

CITY OF DIEPPE

CONSOLIDATED ANNUAL FINANCIAL REPORT

Year ended December 31, 2015



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working world**

CITY OF DIEPPE

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CITY OF DIEPPE

COUNCIL, OFFICERS AND GENERAL STATISTICS

Year ended December 31, 2015

MAYOR

Yvon Lapierre

DEPUTY MAYOR

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 / Municipal Clerk

Marc Melanson

Deputy Municipal Clerk

Stéphane Simard

Treasurer

Stéphane Thériault

Fire Chief

Charles LeBlanc

Acting Manager Chief of Public Works

David Knowles

Acting Manager Chief of Culture, Recreation and Community Life

Luc Bujold

Director of Public Engineering

Jacques LeBlanc

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
2015	\$ 2,799,696,656	\$ 1.5845
2016	\$ 2,890,886,456	\$ 1.5995

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, 2015 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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, 2015 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
March 14, 2016

Chartered Professional Accountants

CITY OF DIEPPE

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31,

	2015 Budget	2015 Actual	Restated 2014 Actual (note 3)
REVENUE			
Warrant of assessment	\$ 44,361,194	\$ 44,361,194	\$ 42,450,564
Services to other governments			
Other municipalities (note 23)	112,000	123,032	100,000
Province of New Brunswick (note 23)	157,613	269,995	162,113
Sale of services (note 23)	11,455,831	11,585,493	11,088,652
Other revenue from own sources (note 23)	807,186	974,341	962,822
Unconditional grant	894,784	894,784	850,595
Adjustment in lieu of taxes	4	4	(3,423)
Interest earned	87,000	157,488	257,344
Contributions from federal and provincial governments towards capital assets	-	1,562,666	2,728,163
Capital assets contributed by developers	-	4,992,746	3,470,552
Other contributions	-	145,365	222,137
Gain on sale of land (note 4)	-	-	944,759
	\$ 57,875,612	\$ 65,067,108	\$ 63,234,278
EXPENSES			
General government services (note 23)	\$ 5,517,779	\$ 4,793,549	\$ 4,641,143
Protection services (note 23)	11,236,128	10,993,016	9,612,766
Transportation services (note 23)	7,855,942	7,820,236	6,706,720
Environmental health services (note 23)	1,100,229	1,027,429	1,024,110
Environmental development services (note 23)	2,649,711	2,613,781	2,516,211
Recreation and cultural services (note 23)	7,407,383	6,656,259	6,468,323
Water supply (note 23)	5,054,627	4,629,809	4,457,578
Sewerage collection and disposal (note 23)	3,764,463	3,678,484	2,934,230
Fiscal services - general (note 23)	2,709,192	2,627,107	2,790,013
Fiscal services - water (note 23)	779,000	736,295	750,804
Fiscal services - sewer (note 23)	369,000	342,249	378,085
Amortization	-	9,310,202	8,725,711
Loss (gain) on disposal of capital assets	-	(42,049)	49,310
	48,443,454	55,186,367	51,055,004
ANNUAL SURPLUS (notes 19 and 22)	\$ 9,432,158	\$ 9,880,741	\$ 12,179,274
ACCUMULATED SURPLUS, beginning of year (note 3)		197,302,860	185,123,586
ACCUMULATED SURPLUS, end of year		\$ 207,183,601	\$ 197,302,860

The associated notes are an integral part of these financial statements

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

December 31,

2015

Restated
2014
(note 3)**Financial assets**

Cash	\$ 9,740,302	\$ 3,502,407
Accounts receivable		
General	3,501,680	3,457,477
Sales tax receivable	863,544	873,887
Federal government and its agencies	2,767,170	-
Province of New Brunswick (note 5)	1,728,677	3,118,124
	\$ 18,601,373	\$ 10,951,895

Liabilities

Accounts payable	\$ 5,736,580	\$ 6,152,184
Withholdings taxes payable	102,340	6,713
Due to federal and provincial governments	225,613	-
Accrued sick leave (note 8)	1,000,980	946,766
Deferred revenue	164,350	141,707
Security deposits	694,721	592,416
Long term debt (note 6)	91,234,851	86,179,019
	99,159,435	94,018,805



NET DEBT**(80,558,062) (83,066,910)****NON-FINANCIAL ASSETS**

Tangible capital assets (note 17)	378,218,656	362,524,909
Accumulated amortization	(94,684,209)	(85,936,044)
	283,534,447	276,588,865
Inventory	21,568	23,227
Land inventory	3,817,992	3,736,817
Prepaid expenses	367,656	20,861
	287,741,663	280,369,770

ACCUMULATED SURPLUS**\$ 207,183,601 \$ 197,302,860****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,

2015Restated
2014
(note 3)

Annual surplus	\$ 9,880,741	\$ 12,179,274
Acquisition of tangible capital assets	(16,506,875)	(19,678,055)
Proceeds on disposal of tangible capital assets	293,140	63,507
Amortization of tangible capital assets	9,310,202	8,725,711
Loss (gain) on disposition of tangible capital assets	(42,049)	49,310
	<u>2,935,159</u>	<u>1,339,747</u>
Acquisition of inventories	(21,568)	(23,227)
Acquisition of prepaid expenses	(367,656)	(20,861)
Consumption of inventories	23,227	12,408
Use of prepaid expenses	20,861	38,944
Change in land inventory	(81,175)	(110,892)
	<u>(426,311)</u>	<u>(103,628)</u>
Decrease in net debt	2,508,848	1,236,119
Net debt, beginning of year	(83,066,910)	(84,303,029)
Net debt, end of year	\$ (80,558,062)	\$ (83,066,910)

The associated notes are an integral part of these financial statements

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

Year ended December 31,

2015Restated
2014
(note 3)**OPERATING**

Annual surplus	\$ 9,880,741	\$ 12,179,274
Items not affecting cash:		
Loss (gain) on disposal of capital assets	(42,049)	49,310
Amortization	9,310,202	8,725,711
Capital assets contributed by developers	(4,992,746)	(3,470,552)
	<u>14,156,148</u>	<u>17,483,743</u>
Change in non cash items:		
Receivables	(1,411,583)	(2,376,438)
Payables	(94,364)	(1,042,530)
Change in inventory and prepaid expenses	(426,311)	(103,628)
Other	179,162	(1,561,545)
	<u>12,403,052</u>	<u>12,399,602</u>

CAPITAL

Acquisition of tangible capital assets	(11,514,129)	(16,207,503)
Proceeds on sale of tangible capital assets	293,140	63,507
	<u>(11,220,989)</u>	<u>(16,143,996)</u>

FINANCING

Change in demand loans	-	(1,014,416)
Additional financing	11,203,000	-
Repayment of long-term debt	(6,147,168)	(5,891,103)
	<u>5,055,832</u>	<u>(6,905,519)</u>

NET INCREASE (DECREASE) IN CASH	6,237,895	(10,649,913)
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CASH, BEGINNING OF YEAR	3,502,407	14,152,320
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CASH, END OF YEAR	\$ 9,740,302	\$ 3,502,407
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The associated notes are an integral part of these financial statements

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

1. PURPOSE OF THE ORGANIZATION

The City of Dieppe (the "City") 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 public sector accounting (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 consolidated financial statements are as follows:

- City of Dieppe
- Expansion Dieppe Inc.
- Gestion 1604 Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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 consolidated financial statements were approved by Council on December 16, 2014 and the Minister of Local Government on January 17, 2015.

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.

Capital contributions received from a third party such as the provincial or federal government to assist with the construction or purchase of a capital asset owned by the City are recognized as revenue.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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
Machinery and equipment	3 to 30
Fleet	5 to 10
Buildings	20 to 50
Transportation network	10 to 50
Water and wastewater networks	30 to 100

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

Where the City is contributing to the cost of capital works on a provincially designated highway or route, the City records only its share of the cost of the work as tangible capital asset.

Impairment

Capital assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information

The City 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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. PRIOR PERIOD ADJUSTMENTS

Management has determined that the amount of capitalized assets have been overstated. In prior periods, the City received government contributions for construction on designated routes, which the City does not own. The City recognized the contributions as income and capitalized the total amount spent as a Tangible Capital Asset. The City's accounting policy states that only the portion of the cost paid by the City, net of any contributions received, can be capitalized as a tangible capital asset for designated routes.

Accordingly, the amount of accumulated surplus as of January 1, 2015 was reduced by \$2,062,683 and the 2014 comparatives have been restated to correct the error. The amount of accumulated surplus as of January 1, 2014 was reduced by \$812,404 corresponding with the government contributions for the designated routes from 2012 to 2013. The tangible capital assets in the 2014 consolidated statement of financial position were reduced by \$2,062,683. The accumulated amortization was decreased by \$20,931 and the amortization expense by the same amount. The contributions from government as of December 31, 2014 were reduced by \$1,271,210.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTSDecember 31, 2015

4. GAIN ON SALE OF LAND	2015	2014
Land sale	\$ -	\$ 1,295,120
Cost of land sold	-	(350,361)
	\$ -	\$ 944,759

5. AMOUNTS RECEIVABLE FROM THE PROVINCE OF NEW BRUNSWICK	2015	2014
Gas Tax Fund	\$ -	\$ 1,562,666
Other amounts receivable from the Province	1,728,677	1,555,458
	\$ 1,728,677	\$ 3,118,124

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

6. LONG-TERM DEBT	2015	2014
Loan		
Loan, guaranteed by the City Hall land and building having a net book value of \$8,430,956, repayable in monthly instalments of \$73,041 including interest calculated at a rate of 5.67%, maturing in October 2031.	\$ 9,145,851	\$ 9,493,019
Debentures		
1) Debenture, 0.95% to 3.50%, due in 2035.	8,111,000	-
2) Debenture, 1.05% to 3.65%, due in 2030.	9,865,000	-
3) Debenture, 1.20% to 3.10%, portion due in 2019 and 2024.	5,310,000	6,115,000
4) Debenture, renewed in 2015.	-	7,613,000
5) Debenture, 4.15% to 4.45%, renewable in 2016, portion due in 2021 and 2026.	10,509,000	11,582,000
6) Debenture, 4.45% to 4.85%, renewable in 2017, portion due in 2022, 2027 and 2032.	6,318,000	6,815,000
7) Debenture, 2.10% to 5.55%, renewable in 2023, portion due in 2028 and 2033.	5,215,000	5,501,000
8) Debenture, 1.0% to 4.5%, renewable in 2019, portion due in 2024, 2029 and 2034.	8,365,000	8,789,000
9) Debenture, 1.50% to 3.85%, renewable in 2020, portion due in 2025, 2030, 2035 and 2040.	10,031,000	10,571,000
10) Debenture, 1.35% to 3.45%, renewable in 2021, portion due in 2026, 2031 and 2036.	4,415,000	4,619,000
11) Debenture, 1.65% to 2.45%, due in 2017.	609,000	904,000
12) Debenture, 1.35% to 3.8%, renewable in 2032, due in 2037.	8,381,000	8,736,000
13) Debenture, 1.25% to 4.40%, portion due in 2028 and 2033.	4,960,000	5,441,000
Total	\$ 91,234,851	\$ 86,179,019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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 :

2016 -	\$ 8,327,501
2017 -	\$ 8,018,679
2018 -	\$ 7,293,150
2019 -	\$ 7,772,151
2020 -	\$ 7,627,189

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 2015, 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, 2015

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 method 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.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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 14, 2015, with the exception of two transfers from the Reserve Fund for the purchase of lands, one of \$100,000 which was authorized on January 12, 2015 and another of \$200,000 which was authorized on September 14, 2015.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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

As at December 31, 2015, the City's Capital Funds indicate a deficit and a surplus of current assets over current liabilities as follows :

	Water and Sewerage Capital Fund	General Capital Fund
Current assets	\$ -	\$ 4,469,307
Current liabilities	77,483	1,244,875
	<u>\$ (77,483)</u>	<u>\$ 3,224,432</u>

The deficit of the water and sewerage fund was caused by capital expenditures being higher than the corresponding debenture received.

The excess in the General Capital Fund was caused by the actual cost of capital expenditures being less than what was initially projected for 2015 and by certain uncompleted projects. The City of Dieppe intends to apply these excess funds against capital projects in the year 2016.

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:

	2015	2014
2015 Surplus	\$ 323,034	\$ -
2014 Surplus	237,235	237,235
2013 Surplus	-	234,834
	<u>\$ 560,269</u>	<u>\$ 472,069</u>

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

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.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation used in the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

17. SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year ended December 31, 2015

	Land	Land improvements	Machinery and equipment	Fleet	Buildings	Transportation	Water and wastewater	Work in progress	Total 2015	Total 2014
COST										
Balance, beginning of year	\$ 21,467,771	\$ 8,945,245	\$ 2,643,911	\$ 9,405,172	\$ 58,517,194	\$ 138,852,465	\$ 112,685,750	\$ 10,007,401	\$ 362,524,909	\$ 343,521,497
Add:										
Net additions during the year	463,786	771,307	535,901	727,782	5,592,430	8,659,908	2,365,038	-	19,116,152	19,195,751
Disposals during the year	(133,319)	(56,295)	(14,500)	(374,247)	-	(234,767)	-	-	(813,128)	(674,643)
Net variation of work in progress	-	-	-	-	-	-	-	(2,609,277)	(2,609,277)	482,304
BALANCE, END OF YEAR	21,798,238	9,660,257	3,165,312	9,758,707	64,109,624	147,277,606	115,050,788	7,398,124	378,218,656	362,524,909
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	2,963,857	1,276,287	5,204,715	15,366,831	37,198,732	23,925,622	-	85,936,044	77,772,159
Add:										
Amortization during the year	-	460,997	269,923	673,419	2,195,910	3,955,315	1,754,638	-	9,310,202	8,725,711
Accumulated amortization on disposals	-	(56,295)	(14,500)	(324,984)	-	(166,258)	-	-	(562,037)	(561,826)
BALANCE, END OF YEAR	-	3,368,559	1,531,710	5,553,150	17,562,741	40,987,789	25,680,260	-	94,684,209	85,936,044
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 21,798,238	\$ 6,291,698	\$ 1,633,602	\$ 4,205,557	\$ 46,546,883	\$ 106,289,817	\$ 89,370,528	\$ 7,398,124	\$ 283,534,447	\$ 276,588,865

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

18. SCHEDULE OF SEGMENT DISCLOSURE

Year ended December 31, 2015

	General	Protective	Transportation	Environmental health	Environmental development	Recreation and culture	Water and sewer	2015 consolidated	2014 consolidated
Revenues									
Warrant of assessment	\$ 6,219,687	\$ 12,040,918	\$ 15,124,504	\$ 1,071,767	\$ 2,123,137	\$ 7,781,181	\$ -	\$ 44,361,194	\$ 42,450,564
Services provided to other governments	-	123,032	269,995	-	-	-	-	393,027	262,113
Sale of services	-	-	-	-	-	1,322,648	10,262,845	11,585,493	11,088,652
Unconditional grant	125,453	242,870	305,068	21,618	42,825	156,950	-	894,784	850,595
Interest earned	19,200	37,171	46,691	3,309	6,569	24,021	20,527	157,488	257,344
Other	16,029	752,099	4,199,920	1,142	297,970	36,355	2,371,607	7,675,122	8,325,010
	6,380,369	13,196,090	19,946,178	1,097,836	2,470,501	9,321,155	12,654,979	65,067,108	63,234,278
Expenses									
Salaries and benefits	1,761,201	4,796,217	3,192,229	-	1,341,230	3,847,796	2,593,507	17,532,180	16,014,875
Goods and services	2,373,716	6,186,798	4,628,007	1,027,429	1,272,551	2,789,068	5,714,785	23,992,354	21,922,893
Amortization	682,075	394,130	4,721,355	-	10,343	1,608,217	1,894,082	9,310,202	8,725,711
Interest	528,192	88,315	1,566,523	-	-	444,077	1,078,544	3,705,651	3,918,902
Other	658,632	10,001	10,878	-	-	(33,531)	-	645,980	472,623
	6,003,816	11,475,461	14,118,992	1,027,429	2,624,124	8,655,627	11,280,918	55,186,367	51,055,004
Surplus (deficit) for the year	\$ 376,553	\$ 1,720,629	\$ 5,827,186	\$ 70,407	\$ (153,623)	\$ 665,528	\$ 1,374,061	\$ 9,880,741	\$ 12,179,274

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

19. RECONCILIATION OF ANNUAL SURPLUS

Year ended December 31, 2015

	General Operating Fund	General Capital Fund	Water and Sewerage Operating Fund	Water and Sewerage Capital Fund	Industrial Park Fund	Reserve Funds	Total
2015 annual fund surplus (deficit)	\$ 792,578	\$ 10,119,325	\$ 323,034	\$ 2,113,000	\$ (133,629)	\$ 941,924	\$ 14,156,232
Adjustments to annual surplus (deficit)							
Second previous year's surplus	(225,780)	-	(234,834)	-	-	-	(460,614)
Transfers between funds							
General operating fund reserve	224,000	-	-	-	-	(224,000)	-
General capital fund reserve	619,000	(500,000)	-	-	-	(119,000)	-
Transfer elimination	3,500,031	(3,500,031)	564,303	(564,303)	-	-	-
Water and sewerage operating fund reserve	-	-	13,200	-	-	(13,200)	-
Water and sewerage capital fund reserve	-	-	345,000	-	-	(345,000)	-
Transfer elimination	(237,868)	-	(46,503)	-	284,371	-	-
Long-term debt principal repayment	4,719,166	(4,659,824)	1,428,000	(1,428,000)	(59,342)	-	-
Internal revenue elimination	1,377,000	-	(1,377,000)	-	-	-	-
Amortization expense	-	(7,405,777)	-	(1,894,082)	-	-	(9,299,859)
Capital assets contributed							
by developers	-	2,741,836	-	2,250,910	-	-	4,992,746
Expenses reclassified as capital assets	877,993	-	130,309	-	-	-	1,008,302
Reclassification from capital assets to expenses	-	-	(223,363)	-	-	-	(223,363)
Fees in lieu of parkland, recorded as deferred							
Gain (loss) on disposal of capital assets	-	42,049	-	-	-	-	42,049
Sale of land	(9,643)	-	-	-	-	(165,358)	(175,001)
Deficit from other consolidated entities	(134,140)	-	(25,611)	-	-	-	(159,751)
Total adjustments to 2015 annual surplus (deficit)	10,709,759	(13,281,747)	573,501	(1,635,475)	225,029	(866,558)	(4,275,491)
2015 annual fund surplus (deficit) under PSA	\$ 11,502,337	\$ (3,162,422)	\$ 896,535	\$ 477,525	\$ 91,400	\$ 75,366	\$ 9,880,741

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

20. STATEMENT OF RESERVES

Year ended December 31, 2015

	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 2015	Total 2014
Accumulated surplus							
Accounts receivable	\$ 2,413,090	\$ 2,480,259	\$ 599,323	\$ 1,080,359	\$ 219,717	\$ 6,792,748	\$ 5,850,823
Revenue							
Interest	27,883	29,948	7,468	9,369	699	75,367	87,945
Transfers from the general operating fund	300,000	619,000	-	-	-	919,000	1,423,400
Transfers from the water and sewerage operating fund	-	-	43,200	345,000	-	388,200	794,351
Sale of land	-	-	-	-	165,358	165,358	-
Fees in lieu of parkland	-	-	-	-	-	-	24,340
	327,883	648,948	50,668	354,369	166,057	1,547,925	2,330,036
Expenses							
Transfers to the general operating fund	76,000	-	-	-	-	76,000	484,762
Transfers to the general capital fund	-	500,000	-	-	-	500,000	1,400,000
Transfers to the water and sewerage operating fund	-	-	30,000	-	-	30,000	20,000
Transfer to the water and sewerage capital fund	-	-	-	-	-	-	385,000
Purchase of public utility land	-	-	-	-	-	-	5,806
	76,000	500,000	30,000	-	-	606,000	2,295,568
Annual Surplus	\$ 251,883	\$ 148,948	\$ 20,668	\$ 354,369	\$ 166,057	\$ 941,925	\$ 34,468

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

21. INFORMATION ON CONTROLLED ENTITIES

Year ended December 31, 2015

	City of Dieppe	Expansion Dieppe Inc.	Gestion 1604 Inc.	2015 Total	2014 Total
Assets	\$ 294,186,498	\$ 2,959,454	\$ 9,197,084	\$ 306,343,036	\$ 291,321,665
Liabilities	89,481,525	480,826	9,197,084	99,159,435	94,018,805
Accumulated Surplus	204,704,973	2,478,628	-	207,183,601	197,302,860
Revenue	63,469,623	1,069,794	527,691	65,067,108	63,234,278
Expenditures	53,429,131	1,229,545	527,691	55,186,367	51,055,004
Annual Surplus (Deficit)	\$ 10,040,492	\$ (159,751)	\$ -	\$ 9,880,741	\$ 12,179,274

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

22. OPERATING BUDGET TO PSA BUDGET

Year ended December 31, 2015

	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	\$ 44,361,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	44,361,194
Services provided to other governments	269,613	-	-	-	-	-	-	269,613
Sale of services	1,167,886	10,287,945	-	-	-	-	-	11,455,831
Other internal revenue	1,045,056	1,423,503	-	(1,377,000)	-	(284,373)	-	807,186
Unconditional grant	894,784	-	-	-	-	-	-	894,784
Adjustment in lieu of taxes	4	-	-	-	-	-	-	4
Interest	50,000	37,000	-	-	-	-	-	87,000
Contribution from Expansion Dieppe Inc.	133,959	25,611	-	-	-	-	(159,570)	-
Second previous year's surplus	225,780	234,834	-	-	(460,614)	-	-	-
	48,148,276	12,008,893	-	(1,377,000)	(460,614)	(284,373)	(159,570)	57,875,612
Expenditures								
General government services	5,517,779	-	-	-	-	-	-	5,517,779
Protection services	12,613,128	-	-	(1,377,000)	-	-	-	11,236,128
Transportation services	7,855,942	-	-	-	-	-	-	7,855,942
Environmental health services	1,100,229	-	-	-	-	-	-	1,100,229
Environmental development services	2,649,711	-	-	-	-	-	-	2,649,711
Recreational and cultural services	7,407,383	-	-	-	-	-	-	7,407,383
Water supply	-	5,054,627	-	-	-	-	-	5,054,627
Sewerage collection and disposal	-	3,764,463	-	-	-	-	-	3,764,463
Interest on long-term debt	2,709,192	1,148,000	-	-	-	-	-	3,857,192
Long-term debt payments	4,794,881	1,477,500	-	-	-	(6,272,381)	-	-
Transfers from the general operating fund to the general capital fund	3,500,031	-	-	-	-	(3,500,031)	-	-
Transfers from the water and sewerage operating fund to the water and sewerage capital fund	-	564,303	-	-	-	(564,303)	-	-
	48,148,276	12,008,893	-	(1,377,000)	-	(10,336,715)	-	48,443,454
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	(460,614)\$	10,052,342 \$	(159,570)\$	9,432,158

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

23. REVENUE AND EXPENSE SUPPORT

	2015		2014
	Budget	Actual	Actual
Revenue			
<i>Services to other governments</i>			
Services to other municipalities			
Fire	\$ 112,000	\$ 123,032	\$ 100,000
Province of New Brunswick			
Roads and streets	\$ 145,935	\$ 249,363	\$ 145,934
Lanemarking	11,678	20,632	16,179
	\$ 157,613	\$ 269,995	\$ 162,113
<i>Sale of services</i>			
Arenas	\$ 513,231	\$ 606,535	\$ 566,620
Aquatic and sport center	542,970	578,153	552,618
Mobile stage - rental and sponsors	-	-	3,100
Programs	98,400	125,475	102,968
Sport fields rental	13,285	12,484	12,538
Water	5,386,128	5,396,487	5,202,686
Sewerage	4,616,681	4,635,667	4,323,106
Connections, services and other	85,136	87,096	74,278
Interest on sale of services	200,000	143,596	250,738
	\$ 11,455,831	\$ 11,585,493	\$ 11,088,652
<i>Other revenue from own sources</i>			
Building and other permits	\$ 481,500	\$ 511,853	\$ 569,000
Fines			
Municipal By-laws	106,000	113,528	108,640
Rental - equipment and buildings	182,686	237,755	201,560
Miscellaneous	37,000	111,205	83,622
	\$ 807,186	\$ 974,341	\$ 962,822

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

23. REVENUE AND EXPENSE SUPPORT (continued)		2015		2014
	Budget	Actual	Actual	
Expenses				
<i>General government services</i>				
Legislative				
Mayor	\$ 35,833	\$ 34,319	\$ 34,075	
Councillors	152,290	143,521	146,609	
Other	35,700	28,181	29,624	
	223,823	206,021	210,308	
Administrative				
Clerk	306,353	236,251	377,506	
Manager	1,336,432	1,112,358	1,054,390	
Buildings	604,710	560,120	573,741	
Solicitor	270,000	269,455	330,745	
Other	770,791	490,244	449,127	
	3,288,286	2,668,428	2,785,509	
Financial management				
Administration	251,370	177,234	126,016	
Accounting	278,567	264,981	288,520	
External audit	54,000	49,253	54,528	
	583,937	491,468	469,064	
Common services				
Cost of assessment	543,141	543,141	519,748	
Other general government services				
Conventions	17,000	15,042	16,710	
Public liability insurance	190,000	206,903	183,619	
Grant - Capitol Theatre	83,430	83,430	83,430	
Grant - others	563,162	575,202	362,761	
Other	25,000	3,914	9,994	
	878,592	884,491	656,514	
	\$ 5,517,779	\$ 4,793,549	\$ 4,641,143	

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

23. REVENUE AND EXPENSE SUPPORT (continued)	2015		2014
	Budget	Actual	Actual
<i>Protection services</i>			
Police			
Traffic activities	\$ 13,600	\$ 12,780	\$ 12,720
Automotive equipment	2,682	1,822	1,097
RCMP contract and municipal costs	5,052,633	5,052,634	4,807,607
Prevention programs	3,000	3,000	-
	<u>5,071,915</u>	<u>5,070,236</u>	<u>4,821,424</u>
Fire			
Administration	407,282	412,412	394,626
Firefighting force	3,706,965	3,895,295	2,536,130
Fire investigation and prevention	10,000	9,099	9,297
Station and building	531,010	452,701	372,218
Firefighting equipment	666,650	427,555	710,939
Training	51,500	57,700	68,588
	<u>5,373,407</u>	<u>5,254,762</u>	<u>4,091,798</u>
Emergency measures	17,300	4,463	29,919
Other			
Building inspection	444,142	432,630	422,333
Application of by-laws	217,277	139,494	154,504
Animal and pest control	30,000	9,344	10,139
Mosquito control	82,087	82,087	82,649
	<u>773,506</u>	<u>663,555</u>	<u>669,625</u>
	<u>\$ 11,236,128</u>	<u>\$ 10,993,016</u>	<u>\$ 9,612,766</u>

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

23. REVENUE AND EXPENSE SUPPORT (continued)	2015		2014
	Budget	Actual	Actual
<i>Transportation services</i>			
Common services			
Administration	\$ 268,133	\$ 269,334	\$ 277,835
Training and development	20,580	16,204	13,065
General engineering	956,706	746,125	710,653
General equipment	171,825	121,779	146,453
Workshops and other buildings	1,271,350	1,219,043	1,162,431
	2,688,594	2,372,485	2,310,437
Roads and streets			
Summer maintenance	1,438,429	1,536,002	1,367,419
Sidewalks	113,600	80,550	63,667
Storm sewers and culverts	96,000	109,424	99,756
Snow and ice removal	1,119,414	1,726,402	1,206,447
	2,767,443	3,452,378	2,737,289
Street lighting	457,190	438,655	441,986
Traffic services			
Street signs	26,500	26,859	18,754
Traffic lanemarking	56,375	56,043	52,143
Traffic signals	113,840	58,259	67,210
	196,715	141,161	138,107
Public transit	1,269,000	1,290,076	1,053,450
Natural gas	2,000	-	1,011
Equipment program	475,000	125,481	24,440
	477,000	125,481	25,451
	\$ 7,855,942	\$ 7,820,236	\$ 6,706,720

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

23. REVENUE AND EXPENSE SUPPORT (continued)	2015		2014
	Budget	Actual	Actual
<i>Environmental health services</i>			
Dumps and garbage collection	\$ 1,100,229	\$ 1,027,429	\$ 1,024,110
<i>Environmental development services</i>			
Community planning	\$ 13,419	\$ 13,419	\$ 12,310
Planning and development	485,180	472,647	456,105
General land assembly	112,000	146,375	129,386
Expansion Dieppe and industrial park	971,103	1,059,628	1,013,111
Economic development commissions	165,713	165,713	148,295
Tourism promotion and public receptions	793,796	655,479	666,435
Beautification and land rehabilitation	108,500	100,520	90,569
	\$ 2,649,711	\$ 2,613,781	\$ 2,516,211
<i>Recreation and cultural services</i>			
Administration	\$ 776,986	\$ 668,876	\$ 707,108
Community centers	513,700	395,923	300,279
Aquatic and sport center	1,435,340	1,465,424	1,333,589
Arenas	1,495,177	1,488,281	1,402,597
Parks and playgrounds	2,534,285	2,204,799	2,334,692
Other recreation facilities	623,252	410,229	366,092
Training and development	9,248	3,332	8,100
Library	19,395	19,395	15,866
	\$ 7,407,383	\$ 6,656,259	\$ 6,468,323

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

December 31, 2015

23. REVENUE AND EXPENSE SUPPORT (continued)

	2015		2014
	Budget	Actual	Actual
<i>Water supply</i>			
Administration	\$ 534,886	\$ 535,137	\$ 480,589
Transmission and distribution	2,407,816	2,116,853	2,021,900
Power and pumping	290,600	215,839	239,602
Water purchase	1,743,325	1,615,439	1,619,475
Test water source	-	48,413	32,862
Billing and collection	78,000	98,128	63,150
	<u>\$ 5,054,627</u>	<u>\$ 4,629,809</u>	<u>\$ 4,457,578</u>
<i>Sewerage collection and disposal</i>			
Administration	\$ 274,006	\$ 287,046	\$ 242,517
Sewerage collection system	1,090,679	981,046	873,533
Sewerage lift stations	36,572	34,979	38,722
Sewerage treatment and disposal	2,319,656	2,280,420	1,724,400
Billing and collection	43,550	94,993	55,058
	<u>\$ 3,764,463</u>	<u>\$ 3,678,484</u>	<u>\$ 2,934,230</u>
<i>Fiscal services - general</i>			
Debt charges			
Interest - long-term	\$ 2,181,000	\$ 2,098,915	\$ 2,243,395
Loan - City Hall			
Interest	528,192	528,192	546,618
	<u>\$ 2,709,192</u>	<u>\$ 2,627,107</u>	<u>\$ 2,790,013</u>
<i>Fiscal services - Water</i>			
Water system debt charges			
Interest on long-term debt	\$ 779,000	\$ 736,295	\$ 750,804
<i>Fiscal services - sewer</i>			
Sewerage system debt charges			
Interest on long-term debt	\$ 369,000	\$ 342,249	\$ 378,085