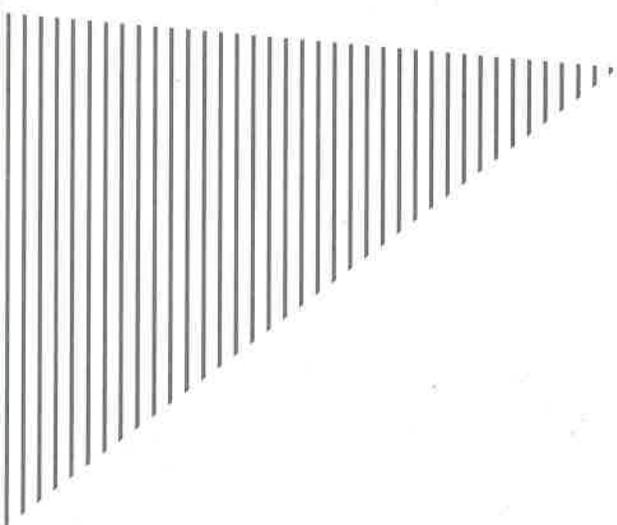


CITY OF DIEPPE

ANNUAL FINANCIAL REPORT

Years ended December 31, 2012



CITY OF DIEPPE

TABLE OF CONTENTS

Years ended December 31, 2012

| | |
|---|---|
| COUNCIL, OFFICERS AND GENERAL STATISTICS | i |
| INDEPENDENT AUDITORS' REPORT | 1 |
| Consolidated statement of operations | 2 |
| Consolidated statement of financial position | 3 |
| Consolidated statement of changes in net debt | 4 |
| Consolidated statement of cash flows | 5 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | 6 |

CITY OF DIEPPE

COUNCIL, OFFICERS AND GENERAL STATISTICS

Years ended December 31, 2012

MAYOR

Yvon Lapierre

DEPUTY MAYOR

Jean Gaudet

COUNCILLORS

Jody Dallaire

Jean-Claude Cormier

Jean Gaudet

Paul N. Belliveau

Jordan E. Nowlan

Ernest Thibodeau

Jean-Marc Brideau

Roger LeBlanc

OFFICERS

Chief Administrative Officer

Marc Melanson

Assistant Chief Administrative Officer/Municipal Clerk

Pierre LaForest

Treasurer

Nicole Rioux

Fire Chief

Charles LeBlanc

Director of Public Works and Engineering

Jacques LeBlanc

Director of Municipal Buildings and Environment

Luc St-Jules

Director of Leisure and Recreation facilities

Raymond Bourque

Director of Communications

Isabelle LeBlanc

Director of Planning and development

André Frenette

Director of Human Resources

Martine Savoie

Director of Corporate Affairs

Luc Richard

Director of Information Technology

Shaun Daigle

Main solicitors

McIntyre Finn

Auditors

Ernst & Young
Chartered Accountants

GENERAL STATISTICS

Population : 23,310 (2011 census)

TAX BASE AND TAX RATE

| | Tax base | Tax rate |
|------|------------------|-------------|
| 2012 | \$ 2,381,996,300 | \$ 1.5645 |
| 2013 | \$ 2,534,589,700 | \$ 1.5645 |

INDEPENDENT AUDITORS' REPORT

To His Worship the Mayor and Members of Council

We have audited the accompanying consolidated financial statements of the CITY OF DIEPPE, which comprise the consolidated statements of financial position as at December 31, 2012 and 2011 and as at January 1, 2011, and the related statements of operations, statements of changes in net debt and statements of cash flows for the years ended December 31, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the CITY OF DIEPPE as at December 31, 2012 and 2011, and as at January 1, 2011, and the results of its operations, changes in net debt and cash flows for the years ended December 31 2012 and 2011, in accordance with Canadian accounting standards for the public sector.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Chartered Accountants

Dieppe, New Brunswick
March 11, 2013

CITY OF DIEPPE**CONSOLIDATED STATEMENT OF OPERATIONS**

Years ended December 31,

| | 2012 Budget | 2012 Actual | 2011 Restated |
|---|----------------------|-----------------------|-----------------------|
| REVENUE | | | |
| Warrant of assessment | \$ 37,266,332 | \$ 37,266,332 | \$ 34,200,888 |
| Services to other governments | | | |
| Other municipalities (note 25) | 67,000 | 77,202 | 67,000 |
| Province of New Brunswick (note 25) | 156,677 | 158,995 | 156,681 |
| Sale of services (note 25) | 9,928,710 | 10,113,693 | 8,968,186 |
| Other revenue from own sources (note 25) | 869,995 | 983,483 | 1,117,814 |
| Unconditional grant | 925,642 | 925,642 | 944,532 |
| Adjustment in lieu of taxes | 3,622 | 3,622 | 41,019 |
| Interest earned | 60,000 | 130,326 | 141,747 |
| Contributions from federal and provincial governments towards capital assets | - | 1,896,286 | 4,591,109 |
| Capital assets contributed by developers | - | 1,464,577 | 6,229,086 |
| Other contributions | - | 290,750 | 203,238 |
| Net sales of land (note 4) | - | 77,979 | 268,816 |
| | <u>\$ 49,277,978</u> | <u>\$ 53,388,887</u> | <u>\$ 56,930,116</u> |
| EXPENSES | | | |
| General government services (note 25) | \$ 4,205,967 | \$ 4,297,968 | \$ 3,541,688 |
| Protection services (note 25) | 8,551,379 | 7,848,091 | 7,464,357 |
| Transportation services (note 25) | 6,113,177 | 5,097,429 | 4,994,658 |
| Environmental health services (note 25) | 986,371 | 972,906 | 912,338 |
| Environmental development services (note 25) | 2,253,321 | 2,534,568 | 2,314,055 |
| Recreation and cultural services (note 25) | 7,604,896 | 7,087,764 | 6,756,151 |
| Water supply (note 25) | 4,696,991 | 4,400,831 | 4,341,530 |
| Sewerage collection and disposal (note 25) | 3,445,317 | 3,342,185 | 2,818,467 |
| Fiscal services - general (note 25) | 3,102,365 | 3,095,790 | 3,272,382 |
| Fiscal services - water (note 25) | 737,334 | 749,000 | 712,533 |
| Fiscal services - sewer (note 25) | 275,122 | 294,040 | 240,305 |
| Amortization | - | 7,736,908 | 7,162,138 |
| Loss and decrease in value of land held for sale | - | 880,325 | - |
| | <u>41,972,240</u> | <u>48,337,805</u> | <u>44,530,602</u> |
| ANNUAL SURPLUS (notes 21 and 24) | <u>\$ 7,305,738</u> | <u>\$ 5,051,082</u> | <u>\$ 12,399,514</u> |
| ACCUMULATED SURPLUS, beginning of year | | <u>166,585,396</u> | <u>154,185,882</u> |
| ACCUMULATED SURPLUS, end of year | | <u>\$ 171,636,478</u> | <u>\$ 166,585,396</u> |

CITY OF DIEPPE

| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | As at December 31 | | As at January 1 |
|--|-----------------------|-----------------------|-----------------------|
| | 2012 | 2011 Restated | 2011 Restated |
| Financial assets | | | |
| Cash | \$ 13,142,919 | \$ 7,302,628 | \$ 10,279,881 |
| Accounts receivable | | | |
| General | 3,027,452 | 2,852,313 | 2,760,045 |
| Sales tax receivable | 505,202 | 755,499 | 849,468 |
| Federal government and its agencies | - | - | 1,149,441 |
| Province of New Brunswick (note 5) | 714,792 | 1,247,492 | 2,243,058 |
| | <u>\$ 17,390,365</u> | <u>\$ 12,157,932</u> | <u>\$ 17,281,893</u> |
| Liabilities | | | |
| Accounts payable | \$ 5,129,999 | \$ 6,621,402 | \$ 6,437,455 |
| Withholdings taxes payable | 141,113 | 9,343 | 8,253 |
| Accrued sick leave (note 10) | 793,438 | 718,806 | 621,744 |
| Deferred revenue | | | |
| General deferred revenue | 244,626 | 161,836 | 36,000 |
| Deferred revenue from governments (note 6) | 689,614 | - | - |
| Security deposits | 1,002,717 | 918,921 | 735,618 |
| Demand loans (note 7) | 1,099,416 | 2,074,416 | 2,074,416 |
| Long term debt (note 8) | 93,812,122 | 89,742,102 | 91,784,969 |
| | <u>102,913,045</u> | <u>100,246,826</u> | <u>101,698,455</u> |
| NET DEBT | <u>(85,522,680)</u> | <u>(88,088,894)</u> | <u>(84,416,562)</u> |
| NON-FINANCIAL ASSETS | | | |
| Tangible capital assets (note 18) | 323,276,556 | 312,559,277 | 289,636,236 |
| Accumulated amortization | (70,033,451) | (62,296,543) | (55,134,405) |
| | <u>253,243,105</u> | <u>250,262,734</u> | <u>234,501,831</u> |
| Inventory | 15,879 | 14,489 | 11,449 |
| Land inventory | 3,878,427 | 4,381,194 | 4,052,655 |
| Prepaid expenses | 21,747 | 15,873 | 36,509 |
| | <u>257,159,158</u> | <u>254,674,290</u> | <u>238,602,444</u> |
| ACCUMULATED SURPLUS (note 19) | <u>\$ 171,636,478</u> | <u>\$ 166,585,396</u> | <u>\$ 154,185,882</u> |
| CONTINGENCIES (note 11) | | | |

APPROVED BY

....., Mayor

....., Municipal Clerk or Treasurer

CITY OF DIEPPE**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**

Years ended December 31,

2012**2011**

| | | |
|---|------------------|--------------------|
| Annual surplus, as restated (note 2) | \$ 5,051,082 | \$ 12,399,514 |
| Acquisition of tangible capital assets | (10,717,279) | (22,923,041) |
| Amortization of tangible capital assets | 7,736,908 | 7,162,138 |
| | <u>2,070,711</u> | <u>(3,361,389)</u> |
| Acquisition of inventories | (15,879) | (14,489) |
| Acquisition of prepaid assets | (21,747) | (15,873) |
| Consumption of inventories | 14,489 | 11,449 |
| Use of prepaid assets | 15,873 | 36,509 |
| Change in land inventory | 502,767 | (328,539) |
| | <u>495,503</u> | <u>(310,943)</u> |
| Decrease (increase) in net debt | 2,566,214 | (3,672,332) |
| Net debt, beginning of year | (88,088,894) | (84,416,562) |
| Net debt, end of year | \$ (85,522,680) | \$ (88,088,894) |

CITY OF DIEPPE**CONSOLIDATED STATEMENT OF CASH FLOWS**

Years ended December 31,

2012

2011

OPERATING

| | | |
|--|-------------------|-------------------|
| Annual surplus | \$ 5,051,082 | \$ 12,399,514 |
| Items not affecting cash: | | |
| Amortization | 7,736,908 | 7,162,138 |
| Capital assets contributed by developers | (1,464,577) | (6,229,086) |
| | 11,323,413 | 13,332,566 |
| Change in non cash items: | | |
| Receivables | 607,858 | 2,146,708 |
| Payables | (1,359,633) | 185,037 |
| Change in inventory and prepaid expenses | 495,503 | (310,943) |
| Other | 930,832 | 406,201 |
| | 11,997,973 | 15,759,569 |

CAPITAL

| | | |
|--|-------------|--------------|
| Acquisition of tangible capital assets | (9,252,702) | (16,693,955) |
|--|-------------|--------------|

FINANCING

| | | |
|-----------------------------|------------------|--------------------|
| Change in demand loans | (975,000) | - |
| Additional financing | 9,427,000 | 5,210,000 |
| Repayment of long-term debt | (5,356,980) | (7,252,867) |
| | 3,095,020 | (2,042,867) |

NET INCREASE (DECREASE) IN CASH

5,840,291 (2,977,253)

CASH, BEGINNING OF YEAR

7,302,628 10,279,881

CASH, END OF YEAR

\$ 13,142,919 \$ 7,302,628

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

1. PURPOSE OF THE ORGANIZATION

The City of Dieppe was incorporated as a Town by the Province of New Brunswick Municipalities Act on January 1, 1952 and was approved for status as a City effective January 1, 2003 by an amendment of New Brunswick Regulation 85-6 under the Municipalities Act. As a municipality, the City is exempt from income tax under section 149(1)(c) of the Canadian Income Tax Act. The City has the following vision statement: "The City of Dieppe's strong Acadian pride is reflected in its hospitality. It is a great place in which to live and raise a family thanks to its careful development and concern for the environment."

2. CHANGE IN ACCOUNTING POLICY

a) Tangible capital assets

Effective January 1, 2011, the City has restated its financial statements to adopt the Public Sector Accounting standards (PSA). The changes made were to comply with the provisions of Section 3150, Tangible Capital Assets and to adopt full accrual accounting. Section 3150 has established standards on how to account for and report tangible capital assets. Tangible capital assets are a significant economic resource managed by government and a key component in the delivery of many government programs. The standard requires these assets to be recorded at historical cost on the balance sheet and their costs allocated to future accounting periods through annual amortization expenses based on the tangible capital assets estimated useful lives of the assets. The City was required to record the historical cost of their capital assets and accumulated amortization on a retroactive basis with restatement of prior years.

The City determined historical cost based on historical accounting records and discounted replacement costs. If historical cost could not be determined, the asset was recorded at a nominal value.

The City capitalized tangible capital assets for transportation and water and wastewater networks that were built by developers. A revenue was recorded for these contributions at the fair value of the capital assets received.

Some items that were previously recorded as expenses were capitalized under PSA standards, and some items that were previously capitalized in the capital funds were reclassified as expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

2. CHANGE IN ACCOUNTING POLICY (continued)

b) Contributions from governments to capital funds

The contributions from federal, provincial or municipal governments to capital funds are now recorded as a revenue in the statement of operations.

c) Previous years' surplus

Under the previous standards, general and water and sewerage fund surpluses and deficits were included in subsequent years' budgets as required by the Municipalities Act. PSA Standards do not allow previous years' surpluses or deficits to be recorded in this manner. As a result, the General Operating Fund's previous year's surplus of \$ 321,165 and the Water and Sewerage Operating Fund's previous year's surplus of \$ 293,703 have been eliminated from the statement of operations.

d) Inter-fund transfers

Under the previous standards, the financial statements were presented using fund accounting. PSA Standards require that the financial statements be consolidated. As a result, all inter-fund transactions and balances have been eliminated.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

2. CHANGE IN ACCOUNTING POLICY (continued)

The December 31, 2011 figures presented for comparative purposes have been restated from those previously reported. The following adjustments were made to the prior periods:

Adjustments to annual surplus

| | |
|---|---------------|
| Annual surplus, as previously reported in the general operating fund | \$ 355,415 |
| Annual surplus, as previously reported in the general water and sewerage fund | 290,536 |
| Annual surplus of other funds | 12,915,343 |
| Annual surplus of the other consolidated entities | 200,928 |
| Less: second previous year surplus | (764,856) |
| Less: amortization on tangible capital assets | (7,145,396) |
| Plus: Capital assets contributed by developers | 6,229,086 |
| Plus: Expenses reclassified as capital assets | 1,047,157 |
| Less: Reclassification from capital funds to expenses | (624,589) |
| Less: Fees in lieu of parkland | (104,110) |
| <hr/> | |
| Annual surplus, as restated | \$ 12,399,514 |

Adjustments for net book value of tangible capital assets

| | |
|---|----------------|
| As previously reported, December 31, 2010 | \$ 201,966,091 |
| Adjustment to historical cost of tangible capital assets, net | 32,535,740 |
| Acquisition of capital assets | 22,923,041 |
| Amortization expense recorded | (7,162,138) |
| <hr/> | |
| Adjusted net book value as at December 31, 2011 | \$ 250,262,734 |

Refer to note 19 for a reconciliation of the accumulated surplus.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Dieppe are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The City has adopted PSA as of January 1, 2011.

The focus of PSA financial statements is on the financial position of the City and the changes thereto. The Consolidated Statement of Financial Position includes all of the assets and liabilities of the City.

The entities included in the financial statements are as follows:

- City of Dieppe
- City of Dieppe Economic Development Corporation
- Gestion 1604 Inc.

Significant aspects of the accounting policies adopted by the City are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in net debt and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the City and which are owned or controlled by the City.

Interdepartmental and organizational transactions and balances are eliminated.

Budget

The budget figures contained in these financial statements were approved by Council on December 12, 2011 and the Minister of Local Government on January 16, 2012.

Revenue recognition

Unrestricted revenue is recorded on an accrual basis and is recognized when collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenue is recorded when it is earned.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Actual results may differ from those estimates.

Financial instruments

The City's financial instruments consist of cash, accounts receivable, payables, security deposits, long-term debt and other amounts payable. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Capital assets

Effective January 1, 2011, the City adopted the provisions of PSA section 3150 Tangible Capital Assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets is amortized on a straight line basis over their estimated useful life as follows:

| Asset type | <u>Years</u> |
|-------------------------------|---------------------|
| Land improvements | 10 to 25 years |
| Machinery and equipment | 3 to 30 years |
| Fleet | 5 to 10 years |
| Buildings | 20 to 50 years |
| Transportation network | 10 to 50 years |
| Water and wastewater networks | 30 to 100 years |

Assets under construction are not amortized until the asset is available for productive use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information

The City of Dieppe is a diversified municipal unit that provides a wide range of services to its residents. For management reporting purposes, the City's operations and activities are organized and reported by function. This presentation was created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Municipal services are provided by departments as follows.

General government services

This department is responsible for the overall governance and financial administration of the Municipality. This includes council functions, general and financial management, legal matters and compliance with legislation as well as civic relations.

Protection services

This department is responsible for the provision of policing services, fire protection, emergency measures, animal control, building inspection and other protective measures.

Transportation services

This department is responsible for common services, road and street maintenance, traffic services and other transportation related functions.

Environmental health services

This department is responsible for the provision of waste collection and disposal.

Environmental development services

This department is responsible for planning and zoning, economic development, tourism and other municipal development and promotion services.

Recreation and cultural services

This department is responsible for the maintenance and operation of recreational and cultural facilities, including the swimming pool, arenas, parks and playgrounds and other recreational and cultural facilities.

Water and Wastewater Systems

This department is responsible for the provision of water and sewer services including the maintenance and operation of the underground networks, treatment plants, reservoirs and lagoons.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is valued at the lower of cost and net replacement cost with cost being determined using the average cost method.

Post Employment Benefits

The City offers a sick leave benefit plan, as documented in note 10.

| 4. SALES OF LAND | 2012 | 2011 |
|-------------------------|------------------|-------------------|
| Land sales | \$ 153,600 | \$ 300,000 |
| Cost of lands sold | (75,621) | (31,184) |
| | <u>\$ 77,979</u> | <u>\$ 268,816</u> |

| 5. AMOUNTS RECEIVABLE FROM THE PROVINCE OF NEW BRUNSWICK | 2012 | 2011 |
|---|-------------------|---------------------|
| Building Canada Fund | \$ 604,506 | \$ 1,247,492 |
| Gas Tax Fund | 110,286 | - |
| | <u>\$ 714,792</u> | <u>\$ 1,247,492</u> |

6. DEFERRED REVENUE FROM GOVERNMENTS

Deferred revenue from governments are funds received from the gas tax fund that haven't been expended yet for approved projects.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

7. DEMAND LOANS

Loans, repayable with the revenue generated on the sales of land given as security, bearing interest at prime rate payable annually, renewable in December 2013.

8. LONG-TERM DEBT

| | 2012 | 2011 |
|--|----------------------|----------------------|
| Loan | | |
| Loan, guaranteed by the City Hall's land and building having a net book value of \$9,891,400, repayable in monthly instalments of \$73,041 including interest calculated at a rate of 5.67%, maturing in October 2031. | \$ 10,131,122 | \$ 10,424,102 |
| Debentures | | |
| 1) Debenture, 1.65% to 2.45%, maturing in 2017. | 1,477,000 | 2,095,000 |
| 2) Debenture, 2.75% to 5.125%, renewable in 2013, portion due in 2018 and 2023. | 2,435,000 | 2,751,000 |
| 3) Debenture, 2.75% to 4.8%, renewable in 2014, portion due in 2019 and 2024. | 7,549,000 | 8,218,000 |
| 4) Debenture, 3.75% to 4.375%, renewable in 2015, portion due in 2020 and 2025. | 9,192,000 | 9,935,000 |
| 5) Debenture, 4.15% to 4.45%, renewable in 2016, portion due in 2021 and 2026. | 13,597,000 | 14,544,000 |
| 6) Debenture, 4.45% to 4.85%, renewable in 2017, portion due in 2022, 2027 and 2032. | 7,742,000 | 8,175,000 |
| 7) Debenture, 2.10% to 5.55%, renewable in 2023, portion due in 2028 and 2033. | 6,038,000 | 6,292,000 |
| 8) Debenture, 1.0% to 4.5%, renewable in 2019, portion due in 2024, 2029 and 2034. | 9,599,000 | 9,985,000 |
| 9) Debenture, 1.50% to 3.85%, renewable in 2020, portion due in 2025, 2030, 2035 and 2040. | 11,609,000 | 12,113,000 |
| 10) Debenture, 1.35% to 3.45%, renewable in 2021, portion due in 2026, 2031 and 2036. | 5,016,000 | 5,210,000 |
| 13) Debenture, 1.35% to 3.8%, renewable in 2032, due in 2037. | 9,427,000 | - |
| Total | \$ 93,812,122 | \$ 89,742,102 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

8. LONG-TERM DEBT (continued)

Approval of the Municipal Capital Borrowing Board has been obtained for the debentures.

The estimate of long-term debt principal repayments for the next five years are as follows presuming the renewal of the debts :

| | |
|--------|--------------|
| 2013 - | \$ 5,556,364 |
| 2014 - | \$ 5,418,321 |
| 2015 - | \$ 4,862,313 |
| 2016 - | \$ 4,171,400 |
| 2017 - | \$ 3,158,646 |

In 2013, debenture 2) will be maturing, with a final amount due of \$ 2,435,000. However, \$2,012,000 of this payment is expected to be refinanced during that year, on periods of 5 and 10 years.

9. SHORT-TERM BORROWING

Operating borrowing

As prescribed in the Municipalities Act, borrowing to finance General Fund operations is limited to 4% of the Municipality's operating budget. Borrowing to finance Utility Fund operations is limited to 50% of the operating budget for the year. In 2012, the City has complied with these restrictions.

Inter-fund borrowing

The Municipal Financial Reporting Manual requires that short-term inter-fund borrowings be repaid in the following year unless the borrowing is for a capital project. The amounts payable between Funds are in compliance with the requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

10. ACCRUED SICK LEAVE

The Municipality provides sick Leave that accumulates at 8 hours per month for full-time non-administrative employees; and at 7 hours per month for full-time administrative employees. All employees can take a leave with pay for a maximum of 5 consecutive days and a maximum of 12 days per year.

An actuarial valuation was performed on the 139 employees plan in accordance with PSA 3255. The actuarial method used was the Projected Unit Credit pro-rated on service to expected usage. The valuation was based on a number of assumptions about future events, such as interest rates, wage and salary increases and employee turnover and retirement. The assumptions used reflect the Municipality's best estimates.

The following summarizes the major assumptions in the valuation:

- annual salary increase is 3.3%;
- the discount rate used to determine the accrued benefit obligation is 4.5%;
- retirement age is 60; and
- estimated net excess utilization of rate of sick leave varies with age.

The sick leave is an unfunded benefit. As such, there are no applicable assets. Benefits are paid out of general revenue as they come due.

11. CONTINGENCIES

In the normal course of its business, the City of Dieppe is part of several claims or proceedings. Legal counsel is of the opinion that neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been accounted for in the financial statements.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

12. COMMITMENTS

The City has a commitment to share the remediation costs to be incurred on certain land sold to a developer, up to a maximum of \$563,468. This amount becomes payable when the developer incurs these remediation costs and provides supporting documentation to the City. Any amount due as a result of this commitment will be charged in the year when the documentation is provided.

13. FINANCIAL INSTRUMENTS

Management considers that the municipality is not exposed to significant credit or interest rate risks on its financial instruments.

14. TRANSFERS TO RESERVE FUND

The transfer from the General Operating Reserve Fund was authorized by Council through a resolution dated December 10, 2012.

The transfer to the General Capital Reserve Fund was authorized by Council through a resolution dated December 10, 2012.

The transfer from the General Capital Reserve Fund was authorized by Council through a resolution dated December 10, 2012.

The transfer from the Water and Sewerage Operating Reserve Fund was authorized by Council through a resolution dated December 10, 2012.

The transfer to the Water and Sewerage Capital Reserve Fund was authorized by Council through a resolution dated December 10, 2012.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

15. EXCESS OF CURRENT ASSETS OVER CURRENT LIABILITIES IN CAPITAL FUNDS

As at December 31, 2012, the City of Dieppe's Capital Funds indicate an excess of current assets over current liabilities as follows :

| | Water and sewerage capital fund | General capital fund |
|---------------------|---------------------------------------|-------------------------|
| Current assets | \$ 1,930,817 | \$ 4,169,951 |
| Current liabilities | 136,396 | 2,595,557 |
| | <hr/> | <hr/> |
| | \$ 1,794,421 | \$ 1,574,394 |

This excess was caused by the actual cost of capital expenditures being less than what was initially projected for 2012 and by certain uncompleted projects. The City of Dieppe intends to apply these excess funds against capital projects in the year 2013.

16. WATER AND SEWER FUND SURPLUS/DEFICIT

The Municipalities Act requires Water and Sewer Fund surplus/deficit amounts to be absorbed into one or more of four Operating Budgets commencing with the second next ensuring year; the balance of the surplus/deficit at the end of the year consists of:

| | 2012 | 2011 |
|--------------|------------|------------|
| 2012 Surplus | \$ 283,361 | \$ - |
| 2011 Surplus | 290,536 | 290,536 |
| 2010 Surplus | - | 239,704 |
| | <hr/> | <hr/> |
| | \$ 573,897 | \$ 530,240 |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

17. WATER COST TRANSFER

The Municipality's water cost transfer for fire protection is within the maximum allowable by Regulation 81-195 under the Municipalities Act based upon the applicable percentage of water system expenditures for the population.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

18. SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended December 31, 2012

| | Land | Land improvements | Machinery and equipment | Fleet | Buildings | Transportation | Water and wastewater | Work in progress | Total 2012 | Total 2011 |
|--|-------------------|----------------------|----------------------------|------------------|-------------------|--------------------|-------------------------|---------------------|--------------------|--------------------|
| COST | | | | | | | | | | |
| Balance, beginning of year | \$ 19,186,263 | \$ 5,532,870 | \$ 1,565,939 | \$ 8,634,677 | \$ 46,806,315 | \$ 116,509,685 | \$ 101,383,462 | \$ 12,940,066 | \$ 312,559,277 | \$ 289,636,236 |
| Add: | | | | | | | | | | |
| Net additions during the year | 255,270 | 296,559 | 526,235 | 525,726 | 10,913,601 | 7,305,654 | 1,377,710 | (10,483,476) | 10,717,279 | 22,923,041 |
| BALANCE, END OF YEAR | 19,441,533 | 5,829,429 | 2,092,174 | 9,160,403 | 57,719,916 | 123,815,339 | 102,761,172 | 2,456,590 | 323,276,556 | 312,559,277 |
| ACCUMULATED AMORTIZATION | | | | | | | | | | |
| Balance, beginning of year | - | 2,006,360 | 689,189 | 3,536,871 | 9,497,073 | 27,234,042 | 19,333,008 | - | 62,296,543 | 55,134,405 |
| Add: | | | | | | | | | | |
| Amortization during the year | - | 266,536 | 168,588 | 659,716 | 1,857,772 | 3,204,746 | 1,579,550 | - | 7,736,908 | 7,162,138 |
| BALANCE, END OF YEAR | - | 2,272,896 | 857,777 | 4,196,587 | 11,354,845 | 30,438,788 | 20,912,558 | - | 70,033,451 | 62,296,543 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | | | | | | | | | | |
| | \$ 19,441,533 | \$ 3,556,533 | \$ 1,234,397 | \$ 4,963,816 | \$ 46,365,071 | \$ 93,376,551 | \$ 81,848,614 | \$ 2,456,590 | \$ 253,243,105 | \$ 250,262,734 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

19. SCHEDULE OF ACCUMULATED SURPLUS RECONCILIATION TO PUBLIC SECTOR ACCOUNTING BOARD (PSAB) REQUIREMENTS

Year ended December 31, 2011

| | General Operating Fund | General Capital Fund | Water and Sewerage Operating Fund | Water and Sewerage Capital Fund | Industrial Park Fund | Reserve Funds | Total |
|---|---------------------------|-------------------------|---|---------------------------------------|----------------------------|---------------------|-----------------------|
| 2011 annual fund surplus (deficit) | \$ 355,415 | \$ 11,273,260 | \$ 290,536 | \$ 1,829,516 | \$ 379,929 | \$ (567,362) | \$ 13,561,294 |
| Adjustments to 2011 annual surplus (deficit) for PSAB requirements | | | | | | | |
| Second previous year's surplus | (255,428) | - | (509,428) | - | - | - | (764,856) |
| Transfers between funds | | | | | | | |
| General operating fund reserve | (590,238) | - | - | - | - | 590,238 | - |
| General capital fund reserve | 15,000 | (246,016) | - | - | - | 231,016 | - |
| Transfer elimination | 1,289,425 | (1,289,425) | 185,000 | (185,000) | - | - | - |
| Water and sewerage operating fund reserve | - | - | 49,552 | - | - | (49,552) | - |
| Water and sewerage capital fund reserve | - | - | 108,419 | (39,857) | - | (68,562) | - |
| Transfer elimination | (315,746) | - | - | - | 315,746 | - | - |
| Long-term debt principal repayment | 5,976,867 | (5,475,369) | 1,276,000 | (1,276,000) | (501,498) | - | - |
| Internal revenue elimination | 1,077,000 | - | (1,077,000) | - | - | - | - |
| Amortization expense | - | (5,596,838) | - | (1,548,558) | - | - | (7,145,396) |
| Capital assets contributed by developers | - | 3,807,529 | - | 2,421,557 | - | - | 6,229,086 |
| Expenses reclassified as capital assets | 1,015,178 | - | 31,979 | - | - | - | 1,047,157 |
| Reclassification from capital assets to expenses | (129,338) | - | (495,251) | - | - | - | (624,589) |
| Fees in lieu of parkland | - | - | - | - | - | (104,110) | (104,110) |
| Surplus from other consolidated entities | 200,928 | - | - | - | - | - | 200,928 |
| Total adjustments to 2011 annual surplus (deficit) | 8,283,648 | (8,800,119) | (430,729) | (627,858) | (185,752) | 599,030 | (1,161,780) |
| 2011 annual surplus (deficit) per PSAB requirements | 8,639,063 | 2,473,141 | (140,193) | 1,201,658 | 194,177 | 31,668 | 12,399,514 |
| Accumulated surplus before PPA, beginning of year | 576,593 | 87,932,724 | 749,132 | 26,351,017 | 1,218,153 | 3,187,678 | 120,015,297 |
| Accumulated surplus before PPA, end of year | 9,215,656 | 90,405,865 | 608,939 | 27,552,675 | 1,412,330 | 3,219,346 | 132,414,811 |
| Prior period adjustments (PPA) | - | 98,101 | - | 32,437,639 | - | - | 32,535,740 |
| Accumulated surplus - consolidated entities | 1,634,845 | - | - | - | - | - | 1,634,845 |
| Accumulated surplus per PSAB requirements, end of year | \$ 10,850,501 | \$ 90,503,966 | \$ 608,939 | \$ 59,990,314 | \$ 1,412,330 | \$ 3,219,346 | \$ 166,585,396 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

20. SCHEDULE OF SEGMENT DISCLOSURE

Year ended December 31, 2012

| | General | Protective | Transportation | Environmental health | Environmental development | Recreation and culture | Water and sewer | 2012 consolidated | 2011 consolidated |
|---|----------------|---------------|----------------|-------------------------|------------------------------|---------------------------|--------------------|----------------------|----------------------|
| Revenues | | | | | | | | | |
| Property tax warrant | \$ 4,899,664 | \$ 10,345,330 | \$ 10,812,015 | \$ 952,810 | \$ 1,699,925 | \$ 8,556,588 | \$ - | \$ 37,266,332 | \$ 34,200,888 |
| Services provided to other governments | - | 77,202 | 158,995 | - | - | - | - | 236,197 | 223,681 |
| Sale of services | - | - | - | - | - | 1,202,155 | 8,911,538 | 10,113,693 | 8,968,186 |
| Unconditional grant | 121,701 | 256,963 | 268,555 | 23,666 | 42,224 | 212,533 | - | 925,642 | 944,532 |
| Interest | 12,793 | 27,013 | 28,232 | 2,488 | 14,649 | 22,343 | 22,809 | 130,327 | 141,747 |
| Other | 15,407 | 789,638 | 2,767,203 | 1,185 | 404,290 | 225,968 | 513,005 | 4,716,696 | 12,451,082 |
| | 5,049,565 | 11,496,146 | 14,035,000 | 980,149 | 2,161,088 | 10,219,587 | 9,447,352 | 53,388,887 | 56,930,116 |
| Expenses | | | | | | | | | |
| Salaries and benefits | 1,527,110 | 2,742,818 | 2,181,309 | - | 887,663 | 4,289,262 | 2,240,535 | 13,868,697 | 13,570,937 |
| Goods and services | 2,421,479 | 5,105,273 | 2,916,120 | 972,906 | 1,646,905 | 2,798,502 | 5,502,481 | 21,363,666 | 19,835,064 |
| Amortization | 637,932 | 249,666 | 3,807,450 | - | 18,125 | 1,377,018 | 1,646,717 | 7,736,908 | 7,162,138 |
| Interest | 582,271 | 141,143 | 1,846,554 | - | - | 525,822 | 1,043,040 | 4,138,830 | 3,626,760 |
| Other | 349,379 | - | - | - | 880,325 | - | - | 1,229,704 | 335,703 |
| | 5,518,171 | 8,238,900 | 10,751,433 | 972,906 | 3,433,018 | 8,990,604 | 10,432,773 | 48,337,805 | 44,530,602 |
| Surplus (deficit) for the year | \$ (468,606)\$ | \$ 3,257,246 | \$ 3,283,567 | \$ 7,243 | \$ (1,271,930)\$ | \$ 1,228,983 | \$ (985,421)\$ | \$ 5,051,082 | \$ 12,399,514 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

21. RECONCILIATION OF ANNUAL SURPLUS

Year ended December 31, 2012

| | General Operating Fund | General Capital Fund | Water and Sewerage Operating Fund | Water and Sewerage Capital Fund | Industrial Park Fund | Reserve Funds | Total |
|---|---------------------------|-------------------------|---|---------------------------------------|----------------------------|--------------------|--------------------|
| 2012 annual fund surplus (deficit) | \$ 683,055 | \$ 7,389,033 | \$ 283,361 | \$ 1,457,962 | \$ (345,847) | \$ 1,544,374 | \$ 11,011,938 |
| Adjustments to annual surplus (deficit) for funding requirements | | | | | | | |
| Second previous year's surplus | (321,165) | - | (239,703) | - | - | - | (560,868) |
| Transfers between funds | | | | | | | |
| General operating fund reserve | (201,040) | - | - | - | - | 201,040 | - |
| General capital fund reserve | 1,947,983 | (105,000) | - | - | - | (1,842,983) | - |
| Transfer elimination | 1,448,378 | (1,448,378) | 91,000 | (91,000) | - | - | - |
| Water and sewerage operating fund reserve | - | - | (146,710) | - | - | 146,710 | - |
| Water and sewerage capital fund reserve | - | - | 5,000 | - | - | (5,000) | - |
| Transfer elimination | (305,896) | - | - | - | 305,896 | - | - |
| Long-term debt principal repayment | 4,294,980 | (4,124,331) | 1,062,000 | (1,062,000) | (170,649) | - | - |
| Internal revenue elimination | 1,127,000 | - | (1,127,000) | - | - | - | - |
| Amortization expense | - | (6,072,066) | - | (1,646,717) | - | - | (7,718,783) |
| Capital assets contributed by developers | - | 1,296,157 | - | 168,420 | - | - | 1,464,577 |
| Expenses reclassified as capital assets | 1,004,391 | - | 385,799 | - | - | - | 1,390,190 |
| Reclassification from capital assets to expenses | (255,681) | - | (139,848) | - | - | - | (395,529) |
| Fees in lieu of parkland | - | - | - | - | - | (15,258) | (15,258) |
| Deficit from other consolidated entities | (125,185) | - | - | - | - | - | (125,185) |
| Total adjustments to 2012 annual surplus (deficit) | 8,613,765 | (10,453,618) | (109,462) | (2,631,297) | 135,247 | (1,515,491) | (5,960,856) |
| 2012 annual fund surplus (deficit) | \$ 9,296,820 | \$ (3,064,585) | \$ 173,899 | \$ (1,173,335) | \$ (210,600) | \$ 28,883 | \$ 5,051,082 |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

22. STATEMENT OF RESERVES

Year ended December 31, 2012

| | General Operating Reserve Fund | General Capital Reserve Fund | Water and Sewerage Operating Reserve Fund | Water and Sewerage Capital Reserve Fund | Land for public purposes | Total 2012 | Total 2011 |
|--|--------------------------------------|------------------------------------|--|--|-----------------------------|---------------|---------------|
| Accumulated surplus | | | | | | | |
| Accounts receivable | \$ 859,163 | \$ 2,622,782 | \$ 201,272 | \$ 259,509 | \$ 221,964 | \$ 4,164,690 | \$ 2,620,316 |
| Revenue | | | | | | | |
| Interest | 10,171 | 10,338 | 3,488 | 2,693 | 2,193 | 28,883 | 31,668 |
| Transfers from the general operating fund | - | 1,947,983 | - | - | - | 1,947,983 | 15,000 |
| Transfers from the water and sewerage operating fund | - | - | - | 5,000 | - | 5,000 | 157,971 |
| Fees in lieu of parkland | - | - | - | - | 15,258 | 15,258 | 104,110 |
| | 10,171 | 1,958,321 | 3,488 | 7,693 | 17,451 | 1,997,124 | 308,749 |
| Expenses | | | | | | | |
| Transfers to the general operating fund | 201,040 | - | - | - | - | 201,040 | 590,238 |
| Transfers to the general capital fund | - | 105,000 | - | - | - | 105,000 | 246,016 |
| Transfers to the water and sewerage operating fund | - | - | 146,710 | - | - | 146,710 | - |
| Transfer to the water and sewerage capital fund | - | - | - | - | - | - | 39,857 |
| | 201,040 | 105,000 | 146,710 | - | - | 452,750 | 876,111 |
| Annual Surplus | \$ (190,869) | \$ 1,853,321 | \$ (143,222) | \$ 7,693 | \$ 17,451 | \$ 1,544,374 | \$ (567,362) |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

23. STATEMENT OF CONTROLLED ENTITIES OPERATIONS

Year ended December 31, 2012

| | City of Dieppe | Economic Development Corporation | Gestion 1604 Inc. | 2012 Total | 2011 Total |
|--------------------------------------|-------------------|--|----------------------|----------------|----------------|
| Assets | \$ 271,629,220 | \$ 2,920,303 | \$ 10,178,992 | \$ 284,728,515 | \$ 277,307,773 |
| Liabilities | 101,703,330 | 1,209,715 | 10,178,992 | 113,092,037 | 110,722,377 |
| Accumulated Surplus (Deficit) | 169,925,890 | 1,710,588 | - | 171,636,478 | 166,585,396 |
| Revenue | 53,461,118 | 2,208,361 | 582,271 | 56,251,750 | 58,579,992 |
| Expenditures | 48,284,851 | 2,333,546 | 582,271 | 51,200,668 | 46,180,478 |
| Annual Surplus (Deficit) | \$ 5,176,267 | \$ (125,185) | \$ - | \$ 5,051,082 | \$ 12,399,514 |

The above noted entities are included in the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

24. OPERATING BUDGET TO PSA BUDGET

Year ended December 31, 2012

| | Operating budget general | Operating budget water and sewer | Amortization expense | Internal revenue | Second previous year's surplus | Transfers | Transfers consolidated entities | Total |
|---|--------------------------------|--|-------------------------|---------------------|--------------------------------------|---------------------|---------------------------------------|-------------------|
| Revenue | | | | | | | | |
| Property tax warrant | \$ 37,266,332 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 37,266,332 |
| Services provided to other governments | 223,677 | - | - | - | - | - | - | 223,677 |
| Sale of services | 1,022,277 | 8,906,433 | - | - | - | - | - | 9,928,710 |
| Other internal revenue | 1,159,995 | 1,127,000 | - | (1,127,000) | - | (290,000) | - | 869,995 |
| Unconditional grant | 925,642 | - | - | - | - | - | - | 925,642 |
| Adjustment in lieu of taxes | 3,622 | - | - | - | - | - | - | 3,622 |
| Interest | 40,000 | 20,000 | - | - | - | - | - | 60,000 |
| Contribution from the Economic Development Corporation | 137,953 | 26,225 | - | - | - | - | (164,178) | - |
| Second previous year's surplus | 321,165 | 239,703 | - | - | (560,868) | - | - | - |
| | 41,100,663 | 10,319,361 | - | (1,127,000) | (560,868) | (290,000) | (164,178) | 49,277,978 |
| Expenditures | | | | | | | | |
| General government services | 4,205,967 | - | - | - | - | - | - | 4,205,967 |
| Protection services | 9,678,379 | - | - | (1,127,000) | - | - | - | 8,551,379 |
| Transportation services | 6,113,177 | - | - | - | - | - | - | 6,113,177 |
| Environmental health services | 986,371 | - | - | - | - | - | - | 986,371 |
| Environmental development services | 2,253,321 | - | - | - | - | - | - | 2,253,321 |
| Recreational and cultural services | 7,604,896 | - | - | - | - | - | - | 7,604,896 |
| Water supply | - | 4,696,991 | - | - | - | - | - | 4,696,991 |
| Sewerage collection and disposal | - | 3,445,317 | - | - | - | - | - | 3,445,317 |
| Interest on long-term debt | 3,102,365 | 1,012,456 | - | - | - | - | - | 4,114,821 |
| Long-term debt payments | 4,303,980 | 1,074,000 | - | - | - | (5,377,980) | - | - |
| Transfers from the general operating fund to the general capital fund | 1,448,378 | - | - | - | - | (1,448,378) | - | - |
| Transfers from the general operating fund to the general capital fund reserve | 1,403,829 | - | - | - | - | (1,403,829) | - | - |
| Transfers from the water and sewerage operating fund to the water and sewerage capital fund | - | 90,597 | - | - | - | (90,597) | - | - |
| | 41,100,663 | 10,319,361 | - | (1,127,000) | - | (8,320,784) | - | 41,972,240 |
| Surplus (Deficit) | \$ - | \$ - | \$ - | \$ - | (560,868)\$ | 8,030,784 \$ | (164,178)\$ | 7,305,738 |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

25. REVENUE AND EXPENSE SUPPORT

| | 2012 | | 2011 |
|---------------------------------------|--------------|---------------|--------------|
| | Budget | Actual | Restated |
| Revenue | | | |
| <i>Services to other governments</i> | | | |
| Services to other municipalities | | | |
| Fire | \$ 67,000 | \$ 77,202 | \$ 67,000 |
| Province of New Brunswick | | | |
| Roads and streets | \$ 143,580 | \$ 145,897 | \$ 143,583 |
| Lanemarking | 13,097 | 13,098 | 13,098 |
| | \$ 156,677 | \$ 158,995 | \$ 156,681 |
| <i>Sale of services</i> | | | |
| Arenas | \$ 441,898 | \$ 537,413 | \$ 500,527 |
| Aquatic and sport center | 487,000 | 500,920 | 429,568 |
| Mobile stage - rental and sponsors | - | 600 | 8,025 |
| Programs | 81,540 | 149,586 | 97,026 |
| Sport fields rental | 11,839 | 13,636 | 9,336 |
| Water | 4,706,373 | 4,683,612 | 4,246,142 |
| Sewerage | 3,935,064 | 3,912,687 | 3,432,250 |
| Connections, services and other | 111,996 | 108,837 | 69,536 |
| Interest on sale of services | 153,000 | 206,402 | 175,776 |
| | \$ 9,928,710 | \$ 10,113,693 | \$ 8,968,186 |
| <i>Other revenue from own sources</i> | | | |
| Building and other permits | \$ 563,555 | \$ 533,715 | \$ 597,945 |
| Fines | | | |
| Municipal By-laws | 102,440 | 121,705 | 106,930 |
| Other | - | - | 11,256 |
| Rental - equipment and buildings | 162,000 | 203,423 | 215,719 |
| Miscellaneous | 42,000 | 124,640 | 185,964 |
| | \$ 869,995 | \$ 983,483 | \$ 1,117,814 |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

25. REVENUE AND EXPENSE SUPPORT (continued)

| | 2012 | | 2011 |
|------------------------------------|---------------------|---------------------|---------------------|
| | Budget | Actual | Restated |
| Expenses | | | |
| <i>General government services</i> | | | |
| Legislative | | | |
| Mayor | \$ 36,044 | \$ 30,799 | \$ 29,857 |
| Councillors | 153,223 | 123,406 | 120,533 |
| Other | 22,300 | 21,576 | 22,070 |
| | <u>211,567</u> | <u>175,781</u> | <u>172,460</u> |
| Administrative | | | |
| Clerk | 291,756 | 292,837 | 62,411 |
| Manager | 973,418 | 897,067 | 841,293 |
| Buildings | 657,510 | 616,334 | 649,675 |
| Solicitor | 233,100 | 362,835 | 162,406 |
| Other | 284,906 | 447,737 | 178,088 |
| | <u>2,440,690</u> | <u>2,616,810</u> | <u>1,893,873</u> |
| Financial management | | | |
| Administration | 196,850 | 186,661 | 191,461 |
| Accounting | 291,525 | 266,544 | 255,023 |
| External audit | 39,228 | 36,371 | 47,557 |
| | <u>527,603</u> | <u>489,576</u> | <u>494,041</u> |
| Common services | | | |
| Staff training | 3,000 | - | 905 |
| Cost of assessment | 462,107 | 462,107 | 424,095 |
| | <u>465,107</u> | <u>462,107</u> | <u>425,000</u> |
| Other general government services | | | |
| Conventions | 15,000 | 18,674 | 19,191 |
| Public liability insurance | 175,000 | 176,786 | 169,754 |
| Grant - Capitol Theatre | 81,000 | 81,000 | 81,000 |
| Grant - Université de Moncton | 50,000 | 50,000 | 50,000 |
| Grant - others | 222,000 | 218,379 | 204,703 |
| Other | 18,000 | 8,855 | 31,666 |
| | <u>561,000</u> | <u>553,694</u> | <u>556,314</u> |
| | <u>\$ 4,205,967</u> | <u>\$ 4,297,968</u> | <u>\$ 3,541,688</u> |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

| 25. REVENUE AND EXPENSE SUPPORT (continued) | 2012 | | 2011 |
|---|---------------------|---------------------|---------------------|
| | Budget | Actual | Restated |
| <i>Protection services</i> | | | |
| <i>Police</i> | | | |
| Traffic activities | \$ 13,567 | \$ 12,529 | \$ 12,529 |
| Automotive equipment | 2,682 | 1,450 | 3,282 |
| RCMP contract and municipal costs | 4,294,210 | 4,021,783 | 3,784,515 |
| Prevention programs | 2,000 | - | 23,851 |
| | <u>4,312,459</u> | <u>4,035,762</u> | <u>3,824,177</u> |
| <i>Fire</i> | | | |
| Administration | 404,416 | 376,539 | 366,316 |
| Firefighting force | 2,151,024 | 2,080,317 | 1,931,846 |
| Fire investigation and prevention | 8,000 | 6,366 | 5,525 |
| Station and building | 284,230 | 288,817 | 298,468 |
| Firefighting equipment | 403,400 | 316,373 | 238,183 |
| Training | 31,500 | 35,162 | 32,408 |
| | <u>3,282,570</u> | <u>3,103,574</u> | <u>2,872,746</u> |
| Emergency measures | <u>17,920</u> | <u>5,543</u> | <u>4,742</u> |
| <i>Other</i> | | | |
| Building inspection | 427,181 | 364,450 | 438,581 |
| Application of by-laws | 378,568 | 214,008 | 195,150 |
| Animal and pest control | 53,000 | 45,073 | 51,476 |
| Mosquito control | 79,681 | 79,681 | 77,485 |
| | <u>938,430</u> | <u>703,212</u> | <u>762,692</u> |
| | <u>\$ 8,551,379</u> | <u>\$ 7,848,091</u> | <u>\$ 7,464,357</u> |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

| 25. REVENUE AND EXPENSE SUPPORT (continued) | 2012 | | 2011 |
|---|---------------------|---------------------|---------------------|
| | Budget | Actual | Restated |
| <i>Transportation services</i> | | | |
| Common services | | | |
| Administration | \$ 279,706 | \$ 237,223 | \$ 257,740 |
| Training and development | 21,180 | 16,943 | 11,124 |
| General engineering | 688,969 | 662,093 | 744,761 |
| General equipment | 278,173 | 185,080 | 263,316 |
| Workshops and other buildings | 783,403 | 498,763 | 98,303 |
| | <u>2,051,431</u> | <u>1,600,102</u> | <u>1,375,244</u> |
| Roads and streets | | | |
| Summer maintenance | 1,311,165 | 1,139,934 | 1,264,057 |
| Sidewalks | 31,000 | 31,362 | 55,284 |
| Storm sewers and culverts | 66,000 | 51,467 | 48,367 |
| Snow and ice removal | 910,869 | 1,068,269 | 1,020,710 |
| | <u>2,319,034</u> | <u>2,291,032</u> | <u>2,388,418</u> |
| Street lighting | <u>436,500</u> | <u>451,695</u> | <u>412,543</u> |
| Traffic services | | | |
| Street signs | 20,000 | 15,410 | 34,715 |
| Traffic lanemarking | 55,000 | 44,991 | 47,705 |
| Traffic signals | 80,475 | 55,196 | 24,655 |
| | <u>155,475</u> | <u>115,597</u> | <u>107,075</u> |
| Public transit | <u>694,237</u> | <u>570,717</u> | <u>650,295</u> |
| Natural gas | 1,500 | 1,077 | 11,408 |
| Equipment program | 455,000 | 67,209 | 49,675 |
| | <u>456,500</u> | <u>68,286</u> | <u>61,083</u> |
| | <u>\$ 6,113,177</u> | <u>\$ 5,097,429</u> | <u>\$ 4,994,658</u> |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

25. REVENUE AND EXPENSE SUPPORT (continued)

| | 2012 | | 2011 |
|---|--------------|--------------|--------------|
| | Budget | Actual | Restated |
| <i>Environmental health services</i> | | | |
| Dumps and garbage collection | \$ 986,371 | \$ 972,906 | \$ 912,338 |
| <i>Environmental development services</i> | | | |
| Community planning | \$ 207,628 | \$ 207,628 | \$ 195,199 |
| Planning and development | - | 30,398 | - |
| General land assembly | 95,790 | 113,095 | 109,831 |
| Economic development corporation | 946,019 | 1,275,523 | 955,402 |
| Economic development commission | 130,984 | 130,984 | 130,984 |
| Tourism promotion and public receptions | 776,525 | 659,182 | 848,330 |
| Beautification and land rehabilitation | 96,375 | 117,758 | 74,309 |
| | \$ 2,253,321 | \$ 2,534,568 | \$ 2,314,055 |
| <i>Recreation and curltural services</i> | | | |
| Administration | \$ 811,837 | \$ 698,497 | \$ 804,166 |
| Community centers | 298,980 | 269,504 | 327,758 |
| Aquatic and sport center | 1,310,100 | 1,265,255 | 1,272,945 |
| Arenas | 1,498,467 | 1,375,806 | 1,419,081 |
| Parks and playgrounds | 2,336,209 | 2,275,027 | 1,954,707 |
| Other recreation facilities | 593,182 | 347,673 | 483,496 |
| Municipal buildings and environment | 737,721 | 831,905 | 467,533 |
| Training and development | - | 6,269 | 9,042 |
| Library | 18,400 | 17,828 | 17,423 |
| | \$ 7,604,896 | \$ 7,087,764 | \$ 6,756,151 |

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012

25. REVENUE AND EXPENSE SUPPORT (continued)

| | 2012 | | 2011 |
|---|---------------------|---------------------|---------------------|
| | Budget | Actual | Restated |
| <i>Water supply</i> | | | |
| Administration | \$ 438,940 | \$ 442,794 | \$ 362,220 |
| Transmission and distribution | 2,351,860 | 1,944,600 | 2,243,092 |
| Power and pumping | 323,200 | 229,435 | 246,459 |
| Water purchase | 1,500,000 | 1,656,689 | 1,341,067 |
| Test water source | 33,947 | 67,504 | 90,777 |
| Billing and collection | 49,044 | 59,809 | 57,915 |
| | <u>\$ 4,696,991</u> | <u>\$ 4,400,831</u> | <u>\$ 4,341,530</u> |
| <i>Sewerage collection and disposal</i> | | | |
| Administration | \$ 204,750 | \$ 232,269 | \$ 157,022 |
| Sewerage collection system | 1,112,177 | 974,071 | 834,419 |
| Sewerage lift stations | 21,600 | 14,088 | 10,087 |
| Sewerage treatment and disposal | 2,071,380 | 2,071,380 | 1,773,780 |
| Billing and collection | 35,410 | 50,377 | 43,159 |
| | <u>\$ 3,445,317</u> | <u>\$ 3,342,185</u> | <u>\$ 2,818,467</u> |
| <i>Fiscal services - general</i> | | | |
| Debt charges | | | |
| Interest - long-term | \$ 2,520,239 | \$ 2,513,519 | \$ 2,673,922 |
| Loan - City Hall | | | |
| Interest | 582,126 | 582,271 | 598,460 |
| | <u>\$ 3,102,365</u> | <u>\$ 3,095,790</u> | <u>\$ 3,272,382</u> |
| <i>Fiscal services - Water</i> | | | |
| Water system debt charges | | | |
| Interest on long-term debt | \$ 737,334 | \$ 749,000 | \$ 712,533 |
| <i>Fiscal services - sewer</i> | | | |
| Sewerage system debt charges | | | |
| Interest on long-term debt | \$ 275,122 | \$ 294,040 | \$ 240,305 |