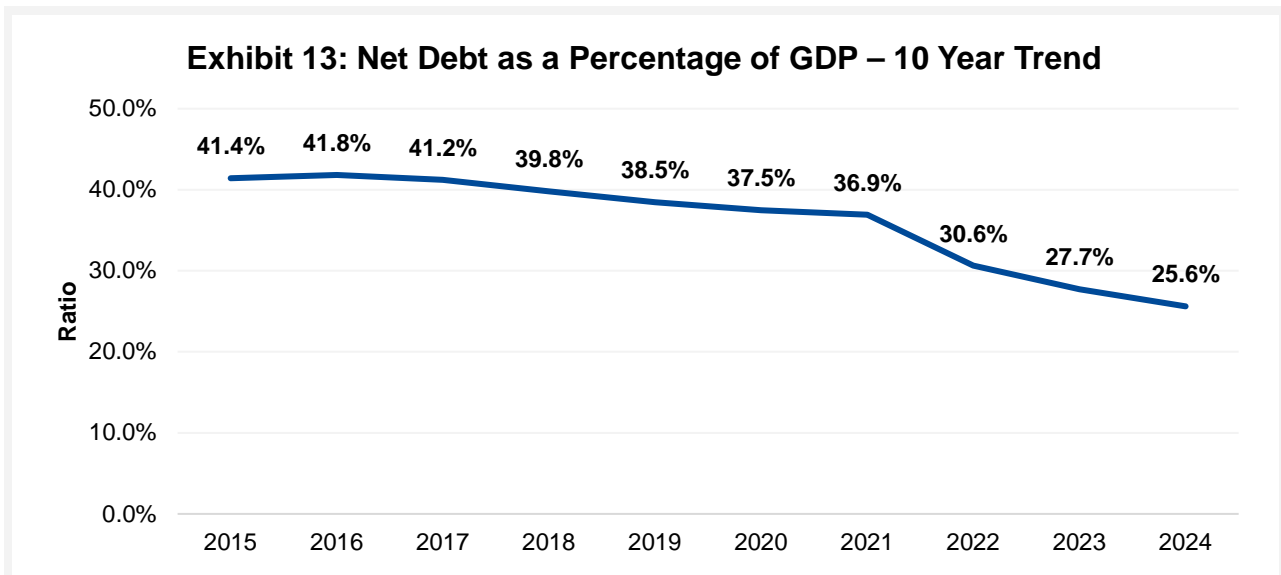
Definition

This ratio is calculated by dividing net debt by the nominal GDP. It measures the relationship between net debt and the economy. If the ratio is declining, the economy is growing faster than net debt, which is an indication of improved sustainability. Conversely, an increasing ratio implies a decline in sustainability.

Results

Net debt as a percentage of GDP, as restated, for the last ten years is shown in Exhibit 13. The current year ratio of 25.6% is an improvement from prior year.

The overall trend shows a decrease in net debt as a percentage of GDP over the past decade, indicating an improvement in the Province’s sustainability. This reflects improved fiscal results for the Province and growth in the economy.



Net Debt per Capita

Definition

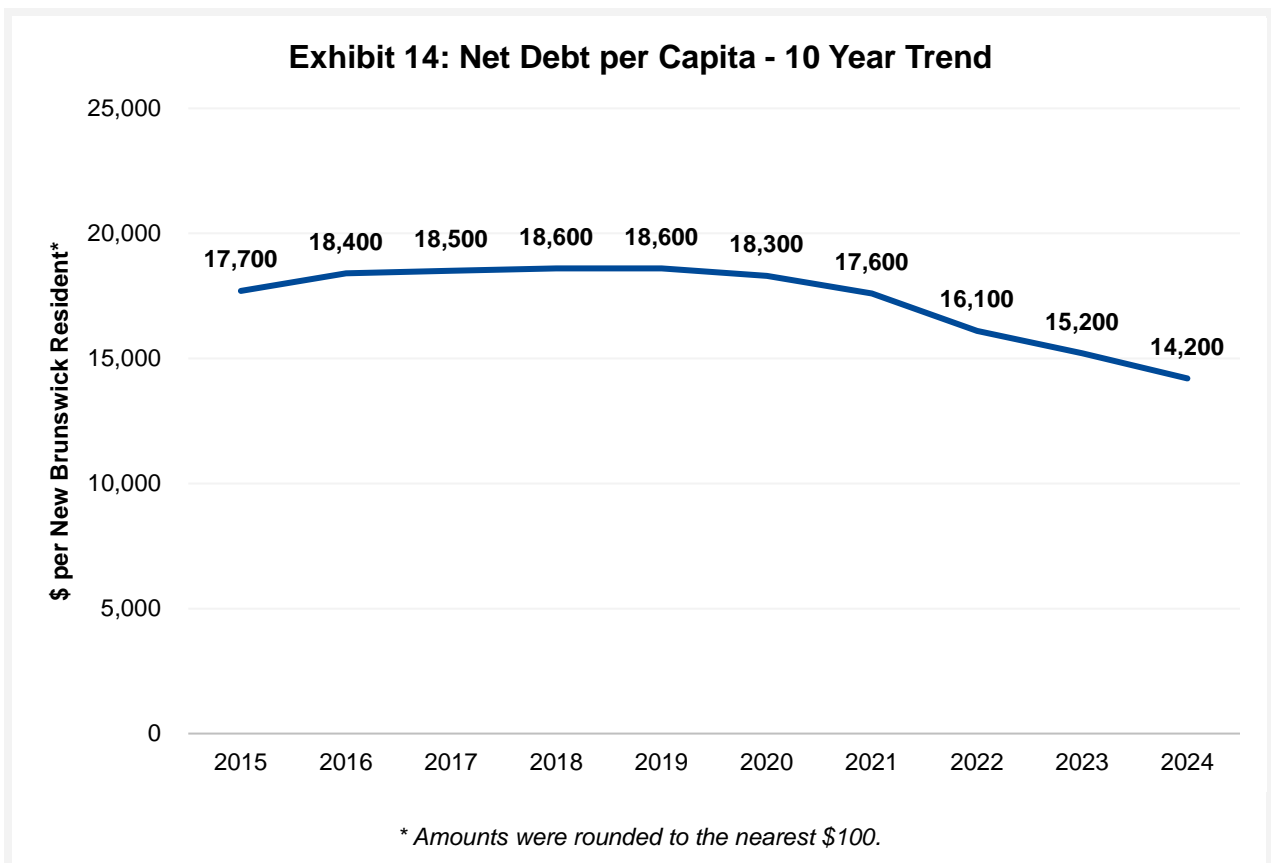
Net debt per capita is calculated by dividing net debt by the population of the Province. It represents the net debt attributable to each New Brunswick resident. A decrease in net debt per capita means the debt burden per resident has improved, while an increase indicates the debt burden has grown.

Results

Exhibit 14 shows the net debt per capita, as restated, for the past decade. The net debt per capita this year is \$14,200, a decrease from prior year and the lowest level since 2012. This indicates a year-over-year improvement in the Province's sustainability.

A focus on responsible fiscal management, and a growing population, has resulted in the net debt per capita falling for the fifth year in a row.

The province's population has grown from 758,657, as of 1 July 2014 to 834,691 as of 1 July 2023. This, along with a decrease in net debt, has contributed to the decline in the net debt per capita over this time.



Did you know?

The Province's population grew by more than 25,000 from 1 July 2022 to 1 July 2023, to an all-time record of over 834,000.

Flexibility

Definition

Flexibility is the degree to which the Province can react to unexpected or increasing expenses, either by increasing its debt or raising taxes. Assessing flexibility provides insight as to how the Province manages its finances.

The ratios used to measure flexibility are the following:

- Provincial source revenue as a percentage of GDP; and
- Service of the Public Debt as a percentage of Total Revenue



Why is flexibility important?

If the Province is flexible, it will be able to take the steps necessary to increase its revenue when there are increasing or unexpected expenses.

Provincial Source Revenue as a Percentage of GDP

Definition

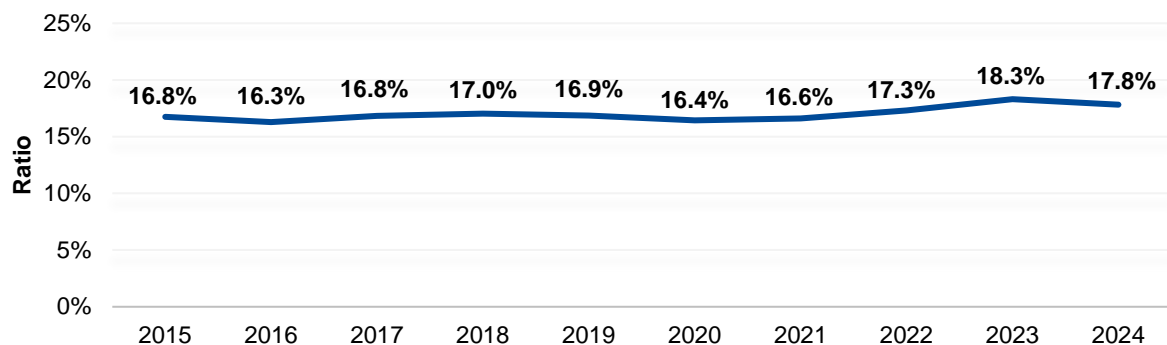
This ratio is calculated by dividing the provincial source revenue by the nominal GDP. It measures the extent to which the Province is taking income out of the provincial economy through taxation and other fees. An increasing ratio indicates that the Province's own-source revenues are growing faster than the economy, reducing the government's flexibility to increase revenues without slowing economic growth. A decreasing ratio is indicative of the government taking less revenue from the economy on a relative basis, thereby increasing its flexibility.

Results

Exhibit 15 shows the provincial source revenue as a percentage of GDP for the past decade. The ratio is 17.8% this year. This is an improvement from prior year, meaning the Province is more flexible.

The provincial source revenue as a percentage of GDP has been relatively stable over the past decade. This indicates the Province has not significantly changed its demands on the provincial economy over this period of time.

**Exhibit 15: Provincial Source Revenue as a Percentage of GDP
- 10 Year Trend**



Service of the Public Debt as a Percentage of Total Revenue

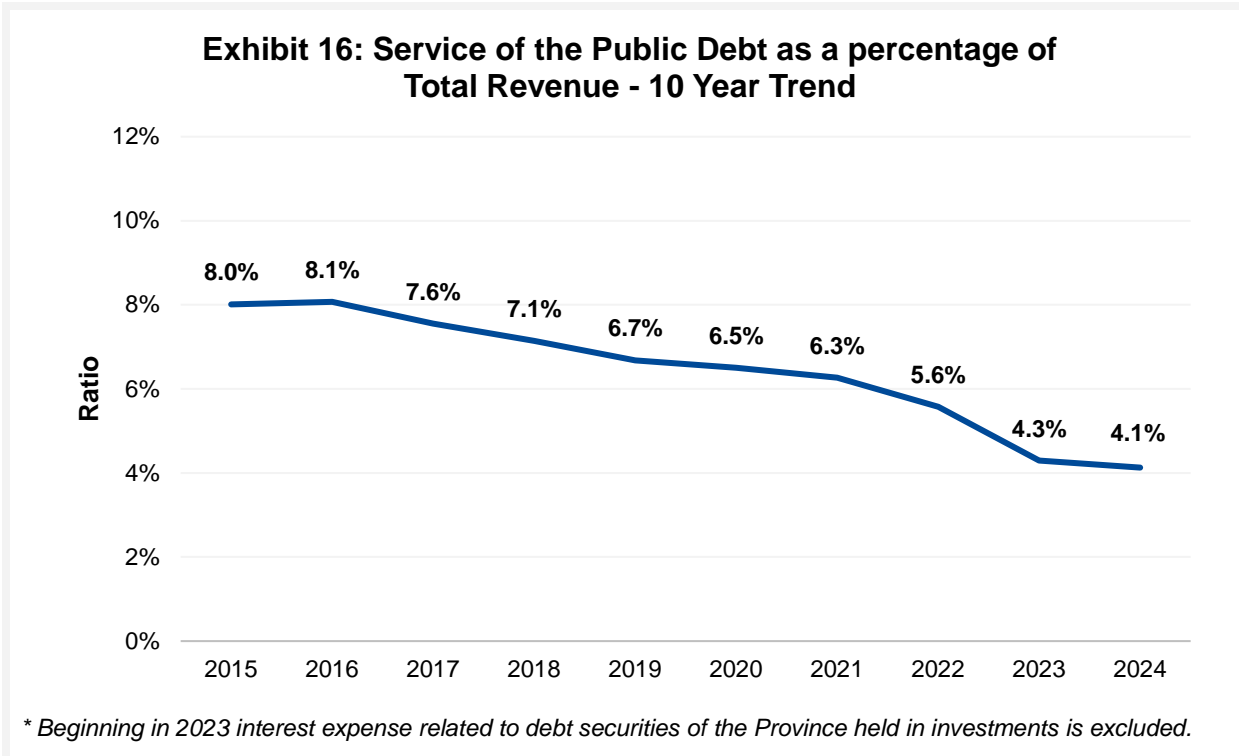
Definition

This ratio is calculated by dividing the Service of the Public Debt by the Total Revenue. The ratio, also known as the interest bite, represents the proportion of the total revenue used to pay for financing charges on general debt.

Results

Exhibit 16 shows the Service of the Public Debt as a percentage of total revenue for the past decade. The ratio is 4.1% this year. This is an improvement from prior year and also the best result for the Province in the 10-year period. Beginning in 2023, the adoption of new accounting standards contributed to the decrease in the ratio.

The overall trend indicates the ratio has been steadily decreasing over the past decade. This means the Province is more flexible and has more financial resources available to provide essential services and programs to its residents without increasing revenue through taxes and fees.



Did you know?

By spending a smaller portion of the Province's revenue on debt servicing costs, the Province has more flexibility to react to unexpected or increasing expenses, such as high inflation.

Vulnerability

Definition

Vulnerability is the extent to which the Province is exposed to risks associated with sources of funding outside its control (for example, federal transfers and exposure to risks that would impact the Province’s ability to pay for expenses). The more the Province is exposed to these factors, the more vulnerable it is.

The ratio used to measure vulnerability is the federal source revenue as a percentage of Total Revenue.



Why is vulnerability important?

If the Province is vulnerable, it is dependent on factors outside its control. An unfavourable change could have a considerable impact on revenue and lead to raising taxes or reducing services.

Federal Source Revenue as a Percentage of Total Revenue

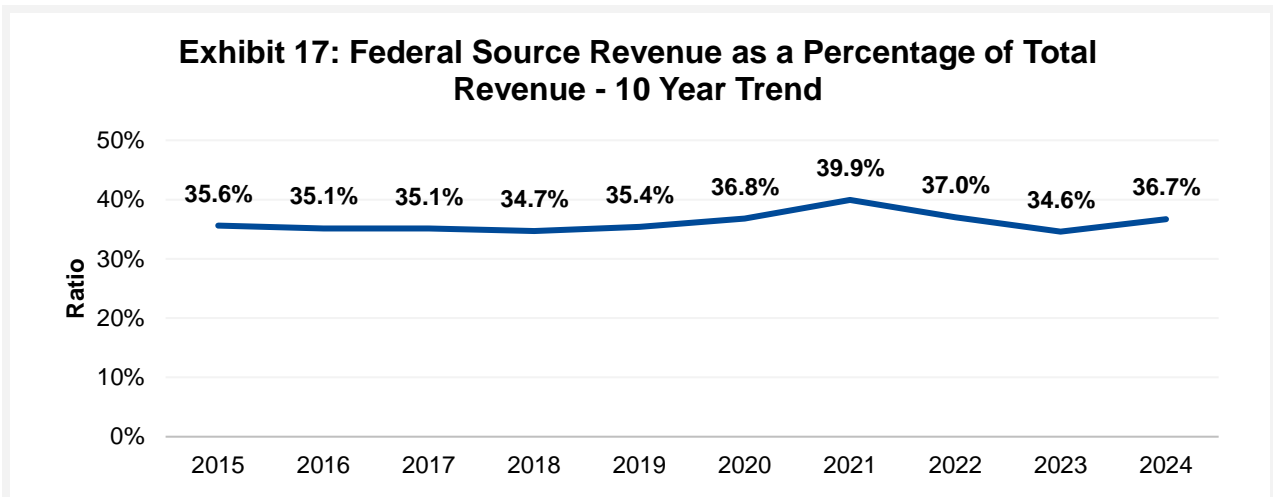
Definition

This ratio is calculated as federal source revenue divided by total revenue. It measures how reliant the Province is on federal transfers. An increasing ratio indicates a growing reliance on the federal government making the Province more vulnerable, while a declining ratio indicates vulnerability is diminishing.

Results

Exhibit 17 shows the federal source revenue as a percentage of total revenue for the past ten years. This year, the ratio is 36.7%. This is a increase from prior year, indicating the Province is more vulnerable. The year-over-year increase is primarily due to increases in provincial source revenue being outpaced by increases in transfers from the federal government.

The overall trend indicates the federal source revenue as a percentage of total revenue has been stable for most of the past decade with a temporary increase in 2021 related to short term pandemic relief programs.



INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly
Province of New Brunswick

Report on the Audit of the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of the Province of New Brunswick, which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations, change in accumulated operating deficit, remeasurement gains and losses, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province of New Brunswick as at March 31, 2024, and the consolidated results of its operations, changes in accumulated operating deficit, its remeasurement gains and losses, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Province of New Brunswick in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the consolidated financial statements for the current period. I have determined there is one key audit matter to communicate in my report. This matter was addressed in the context of the audit of the consolidated financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on this matter.

Tax Revenues

Significant tax revenues for the Province of New Brunswick include Personal Income Tax, Corporate Income Tax, Harmonized Sales Tax and Provincial Real Property Tax. I identified these tax revenues as a key audit matter because they are material, involve uncertainty in determining the amounts to record in the consolidated financial statements and are based on management's judgments and assumptions.

This year, the Province recorded \$5.8 billion in revenue related to these four taxes. The measurement uncertainty related to these tax revenues is disclosed in *Note 1 – Summary of Significant Accounting Policies*. These taxes are further disclosed in *Schedule 11 – Taxes*.

My audit work to address this key audit matter included auditing significant estimates and processes used by management to prepare the estimates, auditing revenue transactions, auditing adjustments to revenue and evaluating the sufficiency of the measurement uncertainty disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information in Volume I of the Public Accounts of New Brunswick for the fiscal year ended March 31, 2024 but does not include the consolidated financial statements and my auditor's report thereon.

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

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

If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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 the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Province of New Brunswick'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province of New Brunswick's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Province of New Brunswick'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 Province of New Brunswick's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Province of New Brunswick to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the consolidated financial statements, to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads "Paul Martin". The signature is written in a cursive, flowing style.

Paul Martin, FCPA, FCA
Auditor General

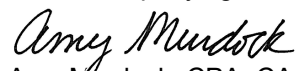
Fredericton, New Brunswick, Canada
September 10, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the fiscal year ended 31 MARCH

		(millions)		
	Note	Schedule	2024	Restated 2023
FINANCIAL ASSETS				
Cash and Cash Equivalents		1	\$ 2,787.1	\$ 3,777.3
Receivables and Advances		2	931.7	619.7
Taxes Receivable		3	1,832.0	1,403.0
Inventories for Resale			0.3	1.0
Loans	4		568.5	533.0
Portfolio Investments	5		104.6	97.2
Derivatives			164.4	50.6
Investment in Government Business Enterprises and Business Partnerships	7	4	400.8	318.7
Sinking Fund Equity	14		5,857.1	5,492.7
Total Financial Assets			<u>12,646.5</u>	<u>12,293.2</u>
LIABILITIES				
Short Term Borrowing	8		916.2	1,212.8
Accounts Payable and Accrued Liabilities		5	3,431.0	3,433.7
Liabilities for Employee Future Benefits	9	6	1,729.9	1,714.5
Deferred Revenue		7	532.5	545.4
Deposits Held in Trust		8	261.9	231.8
Derivatives			19.2	55.7
			<u>6,890.7</u>	<u>7,193.9</u>
Funded Debt	14		22,859.9	22,508.9
Borrowing for New Brunswick Power Corporation	14		(5,275.0)	(5,075.0)
Funded Debt for Provincial Purposes	14		17,584.9	17,433.9
Total Liabilities			<u>24,475.6</u>	<u>24,627.8</u>
NET DEBT			<u>(11,829.1)</u>	<u>(12,334.6)</u>
NON-FINANCIAL ASSETS				
Tangible Capital Assets	15		9,452.8	9,253.9
Inventories of Supplies		9	94.8	120.9
Prepaid and Deferred Charges		10	170.6	151.7
Total Non-Financial Assets			<u>9,718.2</u>	<u>9,526.5</u>
ACCUMULATED DEFICIT			<u>\$ (2,110.9)</u>	<u>\$ (2,808.1)</u>
ACCUMULATED DEFICIT IS COMPRISED OF:				
Accumulated Operating Deficit			\$ (2,006.8)	\$ (2,507.6)
Accumulated Remeasurement Losses			(104.1)	(300.5)
			<u>\$ (2,110.9)</u>	<u>\$ (2,808.1)</u>

Contingencies (Note 18), Commitments (Note 19), Contractual Rights (Note 20)

The accompanying notes are an integral part of these consolidated financial statements.


Amy Murdock, CPA, CA
Comptroller

CONSOLIDATED STATEMENT OF OPERATIONS
for the fiscal year ended 31 MARCH

			(millions)		
	Note	Schedule	2024 Budget	2024 Actual	2023 Restated
REVENUE					
Provincial Sources					
Taxes		11	\$ 5,787.4	\$ 6,372.2	\$ 6,505.1
Licenses and Permits		12	168.7	180.1	177.8
Royalties		13	70.3	85.4	106.7
Income from Government Business					
Enterprises and Business Partnerships		14	380.9	387.6	334.6
Other Provincial Revenue		15	752.0	1,002.1	834.6
Sinking Fund Earnings			217.0	206.8	188.1
			<u>7,376.3</u>	<u>8,234.2</u>	<u>8,146.9</u>
Federal Sources					
Federal Government Transfers		16	4,816.2	4,768.1	4,257.8
Other			--	8.0	50.5
			<u>4,816.2</u>	<u>4,776.1</u>	<u>4,308.3</u>
			<u>12,192.5</u>	<u>13,010.3</u>	<u>12,455.2</u>
EXPENSE					
Education and Training		17	2,684.4	2,696.7	2,494.3
Health		18	4,018.9	4,346.0	3,912.0
Social Development		19	1,787.5	1,845.3	1,628.4
Protection Services		20	404.7	416.5	358.0
Economic Development		21	486.6	395.8	349.1
Labour and Employment Resources		22	136.9	169.2	195.2
		22	295.1	338.3	313.7
Transportation and Infrastructure		23	875.7	876.5	828.0
Central Government		24	835.4	888.3	836.3
Service of the Public Debt	16		627.0	536.9	534.8
Loss from Restructuring			--	--	3.9
			<u>12,152.2</u>	<u>12,509.5</u>	<u>11,453.7</u>
OPERATING SURPLUS			<u>\$ 40.3</u>	<u>\$ 500.8</u>	<u>\$ 1,001.5</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED OPERATING DEFICIT
for the fiscal year ended 31 MARCH

	(millions)	
	<u>2024</u>	<u>Restated 2023</u>
RESTATED ACCUMULATED OPERATING DEFICIT - BEGINNING OF YEAR (NOTE 24)	\$ (2,507.6)	\$ (3,314.0)
Adjustment to Accumulated Operating Deficit	--	(195.1)
Operating Surplus	<u>500.8</u>	<u>1,001.5</u>
ACCUMULATED OPERATING SURPLUS (DEFICIT) - END OF YEAR	<u><u>\$ (2,006.8)</u></u>	<u><u>\$ (2,507.6)</u></u>

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
for the fiscal year ended 31 MARCH

	(millions)	
	<u>2024</u>	<u>2023</u>
ACCUMULATED REMEASUREMENT LOSS - BEGINNING OF YEAR	\$ (300.5)	\$ --
Opening Adjustments for Unrealized Gains (Losses) Attributable to:		
Foreign Exchange	--	(2.0)
Derivatives	--	(37.4)
Other Comprehensive Income	--	195.1
REVISED ACCUMULATED REMEASUREMENT GAIN (LOSS) - BEGINNING OF YEAR	<u>(300.5)</u>	<u>155.7</u>
Unrealized Gains (Losses) Attributable to:		
Foreign Exchange	(20.0)	(157.5)
Derivatives	150.2	42.6
Portfolio Investments	0.2	0.1
Other Comprehensive Income (Loss)	66.0	(341.4)
NET REMEASUREMENT GAINS (LOSSES)	<u>196.4</u>	<u>(456.2)</u>
ACCUMULATED REMEASUREMENT LOSS - END OF YEAR	<u><u>\$ (104.1)</u></u>	<u><u>\$ (300.5)</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
for the fiscal year ended 31 MARCH

	2024 Budget	(millions) 2024 Actual	2023 Restated
RESTATED NET DEBT - BEGINNING OF YEAR (NOTE 24)	\$ (12,334.6)	\$ (12,334.6)	\$ (12,697.0)
Operating Surplus	40.3	500.8	1,001.5
Acquisition of Tangible Capital Assets	(847.7)	(801.8)	(701.9)
Amortization of Tangible Capital Assets	624.1	598.4	567.2
Loss on Disposal or Impairment of Tangible Capital Assets	--	4.5	19.0
Decrease in Inventories	--	26.1	10.6
Increase in Prepaid and Deferred Charges	--	(18.9)	(38.4)
(Increase) Decrease in Net Debt from Operations	(183.3)	309.1	858.0
Opening Adjustments for Unrealized Gains (Losses) Attributable to:			
Foreign Exchange	--	--	(2.0)
Derivatives	--	--	(37.4)
Net Remeasurement Gain (Loss)	--	196.4	(456.2)
(INCREASE) DECREASE IN NET DEBT	(183.3)	505.5	362.4
NET DEBT - END OF YEAR	\$ (12,517.9)	\$ (11,829.1)	\$ (12,334.6)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
for the fiscal year ended 31 MARCH

	(millions)	
	<u>2024</u>	<u>Restated 2023</u>
OPERATING ACTIVITIES		
Operating Surplus	\$ 500.8	\$ 1,001.5
Non Cash Items		
Amortization of Premiums, Discounts and Issue Expenses	(6.1)	(6.4)
Foreign Exchange Expense	--	(0.5)
Increase (Decrease) in Provision for Losses	(7.2)	(4.2)
Amortization of Tangible Capital Assets	598.4	567.2
Loss on Disposal or Impairment of Tangible Capital Assets	4.5	19.0
Sinking Fund Earnings (gross)	(235.6)	(216.8)
Losses on Foreign Exchange Settlements	--	0.4
Increase (Decrease) in Liabilities for Employee Future Benefits	15.4	(76.0)
Increase (Decrease) in Deferred Revenue	(12.9)	(98.1)
Changes in Working Capital		
Increase in Receivables and Advances	(318.5)	(101.8)
(Increase) Decrease in Taxes Receivable	(431.8)	156.5
Decrease in Inventories	26.8	10.6
Increase in Prepaid and Deferred Charges	(18.9)	(38.4)
Increase in Accounts Payable and Accrued Liabilities	55.7	212.6
Increase in Deposits Held in Trust	30.1	11.7
Net Cash From Operating Activities	<u>200.7</u>	<u>1,437.3</u>
INVESTING ACTIVITIES		
(Increase) Decrease in Investments and Loans	(102.2)	407.8
Other Comprehensive Income (Loss)	66.0	(341.4)
Net Cash (Used in) From Investing Activities	<u>(36.2)</u>	<u>66.4</u>
CAPITAL TRANSACTIONS		
Acquisition of Tangible Capital Assets	<u>(801.8)</u>	<u>(701.9)</u>
FINANCING ACTIVITIES		
Proceeds from Issuance of Funded Debt	1,824.4	1,782.9
Purchase of NB Power Debentures	(499.2)	(676.4)
Received from Sinking Fund for Redemption of Debentures and Payment of Exchange	--	97.8
Sinking Fund Instalments	(169.0)	(167.6)
Decrease in Obligations under Capital Leases and Public Private Partnerships	(58.0)	(63.2)
(Decrease) Increase in Short Term Borrowing	(296.6)	412.1
Funded Debt Matured	(1,154.5)	(1,640.9)
Net Cash Used in Financing Activities	<u>(352.9)</u>	<u>(255.3)</u>
(DECREASE) INCREASE IN CASH DURING THE YEAR	<u>(990.2)</u>	546.5
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>3,777.3</u>	<u>3,230.8</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,787.1</u>	<u>\$ 3,777.3</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

b) Government Reporting Entity

These consolidated financial statements include the accounts of organizations that are controlled by the Province. A complete listing of the organizations within the Province's government reporting entity is provided in Schedule 25.

The not-for-profit nursing homes are individual corporations operated by their own boards of directors. The nursing homes are subject to legislation, regulation and government directives, and receive resident subsidies and other funding from government. The nature of the relationship between the Province and not-for-profit nursing homes is such that control has been determined to exist for accounting purposes only and not for legal purposes.

Legally established trust funds which the Province administers but does not control are not included as provincial assets or liabilities. These consolidated financial statements disclose the equity balances of the trust funds administered by the Province in Note 22.

The Workplace Health, Safety and Compensation Commission (operating as WorksafeNB) is not included in the Province's government reporting entity. As at 31 December 2023, WorksafeNB had assets of \$2,042.7 million (\$1,903.6 million 2022 - restated) and liabilities of \$1,396.1 million (\$1,376.2 million 2022 - restated). WorksafeNB has the authority through legislation to establish premium rates sufficient to meet its financial obligations.

c) Principles of Consolidation

The accounts of organizations within the Province's government reporting entity are included in these consolidated financial statements through one of the following accounting methods:

Consolidation Method

This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. The Province does not adjust the tangible capital asset policies of organizations that are consolidated using this method to those of the Province in cases where the adjustment would be immaterial. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization.

Modified Equity Method

This method is used for government business enterprises (GBE) and business partnerships (BP). GBEs and BPs are described in Note 7. The total net assets of all GBEs and the Province's share of the net assets of BPs are reported as investments on the Consolidated Statement of Financial Position. The total net income of GBEs and the Province's share of the net income of BPs are reported as revenue on the Consolidated Statement of Operations. Inter-organizational transactions and balances are not eliminated. However, gains or losses arising from inter-organizational transactions between GBEs and other government organizations are eliminated on assets remaining within the government reporting entity. The accounting policies of GBEs and BPs are not adjusted to conform with those of the Province.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

d) Adoption of New Accounting Standards

Adoption of PS 3400 - Revenue

Effective 1 April 2023, the Province has adopted Public Sector Accounting Standards PS 3400. Under this new standard, the method of recognizing and reporting revenue is determined based upon whether or not the transaction includes a performance obligation and how obligations are satisfied. The Province has adopted this standard using a retroactive application where prior periods have been restated. Note 24 discloses the impact of this change in accounting policy on prior periods.

Adoption of PS 3160 - Public Private Partnerships

Effective 1 April 2023, the Province has adopted Public Sector Accounting Standard PS 3160. This new standard provides guidance on the accounting, measurement, and disclosure of infrastructure assets and related liabilities where the government procures the assets using a private sector partner. The Province has adopted this standard using a prospective application. The adoption of this standard has not resulted in any changes to existing recognition or measurement policies for such transactions but has resulted in increased disclosures provided in Note 6.

Adoption of PSG-8 - Purchased Intangibles

Effective 1 April 2023, the Province has adopted Public Sector Guideline PSG-8. This new guideline provides guidance on the accounting, measurement, and disclosure of purchased intangibles, which are identifiable non-monetary economic resources without physical substance acquired through an exchange transaction. The Province has adopted this standard using a prospective application. There has been no impact to these consolidated financial statements as a result of adopting this guideline.

e) Future Changes in Accounting Policy

The Conceptual Framework for Financial Reporting in the Public Sector

The Public Sector Accounting Board issued the Conceptual Framework for Financial Reporting in the Public Sector with an effective date of 1 April 2026. A conceptual framework is a coherent set of interrelated concepts underlying accounting and financial reporting standards. It prescribes the nature, function and limits of financial accounting and reporting. The Province plans to adopt this framework on the effective date and is currently analyzing the impact on its consolidated financial statements.

PS 1202 - Financial Statement Presentation

The Public Sector Accounting Board issued Section PS 1202 with an effective date of 1 April 2026. This standard provides changes to statements within the existing reporting model as well as two new statements. The changes are intended to increase users' understanding of financial statements and the indicators within them, and to improve accountability information. The Province plans to adopt this standard on the effective date and is currently analyzing the impact on its consolidated financial statements.

f) Specific Accounting Policies

Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets, prepaid and deferred charges, and inventories of supplies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents are recorded at cost, which approximates market value. Cash equivalents include highly liquid short term investments that are readily convertible to known amounts of cash with maturity dates of six months or less. Cash and cash equivalents include \$570.1 million (\$797.0 million 2023) in short term investments issued by the New Brunswick Power Corporation (NB Power).

Accounts Receivable, Loans and Loan Guarantees Receivable

Accounts receivable, loans and loan guarantees receivable are initially recorded at cost, and reported at the lower of cost and net recoverable value through a valuation allowance. Changes in the valuation allowance are recognized in expense. Amounts due to the Province but deemed uncollectible are written off from the accounts of the Province once the write-off has been approved by either Treasury Board or the Secretary to Treasury Board depending on the dollar value involved.

Interest revenue is recognized on a loan when earned, and ceases to be accrued when the collectability of either the principal or interest is not reasonably assured.

Inventories for Resale

Inventories for resale are recorded at the lower of cost or net realizable value. Properties held for resale are reported as a financial asset and include land and fixtures acquired or constructed for the purpose of sale. Properties held for resale also include properties acquired through foreclosure.

Portfolio Investments

Portfolio investments include term deposits and fixed income and equity instruments. Term deposits and fixed income instruments are recorded at either cost or amortized cost, except for those designated to the fair value category. Equity instruments that are quoted in an active market are recorded at fair value. Where there has been a loss in the value of an investment that is other than a temporary decline, the investment is written down to recognize this loss.

Sinking Funds

The General Sinking Fund is maintained by the Minister of Finance and Treasury Board under the authority of section 14 of the *Provincial Loans Act*. This Act provides that the Minister shall maintain one or more sinking funds for the payment of funded debt either at maturity or upon redemption in advance of maturity. Typically, redemptions are only made after the related provincial purpose portion of the debt has been outstanding a minimum of thirty years.

Sinking fund installments are paid into the General Sinking Fund on or before the anniversary date of each issue of funded debt, at the prescribed rate of a minimum of 1% of the outstanding principal.

Sinking fund investments in bonds and debentures are reported at par value less unamortized discounts less premiums. Foreign denominated investments are reported at the Canadian dollar equivalent at the year-end rates of exchange. Short-term deposits are reported at cost. The Province's sinking fund may be invested in eligible securities as defined in the *Provincial Loans Act*.

NB Power is contractually obligated to pay to the Province the amount of the sinking fund installment required each year in respect of the debentures issued by the Province on its behalf.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2024

Liabilities

Loan Guarantees

Obligations resulting from guaranteed loans are recorded as liabilities when management determines that a loss is probable with changes in this obligation recorded annually.

Each outstanding loan guarantee under the *Opportunities New Brunswick Act* is reviewed on a quarterly basis. An allowance for loss on loan guarantees is established when management determines that a loss is probable. A loss is considered probable when one or more of the following factors is present:

- a decline in the financial position of the borrower;
- economic conditions in which the borrower operates indicate the borrower's inability to repay the loan; and
- collection experience for the loan.

Losses on guaranteed loans under the *Agricultural Development Act* and *Livestock Incentives Act* for classes that have similar standards are calculated using an average rate based on past experience and trends.

Asset Retirement Obligations

A liability for asset retirement costs is recognized when there is a legal obligation to incur retirement costs for a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the costs can be made. The liability is based on information available at the financial statement date and on costs directly attributable to asset retirement activities. The carrying amount of the liability is reviewed at each financial statement date, and any revisions to the amount previously recognized are accounted for in the period in which the revisions are made. Costs are discounted where the amount and timing are known with certainty such that discounting would result in a more accurate measurement of the liability.

Public Private Partnerships

Public private partnerships are the arrangements between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The infrastructure assets are initially recognized at cost or fair market value and reported under the tangible capital assets policy. A financial liability is also recognized with disclosure of the terms of the public private partnership arrangement.

Capital Leases

Long term leases, under which the Province, as lessee, assumes substantially all the benefits and risks of ownership of leased property, are classified as capital leases although certain minimum dollar thresholds are in place for practical reasons. The present value of a capital lease is accounted for as a tangible capital asset and an obligation at the inception of the lease.

Liabilities for Contaminated Sites

A liability for the remediation of contaminated sites is recognized when an existing environmental standard has been exceeded, the Province has a legal or assumed responsibility, the Province expects remediation to occur and a reasonable estimate of the cost of remediation can be made. The liability for remediation is estimated based on information available at the financial statement date and reflects costs directly attributable to remediation activities, less expected net recoveries. The carrying amount of the liability for remediation is reviewed at each financial reporting date, and any revisions to the amount previously recognized are accounted for in the period in which revisions are made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2024

Retirement Benefits

Retirement benefits include various retirement benefit plans and other employee future benefit plans where the Province has an obligation to provide benefits to employees. Liabilities for the *Provincial Court Act* and *Provincial Court Judges' Pension Act*, *Members' Superannuation Act* and *Members' Pension Act*, Pension Plan for Management Employees of New Brunswick School Districts, Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts, Pension Plan for Full-Time CUPE 2745 Employees of New Brunswick School Districts, Pension Plan for Management Employees' of New Brunswick Nursing Homes, Pension Plan for General and Service Employees' of New Brunswick Nursing Homes, Pension Plan for Nursing and Paramedical Employees' of New Brunswick Nursing Homes, Supplementary Retirement Plan, and the Retirement Allowance program are calculated using the projected benefit method prorated on service, using various assumptions based on management's best estimate. Pension fund assets are valued at market-related values. The cost of benefits earned is attributed to the period that the employee provides service. Changes in the liability resulting from experience gains or losses and changes in actuarial assumptions are amortized over the expected average remaining service life of the related plan. Gains and losses arising from plan amendments are recognized in the period of the plan amendment.

The New Brunswick Public Service Pension Plan, the New Brunswick Teachers' Pension Plan, the Shared Risk Plan for CUPE Employees of New Brunswick Hospitals, and the Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals are Target Benefit Pension Plans. The liabilities for these plans are calculated using the projected benefit method prorated on service, using various assumptions based on management's best estimate. Pension fund assets are valued at market-related values. The cost of benefits earned is attributed to the period that the employee provides service. Changes in the liability resulting from experience gains or losses and changes in actuarial assumptions are amortized over the expected average remaining service life of the related plan. Gains and losses arising from plan amendments are recognized in the period of the plan amendment. These plans are governed by an Agreement and Declaration of Trust which restricts access to the plan assets. On this basis, the Province records the value of the plan net assets as nil when these plans are in a net asset position. When these plans are in a net obligation position, the Province records a liability for its portion of the obligation.

The Province also contributes to the Pension Plan for Part-Time and Seasonal Employees. For this plan, the Board of Trustees has the obligation to provide benefits to its members. As such, no liability is recorded by the Province. The cost recorded by the Province for this plan equals the amount of the Province's required contribution for the period.

Liability for Injured Workers

The Province provides workers' compensation benefits on a self-insured basis. WorkSafeNB administers the claims on the Province's behalf and charges a fee for this service. The liability for injured workers is determined using a number of methods to estimate future payments including the annuity method, the loss development method, and the aggregate claims method. Future payments are then discounted to determine the present value. Annual claim payments are expensed by each department and are reported in the functional expense area related to the program in which the employee worked. The net change in the liability, excluding actual claims costs, is reported under central government.

Sick Leave

The cost of accumulating, non-vesting sick leave benefits for government departments and agencies, school districts and other agencies is determined by an actuarial valuation, using management's best estimate of salary escalation, accumulated sick days at retirement, long term inflation rates and discount rates. The sick leave liability for nursing homes has been estimated using summarized data of nursing home employees and experience of employees in the Province's health care sector. The cost of sick leave usage exceeding an employee's annual allotment is expensed by each department and reported in the functional expense area related to the program in which the employee worked. The change in the net liability, excluding the cost of the sick leave usage exceeding the annual allotment, is reported under central government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2024

Deferred Revenue

The Province defers revenues received or receivable when an associated performance obligation of the Province has not been met by the financial reporting date, or in the case of tax revenues, the taxable event has not yet occurred. The liability is discharged and recognized as revenue when (or as) the performance obligation is met, or the taxable event occurs. Deferred revenues include amounts received from the federal government under various agreements that stipulate how the funds are to be spent, and amounts received from various individuals and organizations in exchange for their use of (or access to) the Province's assets and resources. Schedule 7 provides amounts of deferred revenues by type.

Borrowing on Behalf of New Brunswick Power Corporation

The Province, as represented by the Consolidated Fund, has issued long term debt securities on behalf of NB Power, in exchange for debentures with like terms and conditions. This financing arrangement was used to obtain more favourable debt servicing costs. NB Power debentures purchased by the Province are reported in the Consolidated Statement of Financial Position as a reduction of funded debt. The transactions involving these securities, including the debt servicing costs, are not part of the budget plan of the Province's Consolidated Fund.

Non-Financial Assets

Tangible Capital Assets

Tangible capital assets are assets of the Province which have useful lives greater than one year. Certain dollar thresholds for capitalization have been established for practical purposes. Intangible assets and items inherited by right of the Crown, such as forest, water, and mineral resources, are not recognized in the consolidated financial statements. The costs recorded for tangible capital assets, include those incurred for the acquisition or construction, as well as an estimate of costs that will be legally required to retire the asset. These are amortized on a straight-line basis over the estimated useful life of the asset as further described in Note 15.

Tangible capital asset policies of government entities which are consolidated in these consolidated financial statements are not adjusted to conform to provincial policies in cases where the differences are not material. The areas in which tangible capital asset policies could differ include amortization rate, estimated useful life and capitalization threshold.

Inventories of Supplies

Inventories of supplies for use are recorded at the lower of cost or replacement value.

Prepaid and Deferred Charges

Prepaid and deferred charges are cash disbursements, other than tangible capital assets and inventories of supplies, that are expected to yield economic benefits over one or more future periods. Prepaid and deferred charges are recorded as an asset at the time of incurrence and amortized to expenses over the periods expected to benefit from it.

Revenues

Tax Revenue

Official estimates received from the federal government are used as the basis for determining corporate income tax, personal income tax and harmonized sales tax revenue. Corporate income tax, personal income tax and harmonized sales tax revenue amounts for the current year reflect prior year adjustments based on returns or more recent economic data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2024

Provincial real property tax is recognized based on the calculation of applying the relevant provincial and local service district / rural district tax rates to the assessed property value. Adjustments are made to current year revenue for changes in prior year assessed property values.

Consumption taxes (Gasoline and Motive Fuels Tax, Carbon Emitting Products Tax, Tobacco Tax and Pari-mutuel Tax) are recognized based on the self-assessed returns of taxpayers and tax collectors (e.g. retailers and wholesalers). Consumption tax revenue is also recognized from direct payments made by taxpayers in completing certain types of transactions.

Government Transfers

Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when transfer stipulations are met. Capital projects for which the stipulation of project completion had not been met as at 31 March 2024 have been recorded as deferred capital contributions in Schedule 7. Major transfers recognized during the period are reported in Schedule 16.

Restructuring Transactions

A restructuring transaction is a transfer of an integrated set of assets and/or liabilities, together with related program or operation responsibilities, without consideration based primarily on the fair value of the individual assets and liabilities transferred. The net effect of a restructuring transaction is recorded as a separate revenue or expense in the year of the transfer.

Gifts and Donations

Gifts and donations of assets are recognized as revenue at fair value when they can be reliably measured.

Expenses

Government Transfers

Grants, entitlements and other government transfers are recognized as expense in the period during which the event giving rise to the transfer has occurred, provided that the transfer has been authorized and all eligibility criteria have been met by the recipient. Major government transfers during the period include grants to universities, grants to municipalities, funding provided through social and employment programs, and transfers via revenue sharing agreements.

Debt Charges

Interest and other debt service charges are reported in the Consolidated Statement of Operations as Service of the Public Debt except as described below:

- As government business enterprises are included in the government reporting entity through modified equity accounting, the cost of servicing their debt is not included in the Service of the Public Debt expense. The cost of servicing the debt of government business enterprises is an expense included in the calculation of their net profit or loss for the year.
- Interest costs imputed on the Province's Net Pension Liability are recorded as part of pension expense, which is included in various expense functions.
- Interest on CMHC debentures and Nursing Home debt is recorded as part of the Social Development expense function.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2024

Interest earned on the assets of the General Sinking Fund and on other provincial assets is reported as revenue.

Operating Leases

All leases under which the Province does not assume substantially all the benefits and risks of ownership related to the leased property are classified as operating leases. Each rental payment required by an operating lease is recorded as an expense when it is due.

Concessionary Loans

There are two situations in which the Province charges loan disbursements entirely as expenses. These are:

- Loan agreements which commit the Province to provide future grants to the debtor to be used to repay the loan.
- Loan agreements which include forgiveness provisions if the forgiveness is considered likely.

Loans that are significantly concessionary because they earn a low rate of return are originally recorded as assets at the net present value of the expected future cash flows. The net present value is calculated using the Province's borrowing rate at the time the loan was issued. The difference between the nominal value of the loan and its net present value is recorded as an expense.

g) Foreign Currency Translation and Risk Management

The Province's assets, liabilities and contingent liabilities denominated in foreign currencies are translated to Canadian dollars at the year-end rates of exchange. Exchange gains and losses are included in the Consolidated Statement of Operations when realized. Unrealized exchange gains or losses are included in the Statement of Accumulated Remeasurement Gains and Losses. Revenue and expense items are translated at the rates of exchange in effect at the respective transaction dates.

The Province borrows funds in both domestic and foreign capital markets and manages its existing debt portfolio to achieve the lowest debt costs within specified risk parameters. As a result, the Province may be exposed to foreign exchange risk. Foreign exchange or currency risk is the risk that the principal and interest payments on foreign debt will fluctuate in Canadian dollar terms due to fluctuations in foreign exchange rates.

In accordance with risk management policy guidelines, the Province uses various financial instruments and techniques to manage exposure to foreign currency risk. These financial instruments may include currency forwards, cross-currency swaps and purchases of foreign denominated assets into the Province's sinking fund. The Province performs an annual assessment of the effectiveness of its financial instruments in managing exposure to foreign currency risk by comparing the cash flows of both the hedged and hedging items.

As at 31 March 2024, the full amount of the Province's outstanding foreign currency denominated debt (500.0 million USD, 925.0 million CHF, and 105.0 EUR) has been hedged by entering into cross-currency swaps, which convert the interest and principal payable from the original currency to Canadian dollars. As the entire foreign currency denominated debt portfolio has been hedged, the Province has no foreign currency exposure.

h) Measurement Uncertainty

Measurement uncertainty exists when there is uncertainty in the determination of the amount at which an item is recorded in the financial statements. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Many items are measured using management's best estimate, based on assumptions that reflect the most probable set of economic conditions and planned courses of action at the time of financial statement preparation. Estimates are updated to reflect new information as it becomes available. Actual results could differ from these estimates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

Significant estimates used in these consolidated financial statements include:

- Uncertainty relating to the determination of corporate income tax revenue arising from variances between the estimated and actual amount of New Brunswick's allocation of national taxable income. A sensitivity analysis on the impact of a change in the allocation of national taxable income indicated that a +/- 1% change in New Brunswick's allocation would impact the revenue by +/- \$6.0 million. Uncertainty also exists in relation to the determination of corporate and personal tax revenue arising from possible revisions of tax revenue as a result of reassessments of prior tax periods or the timing of installment payments. Due to their nature, the extent to which these items will impact the estimates cannot be reasonably determined.
- Uncertainty relating to the determination of harmonized sales tax revenue arising from variances between the estimated and actual amount of New Brunswick's allocation of the national revenue pool. A sensitivity analysis indicated that a +/- 1% change in New Brunswick's allocation would impact the revenue by +/- \$19.9 million. Uncertainty also exists in relation to the determination of harmonized sales tax revenue arising from possible revisions of tax revenue as a result of reassessments of prior tax periods or the timing of installment payments. Due to their nature, the extent to which these items will impact the estimates cannot be reasonably determined.
- Uncertainty in the determination of revenue from Canada Health Transfers and Canada Social Transfers arising from variances between the estimated and actual provincial share of national population figures. A sensitivity analysis on the impact of a change in the estimated population figures indicated that a +/- 1% change in New Brunswick's estimated population figures would impact the revenue for the Canada Health Transfer and Canada Social Transfer by +/- \$10.3 million and \$3.4 million, respectively.
- Uncertainty related to the determination of the obligation or expense for pensions and other employee future benefits arising because actual results may differ from the Province's assumptions used to estimate the amount of benefits that employees will receive and the investment return on plan assets. Due to the numerous factors that could impact the assumptions used, the extent to which their variability will impact the estimate cannot be reasonably determined.
- Uncertainty relating to the determination of the liability for asset retirement obligations because actual results may differ from the assumptions used to estimate the liability. Uncertainty exists for buildings as the cost estimate for regulated building materials is based on a cost per square foot, depending on the type of building and the year of build. However, the full extent of regulated materials may only be determined at the time of retirement. For buildings, a 1% increase in the estimated rate per square foot would increase the liability by \$3.3 million.
- Uncertainty in the estimation of the liability for injured workers arising because actual results may differ from the Province's assumptions used to estimate the liability. A sensitivity analysis on exposure to changes in key variables used to estimate the liability indicated that a 1% decrease in the discount rate would increase the liability by \$36.6 million, and a 1% increase in the rate of inflation would increase the liability by \$32.7 million.
- Uncertainty relating to the allocation of payments for highway rehabilitation contracts arising because amortization of the capital improvement work commences in the year the rehabilitation work is expected to be performed, which may not reflect when the work is actually completed by the contractors. This may impact the timing of amortization expense and the classification of payments as a prepaid expense, accrued expenditure, or tangible capital asset. Due to the unpredictability of future events, the extent of the measurement uncertainty cannot be reasonably estimated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

- Uncertainty relating to the determination of the amounts recorded as the valuation allowances for loans as these amounts are based on probable outcomes and the use of estimates. A sensitivity analysis indicated that the impact of a +/- 1% change in the overall valuation allowance on loans receivable could impact net loans receivable and bad debt expense by +/- \$6.4 million for loans to students and +/- \$1.4 million for loans under the *Opportunities New Brunswick Act*.
- Uncertainty relating to the determination of the amount of accruals for the remediation of contaminated sites, amounts recorded as contingent liabilities, valuation allowances for investments and accounts receivable, and the estimated useful lives of tangible capital assets arising because these amounts are based on probable outcomes and the use of estimates. Due to the unpredictability of future events, the extent of the measurement uncertainty cannot be reasonably estimated.
- Uncertainty relating to the consolidation of not-for-profit nursing homes operating in the Province arising because audited financial statements were not available for all nursing homes at the time of consolidation, and some nursing homes use accounting frameworks and accounting policies that differ from those of the Province. The extent of these differences is not expected to be material.
- Uncertainty related to the determination of property tax revenue, expense, assets and liabilities attributable to assessment appeals, uncollectible amounts and write-offs. The extent to which a change in the assessment amounts or collectability will impact the consolidated financial statements cannot be reasonably determined.

NOTE 2 BUDGET

The budget figures included in these consolidated financial statements are the amounts published in the Main Estimates, adjusted for transfers from the Supplementary Funding Provision Program. The Supplementary Funding Provision Program is an appropriation which provides funding to other programs for costs associated with contract settlements and other requirements not budgeted in a specific program.

Budget figures for the year ending 31 March 2024 reflect the acquisition of tangible capital assets and amortization expense. These amounts are disclosed in the Main Estimates as a separate schedule.

NOTE 3 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to financial assets of one entity and financial liabilities or equity instruments of another entity. Financial instruments include primary instruments such as receivables, payables, and equity instruments, as well as derivative financial instruments such as interest rate and currency swaps.

a) Fair Value

Fair value is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value measurements of financial instruments are classified using a hierarchy based on the significance of inputs used to determine fair value. Items are classified based on the lowest level input that is significant to the measurement. The three levels of the fair value hierarchy are as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - inputs for the asset or liability that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

The Province's financial instruments carried at fair value are disclosed below. All other financial instruments are carried at cost or amortized cost. There were no significant transfers between level 1 and level 2 of the fair value hierarchy.

	Level	(millions)	
		2024	2023
		Fair Value	
Financial Assets			
Derivatives	2	\$ 164.4	\$ 50.6
Portfolio Investments	1	\$ 37.8	\$ 48.0
Portfolio Investments	2	\$ 16.1	\$ 3.4
Liabilities			
Derivatives	2	\$ 19.2	\$ 55.7

b) Financial Risk Management

The Province is exposed to risks from its use of financial instruments. These risks include credit risk, liquidity risk, and market risk. The Province has risk management strategies in place to mitigate these risks as discussed below.

Credit Risk

Credit risk is a risk that a counterpart to a financial instrument may not meet their obligations. The risk arises most significantly in cash deposits and short-term investments, accounts receivable, loans receivable, portfolio investments, and derivative assets. To mitigate this risk the Province monitors credit ratings of counterparties and diversifies credit exposure. Longer-term fixed income investments in trust and sinking funds are limited to those issued or guaranteed by other Canadian provinces or the Government of Canada. Cash deposits, short term investments and derivative counterparties are limited to the biggest six Canadian Schedule 1 banks. General receivables are monitored with outstanding balances pursued for payment. Certain classes of loans, as described in Note 4, may be backed by collateral.

The carrying value of the financial assets subject to this risk represents the maximum credit exposure at the reporting date. Receivables and advances, taxes receivable, and loans receivable include amounts that are past due and considered to be impaired. Allowances recorded to reflect the impairments are provided in Schedule 2, Schedule 3, and Note 4.

Liquidity Risk

Liquidity risk is the risk that the Province will not be able to meet its financial obligations. The Province engages in cash forecasting and monitoring for its operations to confirm adequate liquidity is available to meet its commitments. The Province also employs an active short-term borrowing program to supplement operational funding needs when necessary. Sinking and trust fund future commitments and redemptions are also forecasted, monitored, and managed to ensure liabilities are met in a timely manner. A maturity analysis of long-term debt and derivative financial liabilities is presented in Note 14. Accounts payable are short term in nature, with payment generally due within 30 days after receipt of a payment request.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Currency risk is the risk that the fair value or future cash flows related to financial instruments will fluctuate due to changes in foreign exchange rates. The Province mitigates this risk by using derivative contracts that convert interest and principal payments on foreign currency denominated debt into Canadian dollar denominated cash flows. As of 31 March 2024, derivative contracts were in place for all of the Province's outstanding foreign currency denominated debt, therefore a change in the foreign exchange rates at that date would not have impacted the Province's operating results but would have impacted remeasurement gains and losses. Note 14 discloses the maturity schedule of foreign currency denominated debt and the terms of the related derivative contracts.

Interest rate risk is the risk that the fair value or future cash flows related to financial instruments will fluctuate due to changes in interest rates. The Province manages this risk by primarily issuing longer-term debt obligations with fixed interest rates to maturity and limited exposure to floating rate debt obligations. Longer-term fixed income assets are diversified. Should the current portion of funded debt for provincial purposes be refinanced at an interest rate 100 basis points higher than current market rates, annual debt service costs would be \$9.4 million higher. Should the current portion of investments held in the General Sinking Fund be reinvested at an interest rate 100 basis points lower than current market rates, annual Sinking Fund earnings would be \$2.4 million lower.

Other price risk is the risk that the fair value or future cash flows related to financial instruments will fluctuate due to changes in market prices other than those arising from interest rate risk or currency risk. The Province considers the market risk related to its financial instruments to be concentrated in currency risk and interest rate risk.

The table below shows the impact to remeasurement gains and losses due to a reasonably expected change in relevant market rates at 31 March 2024 applied to the foreign currency denominated debt and derivative financial instruments held at that date.

	(millions)
	Remeasurement Gain (Loss)
Derivatives	
1 cent weakening of the CAD compared to the USD	\$ 8.6
1 cent weakening of the CAD compared to the CHF	8.7
1 cent weakening of the CAD compared to the EUR	0.8
100 basis point increase in interest rates	(23.2)
	<u>\$ (5.1)</u>

	(millions)
	Remeasurement Gain (Loss)
Foreign currency denominated funded debt outstanding	
1 cent weakening of the CAD compared to the USD	\$ (5.0)
1 cent weakening of the CAD compared to the CHF	(9.3)
1 cent weakening of the CAD compared to the EUR	(1.1)
	<u>\$ (15.4)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 4 LOANS

The following is a schedule of the Province's loans receivables:

	(millions)					
	2024			2023		
	Amount	Valuation Allowance	Net	Amount	Valuation Allowance	Net
Loans to Students	\$ 609.3	\$ (175.3)	\$ 434.0	\$ 574.3	\$ (162.1)	\$ 412.2
<i>Opportunities New Brunswick Act</i>	142.3	(49.6)	92.7	153.5	(79.9)	73.6
<i>New Brunswick Housing Act</i>	31.3	(9.5)	21.8	33.8	(9.5)	24.3
<i>Fisheries and Aquaculture Development Act</i>	16.8	(8.4)	8.4	15.2	(8.3)	6.9
<i>Agricultural Development Act</i>	10.4	(6.4)	4.0	9.6	(5.8)	3.8
Unsatisfied Judgements	9.4	(9.4)	--	9.4	(9.4)	--
Regional Development Corporation	9.2	(3.4)	5.8	13.9	(3.5)	10.4
La Fondation du quotidien francophone	4.0	(4.0)	--	4.0	(4.0)	--
Other Loans	2.7	(0.9)	1.8	2.7	(0.9)	1.8
	<u>\$ 835.4</u>	<u>\$ (266.9)</u>	<u>\$ 568.5</u>	<u>\$ 816.4</u>	<u>\$ (283.4)</u>	<u>\$ 533.0</u>

Loans to students are to be repaid 10 years after the end of study date; these loans are unsecured. Effective 1 November 2022, interest is no longer accrued on provincial student loans.

Loans issued under the *New Brunswick Housing Act* have terms of up to 30 years and interest rates ranging from 0% up to the provincial borrowing rate. These loans are backed by a mortgage or promissory note.

Loans issued by the Regional Development Corporation have various repayment terms and interest rates ranging from 0% to 2%. These loans may be secured by company assets or personal guarantees.

Loans issued under the *Opportunities New Brunswick Act*, *Agricultural Development Act*, and *Fisheries and Aquaculture Development Act* facilitate the establishment, development, or maintenance of industry in a variety of areas.

Loans issued under the *Opportunities New Brunswick Act* have terms of up to 30 years and interest rates ranging from 0% to 10%. These loans may be secured by life insurance, company assets, or personal guarantees.

Loans issued under the *Agricultural Development Act* and *Fisheries and Aquaculture Development Act* have terms of up to 25 years and interest rates set by regulation to be equal to the provincial borrowing rate or based on the prime rate. These loans may be secured by land, buildings, livestock, quota, and fishing vessels.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 5 PORTFOLIO INVESTMENTS

Portfolio investments are investments in equity or debt instruments of organizations that do not form part of the government reporting entity. Portfolio investments held by the Province are as follows:

	(millions)	
	<u>2024</u>	<u>2023</u>
Investments measured at cost or amortized cost	\$ 50.7	\$ 45.8
Investments measured at fair value	53.9	51.4
	<u>\$ 104.6</u>	<u>\$ 97.2</u>

Included in portfolio investments are marketable securities with a carrying value of \$76.0 million (\$69.8 million 2023) and a market value of \$75.7 million (\$69.7 million 2023).

Income from portfolio investments is reported in Schedule 15.

The Province also holds portfolio investments in the General Sinking Fund described in Note 14. The following portfolio investments are held in the General Sinking Fund:

	(millions)	
	<u>2024</u>	<u>2023</u>
Investments measured at cost or amortized cost	\$ 4,499.6	\$ 3,981.2
Investments measured at fair value	--	--
	<u>\$ 4,499.6</u>	<u>\$ 3,981.2</u>

Included in portfolio investments of the General Sinking Fund are marketable securities with a carrying value of \$4,499.6 million (\$3,981.2 million 2023) and a market value of \$4,070.7 million (\$3,664.8 million 2023).

Income from portfolio investments of the General Sinking Fund is included in Sinking Fund Earnings on the Consolidated Statement of Operations.

NOTE 6 PUBLIC PRIVATE PARTNERSHIPS

The province has entered various public private partnerships, where the province controls the purpose and use of the infrastructure, has access to the future economic benefits and exposure to the risks of the infrastructure assets and has significant residual interest in the infrastructure. Public private partnerships were recognized as capital leases prior to the implementation of this standard.

The table below discloses the outstanding future payments for the public private partnerships. The most significant public private partnership obligation relates to the Fredericton-Moncton Highway.

	(millions)			
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate (%)</u>	<u>Term (Years)</u>
Building	\$ 3.2	\$ 2.9	8.8	30
Highway	\$ 224.1	\$ 54.3	6.4	28-29

Further information related to public private partnership arrangements is described in Note 15 and Note 19.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

NOTE 7 GOVERNMENT BUSINESS ENTERPRISES AND BUSINESS PARTNERSHIPS

a) Government Business Enterprises

A government business enterprise is an organization accountable to the Legislative Assembly that has the power to contract in its own name, can sue and be sued, has the financial and operating authority to carry on a business, sells goods and services to customers outside the government reporting entity as its principal activity, and that can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside the government reporting entity.

The financial information of a government business enterprise is prepared according to the accounting standards that are appropriate for the industry segment in which it operates. These accounting policies may not be consistent with accounting policies used by the Province.

The following is a list of government business enterprises, and their fiscal year ends, which are included in the government reporting entity as listed in Schedule 25 to these consolidated financial statements.

New Brunswick Liquor Corporation (NB Liquor)*	31-03-2024
Cannabis NB Ltd. (CNB)*	31-03-2024
New Brunswick Municipal Finance Corporation (NBMFC)	31-12-2023
New Brunswick Power Corporation (NB Power)	31-03-2024

*NB Liquor and CNB have fiscal year ends which end on the Sunday closest to 31 March.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

The following table presents condensed financial information for these government business enterprises.

	(millions)				
	NB Liquor	CNB	NBMFC	NB Power	Total
Assets					
Cash and Equivalents	\$ 0.2	\$ 1.0	\$ 0.2	\$ 10.0	\$ 11.4
Receivables	15.6	0.3	2.0	412.0	429.9
Prepays	2.6	0.8	--	25.0	28.4
Inventories	39.6	11.3	--	326.0	376.9
Derivatives	--	--	--	85.0	85.0
Capital Assets	13.2	0.5	--	4,810.0	4,823.7
Long Term Assets	--	--	--	941.0	941.0
Regulatory Assets	--	--	--	907.0	907.0
Long Term Notes Receivable	--	--	768.5	--	768.5
Right-of-use Assets	36.2	21.8	--	--	58.0
Other Assets	--	--	--	18.0	18.0
Sinking Fund Receivable	--	--	--	502.0	502.0
Intangible Assets	2.3	2.6	--	51.0	55.9
Total Assets	<u>\$ 109.7</u>	<u>\$ 38.3</u>	<u>\$ 770.7</u>	<u>\$ 8,087.0</u>	<u>\$ 9,005.7</u>
Liabilities					
Accounts Payable and Accrued Liabilities	\$ 33.1	\$ 5.9	\$ 2.1	\$ 439.0	\$ 480.1
Short Term Debt	--	--	--	570.0	570.0
Derivatives	--	--	--	64.0	64.0
Employee Future Benefits	2.1	--	--	99.0	101.1
Long Term Debt	--	--	768.5	5,289.0	6,057.5
Other Liabilities	41.1	23.5	--	1,220.0	1,284.6
Total Liabilities	<u>76.3</u>	<u>29.4</u>	<u>770.6</u>	<u>7,681.0</u>	<u>8,557.3</u>
Equity					
Retained Earnings	33.1	8.9	0.1	509.0	551.1
Accumulated Other Comprehensive Income (Loss)	0.3	--	--	(103.0)	(102.7)
Total Equity	<u>33.4</u>	<u>8.9</u>	<u>0.1</u>	<u>406.0</u>	<u>448.4</u>
Total Liabilities and Equity	<u>\$ 109.7</u>	<u>\$ 38.3</u>	<u>\$ 770.7</u>	<u>\$ 8,087.0</u>	<u>\$ 9,005.7</u>
Net Income					
Revenue	\$ 537.4	\$ 94.7	\$ 24.7	\$ 2,968.0	\$ 3,624.8
Expenses	(336.6)	(72.0)	(0.1)	(2,614.0)	(3,022.7)
Interest and Related Expense	--	--	(24.6)	(347.0)	(371.6)
Net Income	<u>\$ 200.8</u>	<u>\$ 22.7</u>	<u>\$ --</u>	<u>\$ 7.0</u>	<u>\$ 230.5</u>
Other Comprehensive Income					
Other Comprehensive Income	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 65.0</u>	<u>\$ 65.0</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

New Brunswick Liquor Corporation

New Brunswick Liquor Corporation was established under the *New Brunswick Liquor Corporation Act*. Its business activity is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick. Transactions between NB Liquor and the Province in the normal course of operations were deemed insignificant to the financial statements. NB Liquor's financial statements are prepared in accordance with International Financial Reporting Standards.

Cannabis NB Ltd.

Cannabis NB Ltd. is incorporated under the *Business Corporations Act*. Its business activity is the distribution and sale of recreational use cannabis through an agreement with Cannabis Management Corporation (CMC). CNB's financial statements are prepared in accordance with International Financial Reporting Standards.

New Brunswick Municipal Finance Corporation

New Brunswick Municipal Finance Corporation was established under the *New Brunswick Municipal Finance Corporation Act*. Its purpose is to provide financing for municipalities and municipal enterprises through a central borrowing authority. Its financial statements are prepared in accordance with International Financial Reporting Standards.

As at 31 December 2023, \$672.9 million (\$708.9 million 2022) of NBMFC's outstanding debt was held by funds administered by the Province. Of that total, \$654.1 million (\$704.9 million 2022) was purchased directly by those funds. The Province is guarantor of all debt issued by NBMFC. NBMFC paid the Province a fee of \$0.1 million in 2023 (\$0.3 million 2022) to administer funds on its behalf.

NBMFC's principal payments on the total outstanding debenture debt are as follows:

Year Ending	(millions) Principal Repayment
December 31, 2024	\$ 103.3
December 31, 2025	94.0
December 31, 2026	84.6
December 31, 2027	77.6
December 31, 2028 and thereafter	413.9
Unamortized discount	(4.9)
Total Debenture Debt	<u>\$ 768.5</u>

New Brunswick Power Corporation

New Brunswick Power Corporation was established as a Crown Corporation of the Province in 1920 by enactment of the *New Brunswick Electric Power Act*. In 2004, New Brunswick Power Corporation continued as New Brunswick Power Holding Corporation with new subsidiary operating companies (collectively the NB Power Group of Companies). On 1 October 2013, by enactment of the *Electricity Act*, the New Brunswick Power Group of Companies became a single, integrated Crown Corporation. On 1 April 2022, as a result of changes to the *Electricity Act*, NB Power became a subsidiary of New Brunswick Power Holding Corporation. NB Power's purpose is to generate, purchase, transmit, distribute and sell electricity. Its financial statements are prepared in accordance with International Financial Reporting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Prior to the above noted amalgamation on 1 October 2013, the financial results of the New Brunswick Power Group of Companies were recorded in the New Brunswick Electric Finance Corporation (NBEFC) using the modified equity method, with any unrealized intercompany gains or losses being eliminated upon consolidation. NBEFC's financial results were then consolidated with those of the Province, also using the modified equity method.

Over the period 2009 – 2013, NBEFC's net income was reduced by \$153.1 million of unrealized intercompany gains related to expenses deferred under the rate regulatory accounting practice used by the New Brunswick Power Group of Companies. Due to the subsequent amalgamation of the New Brunswick Power Group of Companies and NBEFC, the Province is recognizing the total amount of \$153.1 million in net income over the 27 year estimated useful life of Point Lepreau. For the fiscal year ended 31 March 2024, \$5.7 million was amortized into the Province's income. On the Consolidated Statement of Financial Position, the Province's investment in NB Power has been reduced by the remaining amount of the regulatory deferral (\$88.5 million).

The amount of \$502.0 million shown as sinking fund receivable on NB Power's financial statements is due from the Province. The amount of \$5,289.0 million shown as long term debt has been borrowed by the Province. For 2024, NB Power made payments to the Province for property taxes, utility taxes and right of way taxes totaling \$49.0 million (\$50.0 million 2023).

NB Power's long-term debt principal repayment schedule is as follows:

<u>Year Ending</u>	<u>(millions) Principal Repayment</u>
March 31, 2025	\$ 50.0
March 31, 2026	200.0
March 31, 2027	--
March 31, 2028	220.0
March 31, 2029 and thereafter	4,805.0
Unamortized premiums	14.0
Total Long Term Debt	<u>\$ 5,289.0</u>

b) Business Partnerships

A partnership is a contractual arrangement between the Province and a party or parties outside of the government reporting entity where the partners co-operate toward achieving common goals and share the risks and rewards on an equitable basis. The partners make a financial investment in the partnership and share control of financial and operating decisions. A business partnership is a partnership that has the power to contract in its own name, has the financial and operating authority to carry on a business, sells goods and services to customers other than the partners as its principal activity, and that can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources other than the partners.

The business partnership and fiscal year end are listed below.

Atlantic Lottery Corporation Inc. (ALC)

31-03-2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

The following table presents condensed financial information for the business partnership.

	(millions)
	ALC
Assets	
Cash and Equivalents	\$ 11.9
Restricted Prize Cash	22.7
Receivables	99.9
Prepays	7.1
Inventories	14.4
Capital Assets	97.3
Right-of-use Assets	3.8
Other Assets	0.4
Employee Future Benefits	103.2
Intangible Assets	46.6
Total Assets	\$ 407.3
Liabilities	
Line of credit and short-term financing	\$ 24.6
Accounts Payable and Accrued Liabilities	107.0
Liabilities for Unclaimed Prizes	22.7
Due to Shareholders	8.3
Employee Future Benefits	13.8
Long Term Debt	77.6
Other Liabilities	32.0
Total Liabilities	286.0
Equity	
Retained Earnings	120.9
Accumulated Other Comprehensive Income	0.4
Total Equity	121.3
Total Liabilities and Equity	\$ 407.3
Net Income	
Revenue	\$ 872.7
Expenses	(385.7)
Net Income	\$ 487.0
Other Comprehensive Income	
Other Comprehensive Income	\$ 2.7

The Province's share is as follows:

	(millions)
Due to Shareholders	\$ 2.0
Total Equity	\$ 34.3
Net Income	\$ 151.4
Other Comprehensive Income	\$ 0.8

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

Atlantic Lottery Corporation Inc.

Atlantic Lottery Corporation Inc. is a jointly-owned corporation of the four Atlantic Provinces, incorporated under the *Canada Business Corporations Act* on 3 September 1976. The Province is a partner to ALC through the New Brunswick Lotteries and Gaming Corporation (NBLGC). ALC's purpose is to operate the ticket lottery, iLottery and video lottery programs on behalf of NBLGC and the other partners. It also markets and handles regionally the products of the Interprovincial Lottery Corporation (ILC) an organization that operates national lottery games in Canada, owned jointly by the ten provinces. ALC's financial statements are prepared in accordance with International Financial Reporting Standards.

NOTE 8 SHORT TERM BORROWING

a) Balance Outstanding

Short term borrowing is recorded at cost, which approximates market value. Short term borrowing consists of \$913.5 million (\$1,210.0 million 2023) in treasury bills with interest rates ranging from 4.95% - 5.13%, maturing between 4 April and 13 June 2024 and \$2.7 million (\$2.8 million 2023) of bank indebtedness with interest rates ranging from 5.14% - 10.20%.

b) Borrowing Authority under the Provincial Loans Act

Under the authority of section 2 of the *Provincial Loans Act*, the maximum temporary indebtedness of the Province is \$3,000.0 million.

NOTE 9 RETIREMENT BENEFITS

a) Description

Employees of the Province and certain other entities, as well as members of the Legislative Assembly, are entitled to receive retirement benefits under a number of plans. The following is a summary of the funding and member benefits. Complete plan descriptions are contained in the specific plan documentation.

Defined Benefit Pension Plans

Eligible non-teaching employees of school districts participate in the Pension Plan for Management Employees of New Brunswick School Districts (Sch-Mgt), the Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts (GLTS), or the Pension Plan for Full-Time CUPE 2745 Employees of New Brunswick School Districts (CUPE 2745). Each plan provides a basic pension benefit based on years of service and salary, along with capped annual inflation protection. Employees contribute up to 6.5% of earnings to the CUPE 2745 plan and up to 7.0% of earnings to the GLTS plan. There are no current contributors to the Sch-Mgt plan as it has been curtailed. The Province contributes an amount as determined by the actuary to fund the benefits of the GLTS plan. The Province contributes 142.4% of employee contributions for the CUPE 2745 plan, in accordance with the Collective Agreement. Pension trust funds, distinct from the Consolidated Fund, exist for the GLTS and CUPE 2745 trust funds, which invest in fixed income securities and equities. The Sch-Mgt trust fund was depleted in 2022. The Province pays benefits for this plan as they become due out of the Consolidated Fund.

Provincial Court Judges receive pension benefits under the *Provincial Court Act* and the *Provincial Court Judges' Pension Act* (Judge). The basic pension benefit is based on years of service and salary, along with capped annual inflation protection. Judges contribute 8.0% of earnings, and the Province contributes an amount as determined by the actuary to fund the benefits. A pension trust fund, distinct from the Consolidated Fund, exists to fund a portion of the benefits. The remaining portion of the benefits payable to the Judges is paid from the Consolidated Fund. The trust fund invests in various fixed income, equity, inflation linked, and alternative investment pooled funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 MARCH 2024

Members of the Legislative Assembly (MLA) previously earned pension benefits under the *Members' Superannuation Act* and *Members' Pension Act* (Member). These plans have been curtailed. The Plans provide a pension benefit based on salary and number of years of service as a Minister, and average indemnity and number of sessions served as an MLA plus additional supplementary allowances. There is no segregated pension trust fund for these plans. The Province pays benefits as they become due out of the Consolidated Fund.

Certain pension benefits relating to early retirement initiatives, enhanced provisions for Deputy Ministers and Ministers, and benefits on salary in excess of the maximum salary covered under the New Brunswick Public Service Pension Plan are provided for under the Supplementary Retirement Plan (SERP). The excess employer and employee contributions relating to the New Brunswick Public Service Pension Plan are deposited into a Retirement Compensation Arrangement, which was established in 2015 to receive contributions and pay benefits. As at 31 March 2024, \$67.1 million has been deposited into the account. Benefit payments are currently being paid out of the Consolidated Fund.

Certain eligible employees of nursing homes participate in either the Pension Plan for Management Employees' of New Brunswick Nursing Homes (NH-Mgt) or the Pension Plan for Nursing and Paramedical Employees' of New Brunswick Nursing Homes (NH-N&P). The Plans provide a pension benefit based on years of service and salary, along with capped annual inflation protection. Employees contribute 5.8% of earnings up to year's maximum pensionable earnings (YMPE) and 7.5% of earnings in excess of YMPE to the NH-Mgt plan, and 5.3% of earnings up to YMPE and 7.0% of earnings in excess of YMPE to the NH-N&P plan. The nursing homes contribute an amount required, as determined by the actuary, to fund the benefits. Pension trust funds, distinct from the Consolidated Fund, exist for each plan. The trust funds invest in fixed income securities, equities, and alternative investments.

Certain eligible employees of nursing homes participate in the Pension Plan for General and Service Employees' of New Brunswick Nursing Homes (NH-G&S). A future annual pension benefit accrues to employees as they provide service based on a percentage of salary, and is subject to capped inflation protection from the time it is earned. Employees contribute 6.5% of earnings up to YMPE and 9.03% of earnings in excess of YMPE toward current service, and the nursing homes are required to match this contribution. If special payments are required, regulations specify that they are to be shared equally by employees and employers, and that the amount cannot exceed 25% of the current service cost contribution. Additional amortization payments related to an unfunded liability that existed at 30 June 2008 are currently being paid by the employer. A pension trust fund, distinct from the Consolidated Fund, exists for the plan. The trust fund invests in fixed income securities, equities, and alternative investments.

Defined Contribution Pension Plans

Eligible part-time, seasonal and contract employees of the Province may participate in the Pension Plan for Part-Time and Seasonal Employees (Part-time). Employees may contribute 2.0%, 3.25%, or 4.5% of earnings. The Province matches the employee contribution, and has no further benefit obligation. The contributions, along with earnings, are attributed to separate member accounts which are used to fund the future retirement benefit.

Target Benefit Pension Plans

The Shared Risk Plan for CUPE Employees of New Brunswick Hospitals (H-CUPE), Shared Risk Plan for Certain Bargaining Employees of New Brunswick Hospitals (H-CBE), New Brunswick Public Service Pension Plan (NBPSPP), and the New Brunswick Teachers' Pension Plan (NBTPP) are target benefit pension plans providing pension benefits to employees of the Province and certain other entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Each plan is governed by a Board of Trustees to which the Province has appointed one-half of the members. Once appointed, the Province does not have the right to remove a trustee. The boards are fully responsible for the management of the plans, including investment of the assets and administration of the plan. Each plan has a funding policy which outlines actions the Board of Trustees must take in the event the plan is not fully funded based on actuarial valuations. The required actions and timing differ from plan to plan and include adjustment of ancillary benefits including CPI adjustments, adjustment of employer and employee contributions and adjustment of base pension benefits. The funding policy also prescribes the required actions when these plans return to a funded position. The Plans are jointly funded by employees and the Province. Contribution rates are prescribed by the pension plan Board of Trustees in accordance with the plan documents, which establish the maximum amounts by which the rates can be increased or decreased from the following contribution rates:

	<u>Employee</u>	<u>Employer</u>
NBPSPP	7.5% below YMPE, 10.7% above YMPE	11.25% (effective January 1, 2024)
NBTPP	10.0% below YMPE, 11.7% above YMPE	10.75% below YMPE, 12.45% above YMPE
H-CUPE	9.0%	10.1%
H-CBE	7.8%	7.8%

A targeted pension benefit, based on a percentage of salary, accrues to employees as they provide service. Subject to the terms of the funding policy, the benefit may be adjusted for inflation from the time it is earned. Future benefits and benefits already earned may be adjusted by the plans' Boards of Trustees, based on the funding status of each plan and in accordance with specified steps outlined in the funding policy.

The Province has guaranteed that retirement benefits for members of the NBPSPP will never be less than the base benefit level at the time of conversion. On conversion, the primary obligation for paying retirement benefits to the members of the former Public Service Superannuation Plan and the assets of this plan were transferred to the trustees of the NBPSPP. While the assets and primary obligation to pay benefits were transferred, should the NBPSPP Board of Trustees reduce benefits below base benefit level at conversion, the Province would have an obligation as a result of the guarantee. No guarantee has been provided to members of any other converted pension plan.

Separate pension trust funds exist for each of the plans. The NBPSPP and NBTPP trust funds invest in various fixed income, equity, inflation linked, and alternative investment pooled funds. The H-CUPE and H-CBE trust fund investment policies allow for investment in fixed income securities, equities, real estate and infrastructure.

Retirement Allowance Plan

The Province provides other employee future benefits in the form of a lump sum payment to eligible bargaining and non-bargaining employees at retirement. The payment is based on years of service to a maximum of 25 years and salary at retirement. This is an unfunded program, with no segregated assets to pay benefits. Effective 1 April 2011, the program has been discontinued for new entrants to the non-bargaining group of employees. For management and non-union employees with a continuous service date before 1 April 2011, the accumulation of retirement allowance credits was discontinued as of 31 March 2013. Eligible employees were provided with the option of a payout in lieu of retirement allowance or to defer their retirement allowance until retirement based on accumulated credits as of 31 March 2013 and salary upon retirement. For certain bargaining groups, the accumulation of retirement allowance credits was discontinued with effective dates ranging from 31 March 2016 to 31 July 2020, depending on the bargaining group. Eligible employees were provided with the option of a payout in lieu of retirement allowance, with some bargaining groups allowing employees to voluntarily receive their payout in lieu before the date of discontinuance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

b) Net Retirement Benefit Liability

For the defined benefit pension plans, the Province is liable for any excess of accrued pension benefits over pension fund assets, with the exception of NH-G&S which is accounted for as a joint defined benefit plan. The Province records only its share which is assessed at 50%. The target benefit plans are governed by an Agreement and Declaration of Trust, which restricts access to the plan assets. The Province records the value of plan net assets as nil when the plans are in a net asset position. When the plans are in a net obligation position, the Province records a liability for its share. The NBPSPP has been recorded at 100% using defined benefit accounting due to the pre-conversion base benefit guarantee. The NBTPP, H-CUPE, and H-CBE plans have been recorded at 50% using joint defined benefit accounting. Settlement of the obligation will occur in future periods as contributions maintain a fully funded plan status over time. For the defined contribution plan, the Province's obligation is limited to the contribution required for the period. A liability would only be recorded if the Province had not paid the required annual contribution. For the Retirement Allowance Plan, the Province is liable for the accrued benefit obligation.

As at 31 March 2024, the value of accrued benefits for all defined benefit pension plans exceeded the value of plan assets resulting in an actuarial benefit liability of \$468.8 million (\$538.0 million 2023). The calculation of this liability includes estimates of future events and market values of assets which can be volatile. Actual results may differ from the estimates used, creating a need for future adjustments. These adjustments are amortized into expense over the estimated remaining service life of employees, due to their tentative nature and the fact that further adjustments are likely to occur in the future. Currently, unamortized adjustments total \$65.4 million (\$7.2 million 2023). A valuation adjustment of \$27.2 million (\$22.3 million 2023) has been recorded to reflect the portion of the adjusted benefit asset of individual plans that exceeds the expected future economic benefit. The net pension liability after considering unamortized adjustments and valuation allowance is \$561.4 million (\$567.5 million 2023). This net balance, which is included in the amount reported on the Consolidated Statement of Financial Position, reflects the accounting methodology of deferring and amortizing the adjustments. This balance does not represent the actuarial pension liability.

The Province accounts for the NH-G&S plan as a joint defined benefit plan, where only the Province's portion of the net benefit liability is included in the amount reported on the Consolidated Financial Statement of Financial Position. Since the participating nursing homes and plan members share current service cost and special payments, the Province records 50% of the plan's accrued benefit obligation, and 50% of total plan assets. As at 31 March 2024, the Plan had an actuarial benefit liability of \$85.4 million (\$102.7 million 2023). Included in the amounts reported under defined benefit plans above is \$42.8 million (\$51.4 million 2023) for the Province's share of the plan's actuarial benefit liability, and \$44.6 million (\$41.2 million 2023) for the Province's share of the plan's net benefit liability after unamortized adjustments of \$1.8 million (\$10.2 million 2023).

As at 31 March 2024, the value of the Province's share of plan assets for all target benefit pension plans exceeded the value of the accrued benefits resulting in an actuarial benefit liability of \$(1,389.5) million (\$(1,141.4) million 2023). The calculation of this liability includes estimates of future events and market values of assets which can be volatile. Actual results may differ from the estimates used, creating a need for future adjustments. These adjustments are amortized into expense over the estimated remaining service life of employees, due to their tentative nature and the fact that further adjustments are likely to occur in the future. Currently, unamortized adjustments total \$413.2 million (\$406.9 million 2023). A valuation adjustment of \$1,108.9 million (\$898.7 million 2023) has been recorded to reflect the portion of the adjusted benefit asset of individual plans that exceeds the expected future economic benefit. The net pension liability after considering unamortized adjustments and valuation allowance is \$132.6 million (\$164.2 million 2023). This net balance, which is included in the amount reported on the Consolidated Statement of Financial Position, reflects the accounting methodology of deferring and amortizing the adjustments. This balance does not represent the actuarial pension liability.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

The value of accrued benefits in the Retirement Allowance Plan totals \$379.1 million (\$382.8 million 2023). The calculation of this liability includes estimates of future events which can be volatile. Actual results may differ from the estimates used, creating a need for future adjustments. These adjustments are amortized into expense over the estimated remaining service life of employees, due to their tentative nature and the fact that further adjustments are likely to occur in the future. Currently, unamortized adjustments total \$10.5 million (\$14.2 million 2023). The net benefit liability after considering unamortized adjustments is \$389.6 million (\$397.0 million 2023).

The estimate of the Province's obligation for net pension and other employee future benefits is based on actuarial valuations for accounting purposes using the projected unit credit method, calculated as at the dates listed in section d). This method estimates the present value of retirement benefits associated with the period of employee service to the valuation date. In the years that accounting valuations are not prepared, the obligation is calculated by an extrapolation from the previous valuation. These actuarial valuations were based on a number of assumptions about future events, such as rates of return on assets, wage and salary increases and employee turnover and mortality disclosed in sections d) and e). Pension assets are measured at fair value. The obligation and assets of H-CUPE, H-CBE and the non-teaching school district plans (Sch-Mgt, GLTS, CUPE 2745) have been measured at 31 December. All other plans are measured at 31 March.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

c) Summary of Retirement Benefits Information

	Pension Plans											Other Benefit Plans		
	2024											2023	2024	2023
	NBPSPP	NBTPP	Hospital Plans	School District Plans	Nursing Home Plans	SERP	Judges	Member	Part-Time	Ombud	Total	Total	Retirement Allowance	Retirement Allowance
Accrued benefit obligation beginning of year	\$ 8,256.9	\$ 2,855.7	\$ 2,034.4	\$ 702.4	\$ 591.2	\$ 317.2	\$ 93.4	\$ 50.7	\$ --	\$ --	\$ 14,901.9	\$ 14,274.4	\$ 382.8	\$ 414.5
Actuarial losses (gains)	163.5	(3.4)	2.3	(7.4)	(4.9)	6.3	(2.5)	(0.6)	--	--	153.3	206.1	3.1	(31.3)
Benefits accrued	203.1	63.9	66.8	19.6	23.9	8.6	2.7	--	--	388.6	371.5	26.3	26.6	
Interest	538.8	181.2	126.0	36.0	37.0	14.0	4.4	2.1	--	--	939.5	862.2	15.3	13.8
Reciprocal payments and refunds	(6.3)	(1.1)	0.7	--	--	--	--	--	--	(6.7)	0.7	--	--	
Benefit payments	(497.8)	(170.6)	(91.8)	(34.9)	(39.5)	(17.7)	(5.0)	(3.5)	--	--	(860.8)	(813.0)	(48.4)	(40.8)
Accrued benefit obligation end of year	8,658.2	2,925.7	2,138.4	715.7	607.7	328.4	93.0	48.7	--	--	15,515.8	14,901.9	379.1	382.8
Plan assets beginning of year	9,018.1	3,333.5	1,936.8	526.3	573.0	59.3	58.3	--	--	--	15,505.3	15,638.6	--	--
Actuarial gains (losses)	109.2	39.2	42.2	33.3	14.8	--	0.7	--	--	--	239.4	(855.7)	--	--
Expected return on plan assets	575.4	212.4	120.0	27.1	35.7	1.1	3.4	--	--	--	975.1	966.9	--	--
Employer contributions	183.1	44.4	47.9	29.6	15.5	21.0	2.6	3.5	--	--	347.6	340.4	48.4	40.8
Employee contributions	126.5	43.9	46.1	5.5	10.5	3.4	0.7	--	--	--	236.6	227.4	--	--
Reciprocal payments and refunds	(6.3)	(1.1)	0.7	--	--	--	--	--	--	--	(6.7)	0.7	--	--
Benefit payments	(497.8)	(170.6)	(91.8)	(34.9)	(39.5)	(17.7)	(5.0)	(3.5)	--	--	(860.8)	(813.0)	(48.4)	(40.8)
Plan assets end of year	9,508.2	3,501.7	2,101.9	586.9	610.0	67.1	60.7	--	--	--	16,436.5	15,505.3	--	--
Actuarial Benefit Liability	(850.0)	(576.0)	36.5	128.8	(2.3)	261.3	32.3	48.7	--	--	(920.7)	(603.4)	379.1	382.8
Unamortized Adjustments	228.6	88.5	96.1	19.6	19.7	12.5	12.6	1.0	--	--	478.6	414.1	10.5	14.2
Valuation Adjustment	621.4	487.5	--	--	27.2	--	--	--	--	--	1,136.1	921.0	--	--
Net Benefit Liability	\$ --	\$ --	\$ 132.6	\$ 148.4	\$ 44.6	\$ 273.8	\$ 44.9	\$ 49.7	\$ --	\$ --	\$ 694.0	\$ 731.7	\$ 389.6	\$ 397.0
Expense														
Employers' share of benefits earned	\$ 25.1	\$ 64.4	\$ 68.6	\$ 14.1	\$ 20.7	\$ 4.8	\$ 2.0	\$ --	\$ 4.2	\$ 0.1	\$ 204.0	\$ 190.5	\$ 26.3	\$ 26.6
Net interest	(36.6)	(31.2)	6.0	8.9	1.3	12.9	1.0	2.1	--	--	(35.6)	(104.7)	15.3	13.8
Amortization of adjustments	(4.8)	(6.7)	(10.4)	2.4	(0.7)	1.2	(1.8)	(0.8)	--	--	(21.6)	(84.8)	(0.6)	(0.8)
Change in valuation adjustment	147.9	62.3	--	--	4.9	--	--	--	--	--	215.1	342.7	--	--
Total retirement benefit expense	\$ 131.6	\$ 88.8	\$ 64.2	\$ 25.4	\$ 26.2	\$ 18.9	\$ 1.2	\$ 1.3	\$ 4.2	\$ 0.1	\$ 361.9	\$ 343.7	\$ 41.0	\$ 39.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

The defined benefit pension plans and target benefit pension plans have a combined actuarial pension liability of \$694.0 million (\$731.7 million 2023). This total includes plans that have assets in excess of the accrued benefit obligation. The plans with assets in excess of accrued benefit obligations have assets totaling \$14,863.9 million (\$14,048.8 million 2023) and an accrued benefit obligation totaling \$13,309.2 million (\$12,733.3 million 2023), resulting in net actuarial pension liability of \$(1,554.7) million (\$(1,315.5) million 2023).

The pension fund one-year rate of return as at 31 March 2024 for Judge is 7.56% (2.32% 2023), NH-Mgt 8.82% (1.44% 2023), NH-N&P 9.13% (1.72% 2023), NH-G&S 8.80% (1.54% 2023), NBPSPP is 7.93% (1.80% 2023), and NBTPP 7.89% (1.76% 2023).

The one-year rate of return as at 31 December 2023 for GLTS 11.94% ((4.43)% 2022), CUPE 2745 12.11% ((6.00)% 2022), H-CUPE 7.10% ((5.30)% 2022) and H-CBE 9.55% ((2.12)% 2022).

As at 31 March 2024, NBPSPP, NBTPP, NH-G&S, NH-N&P, NH-Mgt and Judge plans held a total of \$49.3 million (\$37.7 million 2023) in securities issued or guaranteed by the Province. These are measured at fair value.

As at 31 December 2023, H-CUPE, H-CBE, GLTS and CUPE 2745 plans held a total of \$23.7 million (\$23.4 million 2022) in securities issued or guaranteed by the Province. These are measured at fair value.

d) Actuarial Assumptions

Calculation of the Province's pension and other employee future benefit obligations and related expense is based on long term actuarial assumptions. Salary increase assumptions have been refined to include the short term.

The table below discloses the assumptions used in the actuarial valuations.

Plan	Date of Latest Actuarial Valuation	Discount Rate (%)	Expected Rate of Return (%)	Inflation (%)	Rate of Pension Escalation after Retirement (%)	Annual Short Term Wage and Salary Increase (%)*	Annual Long Term Wage and Salary Increase (%)*
NBPSPP	01 Jan 2023	6.55	6.55	2.10	2.01	2.60	2.60
NBTPP	31 Aug 2022	6.55	6.55	2.10	1.58	4.00	2.60
H-CBE	31 Dec 2022	6.60	6.60	2.10	2.10	2.85	2.85
H-CUPE	31 Dec 2022	5.70	5.70	2.10	2.04	2.60	2.60
GLTS	01 Jan 2021	5.20	5.20	2.10	2.00	2.60	2.60
CUPE 2745	01 Jan 2021	5.20	5.20	2.10	2.00	2.60	2.60
Sch-Mgt	31 Dec 2020	4.56	n/a	1.80	1.80	2.30	2.30
NH-G&S	31 Dec 2022	6.35	6.35	2.10	2.00	2.60	2.60
NH-N&P	31 Dec 2022	6.35	6.35	2.10	2.10	2.60	2.60
NH-Mgt	31 Dec 2022	6.35	6.35	2.10	2.10	2.60	2.60
SERP	01 Jan 2023	4.56	n/a	1.80	1.72	2.30	2.30
Judge	01 Apr 2022	5.14	5.95	2.10	2 to 2.05	3.35	3.35
Member	31 Mar 2022	4.56	n/a	1.80	1.72	n/a	n/a
Retirement Allowance	01 Apr 2021	4.56	n/a	1.80	n/a	2.3	2.3

* excludes promotional scale

These assumptions, which are based on management's best estimate, have been used to determine the amount of the Province's obligation for pension and other employee future benefits outstanding and the value of benefits earned by employees during the fiscal year. Different assumptions have been used to determine the appropriate level of employee and employer contributions needed to fund the estimated cost of the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

e) Member Data

The following table lists data about the members of each plan.

Plan	Estimated Average Remaining Service Life (Years)	Number of Active Contributors	Number of Pensioners	Average Annual Salary of Contributors	Average Annual Pension
NBPSPP	17	21,594	18,657	\$ 77,561	\$ 26,880
NBTPP	15	9,307	9,835	\$ 79,500	\$ 35,164
H-CBE	16	12,567	4,509	\$ 70,735	\$ 26,051
H-CUPE	11	7,032	5,145	\$ 45,021	\$ 12,382
GLTS	8	1,885	2,030	\$ 35,964	\$ 12,629
CUPE 2745	8	667	680	\$ 34,898	\$ 9,609
Sch – Mgt	--	--	110	n/a	\$ 12,868
NH-G&S	12	4,565	3,226	\$ 34,734	\$ 7,765
NH-N&P	10	552	515	\$ 65,042	\$ 12,753
NH-Mgt	9	207	307	\$ 86,100	\$ 15,400
SERP	13	446	2,918	\$ 94,528	\$ 5,757
Judge Member	11	27	40	\$ 265,000	\$ 62,834
Member	3	--	87	n/a	\$ 29,616
Minister	3	--	57	n/a	\$ 6,784

The Members' Pension Plan provides for a benefit based on years of service and salary as a Member and a benefit based on years of service and salary as a Minister. All Ministers are also included as a Member.

The average annual salary of contributors under the SERP relates to the amount in excess of the maximum salary covered under the NBPSPP.

NOTE 10 SICK LEAVE LIABILITY

The Province of New Brunswick's employees working full-time and part-time hours in government departments and agencies, school districts and other agencies receive sick leave that is earned at varying rates per group. Unused hours can be carried forward for future paid leave up to predetermined maximum amounts. This is an unfunded program with no specific assets segregated to meet the obligations when they come due. Actuarial estimates for this future liability have been completed and form the basis for the estimated liability reported in these consolidated financial statements. The latest actuarial valuation was calculated as at 31 March 2024 for government departments and agencies, and school district employees. The latest actuarial valuations were completed between 31 December 2022 and 31 March 2024 for employees of other agencies. The sick leave liability for nursing homes has been estimated using summarized data of nursing home employees and experience of employees in the Province's health care sector.

For the year ended 31 March 2024, the total expense related to sick leave benefits was \$48.6 million (\$45.1 million 2023).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

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

Discount Rate: Equal to the Province's long term borrowing rate of 4.56% as at 31 March 2024, and 4.25% as at 31 March 2023.

Expected Average Remaining Service Lifetime (Years): 9.0 to 15.0

Salary Growth Rate: Short term 2.2% to 2.6% Long term 2.2% to 3.5%

The following table presents the liability at 31 March:

	(millions)					2023
	2024					
	Government Departments and Agencies	School Districts	Nursing Homes	Other Agencies	Total	Total
Accrued benefit obligation beginning of year	\$ 52.5	\$ 81.2	\$ 25.3	\$ 137.8	\$ 296.8	\$ 290.8
Actuarial (gains) losses	8.4	29.5	(0.6)	(0.7)	36.6	8.8
Benefits accrued	6.1	7.5	2.5	15.9	32.0	29.9
Interest	2.2	3.4	1.1	5.7	12.4	10.9
Benefit payments	(7.9)	(12.3)	(4.4)	(21.8)	(46.4)	(43.6)
Accrued benefit obligation end of year	61.3	109.3	23.9	136.9	331.4	296.8
Unamortized adjustments opening balance	5.3	(11.0)	(8.9)	(32.0)	(46.6)	(42.1)
New adjustments	(8.4)	(29.5)	0.6	0.7	(36.6)	(8.8)
Amortization	(0.4)	0.9	1.1	2.6	4.2	4.3
Unamortized adjustments ending balance	(3.5)	(39.6)	(7.2)	(28.7)	(79.0)	(46.6)
Total Benefit Liability	\$ 57.8	\$ 69.7	\$ 16.7	\$ 108.2	\$ 252.4	\$ 250.2

Government Departments and Agencies include Opportunities New Brunswick and Service New Brunswick. Other agencies include Collège communautaire du Nouveau-Brunswick, EM/ANB Inc., Financial and Consumer Services Commission, Horizon Health Network, New Brunswick Community College, New Brunswick Legal Aid Services Commission, New Brunswick Research and Productivity Council, Recycle New Brunswick and Vitalité Health Network.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 11 CONTAMINATED SITES

The Province recognizes a liability for the remediation of a contaminated site when the Province is responsible for remediation of the site and the cost of remediation can be reasonably estimated. In 2024, a liability of \$51.7 million (\$51.0 million 2023) has been accrued for the remediation of contaminated sites. This liability includes the net present value of \$0.6 million of remediation costs to be incurred over the next three years. The net present value was calculated using a discount rate equal to the Province's three-year borrowing rate of 4.37% as at 31 March 2024. The liability is based on management's best estimate of the cost of remediation, using environmental assessment information available as at 31 March 2024. No liability has been recognized in relation to sites in which the Province does not expect to give up any future economic benefit, or where there is no basis for a reasonable estimate of the cost of remediation. The estimated liability will be updated in future periods as new information becomes available.

The following table discloses the total liability by nature and source:

<u>Types of Sites</u>	<u>Nature of Contaminate</u>	<u>Source of Contamination</u>	(millions)	
			<u>Number of Sites</u>	<u>Liability</u>
Office/ Commercial/ Industrial	Metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX, etc.	Activities associated with the operations of the office, commercial or industrial facility could result in contamination from fuel storage or handling, waste sites, use of metal-based paint, etc. Sites often have multiple sources of contamination.	6	\$ 0.8
Mineral Exploration Sites	Heavy metals, petroleum hydrocarbons, etc.	Mining activities; activities associated with mine operations e.g., fuel storage tanks, fuel handling, waste sites, etc. Sites often have multiple sources of contamination.	3	49.3
Fuel Related Practices	Petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX, etc.	Activities associated with fuel storage and handling, e.g., aboveground storage tanks, underground storage tanks, fuel handling areas, pipelines, fueling stations, etc.	18	1.6
Total			<u>27</u>	<u>\$ 51.7</u>

An additional environmental liability of \$8.0 million (\$9.0 million 2023) has been accrued by NB Power. The liability is included in the investment in NB Power in Schedule 4.

NOTE 12 OBLIGATIONS UNDER CAPITAL LEASES

The total future payments for capital leases amount to \$150.0 million (\$155.7 million 2023), consisting of \$96.8 million (\$98.9 million 2023) in principal and \$53.2 million (\$56.8 million 2023) in interest.

The lease agreements have terms of 3 to 30 years, with interest rates ranging from 2.5% to 5.7%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Minimum annual principal and interest payments in each of the next five years are as follows:

<u>Fiscal Year</u>	<u>(millions)</u>
2024-2025	\$ 14.8
2025-2026	\$ 13.2
2026-2027	\$ 11.1
2027-2028	\$ 8.5
2028-2029	\$ 7.5

NOTE 13 ASSET RETIREMENT OBLIGATIONS

The Province recognizes a liability for legal obligations associated with the retirement of tangible capital assets. The obligations include the disposal of regulated materials such as asbestos, lead, mercury and refrigerants, the removal of petroleum storage tanks, and the decommissioning of infrastructure in environmentally sensitive areas. The associated assets include schools, hospitals, offices and other institutional, residential and storage buildings, and other infrastructure assets such as bridges, dams, and wells.

The liability is based on management's best estimate. In 2024, a liability of \$422.5 million (\$422.1 million 2023) has been recorded for these costs. Due to the uncertainty of time for the settlement of obligations no costs have been discounted.

The following table presents the liability at 31 March:

	(millions)				2023
	2024				
	<u>Buildings</u>	<u>Storage Tanks</u>	<u>Other Infrastructure</u>	<u>Total</u>	
Asset retirement obligations, beginning of year	\$ 327.4	\$ 3.6	\$ 91.1	\$ 422.1	\$ 421.2
Additions	2.6	0.1	0.2	2.9	0.9
Disposals	(0.7)	--	--	(0.7)	--
Settlements	(1.8)	--	--	(1.8)	--
Accrued benefit obligation end of year	<u>\$ 327.5</u>	<u>\$ 3.7</u>	<u>\$ 91.3</u>	<u>\$ 422.5</u>	<u>\$ 422.1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 14 FUNDED DEBT OUTSTANDING

a) Funded Debt Outstanding

The following is a maturity schedule for the Province's Funded Debt.

<u>Fiscal Year of Maturity</u>	<u>Interest Rate Range (%)</u>	<u>Currency</u>	<u>Amount</u>	(millions)		
				<u>Total Funded Debt</u>	<u>NB Power</u>	<u>Funded Debt for Provincial Purposes</u>
2024-2025	3.7 - 5.8	CAD	917.1	\$ 917.1	\$ (50.0)	\$ 867.1
2025-2026	1.8 - 5.1	CAD	1,219.2	1,219.2	(200.0)	1,019.2
2026-2027	2.6	CAD	1,000.0	1,000.0	--	1,000.0
2027-2028	2.4	CAD	1,000.0	1,000.0	(220.0)	780.0
	3.6	USD	500.0	677.5	--	677.5
				1,677.5	(220.0)	1,457.5
2028-2029 & beyond	1.9 - 6.3	CAD	16,904.0	16,904.0	(4,805.0)	12,099.0
	0.1 - 0.3	CHF	925.0	1,389.4	--	1,389.4
	1.8	EUR	105.0	153.6	--	153.6
				18,447.0	(4,805.0)	13,642.0
Total Funded Debt				23,260.8	(5,275.0)	17,985.8
Add: CMHC Debentures (Maturity date: 2024 - 2030)	0.6 - 10.4			11.8	--	11.8
Add: Nursing Home Loans (Maturity date: 2024 - 2038)	1.0 - 10.0			280.4	--	280.4
Add: Unamortized Premiums and Discounts				37.5	--	37.5
Less: Debt Repurchased and Held by Internal Funds				730.6	--	730.6
Funded Debt Before Sinking Fund				22,859.9	(5,275.0)	17,584.9
Less: Sinking Fund Equity				6,359.0	(501.9)	5,857.1
Funded Debt Net of Sinking Fund Equity				\$ 16,500.9	\$ (4,773.1)	\$ 11,727.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

b) Foreign Currency Denominated Debt

The preceding funded debt maturity schedule includes foreign currency denominated debt, which is subject to interest rate and currency swap agreements. These amounts have been translated in the maturity schedule to the Canadian dollar equivalent at the year-end rates of exchange, as described below.

<u>Fiscal Year of Maturity</u>	(millions)		<u>Canadian Dollar Equivalent</u>
	<u>Amount Payable in Original Currency</u>	<u>Amount Payable Per Financial Swap Agreement</u>	
2027-2028	USD 500.0	CAD 641.0	\$ 677.5
2028-2029	CHF 300.0	CAD 394.1	450.6
2031-2032	CHF 400.0	CAD 548.0	600.8
2032-2033	CHF 100.0	CAD 133.6	150.2
2039-2040	CHF 125.0	CAD 167.0	187.8
2047-2048	EUR 105.0	CAD 157.5	153.6
			<u>\$ 2,220.5</u>

c) CMHC Debentures

The CMHC Debentures principal repayment schedule is as follows:

<u>Fiscal Year</u>	(millions) <u>Principal Repayment</u>
2024-2025	\$ 4.5
2025-2026	3.4
2026-2027	2.0
2027-2028	1.2
2028-2029 and thereafter	0.7
	<u>\$ 11.8</u>

d) Nursing Home Loans

Nursing Home loans, in the amount of \$132.3 million, are secured by land and buildings. The Nursing Home Loans principal repayment schedule is as follows:

<u>Fiscal Year</u>	(millions) <u>Principal Repayment</u>
2024-2025	\$ 63.9
2025-2026	64.4
2026-2027	23.9
2027-2028	18.9
2028-2029 and thereafter	109.3
	<u>\$ 280.4</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

e) Sinking Fund

Pursuant to section 14 of the *Provincial Loans Act*, the Minister of Finance and Treasury Board maintains a General Sinking Fund for the repayment of funded debt either at maturity or upon redemption in advance of maturity. At 31 March 2024, the Fund held cash and investments for the repayment of provincial debt with a net book value of \$6,578.9 million (\$6,174.3 million 2023) and a market value of \$6,070.5 million (\$5,813.7 million 2023). The market value is based on quoted market prices in active markets. Where quoted prices in active markets are not available, valuation techniques based on observable inputs are used. Assets of the fund include bonds and debentures issued or guaranteed by the Province, with a net book value at 31 March 2024 of \$1,785.9 million (\$1,896.3 million 2023). Included in that total are bonds and debentures issued by the Province for provincial purposes which have been offset against funded debt in the Consolidated Statement of Financial Position as described below.

The following table shows the components of the Sinking Fund:

	(millions)		
	Consolidated Fund	NB Power	Total
Fund Equity, beginning of year	\$ 6,174.3	\$ 472.0	\$ 6,646.3
Sinking Fund Earnings	235.6	17.4	253.0
Installments	169.0	49.8	218.8
Paid for Debt Retirement	--	(37.3)	(37.3)
	<u>6,578.9</u>	<u>501.9</u>	<u>7,080.8</u>
Less: Investments in Bonds and Debentures Issued by the Province	721.8	--	721.8
Fund Equity, end of year	<u>\$ 5,857.1</u>	<u>\$ 501.9</u>	<u>\$ 6,359.0</u>

The following estimated payments are required in each of the next five years to meet the sinking fund provisions of existing debt:

	(millions)		
Fiscal Year	Total Installments on Debt	NB Power	Installments on Provincial Purpose Debt
2024-2025	\$ 222.4	\$ (52.3)	\$ 170.1
2025-2026	\$ 212.3	\$ (50.3)	\$ 162.0
2026-2027	\$ 210.3	\$ (50.3)	\$ 160.0
2027-2028	\$ 191.5	\$ (48.1)	\$ 143.4
2028-2029	\$ 179.4	\$ (48.1)	\$ 131.3

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

f) Balance of Borrowing Authority Under Provincial Loans Act

The balance of borrowing authority granted under the *Provincial Loans Act* is as follows:

	(millions)			
	Balance 2023	Authority Granted During the Year	Borrowing During the Year	Balance 2024
<i>Loan Act 2012</i>	\$ 25.3	\$ --	\$ --	\$ 25.3
<i>Loan Act 2016</i>	10.2	--	--	10.2
<i>Loan Act 2021</i>	971.6	--	--	971.6
	\$ 1,007.1	\$ --	\$ --	\$ 1,007.1

Under the authority of subsection 3(1) of the *Provincial Loans Act*, the Province may borrow sums required for the repayment, refinancing or renewal of securities issued or for the payment of any loan or liability, repayment of which is guaranteed by the Province. This authority is in addition to the authorities listed above.

NOTE 15 TANGIBLE CAPITAL ASSETS

Tangible capital assets include acquired, built, developed and improved tangible assets, whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Land used as a site for a historical collection has been valued at \$1. Intangibles and items inherited by right of the Crown, such as inherited Crown lands, forests and mineral resources, are not recognized in the consolidated financial statements because the costs, benefits and economic value of such items cannot be reasonably and verifiably quantified. Assets under construction are not amortized until the asset is available to be put into service.

Calculation of opening balances include, where available, acquisition totals reported in Public Accounts from 1973 to 2004. Surfacing costs have been segregated starting in 2005. Prior to 2005, these costs were included in roads, highways and bridges.

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as noted in the table that follows. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Included in the closing costs of the various asset classes as of 31 March 2024 are costs for assets under construction, capital leases, public private partnerships and contributed assets. Assets under construction include: buildings and land improvements (\$502.4 million); ferries and landings (\$0.1 million); roads, bridges, and highways (\$173.5 million); water management systems (\$0.2 million); computer hardware (\$0.4 million) and computer software (\$5.3 million). These costs are not amortized. Capital leases include: buildings and land improvements (cost \$144.0 million and accumulated amortization of \$45.6 million); and vehicles and mobile heavy equipment (cost \$58.3 million and accumulated amortization \$33.1 million). Public private partnerships arrangements include: buildings and land improvements (cost \$102.6 million and accumulated amortization of \$40.1 million); and roads, bridges, and highways (cost \$843.0 million and accumulated amortization \$379.4 million). Contributed roads totaling \$27.0 million were acquired during the year and have been included in the closing cost of roads, bridges, and highways as of 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

(millions)

	2024								Restated 2023	
	Land	Buildings and Land Improvements	Machinery and Equipment	Ferries and Landings	Vehicles and Mobile Heavy Equipment	Roads, Bridges and Highways	Dams and Water Management Systems	Computer Hardware and Software	Total	Total
Estimated Useful Life (Years)	Indefinite	20-40	5-15	40-50	5-20	20-50	20-50	5-15		
Cost										
Opening Costs	\$ 388.8	\$ 6,192.3	\$ 991.7	\$ 145.5	\$ 312.6	\$ 10,811.1	\$ 46.9	\$ 238.3	\$ 19,127.2	\$ 18,462.0
Additions	2.0	249.3	32.4	0.1	46.8	462.3	0.1	8.8	801.8	701.8
Disposals	(0.6)	(3.3)	(5.5)	--	(27.9)	--	--	(2.9)	(40.2)	(33.7)
Adjustments	--	(1.4)	(0.4)	0.1	--	0.1	--	(0.1)	(1.7)	9.7
Impairments	--	--	--	--	--	--	--	--	--	(12.6)
Closing Costs	390.2	6,436.9	1,018.2	145.7	331.5	11,273.5	47.0	244.1	19,887.1	19,127.2
Accumulated Amortization										
Opening Accumulated Amortization	--	3,197.0	756.6	43.0	176.6	5,487.8	14.5	197.8	9,873.3	9,323.7
Amortization	--	166.0	48.8	3.6	24.3	339.2	1.7	14.8	598.4	567.2
Disposals	--	(1.9)	(5.3)	--	(27.0)	--	--	(2.9)	(37.1)	(26.5)
Adjustments	--	(0.3)	(0.1)	0.2	--	--	--	(0.1)	(0.3)	8.9
Closing Accumulated Amortization	--	3,360.8	800.0	46.8	173.9	5,827.0	16.2	209.6	10,434.3	9,873.3
Net Book Value	\$ 390.2	\$ 3,076.1	\$ 218.2	\$ 98.9	\$ 157.6	\$ 5,446.5	\$ 30.8	\$ 34.5	\$ 9,452.8	\$ 9,253.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 16 DEBT CHARGES

The total cost of interest, exchange, amortization and related expenses is \$306.1 million (\$264.8 million 2023), which consists of:

	(millions)	
	<u>2024</u>	<u>2023</u>
Interest on Funded Debt	\$ 781.4	\$ 742.0
Interest on Short Term Borrowing	55.8	30.5
Short Term Investment Income	(127.6)	(92.0)
Interest on Fredericton – Moncton Highway Public Private Partnership	17.3	21.1
Interest on Capital Leases	5.0	5.2
Foreign Exchange Expense	--	(0.5)
Amortization of Discounts and Premiums	(6.3)	(6.6)
Other Expenses	<u>0.7</u>	<u>0.8</u>
	726.3	700.5
Interest Recovery for Debt Incurred for NB Power	<u>(189.4)</u>	<u>(165.7)</u>
Service of the Public Debt	536.9	534.8
Sinking Fund Earnings	<u>(206.8)</u>	<u>(188.1)</u>
	330.1	346.7
Pension Interest	(35.6)	(104.7)
Interest on Debt to Finance Student Loan Portfolio	--	12.4
Interest on CMHC debentures	0.7	0.9
Interest on Nursing Home Debt	<u>10.9</u>	<u>9.5</u>
	\$ 306.1	\$ 264.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 17 SEGMENT REPORTING

Segment reporting is intended to provide supplementary information on the Province's revenue and expenses. The segments have been defined based on the accountability and control relationships between the Government and the various organizations within the reporting entity. Although the government controls all the entities included, there are varying levels of accountability. The segments are defined as: Government Departments and Some Agencies; Schools, Colleges, and Hospitals; and Other Consolidated Entities. An Inter-segment Eliminations column is added to eliminate double counting between segments and to reconcile to the Consolidated Statement of Operations. The extent of these items was \$(19.1) million in 2024 (\$34.3 million 2023). Eliminations between the Province and entities impact asset and liability accounts with respect to tangible capital assets and deferred contributions from the Province. Transactions between segments are recorded at cost.

The Government Departments and Some Agencies segment represents the group most directly accountable to Treasury Board and Cabinet. The segment includes all line departments such as Health, Education and Early Childhood Development, and Transportation and Infrastructure as well as the following agencies: Arts Development Trust Fund, Economic and Social Inclusion Corporation, Environmental Trust Fund, Fundy Trail Development Authority Inc., Labour and Employment Board, New Brunswick Agricultural Insurance Commission, New Brunswick Farm Products Commission, New Brunswick Forest Products Commission, New Brunswick Grain Commission, New Brunswick Highway Corporation, New Brunswick Housing Corporation, New Brunswick Police Commission, New Brunswick Women's Council, Premier's Council on Disabilities, Route 1 Gateway Project Company Ltd., Sport Development Trust Fund, and Trans-Canada Highway Projects Co. Ltd.

The Schools, Colleges, and Hospitals are disclosed separately due to the magnitude of their operations and the fact they are somewhat removed from day to day control of Treasury Board and Cabinet. The organizations included in this segment are: Anglophone East School District, Anglophone North School District, Anglophone South School District, Anglophone West School District, Collège communautaire du Nouveau-Brunswick, Francophone nord-est school district, Francophone nord-ouest school district, Francophone sud school district, Horizon Health Network, New Brunswick Community College and Vitalité Health Network.

Other Consolidated Entities are also somewhat removed and independent with respect to day to day operations yet still controlled by government under the Public Sector Accounting Board's criteria for control. The organizations included in this segment are: 734743 NB Ltd., Atlantic Education International Inc., CMC, Centre communautaire Sainte-Anne, EM/ANB Inc., Financial and Consumer Services Commission, Forest Protection Limited, Kings Landing Corporation, New Brunswick Arts Board, New Brunswick Combat Sport Commission, NBCUDIC, New Brunswick Energy and Utilities Board, New Brunswick Health Council, New Brunswick Immigrant Investor Fund (2009) Ltd., New Brunswick Insurance Board, New Brunswick Legal Aid Services Commission, New Brunswick Lotteries and Gaming Corporation, New Brunswick Museum, New Brunswick Power Holding Corporation, New Brunswick Public Libraries Foundation, New Brunswick Research and Productivity Council, Opportunities New Brunswick, Provincial Holdings Ltd., Recycle New Brunswick, Regional Development Corporation, Service New Brunswick, Strait Crossing Finance Inc. and the not-for-profit nursing homes listed in Schedule 25. This segment also includes government business enterprises: NB Liquor, CNB, NBMFC and NB Power, and business partnership: ALC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

	(millions)									
	Government Departments and Some Agencies		Schools, Colleges and Hospitals		Other Consolidated Entities		Inter-segment Eliminations		Consolidated Total	
	2024	2023 ¹	2024	2023	2024	2023 ¹	2024	2023	2024	2023 ¹
Revenue										
Provincial Sources										
Tax Revenue	\$ 6,372.2	\$ 6,505.1	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,372.2	\$ 6,505.1
Non Tax Revenue	822.8	728.5	293.6	258.3	358.0	320.4	--	--	1,474.4	1,307.2
Government Business Enterprises and Business Partnership	--	--	--	--	387.6	334.6	--	--	387.6	334.6
Transfers Between Entities	178.1	174.5	4,221.3	3,825.6	1,118.3	1,085.4	(5,517.7)	(5,085.5)	--	--
Federal Sources										
Federal Government Transfers	4,591.5	4,106.5	35.4	33.1	141.2	118.2	--	--	4,768.1	4,257.8
Other	8.0	50.5	--	--	--	--	--	--	8.0	50.5
	11,972.6	11,565.1	4,550.3	4,117.0	2,005.1	1,858.6	(5,517.7)	(5,085.5)	13,010.3	12,455.2
Expense										
Employee Benefits	1,192.8	1,001.5	3,413.5	3,080.9	765.6	781.6	(29.3)	(15.3)	5,342.6	4,848.7
Operating Costs and Other Services	2,112.2	1,905.3	347.9	317.3	276.6	246.3	(372.4)	(374.8)	2,364.3	2,094.1
Materials and Supplies	485.0	500.6	674.9	617.1	86.3	83.2	(1.1)	(2.5)	1,245.1	1,198.4
Grants and Subsidies	1,969.5	1,716.8	3.8	2.2	267.8	231.8	--	--	2,241.1	1,950.8
Debt and Other Charges	591.5	631.2	22.5	16.7	25.8	26.4	--	(1.5)	639.8	672.8
Amortization	482.8	460.8	80.1	71.1	35.5	35.3	--	--	598.4	567.2
Property and Equipment	109.9	149.2	28.2	26.7	38.9	46.0	(98.8)	(100.2)	78.2	121.7
Transfers Between Entities	4,827.8	4,457.8	--	--	169.2	167.7	(4,997.0)	(4,625.5)	--	--
	11,771.5	10,823.2	4,570.9	4,132.0	1,665.7	1,618.3	(5,498.6)	(5,119.8)	12,509.5	11,453.7
Surplus (Deficit)	\$ 201.1	\$ 741.9	\$ (20.6)	\$ (15.0)	\$ 339.4	\$ 240.3	\$ (19.1)	\$ 34.3	\$ 500.8	\$ 1,001.5

¹ Certain of the 2023 figures have been restated as disclosed in Note 24.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

NOTE 18 CONTINGENCIES

a) Contingent Liabilities

Loan Guarantees

The Province has guaranteed certain debt of entities external to the government reporting entity under the authority of various statutes. Guarantees issued under the *Agricultural Development Act* and the *Opportunities New Brunswick Act* are issued to facilitate the establishment, development or maintenance of industry in a variety of areas. Loans guaranteed under these acts have guarantee fees ranging from 0% to 1.5%, maturity dates ranging from 2023 to 2027, and security pledged by the loan recipient includes accounts receivable, inventory, other assets, general security agreements, shareholder loan postponements, and personal and corporate guarantees.

At 31 March 2024, the total contingent liability in respect of these guarantees was \$15.9 million (\$16.4 million 2023), of which the Province has recognized \$5.9 million (\$9.0 million 2023) as a liability on the Consolidated Statement of Financial Position.

	(millions)		
	Authorized Limit	Principal Guaranteed	Allowance for Loss (Schedule 5)
<i>Agricultural Development Act</i>	\$ 1.6	\$ 1.6	\$ 1.6
<i>Opportunities New Brunswick Act</i>	\$ 14.3	14.3	4.3
		<u>\$ 15.9</u>	<u>\$ 5.9</u>

Other Guarantees

The Province guarantees the payment of principal and interest of any borrowing by New Brunswick Municipal Finance Corporation. In the event of a defaulted payment, the Province shall recover such amounts from the defaulting municipality or from the defaulting municipality that has provided the guarantee for the defaulting municipal enterprise. As of 31 December 2023, total debenture debt outstanding was \$768.5 million (\$839.5 million 2022).

New Brunswick Credit Union Deposit Insurance Corporation (NBCUDIC) provides deposit insurance to members of credit unions in New Brunswick to a maximum of \$250,000 for each member. As of 31 March 2024, deposits of the credit unions totalled \$1,400.0 million (\$1,350.0 million 2023).

Insurance

The Province does not carry general liability insurance or property insurance on its assets except in a few limited instances. Any successful liability claims against the Province and any replacement of lost or damaged property are charged to expense in the year of settlement or replacement.

Legal Actions

The Province of New Brunswick is involved in various legal proceedings arising from government activities. Amounts totalling \$41.8 million (\$44.8 million 2023) have been accrued in these consolidated financial statements which represents management's best estimate of the likely losses due to legal actions. The Province of New Brunswick is also involved in various legal actions, some of which may be significant, the outcome of which is not determinable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

b) Contingent Assets

Legal Actions

The Province of New Brunswick has made claims against several companies in the tobacco industry pursuant to the *Tobacco Damages and Health Care Costs Recovery Act*. The amount of the potential recovery cannot be reasonably estimated.

NOTE 19 COMMITMENTS

a) Operating Leases

The total future minimum payments under various operating lease agreements, including those of government business enterprises for the rental of space and equipment, amounts to \$325.5 million (\$273.5 million 2023). Minimum annual lease payments in each of the next five years are as follows:

<u>Fiscal Year</u>	<u>(millions)</u>
2024-2025	\$ 60.8
2025-2026	\$ 49.3
2026-2027	\$ 42.1
2027-2028	\$ 36.0
2028-2029	\$ 28.8

NB Power has also entered into various agreements related to the purchase and transmission of electricity.

b) Contractual Obligations

Contractual obligations represent a legal obligation of the Province to others and will become liabilities in the future when the terms of the contract are met.

The nature of the Province's activities results in significant multi-year contracts and obligations. The Province currently has outstanding contractual commitments, other than operating leases, of \$8,401.8 million. Significant commitments and agreements are as follows:

	<u>(millions)</u>
Departments	\$ 4,481.2
Other Government Entities	\$ 2,199.8
Government Business Enterprises and Business Partnerships	\$ 1,720.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Significant commitments and agreements include:

Departments

	(millions)					Totals
	2025	2026	2027	2028	2029+	
Agriculture, Aquaculture & Fisheries						
Canadian Agricultural Partnership	\$ 3.7	\$ 3.7	\$ 3.7	\$ 3.7	\$ --	\$ 14.8
Various agreements	0.8	0.3	0.3	0.3	0.3	2.0
Education and Early Childhood Development						
Northrop Frye and Eleanor Graham School - Public Private Partnerships	3.1	3.1	3.1	3.1	37.9	50.3
Intervention Programs	37.5	--	--	--	--	37.5
Various agreements	6.0	2.7	0.1	0.1	--	8.9
Environment and Local Government						
Various agreements	8.7	2.0	1.2	--	--	11.9
General Government						
ERP Solution Implementation Agreement	14.6	14.6	11.0	--	--	40.2
Various agreements	5.5	1.7	--	--	--	7.2
Health						
Administration of Formulary Drug Plans	20.0	20.0	20.0	20.0	40.0	120.0
Various Health Care Services	44.7	25.5	16.4	7.0	4.8	98.4
Justice and Public Safety						
Public Police Service Agreement	112.6	112.6	112.6	112.6	450.5	900.9
Various agreements	16.5	2.7	2.8	--	--	22.0
Legislative Assembly						
Various agreements	2.0	0.3	1.6	0.3	3.6	7.8
Natural Resource and Energy Development						
Enhanced Energy Savings Program Agreement	50.0	--	--	--	--	50.0
Various agreements	55.0	5.5	5.1	5.0	4.6	75.2
Post-Secondary Education Training and Labour						
Medical Seat Agreements	34.9	35.9	36.5	37.3	37.9	182.5
Apprenticeship	29.4	22.2	21.7	9.4	--	82.7
Social Development						
Nursing Home Services	99.4	97.5	88.4	90.4	1,731.1	2,106.8
Homeless Services	24.7	24.7	--	--	--	49.4
Youth Group Homes	28.6	--	--	--	--	28.6
Various agreements	36.0	6.0	4.7	4.7	2.9	54.3
Tourism, Heritage and Culture						
Various agreements	0.9	0.9	0.8	--	--	2.6
Transportation and Infrastructure						
Fundy Islands Ferry Services Project Operations Agreement	23.0	23.6	24.2	--	--	70.8
Permanent Bridges and Highways	41.5	4.0	--	--	--	45.5
Moncton Courthouse - Public Private Partnerships	1.8	1.8	1.8	1.8	19.8	27.0
Various Capital Projects	254.6	91.4	27.6	3.4	6.9	383.9
Total	\$ 955.5	\$ 502.7	\$ 383.6	\$ 299.1	\$ 2,340.3	\$ 4,481.2

In addition to the above, through the Department of Agriculture, Aquaculture and Fisheries, the Province has commitments to the Government of Canada under the Canadian Agricultural Partnership, where the Province provides 24% - 40% of program payments to clients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Other Government Entities

	(millions)					Totals
	2025	2026	2027	2028	2029+	
Collège communautaire du Nouveau-Brunswick						
Various agreements	\$ 1.1	\$ 0.6	\$ 0.2	\$ 0.1	\$ --	\$ 2.0
EM/ANB Inc.						
Management of Ambulance Services	40.9	40.9	40.9	--	--	122.7
Extra-Mural Program in New Brunswick	3.3	3.3	3.3	3.3	--	13.2
Forest Protection Ltd						
Aircraft Purchase Agreement	9.8	--	--	--	--	9.8
New Brunswick Highway Corporation						
Maintenance and Rehabilitation of the Route 1 Gateway	27.0	27.6	28.2	28.9	409.7	521.4
Maintenance and Rehabilitation of the Trans-Canada Highway from the Quebec border to Longs Creek	28.9	29.5	30.1	30.8	173.3	292.6
Maintenance and Rehabilitation of the Fredericton to Moncton Highway - Public Private Partnerships	34.9	35.6	85.8	68.1	--	224.4
New Brunswick Museum						
Planning and Construction Agreement	6.1	--	--	--	--	6.1
Opportunities NB						
Financial Assistance	20.7	16.5	9.5	4.5	--	51.2
Regional Development Corporation						
Canada - New Brunswick Agreements	349.4	145.1	74.9	21.0	8.9	599.3
Regional Development Initiatives	28.2	8.0	6.7	5.0	--	47.9
Community Development Initiatives	24.8	3.2	--	--	--	28.0
Fund Management and Administration	4.8	2.2	--	--	--	7.0
Regional Health Authorities						
Various agreements	51.7	31.9	20.3	11.4	5.7	121.0 ¹
School Districts						
Various agreements	5.5	1.9	--	--	--	7.4
Service New Brunswick						
Various agreements	49.3	35.1	25.0	23.7	12.7	145.8
Total	\$ 686.4	\$ 381.4	\$ 324.9	\$ 196.8	\$ 610.3	\$ 2,199.8

¹ In addition, one Regional Health Authority has committed up to \$93.0 million under a long term contract for personnel placement services expiring February 2026.

Government Business Enterprises and Business Partnerships

Atlantic Lottery Corporation Inc.						
Various Agreements	\$ 5.2	\$ 4.8	\$ 1.6	\$ 0.6	\$ 0.6	\$ 12.8
NB Power						
Fuel Contracts	88.0	88.0	107.0	107.0	976.0	1,366.0
Committed Capital	204.0	32.0	25.0	--	--	261.0
Other Commitments	19.0	12.0	9.0	10.0	31.0	81.0
Total	\$ 316.2	\$ 136.8	\$ 142.6	\$ 117.6	\$ 1,007.6	\$ 1,720.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 20 CONTRACTUAL RIGHTS

Contractual rights are rights of the Province to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

The nature of the Province's activities results in significant multi-year contracts and rights. The Province currently has outstanding contractual rights of \$2,000.6 million. Significant agreements are as follows:

	<u>(millions)</u>
Departments	\$ 1,332.3
Other Government Entities	\$ 668.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Significant contracts and agreements include:

Departments

	(millions)					
	2025	2026	2027	2028	2029+	Totals
Agriculture, Aquaculture and Fisheries						
Sustainable Canadian Agricultural Partnership Agreement	\$ 4.8	\$ 4.8	\$ 4.8	\$ 4.8	\$ --	\$ 19.2
Education and Early Childhood Development						
Canada–New Brunswick Canada-wide Early Learning and Child Care Agreement	139.2	142.0	--	--	--	281.2
Official Language in Education Agreement	20.3	--	--	--	--	20.3
Canada-New Brunswick Early Learning and Childcare Agreement	13.1	--	--	--	--	13.1
Environment and Local Government						
Firetruck Leases	1.2	1.0	1.0	1.0	0.8	5.0
General Government						
Various Agreements	5.0	4.8	4.5	--	--	14.3
Health						
Canada-New Brunswick Agreement to Work Together to Improve Health Care for Canadians	104.5	104.5	--	--	--	209.0 ¹
COVID-19 Proof of Vaccination	8.5	--	--	--	--	8.5 ¹
Various Agreements	0.5	0.5	0.3	0.2	--	1.5
Justice and Public Safety						
Federal Disaster Financial Assistance Program	14.1	10.8	3.9	0.1	0.2	29.1 ¹
Youth Justice Services Agreement	4.5	4.5	4.5	--	--	13.5
Legal Aid Program	2.5	2.4	2.3	--	--	7.2
Other Agreements	3.7	3.4	3.4	1.0	--	11.5
Natural Resources and Energy Development						
2 Billion Trees Program	13.2	7.1	3.7	3.0	6.9	33.9 ¹
Contributions in Support of Resilience to Natural Disaster Risk - Fighting and Managing Wildfires in a Changing Climate	3.1	3.9	3.9	--	--	10.9 ¹
Post-Secondary Education, Training and Labour						
Labour Market Development Agreement	94.8	94.8	94.8	94.8	94.8	474.0 ¹
Workforce Development Agreement	14.9	14.9	14.9	14.9	14.9	74.5 ¹
Virtual Learning Strategist Agreements	3.6	2.0	0.8	0.7	--	7.1 ¹
Social Development						
Aging with Dignity Funding Agreement	11.6	13.4	13.4	13.4	--	51.8
Tourism, Heritage and Culture						
Various Agreements	0.8	0.8	0.8	0.8	--	3.2
Transportation and Infrastructure						
Provincial Territorial Infrastructure Component Agreement	14.5	3.6	7.2	1.9	--	27.2 ¹
Disaster Mitigation and Adaptation Fund	2.6	2.1	3.6	--	--	8.3 ¹
National Trade Corridors Fund	4.4	2.0	--	0.7	--	7.1 ¹
Other Agreements	0.2	0.2	0.2	0.2	0.1	0.9
Total	\$ 485.6	\$ 423.5	\$ 168.0	\$ 137.5	\$ 117.7	\$ 1,332.3

¹ These agreements are claim based. The totals represent the maximum amount of eligible future costs that could be claimed through these agreements.

Through the Department of Health, the Province is party to several agreements which entitle the Province to rebates based on the volume of eligible goods purchased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

Through the Departments of Agriculture, Aquaculture and Fisheries, and Natural Resources and Energy Development, the Province is party to numerous crown land lease and right of way agreements, which entitle the Province to revenue over the term of the agreements.

Through the Department of Natural Resources and Energy Development, the Province is entitled to royalty revenue, the most significant of which is timber royalty revenue, which is based on cubic meters of wood harvested, and varies according to the species and product being harvested. The First Nation timber royalty collected is returned to First Nations through another agreement.

Through the Department of Transportation and Infrastructure, the Province is party to municipal summer and winter maintenance agreements, which entitle the Province to revenue based on the agreed upon rate per lane kilometers to be maintained.

Other Government Entities

	(millions)					
	2025	2026	2027	2028	2029+	Totals
Regional Development Corporation						
Federal/Provincial Agreements	\$ 118.5	\$ 100.6	\$ 99.2	\$ 103.5	\$ 64.4	\$ 486.2 ¹
Other	0.7	0.7	0.7	0.7	8.1	10.9
New Brunswick Housing Corporation						
Bilateral Agreement	29.3	31.5	35.4	37.2	--	133.4 ¹
Social Housing Agreement	11.0	8.8	6.1	3.8	8.1	37.8
Total	\$ 159.5	\$ 141.6	\$ 141.4	\$ 145.2	\$ 80.6	\$ 668.3

¹ The Federal/Provincial Agreements includes claim based agreements. The totals represent the maximum amount of eligible future costs that could be claimed through these agreements.

Through New Brunswick Housing Corporation, the Province is party to numerous housing and residential unit leases, which entitle the Province to revenue over the term of the agreements.

Through the New Brunswick Agriculture Insurance Commission, the Province is party to a Canadian Agricultural Partnership agreement, which entitles the Province to revenue from the federal government based on 60% of eligible costs incurred in certain programs.

NOTE 21 SPECIAL PURPOSE ACCOUNTS

Special Purpose Account revenue earned but not spent accumulates as a surplus in that account and may be spent in future years for the purposes specified. At 31 March 2024, the accumulated surplus in all Special Purpose Accounts totaled \$205.6 million (\$174.0 million 2023). This total is a component of net debt and accumulated deficit.

Descriptions of Major Special Purpose Accounts

Climate Change Fund

The Climate Change Fund provides support for projects to reduce greenhouse gas emissions, increase resilience to the impacts of climate change, research, education, and the promotion of other climate change initiatives. The accumulated surplus as at 31 March 2024 was \$23.9 million (\$9.6 million 2023).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

Environmental Trust Fund

The Environmental Trust Fund provides financial assistance for eligible projects that are within the following categories: protection, restoration, sustainable development, conservation, education and beautification. Actual costs are reimbursed by the Environmental Trust Fund for eligible activities. The accumulated surplus as at 31 March 2024 was \$30.7 million (\$36.9 million 2023).

School District Self-Sustaining Accounts

Self-Sustaining Accounts record school district revenue and expenses for non-educational services such as the rental of school facilities, cafeteria operations and foreign student tuition fees. These special purpose accounts also record partnership activities with third parties to provide resources, services or grants to students. The accumulated surplus in school district self-sustaining accounts at 31 March 2024 was \$84.9 million (\$77.4 million 2023).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

The following table summarizes the change in the accumulated Special Purpose Account surplus:

	(millions)			
	2023	2024		
	Accumulated Surplus	Revenue	Expense	Accumulated Surplus
Archives Trust Account	\$ 0.1	\$ --	\$ --	\$ 0.1
Arts Development Trust Fund	--	1.2	1.2	--
Cannabis Education and Awareness Fund	3.0	0.8	0.1	3.7
Climate Change Fund	9.6	62.4	48.1	23.9
CMHC	13.1	0.6	3.2	10.5
Crime Prevention Fund	0.1	1.1	1.1	0.1
Drinking Driver Re-education Account	0.3	0.2	0.2	0.3
Environmental Trust Fund	36.9	3.5	9.7	30.7
Fish Stocking Fund	0.7	0.3	0.5	0.5
Fred Magee Account	0.4	--	--	0.4
Go NB!	0.2	0.4	0.6	--
Health Services Liability Protection Plan	0.2	1.4	1.4	0.2
International Projects	--	0.4	0.4	--
Land Management Fund	9.5	2.4	1.5	10.4
Library Account	0.5	0.5	0.5	0.5
Municipal Police Assistance Fund	1.2	2.9	1.9	2.2
National Safety Code Agreement	--	0.5	0.5	--
Natural Resources and Energy Development Recoverable Projects	--	0.4	0.4	--
NB 911 Service Fund	11.0	11.1	9.2	12.9
Private Woodlot Sustainability Fund	--	10.4	--	10.4
Proceeds of Crime Trust Fund	1.0	1.0	0.6	1.4
Provincial Parks	0.4	0.1	0.1	0.4
Public/Private Partnership Projects	0.2	--	--	0.2
Regional Services Support Fund	--	3.3	--	3.3
Renovation of Old Government House	0.1	--	0.1	--
School District Scholarship and Trusts	--	0.3	0.3	--
School District Self-Sustaining Accounts	77.4	81.3	73.8	84.9
Sport Development Trust Fund	0.1	1.0	1.0	0.1
Strait Crossing Finance Inc.	--	0.1	0.1	--
Trail Management Trust Fund	1.6	2.1	2.0	1.7
Training Recoverable Projects	3.2	2.0	2.3	2.9
Victim Services Account	1.5	3.1	2.6	2.0
Wildlife Trust Fund	1.7	1.4	1.2	1.9
	<u>\$ 174.0</u>	<u>\$ 196.2</u>	<u>\$ 164.6</u>	<u>\$ 205.6</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

NOTE 22 TRUST FUNDS

The Province is trustee for various trust funds outside the government reporting entity.

The following is a summary of the trust fund equities calculated using the method indicated below to value investment assets:

	(millions)	
	2024	2023
Cost Method:		
Margaret R. Lynds Bequest	\$ 0.1	\$ 0.1
Mental Health Trust Fund	1.7	1.6
Viscount Bennett Bequest	0.2	0.2
Public Health Network Council	0.9	0.3
Training Completions Fund	8.0	7.2
Provincial-Territorial Immigration Secretariat	--	0.3
	<u>\$ 10.9</u>	<u>\$ 9.7</u>
Market Value Method:		
Judges' Superannuation Fund	\$ 60.7	\$ 58.3
Office of the Public Trustee Trust Fund	19.0	15.0
Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts	478.2	425.9
Pension Plan for Full-Time CUPE 2745 Employees of New Brunswick School Districts	108.7	100.4
Supplementary Retirement Plan	67.1	59.7
	<u>\$ 733.7</u>	<u>\$ 659.3</u>

The Margaret R. Lynds Bequest awards three annual scholarships of equal value to students pursuing the study of communications at specified universities. The Mental Health Trust Fund is used to pay for psychoanalysis treatment of deserving New Brunswick residents. The income from the Viscount Bennett Bequest is used to develop the Province's historic resources. The Public Health Network Council supports initiatives that strengthen and enhance public health policy in Canada. The Province of New Brunswick was selected as co-chair of the Council in fiscal 2020-21. The Training Completions Fund is used to protect students from risk of financial loss resulting from the unexpected closure of a Private Occupational Training Organization. The Public Trustee of New Brunswick protects the financial and personal interests of the elderly, persons with disabilities, children, missing or deceased persons when there is no one else able and willing to do so.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

NOTE 23 INTER-ENTITY TRANSACTIONS AND RELATED PARTY DISCLOSURES

Included in these consolidated financial statements are insignificant transactions with various organizations that, due to common control or ownership by the Province, are deemed to be related parties. These organizations include provincial crown corporations, agencies, boards, commissions and government not-for-profit organizations. Significant inter-entity transactions have been offset and eliminated for purposes of consolidated reporting, with the exception of transactions described in Note 7.

Related parties also include key management personnel and their close family members and any entities affiliated with them. Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Province, and have been identified as the Premier, senior staff of Executive Council Office, Ministers, Deputy Ministers, Executive Assistants to Ministers, and the equivalent positions within the Province's controlled entities. For the year ended 31 March 2024, there were no material transactions that occurred at a value other than fair market value between the Province and key management personnel, their close family members, or any entities with which they are affiliated.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

NOTE 24 PRIOR PERIOD ADJUSTMENT

Restatement to Net Debt and Accumulated Operating Deficit

Revenue

Effective 1 April 2023, the Province adopted Public Sector Accounting Standard PS 3400 - Revenue as described in Note 1. The change resulted in a restatement of 31 March 2023 financial results as follows: an increase of \$15.4 million in receivables and advances, \$2.0 million in licenses and permits revenue, \$1.2 million in other provincial revenue and a decrease of \$74.6 million in deferred revenue.

Tangible Capital Assets Correction

As a result of a review of tangible capital assets under construction, certain 2023 figures have been restated to reclassify computer hardware and software previously recorded as assets to expense. The change resulted in a restatement of 31 March 2023 financial results as follows: a decrease of \$30.5 million in tangible capital assets and an increase of \$14.3 million in expenses.

The tables below summarize the impact of the restatements on the opening 2023 and 2024 net debt and accumulated operating deficit figures.

RESTATED NET DEBT - BEGINNING OF YEAR

	(millions)	
	2024	2023
NET DEBT - BEGINNING OF YEAR		
As Previously Published	\$(12,424.6)	\$(12,783.8)
Revenue	90.0	86.8
RESTATED NET DEBT - BEGINNING OF YEAR	\$(12,334.6)	\$(12,697.0)

RESTATED ACCUMULATED OPERATING DEFICIT - BEGINNING OF YEAR

	(millions)	
	2024	2023
ACCUMULATED OPERATING DEFICIT - BEGINNING OF YEAR		
As Previously Published	\$ (2,567.1)	\$ (3,384.6)
Revenue	90.0	86.8
Tangible Capital Assets Correction	(30.5)	(16.2)
RESTATED ACCUMULATED OPERATING DEFICIT - BEGINNING OF YEAR	\$ (2,507.6)	\$ (3,314.0)

NOTE 25 COMPARATIVE FIGURES

Certain of the 2023 figures have been reclassified to conform with the presentation adopted for 2024.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

	(millions)	
	2024	2023
SCHEDULE 1		
CASH AND CASH EQUIVALENTS		
Cash	\$ 2,099.1	\$ 2,962.8
Cash Equivalents	688.0	814.5
	\$ 2,787.1	\$ 3,777.3
 SCHEDULE 2		
RECEIVABLES AND ADVANCES		
Accounts Receivable		
General Receivables	\$ 571.6	\$ 467.1
Less: Allowance for Doubtful Accounts	143.7	135.3
	427.9	331.8
Due from Federal Government	487.1	268.1
Loan Guarantees Receivable		
Loan Guarantees	76.6	76.8
Less: Allowance for Doubtful Accounts	76.1	76.2
	0.5	0.6
Advances		
Advances	10.0	9.2
Less: Allowance for Doubtful Accounts	4.2	4.2
	5.8	5.0
Interest Receivable		
Student Loans	28.3	30.9
Other	24.5	27.6
	52.8	58.5
Less: Allowance for Doubtful Accounts	42.4	44.3
	10.4	14.2
	\$ 931.7	\$ 619.7
 SCHEDULE 3		
TAXES RECEIVABLE		
Real Property Tax	\$ 1,473.1	\$ 1,332.8
Harmonized Sales Tax	327.4	20.6
Royalties and Stumpage on Timber	41.3	41.6
Gasoline and Motive Fuels Tax	18.7	18.1
Tobacco Tax	7.9	8.6
Carbon Emitting Products Tax	0.3	18.7
Other	6.2	4.8
	1,874.9	1,445.2
Less: Allowance for Doubtful Accounts	42.9	42.2
	\$ 1,832.0	\$ 1,403.0

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

	(millions)	
	<u>2024</u>	<u>2023</u>
SCHEDULE 4		
INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES AND BUSINESS PARTNERSHIPS		
New Brunswick Power Corporation	\$ 406.0	\$ 334.0
Less: regulatory deferral adjustment (Note 7)	(88.4)	(94.2)
New Brunswick Liquor Corporation	39.0	34.6
Atlantic Lottery Corporation Inc.	34.3	33.5
Cannabis NB Ltd.	9.8	10.7
New Brunswick Municipal Finance Corporation	0.1	0.1
	<u>\$ 400.8</u>	<u>\$ 318.7</u>
SCHEDULE 5		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
Accounts Payable	\$ 893.1	\$ 888.3
Due to Federal Government	8.1	7.2
Accrued Interest		
Funded Debt	97.1	100.3
Other	35.0	41.2
	<u>132.1</u>	<u>141.5</u>
Accrued Salaries Payable	<u>562.6</u>	<u>553.0</u>
Allowance for Losses		
Contingent Liabilities - Guaranteed Loan Provision (Note 18)	5.9	9.0
Other	0.8	0.9
	<u>6.7</u>	<u>9.9</u>
Municipal Property Taxes Due to Municipalities	763.6	692.2
Asset Retirement Obligations (Note 13)	422.5	422.1
Public Private Partnerships (Note 6)	227.3	283.3
Obligations under Capital Leases (Note 12)	96.8	98.9
Medicare and Out of Province Payments	54.8	40.5
Liability for Contaminated Sites (Note 11)	51.7	51.0
Holdbacks on Contracts	27.7	22.9
Health Services Liability Protection Plan	9.3	9.3
Other	174.7	213.6
	<u>1,828.4</u>	<u>1,833.8</u>
	<u>\$ 3,431.0</u>	<u>\$ 3,433.7</u>

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024

	(millions)	
	<u>2024</u>	<u>2023</u>
SCHEDULE 6		
LIABILITIES FOR EMPLOYEE FUTURE BENEFITS		
Net Pension Liability (Note 9)	\$ 694.0	\$ 731.7
Liability for Injured Workers	393.9	335.6
Retirement Allowances (Note 9)	389.6	397.0
Sick Leave (Note 10)	252.4	250.2
	<u>\$ 1,729.9</u>	<u>\$ 1,714.5</u>
SCHEDULE 7		
DEFERRED REVENUE		
Real Property Taxes	\$ 382.7	\$ 357.7
Healthy Seniors Pilot Project	26.3	45.7
Early Learning and Child Care	--	42.6
Capital Contributions	10.5	6.9
Other	113.0	92.5
	<u>\$ 532.5</u>	<u>\$ 545.4</u>
SCHEDULE 8		
DEPOSITS HELD IN TRUST		
Retention Fund for Fee for Service Physicians	\$ 85.1	\$ 76.5
Tenants' Security Deposits	52.4	47.4
New Brunswick Provincial Nominee Program Deposits	31.8	37.2
Court of King's Bench	11.9	10.9
Unclaimed Property	9.0	2.7
Land Reclamation Security	8.8	8.5
Scholarship Trusts	4.2	4.2
Other	58.7	44.4
	<u>\$ 261.9</u>	<u>\$ 231.8</u>
SCHEDULE 9		
INVENTORIES OF SUPPLIES		
Health Supplies and Vaccines	\$ 48.4	\$ 81.5
Construction Materials and Repair Parts	29.1	25.1
Other Supplies	17.3	14.3
	<u>\$ 94.8</u>	<u>\$ 120.9</u>
SCHEDULE 10		
PREPAID AND DEFERRED CHARGES		
Highway Rehabilitation Contracts	\$ 75.8	\$ 53.0
Other	94.8	98.7
	<u>\$ 170.6</u>	<u>\$ 151.7</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

	2024 Budget	(millions) 2024 Actual	2023 Actual
SCHEDULE 11 TAXES			
Personal Income Tax	\$ 2,261.0	\$ 2,344.1	\$ 2,404.9
Corporate Income Tax	636.2	645.8	954.9
Metallic Minerals Tax	--	0.3	0.1
	<u>2,897.2</u>	<u>2,990.2</u>	<u>3,359.9</u>
Provincial Real Property Tax	461.1	465.9	535.3
Harmonized Sales Tax	1,901.6	2,382.1	1,914.4
Carbon Emitting Products Tax	51.0	44.1	208.2
Gasoline and Motive Fuels Tax	200.5	204.4	201.2
Tobacco Tax	95.0	78.1	95.7
Pari-mutuel Tax	0.5	0.6	0.7
	<u>2,248.6</u>	<u>2,709.3</u>	<u>2,420.2</u>
Insurance Premium Tax	76.5	87.5	82.5
Real Property Transfer Tax	48.0	47.8	52.8
Financial Corporation Capital Tax	27.0	41.9	27.3
Penalties and Interest	16.0	15.5	14.1
Cannabis Duty	13.0	14.1	13.0
	<u>180.5</u>	<u>206.8</u>	<u>189.7</u>
	<u>\$ 5,787.4</u>	<u>\$ 6,372.2</u>	<u>\$ 6,505.1</u>
SCHEDULE 12 LICENSES AND PERMITS			
Motor Vehicle	\$ 145.8	\$ 154.1	\$ 154.7
Fish and Wildlife	5.9	6.5	5.7
Mines	2.7	4.2	2.6
Other	14.3	15.3	14.8
	<u>\$ 168.7</u>	<u>\$ 180.1</u>	<u>\$ 177.8</u>
SCHEDULE 13 ROYALTIES			
Forest	\$ 68.1	\$ 82.4	\$ 104.2
Mines	2.2	3.0	2.5
	<u>\$ 70.3</u>	<u>\$ 85.4</u>	<u>\$ 106.7</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

	2024 Budget	(millions) 2024 Actual	2023 Actual
SCHEDULE 14			
INCOME FROM GOVERNMENT BUSINESS			
ENTERPRISES AND BUSINESS PARTNERSHIPS			
New Brunswick Liquor Corporation	\$ 184.0	\$ 200.8	\$ 199.8
Atlantic Lottery Corporation Inc.	156.2	151.4	154.0
New Brunswick Power Corporation	14.0	7.0	(43.0)
Add: regulatory deferral adjustment (Note 7)	5.7	5.7	5.7
Cannabis NB Ltd.	21.0	22.7	18.3
New Brunswick Municipal Finance Corporation	--	--	(0.2)
	<u>\$ 380.9</u>	<u>\$ 387.6</u>	<u>\$ 334.6</u>
SCHEDULE 15			
OTHER PROVINCIAL REVENUE			
Sales of Goods and Services			
General	\$ 304.2	\$ 357.8	\$ 311.8
Leases and Rentals	116.2	131.6	115.9
Institutional	66.6	88.2	75.7
Intergovernmental	58.3	79.2	48.4
Provincial Parks	10.9	11.5	10.4
Provision for Losses Recovery	--	32.7	19.4
Lotteries and Gaming	31.3	35.0	33.5
Interest and Dividend Income	8.8	34.8	25.7
Output-Based Pricing System	--	18.3	--
Fines and Penalties	9.9	11.0	9.5
Other Revenue	145.8	202.0	184.3
	<u>\$ 752.0</u>	<u>\$ 1,002.1</u>	<u>\$ 834.6</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

	2024 Budget	(millions) 2024 Actual	2023 Actual
SCHEDULE 16 FEDERAL GOVERNMENT TRANSFERS			
Fiscal Equalization Payments	\$ 2,631.3	\$ 2,631.3	\$ 2,360.0
Canada Health Transfer	1,080.5	1,065.8	983.6
Canada Social Transfer	345.0	340.8	332.7
Labour Market Development Agreement	93.8	110.5	128.5
Canada-New Brunswick Canada-Wide Early Learning and Child Care Agreement	140.7	99.2	77.8
Canada-New Brunswick Agreement to Work Together to Improve Health Care for Canadians	91.0	91.9	--
Canada-New Brunswick Integrated Bilateral Agreement	112.2	72.7	57.3
Canada Community-Building Fund	51.1	53.0	49.9
Recoveries - CMHC	36.2	38.9	35.3
Disaster Financial Assistance Program	29.0	21.1	13.8
Healthy Seniors Pilot Project	20.0	19.9	1.2
Workforce Development Agreement	14.8	19.1	22.9
Other Transfers	170.6	203.9	194.8
	<u>\$ 4,816.2</u>	<u>\$ 4,768.1</u>	<u>\$ 4,257.8</u>
SCHEDULE 17 EDUCATION AND TRAINING			
Education and Early Childhood Development	\$ 1,876.4	\$ 1,887.1	\$ 1,719.2
Post-Secondary Education Services	609.1	613.6	595.3
Pension Expense	122.4	114.2	106.8
Amortization Expense	67.8	69.3	67.3
Provision Expense	8.7	12.5	5.7
	<u>\$ 2,684.4</u>	<u>\$ 2,696.7</u>	<u>\$ 2,494.3</u>
SCHEDULE 18 HEALTH			
Health Services	\$ 3,806.9	\$ 4,172.7	\$ 3,764.6
Pension Expense	89.5	64.7	52.2
Amortization Expense	118.6	88.3	79.2
Provision Expense	3.9	20.3	16.0
	<u>\$ 4,018.9</u>	<u>\$ 4,346.0</u>	<u>\$ 3,912.0</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

	2024 Budget	(millions) 2024 Actual	2023 Actual
SCHEDULE 19 SOCIAL DEVELOPMENT			
Social Development	\$ 1,733.8	\$ 1,794.4	\$ 1,574.3
Pension Expense	26.2	26.2	29.3
Amortization Expense	23.5	23.7	23.9
Provision Expense	4.0	1.0	0.9
	<u>\$ 1,787.5</u>	<u>\$ 1,845.3</u>	<u>\$ 1,628.4</u>
SCHEDULE 20 PROTECTION SERVICES			
Justice and Public Safety	\$ 397.9	\$ 408.7	\$ 353.2
Pension Expense	5.6	2.2	2.6
Provision Expense	0.6	4.8	1.3
Amortization Expense	0.6	0.8	0.9
	<u>\$ 404.7</u>	<u>\$ 416.5</u>	<u>\$ 358.0</u>
SCHEDULE 21 ECONOMIC DEVELOPMENT			
Regional Development Corporation	\$ 309.8	\$ 231.2	\$ 190.0
Tourism, Heritage and Culture	93.1	94.4	83.7
Opportunities New Brunswick	57.1	41.3	45.0
New Brunswick Research and Productivity Council	18.0	16.9	17.0
Amortization Expense	7.4	6.9	7.1
Economic Development	--	3.8	3.4
Pension Expense	1.2	1.2	1.3
Provision Expense	--	0.1	1.6
	<u>\$ 486.6</u>	<u>\$ 395.8</u>	<u>\$ 349.1</u>
SCHEDULE 22 RESOURCES			
Natural Resources and Energy Development	\$ 123.4	\$ 163.4	\$ 154.5
Environment	71.0	71.8	67.2
Resources	46.3	51.5	46.2
Agriculture, Aquaculture and Fisheries	48.7	47.7	42.4
Amortization Expense	2.2	3.2	2.3
Provision Expense	3.3	0.5	0.9
Pension Expense	0.2	0.2	0.2
	<u>\$ 295.1</u>	<u>\$ 338.3</u>	<u>\$ 313.7</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

	2024 Budget	(millions) 2024 Actual	2023 Actual
SCHEDULE 23			
TRANSPORTATION AND INFRASTRUCTURE			
Transportation and Infrastructure	\$ 480.2	\$ 475.4	\$ 450.2
Amortization Expense	395.2	396.4	376.5
Provision Expense	0.3	4.7	1.3
	<u>\$ 875.7</u>	<u>\$ 876.5</u>	<u>\$ 828.0</u>
SCHEDULE 24			
CENTRAL GOVERNMENT			
Service New Brunswick	\$ 231.0	\$ 231.7	\$ 226.4
Pension Expense	142.4	153.2	151.3
Local Government	127.8	120.5	145.7
Injured Workers Liability Accrual	10.0	58.4	(33.1)
Finance and Treasury Board	35.0	44.2	31.3
Enterprise Resource Planning	41.5	41.5	25.3
Canada Pension Plan Employer Contributions	33.8	39.9	38.5
Retirement Allowance	40.0	38.2	36.4
Revenue Sharing Agreements with First Nations	33.4	35.7	77.7
General Government	38.4	34.5	23.3
Legislative Assembly	36.8	34.5	33.7
New Brunswick Advantage Savings Fund	13.0	14.6	--
Financial and Consumer Services Commission	15.8	14.3	13.0
Executive Council	11.8	11.8	11.1
Amortization Expense	8.7	9.8	10.0
New Brunswick Lotteries and Gaming Corporation	5.3	5.7	5.5
Natural Gas Distribution Program	3.0	4.4	14.0
Office of the Premier	1.7	1.6	1.6
Provision Expense	6.0	(6.2)	24.6
	<u>\$ 835.4</u>	<u>\$ 888.3</u>	<u>\$ 836.3</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

**SCHEDULE 25
GOVERNMENT REPORTING ENTITY**

The government reporting entity is comprised of certain organizations that are controlled by the Province. These organizations are the Consolidated Fund, the General Sinking Fund and the agencies, commissions and corporations listed below. Further information regarding the accounting methods used to consolidate these organizations can be found in Note 1.

Organizations using the Consolidation Method:

734743 NB Ltd.	New Brunswick Farm Products Commission
Anglophone East School District	New Brunswick Forest Products Commission
Anglophone North School District	New Brunswick Grain Commission
Anglophone South School District	New Brunswick Health Council
Anglophone West School District	New Brunswick Highway Corporation
Arts Development Trust Fund	New Brunswick Housing Corporation
Atlantic Education International Inc.	New Brunswick Immigrant Investor Fund (2009) Ltd.
Cannabis Management Corporation (CMC)	New Brunswick Insurance Board
Centre communautaire Sainte-Anne	New Brunswick Legal Aid Services Commission
Collège communautaire du Nouveau-Brunswick	New Brunswick Lotteries and Gaming Corporation
Economic and Social Inclusion Corporation	New Brunswick Museum
EM/ANB Inc.	New Brunswick Power Holding Corporation
Environmental Trust Fund	New Brunswick Police Commission
Financial and Consumer Services Commission	New Brunswick Public Libraries Foundation
Forest Protection Limited	New Brunswick Research and Productivity Council
Francophone nord-est school district	New Brunswick Women's Council
Francophone nord-ouest school district	Opportunities New Brunswick
Francophone sud school district	Premier's Council on Disabilities
Fundy Trail Development Authority Inc.	Provincial Holdings Ltd.
Horizon Health Network	Recycle New Brunswick
Kings Landing Corporation	Regional Development Corporation
Labour and Employment Board	Route 1 Gateway Project Company Ltd
New Brunswick Agricultural Insurance Commission	Service New Brunswick
New Brunswick Arts Board	Sport Development Trust Fund
New Brunswick Combat Sport Commission	Strait Crossing Finance Inc.
New Brunswick Community College	Trans-Canada Highway Project Co. Ltd
New Brunswick Credit Union Deposit Insurance Corporation (NBCUDIC)	Vitalité Health Network
New Brunswick Energy and Utilities Board	

Nursing Homes using the Consolidation Method:

Campbellton Nursing Home Inc.	Drew Nursing Home
Campobello Lodge Inc.	Forest Dale Home Inc.
Carleton Manor Inc.	Foyer Assomption
Carleton-Kirk Lodge	Foyer Notre-Dame de Saint-Léonard Inc.
Central Carleton Nursing Home Inc.	Foyer Notre-Dame-de-Lourdes Inc.
Central New Brunswick Nursing Home Inc.	Foyer Saint-Antoine
Complexe Rendez-vous Inc.	Foyer Ste-Élizabeth Inc.
Dalhousie Nursing Home Inc.	Fredericton South Nursing Home Inc.
Dr. V. A. Snow Centre Inc.	Fundy Nursing Home

**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2024**

Grand Manan Nursing Home Inc.	River View Manor Inc.
Jordan Lifecare Centre Inc.	Rocmaura Inc.
Kennebec Manor Inc.	Tabusintac Nursing Home Inc.
Kenneth E. Spencer Memorial Home Inc.	The Church of St. John and St. Stephen Home Inc.
Kings Way Care Centre Inc.	The Salvation Army - Lakeview Manor
Kiwanis Nursing Home Inc.	Tobique Valley Manor Inc.
La Villa Sormany Inc.	Turnbull Nursing Home Inc.
Le Foyer St Thomas de la Vallée de Memramcook Inc.	Victoria Glen Manor Inc.
Les Résidences Inkerman Inc.	Villa Beauséjour Inc.
Les Résidences Jodin Inc.	Villa des Chutes / Falls Villa
Les Résidences Lucien Saindon Inc.	Villa du Repos Inc.
Les Résidences Mgr Chiasson Inc.	Villa Maria Inc.
Lincourt Manor Inc.	Villa Providence Shédiac Inc.
Loch Lomond Villa Inc.	Villa St-Joseph Inc.
Manoir Édith B. Pinet Inc.	W. G. Bishop Nursing Home
Manoir Saint-Jean Baptiste Inc.	Wauklehegan Manor Inc.
Mill Cove Nursing Home Inc.	Westford Nursing Home
Nashwaak Villa Inc.	White Rapids Manor Inc.
Passamaquoddy Lodge Inc.	Woolastook Long Term Care Facility Inc.
Résidence Mgr Melanson Inc.	York Manor Inc.
Rexton Lions Nursing Home Inc.	

Organizations using the Modified Equity Method:

Atlantic Lottery Corporation Inc. (ALC)	New Brunswick Municipal Finance Corporation (NBMFC)
Cannabis NB Ltd. (CNB)	New Brunswick Power Corporation (NB Power)
New Brunswick Liquor Corporation (NB Liquor)	