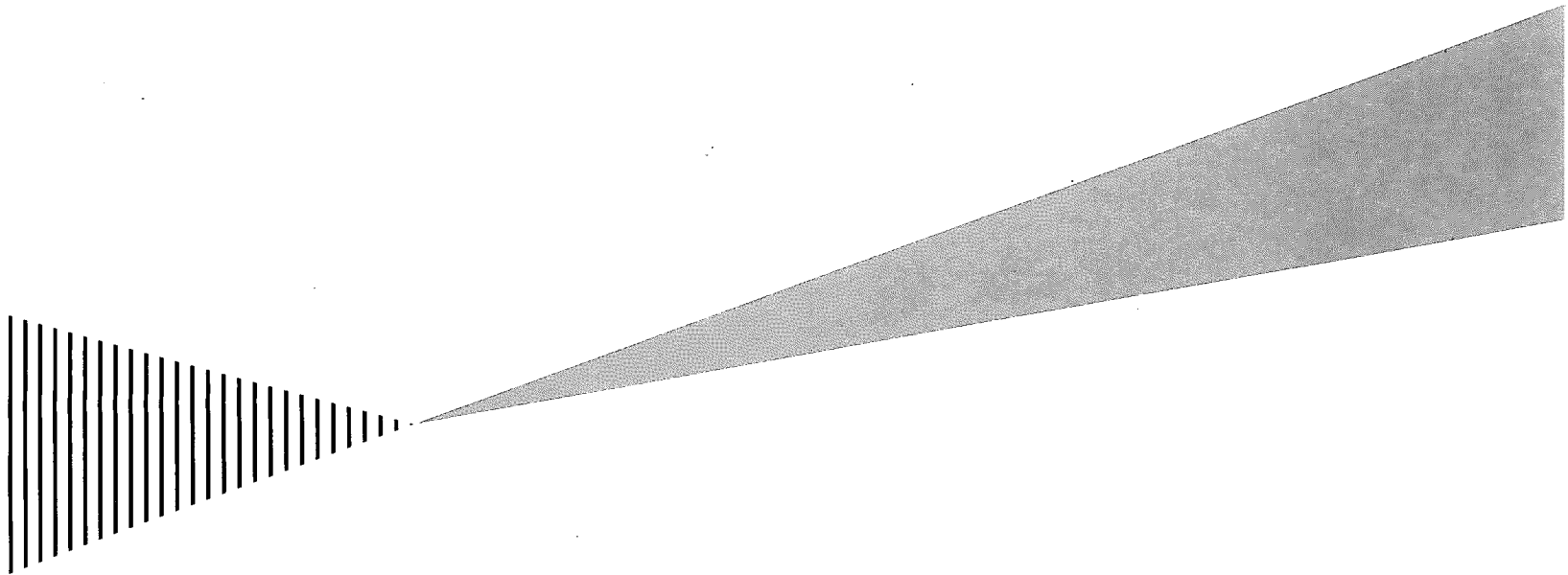


CITY OF DIEPPE

CONSOLIDATED ANNUAL FINANCIAL REPORT

Year ended December 31, 2014



**Building a better
working world**

CITY OF DIEPPE

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Year ended December 31, 2014

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CITY OF DIEPPE

COUNCIL, OFFICERS AND GENERAL STATISTICS

Year ended December 31, 2014

MAYOR

Deputy Mayor

Yvon Lapierre

Ernest Thibodeau

COUNCILLORS

Jody Dallaire

Jean Gaudet

Jordan E. Nowlan

Jean-Marc Brideau

Jean-Claude Cormier

Paul N. Belliveau

Ernest Thibodeau

Roger LeBlanc

OFFICERS

Chief Administrative Officer

Marc Melanson

Municipal Clerk

Vacancy

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 Professional Accountants

GENERAL STATISTICS

Population : 23,310 (2011 census)

TAX BASE AND TAX RATE

	Tax base	Tax rate
2014	\$ 2,679,114,100	\$ 1.5845
2015	\$ 2,799,696,656	\$ 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, 2014 and the consolidated statements of operations, changes in net debt and 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, 2014 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 27, 2015

Chartered Professional Accountants

CITY OF DIEPPE

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31,

	2014 Budget	2014 Actual	2013 Actual
REVENUE			
Warrant of assessment	\$ 42,450,564	\$ 42,450,564	\$ 39,653,655
Services to other governments			
Other municipalities (note 22)	87,000	100,000	87,000
Province of New Brunswick (note 22)	154,997	162,113	157,612
Sale of services (note 22)	11,298,261	11,088,652	10,868,132
Other revenue from own sources (note 22)	815,502	962,822	893,588
Unconditional grant	850,595	850,595	871,177
Adjustment in lieu of taxes	(3,423)	(3,423)	4
Interest earned	80,000	257,344	276,478
Contributions from federal and provincial governments towards capital assets	-	3,999,373	2,044,813
Capital assets contributed by developers	-	3,470,552	5,739,102
Other contributions	-	222,137	354,141
Net sales of land (note 4)	-	944,759	434,248
	\$ 55,733,496	\$ 64,505,488	\$ 61,379,950
EXPENSES			
General government services (note 22)	\$ 4,605,228	\$ 4,641,143	\$ 4,177,412
Protection services (note 22)	10,818,541	9,612,766	8,441,893
Transportation services (note 22)	6,149,868	5,829,324	5,530,643
Environmental health services (note 22)	1,081,100	1,024,110	1,015,305
Environmental development services (note 22)	2,688,756	2,516,211	2,466,184
Recreation and cultural services (note 22)	7,943,041	7,345,719	7,022,902
Water supply (note 22)	5,020,969	4,457,578	4,574,053
Sewerage collection and disposal (note 22)	3,608,567	2,934,230	3,286,407
Fiscal services - general (note 22)	2,918,069	2,790,013	2,954,771
Fiscal services - water (note 22)	804,288	750,804	772,704
Fiscal services - sewer (note 22)	382,634	378,085	367,080
Amortization	-	8,746,642	8,498,907
Loss (gain) on disposal of capital assets	-	49,310	(188,148)
	46,021,061	51,075,935	48,920,113
ANNUAL SURPLUS (notes 18 and 21)	\$ 9,712,435	\$ 13,429,553	\$ 12,459,837
ACCUMULATED SURPLUS, beginning of year (note 3)		185,935,990	173,476,153
ACCUMULATED SURPLUS, end of year		\$ 199,365,543	\$ 185,935,990

The associated notes are an integral part of these financial statements

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

December 31,

2014**2013****Financial assets**

Cash	\$ 3,502,407	\$ 14,152,320
Accounts receivable		
General	3,457,477	4,087,575
Sales tax receivable	873,887	942,088
Province of New Brunswick (note 5)	3,118,124	43,387
	<u>\$ 10,951,895</u>	<u>\$ 19,225,370</u>

Liabilities

Accounts payable	\$ 6,152,184	\$ 7,042,281
Withholdings taxes payable	6,713	159,146
Accrued sick leave (note 8)	946,766	854,986
Deferred revenue		
General deferred revenue	141,707	126,028
Deferred revenue from governments	-	1,209,495
Security deposits	592,416	1,051,925
Demand loans	-	1,014,416
Long term debt (note 6)	86,179,019	92,070,122
	<u>94,018,805</u>	<u>103,528,399</u>

NET DEBT**(83,066,910) (84,303,029)****NON-FINANCIAL ASSETS**

Tangible capital assets (note 16)	364,651,560	344,376,938
Accumulated amortization	(86,000,012)	(77,815,196)
	<u>278,651,548</u>	<u>266,561,742</u>
Inventory	23,227	12,408
Land inventory	3,736,817	3,625,925
Prepaid expenses	20,861	38,944
	<u>282,432,453</u>	<u>270,239,019</u>

ACCUMULATED SURPLUS**\$ 199,365,543 \$ 185,935,990****CONTINGENCIES (note 9)**

The associated notes are an integral part of these financial statements

APPROVED BY


....., Mayor
....., Municipal Clerk or Treasurer

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

Year ended December 31,

2014**2013**

Annual surplus	\$ 13,429,553	\$ 12,459,837
Acquisition of tangible capital assets	(20,949,265)	(20,376,335)
Proceeds on disposal of tangible capital assets	63,507	586,614
Amortization of tangible capital assets	8,746,642	8,498,907
Loss (gain) on sale of tangible capital assets	49,310	(188,148)
	<u>1,339,747</u>	<u>980,875</u>
Acquisition of inventories	(23,227)	(12,408)
Acquisition of prepaid expenses	(20,861)	(38,944)
Consumption of inventories	12,408	15,879
Use of prepaid expenses	38,944	21,747
Change in land inventory	(110,892)	252,502
	<u>(103,628)</u>	<u>238,776</u>
Decrease in net debt	1,236,119	1,219,651
Net debt, beginning of year	(84,303,029)	(85,522,680)
Net debt, end of year	\$ (83,066,910)	\$ (84,303,029)

The associated notes are an integral part of these financial statements

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

Year ended December 31,

2014**2013****OPERATING**

Annual surplus	\$ 13,429,553	\$ 12,459,837
Items not affecting cash:		
Loss (gain) on disposal of capital assets	49,310	(188,148)
Amortization	8,746,642	8,498,907
Capital assets contributed by developers	(3,470,552)	(5,739,102)
	<u>18,754,953</u>	<u>15,031,494</u>
Change in non cash items:		
Receivables	(2,376,438)	(825,604)
Payables	(1,042,530)	1,930,315
Change in inventory and prepaid expenses	(103,628)	238,776
Other	(1,561,545)	512,039
	<u>13,670,812</u>	<u>16,887,020</u>

CAPITAL

Acquisition of tangible capital assets	(17,478,713)	(14,637,233)
Proceeds on sale of tangible capital assets	63,507	586,614
	<u>(17,415,206)</u>	<u>(14,050,619)</u>

FINANCING

Change in demand loans	(1,014,416)	(85,000)
Additional financing	-	5,915,000
Repayment of long-term debt	(5,891,103)	(7,657,000)
	<u>(6,905,519)</u>	<u>(1,827,000)</u>

NET INCREASE (DECREASE) IN CASH(10,649,913) 1,009,401**CASH, BEGINNING OF YEAR**14,152,320 13,142,919**CASH, END OF YEAR**

\$ 3,502,407 \$ 14,152,320

The associated notes are an integral part of these financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

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, 2014

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 9, 2013 and the Minister of Local Government on January 20, 2014.

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, 2014

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, 2014

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, 2014

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 8.

3. ACCUMULATED SURPLUS

The accumulated surplus at January 1, 2013 was increased by \$ 155,345 to reflect omitted capital assets contributed by developers in the PSAB transition.

4. SALES OF LAND

	2014	2013
Land sales	\$ 1,295,120	\$ 686,750
Cost of lands sold	(350,361)	(252,502)
	<u>\$ 944,759</u>	<u>\$ 434,248</u>

5. AMOUNTS RECEIVABLE FROM THE PROVINCE OF NEW BRUNSWICK

	2014	2013
Gas Tax Fund	\$ 1,562,666	\$ -
Other amounts receivable from the Province	1,555,458	43,387
	<u>\$ 3,118,124</u>	<u>\$ 43,387</u>

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

6. LONG-TERM DEBT	2014	2013
Loan		
Loan, guaranteed by the City Hall land and building having a net book value of \$8,917,771, repayable in monthly instalments of \$73,041 including interest calculated at a rate of 5.67%, maturing in October 2031.	\$ 9,493,019	\$ 9,821,122
Debentures		
1) Debenture, 1.20% to 3.10%, portion due in 2019 and 2024.	6,115,000	6,848,000
2) Debenture, 3.75% to 4.375%, renewable in 2015, portion due in 2020 and 2025.	7,613,000	8,419,000
3) Debenture, 4.15% to 4.45%, renewable in 2016, portion due in 2021 and 2026.	11,582,000	12,610,000
4) Debenture, 4.45% to 4.85%, renewable in 2017, portion due in 2022, 2027 and 2032.	6,815,000	7,289,000
5) Debenture, 2.10% to 5.55%, renewable in 2023, portion due in 2028 and 2033.	5,501,000	5,775,000
6) Debenture, 1.0% to 4.5%, renewable in 2019, portion due in 2024, 2029 and 2034.	8,789,000	9,200,000
7) Debenture, 1.50% to 3.85%, renewable in 2020, portion due in 2025, 2030, 2035 and 2040.	10,571,000	11,097,000
8) Debenture, 1.35% to 3.45%, renewable in 2021, portion due in 2026, 2031 and 2036.	4,619,000	4,819,000
9) Debenture, 1.65% to 2.45%, due in 2017.	904,000	1,193,000
10) Debenture, 1.35% to 3.8%, renewable in 2032, due in 2037.	8,736,000	9,084,000
11) Debenture, 1.25% to 4.40%, portion due in 2028 and 2033.	5,441,000	5,915,000
Total	\$ 86,179,019	\$ 92,070,122

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

6. 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 :

2015 -	\$ 6,148,314
2016 -	\$ 5,471,401
2017 -	\$ 5,207,647
2018 -	\$ 3,735,117
2019 -	\$ 3,606,884

7. 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 2014, 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, 2014

8. 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 168 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 3.0%;
- the discount rate used to determine the accrued benefit obligation is 4.5%;
- retirement age is 62; 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.

9. 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, 2014

10. 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.

11. FINANCIAL INSTRUMENTS

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

12. TRANSFERS TO RESERVE FUND

The transfers between the funds were authorized by Council through a resolution dated December 16, 2014, with the exception of a transfer to the Reserve Fund of \$ 40,000 which was authorized on December 8, 2014, a transfer of the Reserve Fund of \$ 5,806 for the purchase of 2 parcels of land which was authorized on October 14, 2014 and a transfer of the Reserve Fund of \$ 55,000 which was authorized on July 14, 2014.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

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

As at December 31, 2014, the City of Dieppe's Capital Funds indicate a deficit of current assets over current liabilities as follows :

	Water and Sewerage Capital Fund	General Capital Fund
Current assets	\$ 119,909	\$ 3,037,688
Current liabilities	1,607,673	5,264,105
	<u>\$ (1,487,764)</u>	<u>\$ (2,226,417)</u>

The deficit in these funds was caused by capital expenditures being incurred prior to the proceeds of the corresponding debenture being received. This debenture was authorized in 2014.

14. 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:

	2014	2013
2014 Surplus	\$ 237,235	\$ -
2013 Surplus	234,834	234,834
2012 Surplus	-	283,361
	<u>\$ 472,069</u>	<u>\$ 518,195</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

15. 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, 2014

16. SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended December 31, 2014

	Land	Land improvements	Machinery and equipment	Fleet	Buildings	Transportation	Water and wastewater	Work in progress	Total 2014	Total 2013
COST										
Balance, beginning of year	\$ 19,343,386	\$ 6,914,360	\$ 2,504,181	\$ 9,208,748	\$ 57,642,272	\$ 131,664,435	\$ 106,536,138	\$ 10,563,418	\$ 344,376,938	\$ 325,223,830
Add:										
Net additions during the year	2,132,385	2,030,885	182,767	441,130	874,922	8,548,224	6,256,648	482,304	20,949,265	20,376,335
Disposals during the year	(8,000)	-	-	(244,706)	-	(314,901)	(107,036)	-	(674,643)	(1,223,227)
BALANCE, END OF YEAR	21,467,771	8,945,245	2,686,948	9,405,172	58,517,194	139,897,758	112,685,750	11,045,722	364,651,560	344,376,938
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	2,568,707	1,079,416	4,725,800	13,297,816	33,847,693	22,295,764	-	77,815,196	70,141,050
Add:										
Amortization during the year	-	395,150	239,908	679,621	2,069,015	3,675,299	1,687,649	-	8,746,642	8,498,907
Accumulated amortization on disposals	-	-	-	(200,706)	-	(303,329)	(57,791)	-	(561,826)	(824,761)
BALANCE, END OF YEAR	-	2,963,857	1,319,324	5,204,715	15,366,831	37,219,663	23,925,622	-	86,000,012	77,815,196
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 21,467,771	\$ 5,981,388	\$ 1,367,624	\$ 4,200,457	\$ 43,150,363	\$ 102,678,095	\$ 88,760,128	\$ 11,045,722	\$ 278,651,548	\$ 266,561,742

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

17. SCHEDULE OF SEGMENT DISCLOSURE

Year ended December 31, 2014

	General	Protective	Transportation	Environmental health	Environmental development	Recreation and culture	Water and sewer	2014 consolidated	2013 consolidated
Revenues									
Property tax warrant	\$ 5,274,806	\$ 11,699,741	\$ 13,485,455	\$ 1,041,402	\$ 2,147,915	\$ 8,801,245	\$ -	\$ 42,450,564	\$ 39,653,655
Services provided to other governments	-	100,000	162,113	-	-	-	-	262,113	244,612
Sale of services	-	-	-	-	-	1,237,845	9,850,807	11,088,652	10,868,132
Unconditional grant	105,694	234,431	270,212	20,867	43,038	176,353	-	850,595	871,177
Interest	25,298	56,111	64,675	4,995	25,507	42,210	38,548	257,344	276,478
Other	10,215	797,608	5,512,068	1,129	1,190,516	152,933	1,931,751	9,596,220	9,465,896
	5,416,013	12,887,891	19,494,523	1,068,393	3,406,976	10,410,586	11,821,106	64,505,488	61,379,950
Expenses									
Salaries and benefits	1,835,920	3,429,204	2,203,995	-	1,275,376	4,611,887	2,658,493	16,014,875	14,598,275
Goods and services	2,358,535	6,173,561	3,625,327	1,024,110	1,240,834	2,717,966	4,782,560	21,922,893	21,245,700
Amortization	678,175	262,979	4,446,590	-	11,580	1,530,143	1,817,175	8,746,642	8,498,907
Interest	546,618	132,457	1,643,173	-	-	467,765	1,128,889	3,918,902	4,094,555
Other	446,688	10,001	8,036	-	-	7,898	-	472,623	482,676
	5,865,936	10,008,202	11,927,121	1,024,110	2,527,790	9,335,659	10,387,117	51,075,935	48,920,113
Surplus (deficit) for the year \$	(449,923) \$	2,879,689 \$	7,567,402 \$	44,283 \$	879,186 \$	1,074,927 \$	1,433,989 \$	13,429,553 \$	12,459,837

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

18. RECONCILIATION OF ANNUAL SURPLUS

Year ended December 31, 2014

	General Operating Fund	General Capital Fund	Water and Sewerage Operating Fund	Water and Sewerage Capital Fund	Industrial Park Fund	Reserve Funds	Total
2014 annual fund surplus (deficit)	\$ 486,392	\$ 15,410,059	\$ 237,235	\$ 2,542,909	\$ (57,225)	\$ 34,468	\$ 18,653,838
Adjustments to annual surplus (deficit)							
Second previous year's surplus	(683,055)	-	(283,362)	-	-	-	(966,417)
Transfers between funds							
General operating fund reserve	575,638	-	-	-	-	(575,638)	-
General capital fund reserve	363,000	(1,400,000)	-	-	-	1,037,000	-
Transfer elimination	5,378,263	(5,378,263)	680,000	(680,000)	-	-	-
Public utility fund reserve	-	(5,806)	-	-	-	5,806	-
Water and sewerage operating fund reserve	-	-	343,770	-	-	(343,770)	-
Water and sewerage capital fund reserve	-	-	430,581	(385,000)	-	(45,581)	-
Transfer elimination	(237,868)	-	(46,503)	-	284,371	-	-
Long-term debt principal repayment	4,533,103	(4,473,761)	1,358,000	(1,358,000)	(59,342)	-	-
Internal revenue elimination	1,327,000	(183,706)	(1,327,000)	-	-	-	(183,706)
Amortization expense	-	(6,917,887)	-	(1,817,175)	-	-	(8,735,062)
Capital assets contributed							
by developers	-	1,658,710	-	1,811,842	-	-	3,470,552
Expenses reclassified as capital assets	691,338	-	-	-	-	-	691,338
Reclassification from capital assets to expenses	(139,803)	-	1,548	-	-	-	(138,255)
Fees in lieu of parkland, recorded as deferred revenue	-	-	-	-	-	(8,372)	(8,372)
Gain (loss) on disposal of capital assets	-	(2,095)	-	(49,245)	-	-	(51,340)
Sale of municipal properties	-	-	-	-	-	(15,968)	(15,968)
Surplus from other consolidated entities	738,556	-	(25,611)	-	-	-	712,945
Total adjustments to 2014 annual surplus (deficit)	12,546,172	(16,702,808)	1,131,423	(2,477,578)	225,029	53,477	(5,224,285)
2014 annual fund surplus (deficit) under PSA	\$ 13,032,564	\$ (1,292,749)	\$ 1,368,658	\$ 65,331	\$ 167,804	\$ 87,945	\$ 13,429,553

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

19. STATEMENT OF RESERVES

Year ended December 31, 2014

	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 2014	Total 2013
Accumulated surplus							
Accounts receivable	\$ 2,161,207	\$ 2,331,311	\$ 578,655	\$ 725,990	\$ 53,660	\$ 5,850,823	\$ 5,816,355
Revenue							
Interest	23,386	50,117	3,498	10,123	821	87,945	65,446
Transfers from the general operating fund	1,060,400	363,000	-	-	-	1,423,400	2,484,044
Transfers from the water and sewerage operating fund	-	-	363,770	430,581	-	794,351	490,175
Sale of municipal properties	-	-	-	-	-	-	501,111
Fees in lieu of parkland	-	-	-	-	24,340	24,340	6,661
	1,083,786	413,117	367,268	440,704	25,161	2,330,036	3,547,437
Expenses							
Transfers to the general operating fund	484,762	-	-	-	-	484,762	-
Transfers to the general capital fund	-	1,400,000	-	-	-	1,400,000	1,839,529
Transfers to the water and sewerage operating fund	-	-	20,000	-	-	20,000	14,100
Transfer to the water and sewerage capital fund	-	-	-	385,000	-	385,000	42,143
Purchase of public utility land	-	-	-	-	5,806	5,806	-
	484,762	1,400,000	20,000	385,000	5,806	2,295,568	1,895,772
Annual Surplus (deficit)	\$ 599,024	\$ (986,883)	\$ 347,268	\$ 55,704	\$ 19,355	\$ 34,468	\$ 1,651,665

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

20. INFORMATION ON CONTROLLED ENTITIES

Year ended December 31, 2014

	City of Dieppe	Expansion Dieppe Inc.	Gestion 1604 Inc.	2014 Total	2013 Total
Assets	\$ 280,273,505	\$ 3,566,173	\$ 9,544,670	\$ 293,384,348	\$ 289,464,389
Liabilities	83,546,341	927,794	9,544,670	94,018,805	103,528,399
Accumulated Surplus (Deficit)	196,727,164	2,638,379	-	199,365,543	185,935,990
Revenue	62,071,496	1,887,155	546,837	64,505,488	61,379,950
Expenditures	49,354,888	1,174,210	546,837	51,075,935	48,920,113
Annual Surplus (Deficit)	\$ 12,716,608	\$ 712,945	\$ -	\$ 13,429,553	\$ 12,459,837

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

21. OPERATING BUDGET TO PSA BUDGET

Year ended December 31, 2014

	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	\$ 42,450,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	42,450,564
Services provided to other governments	241,997	-	-	-	-	-	-	241,997
Sale of services	1,127,426	10,170,835	-	-	-	-	-	11,298,261
Other internal revenue	1,053,372	1,327,000	-	(1,327,000)	-	(237,870)	-	815,502
Unconditional grant	850,595	-	-	-	-	-	-	850,595
Interest	80,000	-	-	-	-	-	-	80,000
Contribution from Expansion Dieppe Inc.	133,962	72,114	-	-	-	(46,503)	(159,573)	-
Second previous year's surplus	683,055	283,361	-	-	(966,416)	-	-	-
	46,620,971	11,853,310	-	(1,327,000)	(966,416)	(284,373)	(159,573)	55,736,919
Expenditures								
General government services	4,605,228	-	-	-	-	-	-	4,605,228
Protection services	12,145,541	-	-	(1,327,000)	-	-	-	10,818,541
Transportation services	6,149,868	-	-	-	-	-	-	6,149,868
Environmental health services	1,081,100	-	-	-	-	-	-	1,081,100
Environmental development services	2,688,756	-	-	-	-	-	-	2,688,756
Recreational and cultural services	7,943,041	-	-	-	-	-	-	7,943,041
Water supply	-	5,020,969	-	-	-	-	-	5,020,969
Sewerage collection and disposal	-	3,608,567	-	-	-	-	-	3,608,567
Interest on long-term debt	2,918,069	1,186,922	-	-	-	-	-	4,104,991
Long-term debt payments	4,533,467	1,358,000	-	-	-	(5,891,467)	-	-
Transfers from the general operating fund to the general capital fund	4,552,478	-	-	-	-	(4,552,478)	-	-
Transfers from the water and sewerage operating fund to the water and sewerage capital fund	-	678,852	-	-	-	(678,852)	-	-
Adjustment in lieu of taxes	3,423	-	-	-	-	-	-	3,423
	46,620,971	11,853,310	-	(1,327,000)	-	(11,122,797)	-	46,024,484
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	(966,416)\$	10,838,424 \$	(159,573)\$	9,712,435

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

22. REVENUE AND EXPENSE SUPPORT

	2014		2013
	Budget	Actual	Actual
Revenue			
<i>Services to other governments</i>			
Services to other municipalities			
Fire	\$ 87,000	\$ 100,000	\$ 87,000
Province of New Brunswick			
Roads and streets	\$ 141,900	\$ 145,934	\$ 145,934
Lanemarking	13,097	16,179	11,678
	\$ 154,997	\$ 162,113	\$ 157,612
<i>Sale of services</i>			
Arenas	\$ 496,940	\$ 566,620	\$ 537,120
Aquatic and sport center	524,303	552,618	532,232
Mobile stage - rental and sponsors	-	3,100	3,100
Programs	94,113	102,968	121,156
Sport fields rental	12,070	12,538	11,603
Water	5,392,644	5,202,686	5,253,452
Sewerage	4,483,327	4,323,106	4,093,471
Connections, services and other	84,867	74,278	82,639
Interest on sale of services	209,997	250,738	233,359
	\$ 11,298,261	\$ 11,088,652	\$ 10,868,132
<i>Other revenue from own sources</i>			
Building and other permits	\$ 481,200	\$ 569,000	\$ 401,175
Fines			
Municipal By-laws	112,802	108,640	114,824
Rental - equipment and buildings	177,000	201,560	210,844
Miscellaneous	44,500	83,622	166,745
	\$ 815,502	\$ 962,822	\$ 893,588

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

22. REVENUE AND EXPENSE SUPPORT (continued)

	2014		2013
	Budget	Actual	Actual
Expenses			
<i>General government services</i>			
Legislative			
Mayor	\$ 35,439	\$ 34,075	\$ 34,637
Councillors	149,836	146,609	138,686
Other	35,700	29,624	20,587
	<u>220,975</u>	<u>210,308</u>	<u>193,910</u>
Administrative			
Clerk	309,637	377,506	290,614
Manager	1,074,122	1,054,390	978,025
Buildings	576,377	573,741	558,228
Solicitor	332,009	330,745	155,726
Other	327,196	449,127	322,069
	<u>2,619,341</u>	<u>2,785,509</u>	<u>2,304,662</u>
Financial management			
Administration	177,299	126,016	186,328
Accounting	301,035	288,520	266,659
External audit	49,000	54,528	48,113
	<u>527,334</u>	<u>469,064</u>	<u>501,100</u>
Common services			
Cost of assessment	519,748	519,748	491,710
Other general government services			
Conventions	15,000	16,710	16,942
Public liability insurance	185,000	183,619	179,336
Grant - Capitol Theatre	83,430	83,430	81,000
Grant - Université de Moncton	50,000	-	50,000
Grant - others	359,400	362,761	351,671
Other	25,000	9,994	7,081
	<u>717,830</u>	<u>656,514</u>	<u>686,030</u>
	<u>\$ 4,605,228</u>	<u>\$ 4,641,143</u>	<u>\$ 4,177,412</u>

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

22. REVENUE AND EXPENSE SUPPORT (continued)

	2014		2013
	Budget	Actual	Actual
<i>Protection services</i>			
Police			
Traffic activities	\$ 12,780	\$ 12,720	\$ 13,174
Automotive equipment	2,682	1,097	1,569
RCMP contract and municipal costs	4,807,607	4,807,607	4,681,254
Prevention programs	2,000	-	2,000
	<u>4,825,069</u>	<u>4,821,424</u>	<u>4,697,997</u>
 Fire			
Administration	415,903	394,626	330,807
Firefighting force	3,623,390	2,536,130	2,013,019
Fire investigation and prevention	8,000	9,297	8,718
Station and building	456,650	372,218	277,125
Firefighting equipment	440,950	710,939	403,573
Training	46,500	68,588	48,884
	<u>4,991,393</u>	<u>4,091,798</u>	<u>3,082,126</u>
 Emergency measures	<u>15,000</u>	<u>29,919</u>	<u>15,048</u>
 Other			
Building inspection	447,641	422,333	393,545
Application of by-laws	416,789	154,504	150,461
Animal and pest control	40,000	10,139	22,320
Mosquito control	82,649	82,649	80,396
	<u>987,079</u>	<u>669,625</u>	<u>646,722</u>
	<u>\$ 10,818,541</u>	<u>\$ 9,612,766</u>	<u>\$ 8,441,893</u>

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

December 31, 2014

22. REVENUE AND EXPENSE SUPPORT (continued)	2014		2013
	Budget	Actual	Actual
<i>Transportation services</i>			
Common services			
Administration	\$ 273,858	\$ 277,835	\$ 252,869
Training and development	41,580	13,065	8,840
General engineering	601,452	710,653	692,909
General equipment	184,053	146,453	133,519
Workshops and other buildings	319,500	285,035	364,475
	1,420,443	1,433,041	1,452,612
 Roads and streets			
Summer maintenance	1,342,630	1,367,419	1,428,981
Sidewalks	72,000	63,667	45,807
Storm sewers and culverts	80,000	99,756	78,945
Snow and ice removal	1,099,265	1,206,447	1,132,308
	2,593,895	2,737,289	2,686,041
 Street lighting	439,690	441,986	406,309
 Traffic services			
Street signs	26,000	18,754	20,706
Traffic lanemarking	55,000	52,143	47,135
Traffic signals	43,840	67,210	29,032
	124,840	138,107	96,873
 Public transit	1,114,000	1,053,450	808,284
 Natural gas	2,000	1,011	2,919
Equipment program	455,000	24,440	77,605
	457,000	25,451	80,524
	\$ 6,149,868	\$ 5,829,324	\$ 5,530,643

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

22. REVENUE AND EXPENSE SUPPORT (continued)	2014		2013
	Budget	Actual	Actual
<i>Environmental health services</i>			
Dumps and garbage collection	\$ 1,081,100	\$ 1,024,110	\$ 1,015,305
<i>Environmental development services</i>			
Community planning	\$ 14,176	\$ 12,310	\$ 14,176
Planning and development	632,670	456,105	393,850
General land assembly	101,495	129,386	116,483
Expansion Dieppe and industrial park	931,868	1,013,111	1,070,116
Economic development commissions	148,295	148,295	130,984
Tourism promotion and public receptions	756,552	666,435	643,892
Beautification and land rehabilitation	103,700	90,569	96,683
	\$ 2,688,756	\$ 2,516,211	\$ 2,466,184
<i>Recreation and cultural services</i>			
Administration	\$ 741,709	\$ 707,108	\$ 711,293
Community centers	512,100	300,279	305,006
Aquatic and sport center	1,334,346	1,333,589	1,244,577
Arenas	1,440,367	1,402,597	1,268,373
Parks and playgrounds	2,359,569	2,334,692	2,185,078
Other recreation facilities	555,594	366,092	333,812
Municipal buildings and environment	971,708	877,396	945,826
Training and development	9,248	8,100	6,000
Library	18,400	15,866	22,937
	\$ 7,943,041	\$ 7,345,719	\$ 7,022,902

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

December 31, 2014

22. REVENUE AND EXPENSE SUPPORT (continued)

	2014		2013
	Budget	Actual	Actual
<i>Water supply</i>			
Administration	\$ 471,973	\$ 480,589	\$ 409,717
Transmission and distribution	2,407,446	2,021,900	1,954,072
Power and pumping	288,450	239,602	279,052
Water purchase	1,790,000	1,619,475	1,632,518
Test water source	-	32,862	234,496
Billing and collection	63,100	63,150	64,198
	\$ 5,020,969	\$ 4,457,578	\$ 4,574,053
<i>Sewerage collection and disposal</i>			
Administration	\$ 228,996	\$ 242,517	\$ 199,555
Sewerage collection system	1,029,580	873,533	823,104
Sewerage lift stations	23,250	38,722	7,685
Sewerage treatment and disposal	2,274,736	1,724,400	2,201,355
Billing and collection	52,005	55,058	54,708
	\$ 3,608,567	\$ 2,934,230	\$ 3,286,407
<i>Fiscal services - general</i>			
Debt charges			
Interest - long-term	\$ 2,371,451	\$ 2,243,395	\$ 2,389,601
Loan - City Hall			
Interest	546,618	546,618	565,170
	\$ 2,918,069	\$ 2,790,013	\$ 2,954,771
<i>Fiscal services - Water</i>			
Water system debt charges			
Interest on long-term debt	\$ 804,288	\$ 750,804	\$ 772,704
<i>Fiscal services - sewer</i>			
Sewerage system debt charges			
Interest on long-term debt	\$ 382,634	\$ 378,085	\$ 367,080