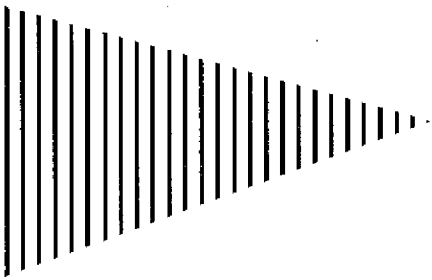


CITY OF DIEPPE

ANNUAL FINANCIAL REPORT

Year ended December 31, 2013



**Building a better
working world**

CITY OF DIEPPE

TABLE OF CONTENTS

Year ended December 31, 2013

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

MAYOR

Yvon Lapierre

DEPUTY MAYOR

Paul N. Belliveau

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

Municipal Clerk

Pierre LaForest

Acting Treasurer

Stéphane Thériault

Fire Chief

Charles LeBlanc

Acting Manager Chief of Public Works, Water and Sewer

David Knowles

Director of Public Engineering and Water Source project

Jacques LeBlanc

Director of Municipal Buildings and Environment

Luc St-Jules

Director of Leisure and Recreation facilities

Raymond Bourque

Director of Communications

Annie Duguay

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
2013	\$ 2,534,589,700	\$ 1.5645
2014	\$ 2,679,114,100	\$ 1.5845

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 statement of financial position as at December 31, 2013 and the related statement of operations, statement of changes in net debt and statement of cash flows for the year then ended 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, 2013 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian accounting standards for the public sector.

Ernst + Young LLP

Dieppe, New Brunswick
April 28, 2014

Chartered Accountants

CITY OF DIEPPE**CONSOLIDATED STATEMENT OF OPERATIONS**

Year ended December 31,

	2013 Budget	2013 Actual	2012 Actual
REVENUE			
Warrant of assessment	\$ 39,653,655	\$ 39,653,655	\$ 37,266,332
Services to other governments			
Other municipalities (note 24)	77,202	87,000	77,202
Province of New Brunswick (note 24)	154,997	157,612	158,995
Sale of services (note 24)	10,857,299	10,868,132	10,113,693
Other revenue from own sources (note 24)	811,639	893,588	983,483
Unconditional grant	871,177	871,177	925,642
Adjustment in lieu of taxes	4	4	3,622
Interest earned	45,004	276,478	130,326
Contributions from federal and provincial governments towards capital assets	-	2,044,813	1,896,286
Capital assets contributed by developers	-	5,739,102	1,464,577
Other contributions	-	354,141	290,750
Net sales of land (note 4)	-	434,248	77,979
	\$ 52,470,977	\$ 61,379,950	\$ 53,388,887
EXPENSES			
General government services (note 24)	\$ 4,505,648	\$ 4,177,412	\$ 4,297,968
Protection services (note 24)	9,716,561	8,441,893	7,848,091
Transportation services (note 24)	5,874,956	5,530,643	5,097,429
Environmental health services (note 24)	1,034,772	1,015,305	972,906
Environmental development services (note 24)	2,506,271	2,466,184	2,534,568
Recreation and cultural services (note 24)	8,010,712	7,022,902	7,087,764
Water supply (note 24)	4,989,874	4,574,053	4,400,831
Sewerage collection and disposal (note 24)	3,555,514	3,286,407	3,342,185
Fiscal services - general (note 24)	3,022,293	2,954,771	3,095,790
Fiscal services - water (note 24)	878,823	772,704	749,000
Fiscal services - sewer (note 24)	322,766	367,080	294,040
Amortization	-	8,498,907	7,736,908
Loss and decrease in value of land held for sale	-	-	880,325
Gain on disposal of capital assets	-	(188,148)	-
	44,418,190	48,920,113	48,337,805
ANNUAL SURPLUS (notes 20 and 23)	\$ 8,052,787	\$ 12,459,837	\$ 5,051,082
ACCUMULATED SURPLUS, beginning of year (note 3)		173,320,808	168,269,726
ACCUMULATED SURPLUS, end of year		\$ 185,780,645	\$ 173,320,808

CITY OF DIEPPE**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

December 31,

2013**2012****Financial assets**

Cash	\$ 14,152,320	\$ 13,142,919
Accounts receivable		
General	4,087,575	3,027,452
Sales tax receivable	942,088	505,202
Province of New Brunswick (note 5)	43,387	714,792
	<u>\$ 19,225,370</u>	<u>\$ 17,390,365</u>

Liabilities

Accounts payable	\$ 7,042,281	\$ 5,129,999
Withholdings taxes payable	159,146	141,113
Accrued sick leave (note 10)	854,986	793,438
Deferred revenue		
General deferred revenue	126,028	244,626
Deferred revenue from governments (note 6)	1,209,495	689,614
Security deposits	1,051,925	1,002,717
Demand loans (note 7)	1,014,416	1,099,416
Long term debt (note 8)	92,070,122	93,812,122
	<u>103,528,399</u>	<u>102,913,045</u>

NET DEBT**(84,303,029) (85,522,680)****NON-FINANCIAL ASSETS**

Tangible capital assets (note 18)	344,113,994	324,960,886
Accumulated amortization	(77,707,597)	(70,033,451)
	<u>266,406,397</u>	<u>254,927,435</u>
Inventory	12,408	15,879
Land inventory	3,625,925	3,878,427
Prepaid expenses	38,944	21,747
	<u>270,083,674</u>	<u>258,843,488</u>

ACCUMULATED SURPLUS**\$ 185,780,645 \$ 173,320,808****CONTINGENCIES (note 11)**

APPROVED BY

 Mayor

..... Municipal Clerk or Treasurer

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

Year ended December 31,

2013**2012**

Annual surplus	\$ 12,459,837	\$ 5,051,082
Acquisition of tangible capital assets	(20,376,335)	(10,717,279)
Proceeds on disposal of tangible capital assets	586,614	-
Amortization of tangible capital assets	8,498,907	7,736,908
Gain on sale of tangible capital assets	(188,148)	-
	980,875	2,070,711
Acquisition of inventories	(12,408)	(15,879)
Acquisition of prepaid assets	(38,944)	(21,747)
Consumption of inventories	15,879	14,489
Use of prepaid assets	21,747	15,873
Change in land inventory	252,502	502,767
	238,776	495,503
Decrease in net debt	1,219,651	2,566,214
Net debt, beginning of year	(85,522,680)	(88,088,894)
Net debt, end of year	\$ (84,303,029)	\$ (85,522,680)

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

Year ended December 31,

2013**2012****OPERATING**

Annual surplus	\$ 12,459,837	\$ 5,051,082
Items not affecting cash:		
Gain on disposal of capital assets	(188,148)	-
Amortization	8,498,907	7,736,908
Capital assets contributed by developers	(5,739,102)	(1,464,577)
	15,031,494	11,323,413
Change in non cash items:		
Receivables	(825,604)	607,858
Payables	1,930,315	(1,359,633)
Change in inventory and prepaid expenses	238,776	495,503
Other	512,039	930,832
	16,887,020	11,997,973

CAPITAL

Acquisition of tangible capital assets	(14,637,233)	(9,252,702)
Proceeds on sale of tangible capital assets	586,614	-
	(14,050,619)	(9,252,702)

FINANCING

Change in demand loans	(85,000)	(975,000)
Additional financing	5,915,000	9,427,000
Repayment of long-term debt	(7,657,000)	(5,356,980)
	(1,827,000)	3,095,020

NET INCREASE IN CASH**1,009,401** **5,840,291****CASH, BEGINNING OF YEAR****13,142,919** **7,302,628****CASH, END OF YEAR****\$ 14,152,320** **\$ 13,142,919**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

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. 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 Chartered Professional Accountants of Canada.

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
- Expansion Dieppe Inc.
- Gestion 1604 Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 10, 2012 and the Minister of Local Government on February 15, 2013.

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 STATEMENTSDecember 31, 2013

2. 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, 2013

2. 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, 2013

2. 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.

3. ACCUMULATED SURPLUS

The accumulated surplus at January 1, 2012 was increased by \$ 1,684,330 to reflect omitted capital assets contributed by developers in the PSAB transition.

4. SALES OF LAND	2013	2012
Land sales	\$ 686,750	\$ 153,600
Cost of lands sold	(252,502)	(75,621)
	\$ 434,248	\$ 77,979

5. AMOUNTS RECEIVABLE FROM THE PROVINCE OF NEW BRUNSWICK	2013	2012
Building Canada Fund	\$ 43,387	\$ 604,506
Gas Tax Fund	-	110,286
	\$ 43,387	\$ 714,792

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

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.

7. DEMAND LOANS

The demand loans, repayable with the revenue generated on the sales of land given as security, bear interest at prime rate payable annually and mature in August 2014.

CITY OF DIEPPE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013

8. LONG-TERM DEBT**2013****2012****Loan**

Loan, guaranteed by the City Hall land and building having a net book value of \$9,404,586, repayable in monthly instalments of \$73,041 including interest calculated at a rate of 5.67%, maturing in October 2031.

\$ 9,821,122 \$ 10,131,122

Debentures

- 1) Debenture, 1.65% to 2.45%, maturing in 2017.
- 2) Debenture, renewed in 2013.
- 3) Debenture, 2.75% to 4.8%, renewable in 2014, portion due in 2019 and 2024.
- 4) Debenture, 3.75% to 4.375%, renewable in 2015, portion due in 2020 and 2025.
- 5) Debenture, 4.15% to 4.45%, renewable in 2016, portion due in 2021 and 2026.
- 6) Debenture, 4.45% to 4.85%, renewable in 2017, portion due in 2022, 2027 and 2032.
- 7) Debenture, 2.10% to 5.55%, renewable in 2023, portion due in 2028 and 2033.
- 8) Debenture, 1.0% to 4.5%, renewable in 2019, portion due in 2024, 2029 and 2034.
- 9) Debenture, 1.50% to 3.85%, renewable in 2020, portion due in 2025, 2030, 2035 and 2040.
- 10) Debenture, 1.35% to 3.45%, renewable in 2021, portion due in 2026, 2031 and 2036.
- 11) Debenture, 1.35% to 3.8%, renewable in 2032, due in 2037.
- 12) Debenture, 1.25% to 4.40%, portion due in 2028 and 2033.

1,193,000	1,477,000
-	2,435,000
6,848,000	7,549,000
8,419,000	9,192,000
12,610,000	13,597,000
7,289,000	7,742,000
5,775,000	6,038,000
9,200,000	9,599,000
11,097,000	11,609,000
4,819,000	5,016,000
9,084,000	9,427,000
5,915,000	-

Total

\$ 92,070,122 \$ 93,812,122

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

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 :

2014 -	\$ 6,129,687
2015 -	\$ 5,343,313
2016 -	\$ 4,657,400
2017 -	\$ 3,653,646
2018 -	\$ 2,889,117

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 2013, 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, 2013

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

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 transfers between the funds were authorized by Council through a resolution dated December 9, 2013, with the exception of a transfer of \$ 501,111 for a municipal land sale which was authorized on March 11, 2013 and a transfer to the Reserve Fund of \$ 68,000 which was authorized on July 8, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTSDecember 31, 2013

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

As at December 31, 2013, the City of Dieppe's Capital Funds indicate a deficit and an excess of current assets over current liabilities as follows :

	Water and Sewerage Capital Fund	General Capital Fund
Current assets	\$ 1,321,632	\$ 4,818,959
Current liabilities	1,540,446	3,500,822
	<hr/>	<hr/>
	\$ (218,814)	\$ 1,318,137

The deficit of the Water and Sewerage Capital Fund was caused by expenses made before the proceeds of the corresponding debenture were received. This debenture was authorized in 2013.

The excess in the General Capital Fund was caused by the actual cost of capital expenditures being less than what was initially projected for 2013 and by certain uncompleted projects. The City of Dieppe intends to apply these excess funds against capital projects in the year 2014.

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:

	2013	2012
2013 Surplus	\$ 234,834	\$ -
2012 Surplus	283,361	283,361
2011 Surplus	-	290,536
	<hr/>	<hr/>
	\$ 518,195	\$ 573,897

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013

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.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

18. SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended December 31, 2013

	Land	Land improvements	Machinery and equipment	Fleet	Buildings	Transportation	Water and wastewater	Work in progress	Total 2013	Total 2012
COST										
Balance, beginning of year	\$ 19,371,133	\$ 5,829,429	\$ 2,092,175	\$ 9,160,402	\$ 57,719,916	\$ 125,254,702	\$ 103,076,539	\$ 2,456,590	\$ 324,960,886	\$ 314,243,607
Add:										
Net additions during the year	70,400	1,099,779	412,006	274,130	42,713	6,549,723	3,820,756	8,106,828	20,376,335	10,717,279
Disposals during the year	(98,147)	(14,848)	-	(225,784)	(120,357)	(428,838)	(335,253)	-	(1,223,227)	-
BALANCE, END OF YEAR	19,343,386	6,914,360	2,504,181	9,208,748	57,642,272	131,375,587	106,562,042	10,563,418	344,113,994	324,960,886
ACCUMULATED AMORTIZATION										
Balance, beginning 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
Add:										
Amortization during the year	-	310,659	221,639	691,762	2,051,894	3,598,899	1,624,064	-	8,498,907	7,736,908
Accumulated amortization on disposals	-	(14,848)	-	(162,648)	(108,923)	(334,456)	(203,986)	-	(824,761)	-
BALANCE, END OF YEAR	-	2,568,707	1,079,416	4,725,801	13,297,816	33,703,231	22,332,626	-	77,707,597	70,033,451
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 19,343,386	\$ 4,345,653	\$ 1,424,765	\$ 4,482,947	\$ 44,344,456	\$ 97,672,356	\$ 84,229,416	\$ 10,563,418	\$ 266,406,397	\$ 254,927,435

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

19. SCHEDULE OF SEGMENT DISCLOSURE

Year ended December 31, 2013

	General	Protective	Transportation	Environmental health	Environmental development	Recreation and culture	Water and sewer	2013 consolidated	2012 consolidated
Revenues									
Property tax warrant	\$ 5,255,938	\$ 10,257,068	\$ 12,046,517	\$ 1,001,826	\$ 2,176,966	\$ 8,915,340	\$ -	\$ 39,653,655	\$ 37,266,332
Services provided to other governments	-	87,000	157,612	-	-	-	-	244,612	236,197
Sale of services	-	-	-	-	-	1,205,210	9,662,922	10,868,132	10,113,693
Unconditional grant	115,471	225,344	264,658	22,010	47,827	195,867	-	871,177	925,642
Interest	28,784	56,173	65,973	5,486	21,018	48,825	50,219	276,478	130,327
Other	20,660	677,093	4,832,911	2,322	720,428	209,555	3,002,927	9,465,896	4,716,696
	5,420,853	11,302,678	17,367,671	1,031,644	2,966,239	10,574,797	12,716,068	61,379,950	53,388,887
Expenses									
Salaries and benefits	1,601,739	2,752,354	2,141,556	-	1,180,227	4,424,256	2,498,143	14,598,275	13,868,697
Goods and services	2,092,997	5,689,539	3,069,672	1,015,305	1,285,957	2,598,646	5,493,584	21,245,700	21,363,666
Amortization	672,338	257,632	4,363,927	-	12,107	1,439,113	1,753,790	8,498,907	7,736,908
Interest	565,170	122,551	1,780,841	-	-	486,209	1,139,784	4,094,555	4,138,830
Other	482,676	-	-	-	-	-	-	482,676	1,229,704
	5,414,920	8,822,076	11,355,996	1,015,305	2,478,291	8,948,224	10,885,301	48,920,113	48,337,805
Surplus (deficit) for the year	\$ 5,933	\$ 2,480,602	\$ 6,011,675	\$ 16,339	\$ 487,948	\$ 1,626,573	\$ 1,830,767	\$ 12,459,837	\$ 5,051,082

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

20. RECONCILIATION OF ANNUAL SURPLUS

Year ended December 31, 2013

	General Operating Fund	General Capital Fund	Water and Sewerage Operating Fund	Water and Sewerage Capital Fund	Industrial Park Fund	Reserve Funds	Total
2013 annual fund surplus (deficit)	\$ 225,780	\$ 10,852,995	\$ 234,834	\$ 2,512,560	\$ (160,251)	\$ 1,651,665	\$ 15,317,583
Adjustments to annual surplus (deficit)							
Second previous year's surplus	(355,415)	-	(290,537)	-	-	-	(645,952)
Transfers between funds							
General operating fund reserve	758,044	(68,000)	-	-	-	(690,044)	-
General capital fund reserve	1,726,000	(1,573,829)	-	-	-	(152,171)	-
Transfer elimination	3,549,920	(3,549,920)	283,203	(283,203)	-	-	-
Water and sewerage operating fund reserve	-	-	27,075	-	-	(27,075)	-
Water and sewerage capital fund reserve	-	-	449,000	(42,143)	-	(406,857)	-
Transfer elimination	(238,570)	(197,700)	(46,503)	-	285,073	197,700	-
Long-term debt principal repayment	4,325,000	(4,307,000)	1,230,000	(1,230,000)	(18,000)	-	-
Internal revenue elimination	1,177,000	-	(1,177,000)	-	-	-	-
Amortization expense	-	(6,862,746)	-	(1,624,054)	-	-	(8,486,800)
Capital assets contributed by developers	-	3,693,387	-	2,045,715	-	-	5,739,102
Expenses reclassified as capital assets	769,133	-	91,127	-	-	-	860,260
Reclassification from capital assets to expenses	(282,528)	-	(62,690)	-	-	-	(345,218)
Fees in lieu of parkland, recorded as deferred revenue	-	-	-	-	-	(6,661)	(6,661)
Gain on disposal of capital assets	-	319,416	-	(131,268)	-	-	188,148
Sale of municipal properties	(37,410)	163,050	-	-	-	(501,111)	(375,471)
Surplus from other consolidated entities	214,846	-	-	-	-	-	214,846
Total adjustments to 2013 annual surplus (deficit)	11,606,020	(12,383,342)	503,675	(1,264,953)	267,073	(1,588,219)	(2,857,746)
2013 annual fund surplus (deficit) under PSA	\$ 11,831,800	\$ (1,530,347)	\$ 738,509	\$ 1,247,607	\$ 106,822	\$ 65,446	\$ 12,459,837

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

21. STATEMENT OF RESERVES

Year ended December 31, 2013

	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 2013	Total 2012
Accumulated surplus							
Accounts receivable	\$ 1,562,183	\$ 3,318,194	\$ 231,387	\$ 670,286	\$ 34,305	\$ 5,816,355	\$ 4,164,690
Revenue							
Interest	12,976	42,130	3,040	3,920	3,380	65,446	28,883
Transfers from the general operating fund	758,044	1,726,000	-	-	-	2,484,044	1,947,983
Transfers from the water and sewerage operating fund	-	-	41,175	449,000	-	490,175	5,000
Sale of municipal properties	-	501,111	-	-	-	501,111	-
Fees in lieu of parkland	-	-	-	-	6,661	6,661	15,258
	771,020	2,269,241	44,215	452,920	10,041	3,547,437	1,997,124
Expenses							
Transfers to the general operating fund	-	-	-	-	-	-	201,040
Transfers to the general capital fund	68,000	1,573,829	-	-	197,700	1,839,529	105,000
Transfers to the water and sewerage operating fund	-	-	14,100	-	-	14,100	146,710
Transfer to the water and sewerage capital fund	-	-	-	42,143	-	42,143	-
	68,000	1,573,829	14,100	42,143	197,700	1,895,772	452,750
Annual Surplus	\$ 703,020	\$ 695,412	\$ 30,115	\$ 410,777	\$ (187,659)	\$ 1,651,665	\$ 1,544,374

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

22. STATEMENT OF CONTROLLED ENTITIES OPERATIONS

Year ended December 31, 2013

	City of Dieppe	Expansion Dieppe Inc.	Gestion 1604 Inc.	2013 Total	2012 Total
Assets	\$ 276,255,230	\$ 3,185,683	\$ 9,868,131	\$ 289,309,044	\$ 284,728,515
Liabilities	92,400,019	1,260,249	9,868,131	103,528,399	113,092,037
Accumulated Surplus (Deficit)	183,855,211	1,925,434	-	185,780,645	171,636,478
Revenue	59,358,138	1,456,642	565,170	61,379,950	56,251,750
Expenditures	47,113,147	1,241,796	565,170	48,920,113	51,200,668
Annual Surplus (Deficit)	\$ 12,244,991	\$ 214,846	\$ -	\$ 12,459,837	\$ 5,051,082

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

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

23. OPERATING BUDGET TO PSA BUDGET

Year ended December 31, 2013

	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	39,653,655	-	-	-	-	-	-	39,653,655
Services provided to other governments	232,199	-	-	-	-	-	-	232,199
Sale of services	1,064,758	9,792,641	-	-	-	-	-	10,857,299
Other internal revenue	1,050,209	1,223,603	-	(1,177,000)	-	(285,073)	-	811,639
Unconditional grant	871,177	-	-	-	-	-	-	871,177
Adjustment in lieu of taxes	4	-	-	-	-	-	-	4
Interest	45,004	-	-	-	-	-	-	45,004
Contribution from Expansion Dieppe Inc.	133,952	25,611	-	-	-	-	(159,573)	-
Second previous year's surplus	355,415	290,536	-	-	(645,951)	-	-	-
	43,406,383	11,332,191	-	(1,177,000)	(645,951)	(285,073)	(159,573)	52,470,977
Expenditures								
General government services	4,505,648	-	-	-	-	-	-	4,505,648
Protection services	10,893,561	-	-	(1,177,000)	-	-	-	9,716,561
Transportation services	5,874,956	-	-	-	-	-	-	5,874,956
Environmental health services	1,034,772	-	-	-	-	-	-	1,034,772
Environmental development services	2,506,271	-	-	-	-	-	-	2,506,271
Recreational and cultural services	8,010,712	-	-	-	-	-	-	8,010,712
Water supply	-	4,989,374	-	-	-	-	-	4,989,374
Sewerage collection and disposal	-	3,555,514	-	-	-	-	-	3,555,514
Interest on long-term debt	3,022,293	1,201,689	-	-	-	-	-	4,223,882
Long-term debt payments	4,370,000	1,302,000	-	-	-	(5,672,000)	-	-
Transfers from the general operating fund to the general capital fund	3,188,170	-	-	-	-	(3,188,170)	-	-
Transfers from the water and sewerage operating fund to the water and sewerage capital fund	-	283,214	-	-	-	(283,214)	-	-
	43,406,383	11,332,191	-	(1,177,000)	-	(9,143,384)	-	44,418,190
Surplus (Deficit)	\$	\$	\$	\$	\$	\$	\$	\$
	-	-	-	-	(645,951)	8,858,311	(159,573)	8,052,787

CITY OF DIEPPE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013

24. REVENUE AND EXPENSE SUPPORT

	2013		2012
	Budget	Actual	Actual
Revenue			
<i>Services to other governments</i>			
Services to other municipalities			
Fire	\$ 77,202	\$ 87,000	\$ 77,202
Province of New Brunswick			
Roads and streets	\$ 141,900	\$ 145,934	\$ 145,897
Lanemarking	13,097	11,678	13,098
	\$ 154,997	\$ 157,612	\$ 158,995
<i>Sale of services</i>			
Arenas	\$ 463,660	\$ 537,120	\$ 537,413
Aquatic and sport center	500,530	532,232	500,920
Mobile stage - rental and sponsors	-	3,100	600
Programs	92,460	121,156	149,586
Sport fields rental	8,108	11,603	13,636
Water	5,322,144	5,253,452	4,683,612
Sewerage	4,152,530	4,093,471	3,912,687
Connections, services and other	144,867	82,639	108,837
Interest on sale of services	173,000	233,359	206,402
	\$ 10,857,299	\$ 10,868,132	\$ 10,113,693
<i>Other revenue from own sources</i>			
Building and other permits	\$ 493,599	\$ 401,175	\$ 533,715
Fines			
Municipal By-laws	107,040	114,824	121,705
Rental - equipment and buildings	164,000	210,844	203,423
Miscellaneous	47,000	166,745	124,640
	\$ 811,639	\$ 893,588	\$ 983,483

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

24. REVENUE AND EXPENSE SUPPORT (continued)		2013		2012
	Budget	Actual	Actual	
Expenses				
<i>General government services</i>				
Legislative				
Mayor	\$ 35,168	\$ 34,637	\$ 30,799	
Councillors	145,849	138,686	123,406	
Other	23,300	20,587	21,576	
	204,317	193,910	175,781	
Administrative				
Clerk	296,655	290,614	292,837	
Manager	1,004,330	978,025	897,067	
Buildings	651,250	558,228	616,334	
Solicitor	379,008	155,726	362,835	
Other	313,503	322,069	447,737	
	2,644,746	2,304,662	2,616,810	
Financial management				
Administration	193,923	186,328	186,661	
Accounting	293,934	266,659	266,544	
External audit	39,228	48,113	36,371	
	527,085	501,100	489,576	
Common services				
Cost of assessment	491,710	491,710	462,107	
Other general government services				
Conventions	15,000	16,942	18,674	
Public liability insurance	182,090	179,336	176,786	
Grant - Capitol Theatre	81,000	81,000	81,000	
Grant - Université de Moncton	50,000	50,000	50,000	
Grant - others	284,700	351,671	218,379	
Other	25,000	7,081	8,855	
	637,790	686,030	553,694	
	\$ 4,505,648	\$ 4,177,412	\$ 4,297,968	

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

24. REVENUE AND EXPENSE SUPPORT (continued)	2013		2012
	Budget	Actual	Actual
<i>Protection services</i>			
Police			
Traffic activities	\$ 14,000	\$ 13,174	\$ 12,529
Automotive equipment	2,682	1,569	1,450
RCMP contract and municipal costs	4,681,254	4,681,254	4,021,783
Prevention programs	2,000	2,000	-
	<u>4,699,936</u>	<u>4,697,997</u>	<u>4,035,762</u>
Fire			
Administration	402,802	330,807	376,539
Firefighting force	2,866,046	2,013,019	2,080,317
Fire investigation and prevention	8,000	8,718	6,366
Station and building	286,518	277,125	288,817
Firefighting equipment	420,700	403,573	316,373
Training	41,500	48,884	35,162
	<u>4,025,566</u>	<u>3,082,126</u>	<u>3,103,574</u>
Emergency measures	<u>14,800</u>	<u>15,048</u>	<u>5,543</u>
Other			
Building inspection	436,750	393,545	364,450
Application of by-laws	406,113	150,461	214,008
Animal and pest control	53,000	22,320	45,073
Mosquito control	80,396	80,396	79,681
	<u>976,259</u>	<u>646,722</u>	<u>703,212</u>
	<u>\$ 9,716,561</u>	<u>\$ 8,441,893</u>	<u>\$ 7,848,091</u>

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2013

24. REVENUE AND EXPENSE SUPPORT (continued)

	2013		2012
	Budget	Actual	Actual
<i>Transportation services</i>			
Common services			
Administration	\$ 266,500	\$ 252,869	\$ 237,223
Training and development	19,680	8,840	16,943
General engineering	710,743	692,909	662,093
General equipment	184,053	133,519	185,080
Workshops and other buildings	404,488	364,475	498,763
	<u>1,585,464</u>	<u>1,452,612</u>	<u>1,600,102</u>
 Roads and streets			
Summer maintenance	1,275,005	1,428,981	1,139,934
Sidewalks	61,000	45,807	31,362
Storm sewers and culverts	66,000	78,945	51,467
Snow and ice removal	1,047,750	1,132,308	1,068,269
	<u>2,449,755</u>	<u>2,686,041</u>	<u>2,291,032</u>
 Street lighting	<u>461,000</u>	<u>406,309</u>	<u>451,695</u>
 Traffic services			
Street signs	26,000	20,706	15,410
Traffic lanemarking	55,000	47,135	44,991
Traffic signals	128,000	29,032	55,196
	<u>209,000</u>	<u>96,873</u>	<u>115,597</u>
 Public transit	<u>713,237</u>	<u>808,284</u>	<u>570,717</u>
 Natural gas	1,500	2,919	1,077
Equipment program	455,000	77,605	67,209
	<u>456,500</u>	<u>80,524</u>	<u>68,286</u>
	<u>\$ 5,874,956</u>	<u>\$ 5,530,643</u>	<u>\$ 5,097,429</u>

CITY OF DIEPPE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2013

24. REVENUE AND EXPENSE SUPPORT (continued)

	2013		2012
	Budget	Actual	Actual
<i>Environmental health services</i>			
Dumps and garbage collection	\$ 1,034,772	\$ 1,015,305	\$ 972,906
<i>Environmental development services</i>			
Community planning	\$ 14,176	\$ 14,176	\$ 207,628
Planning and development	489,774	393,850	30,398
General land assembly	98,665	116,483	113,095
Economic development corporation	946,019	1,070,116	1,275,523
Economic development commission	130,984	130,984	130,984
Tourism promotion and public receptions	721,653	643,892	659,182
Beautification and land rehabilitation	105,000	96,683	117,758
	\$ 2,506,271	\$ 2,466,184	\$ 2,534,568
<i>Recreation and cultural services</i>			
Administration	\$ 799,628	\$ 711,293	\$ 698,497
Community centers	518,325	305,006	269,504
Aquatic and sport center	1,323,298	1,244,577	1,265,255
Arenas	1,446,732	1,268,373	1,375,806
Parks and playgrounds	2,309,044	2,185,078	2,275,027
Other recreation facilities	542,200	333,812	347,673
Municipal buildings and environment	1,043,837	945,826	831,905
Training and development	9,248	6,000	6,269
Library	18,400	22,937	17,828
	\$ 8,010,712	\$ 7,022,902	\$ 7,087,764

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2013

24. REVENUE AND EXPENSE SUPPORT (continued)	2013		2012
	Budget	Actual	Actual
<i>Water supply</i>			
Administration	\$ 488,398	\$ 409,717	\$ 442,794
Transmission and distribution	2,410,777	1,954,072	1,944,600
Power and pumping	241,350	279,052	229,435
Water purchase	1,790,000	1,632,518	1,656,689
Test water source	-	234,496	67,504
Billing and collection	59,349	64,198	59,809
	<u>\$ 4,989,874</u>	<u>\$ 4,574,053</u>	<u>\$ 4,400,831</u>
<i>Sewerage collection and disposal</i>			
Administration	\$ 257,558	\$ 199,555	\$ 232,269
Sewerage collection system	1,024,208	823,104	974,071
Sewerage lift stations	19,150	7,685	14,088
Sewerage treatment and disposal	2,201,355	2,201,355	2,071,380
Billing and collection	53,243	54,708	50,377
	<u>\$ 3,555,514</u>	<u>\$ 3,286,407</u>	<u>\$ 3,342,185</u>
<i>Fiscal services - general</i>			
Debt charges			
Interest - long-term	\$ 2,457,123	\$ 2,389,601	\$ 2,513,519
Loan - City Hall			
Interest	565,170	565,170	582,271
	<u>\$ 3,022,293</u>	<u>\$ 2,954,771</u>	<u>\$ 3,095,790</u>
<i>Fiscal services - Water</i>			
Water system debt charges			
Interest on long-term debt	\$ 878,823	\$ 772,704	\$ 749,000
<i>Fiscal services - sewer</i>			
Sewerage system debt charges			
Interest on long-term debt	\$ 322,766	\$ 367,080	\$ 294,040

