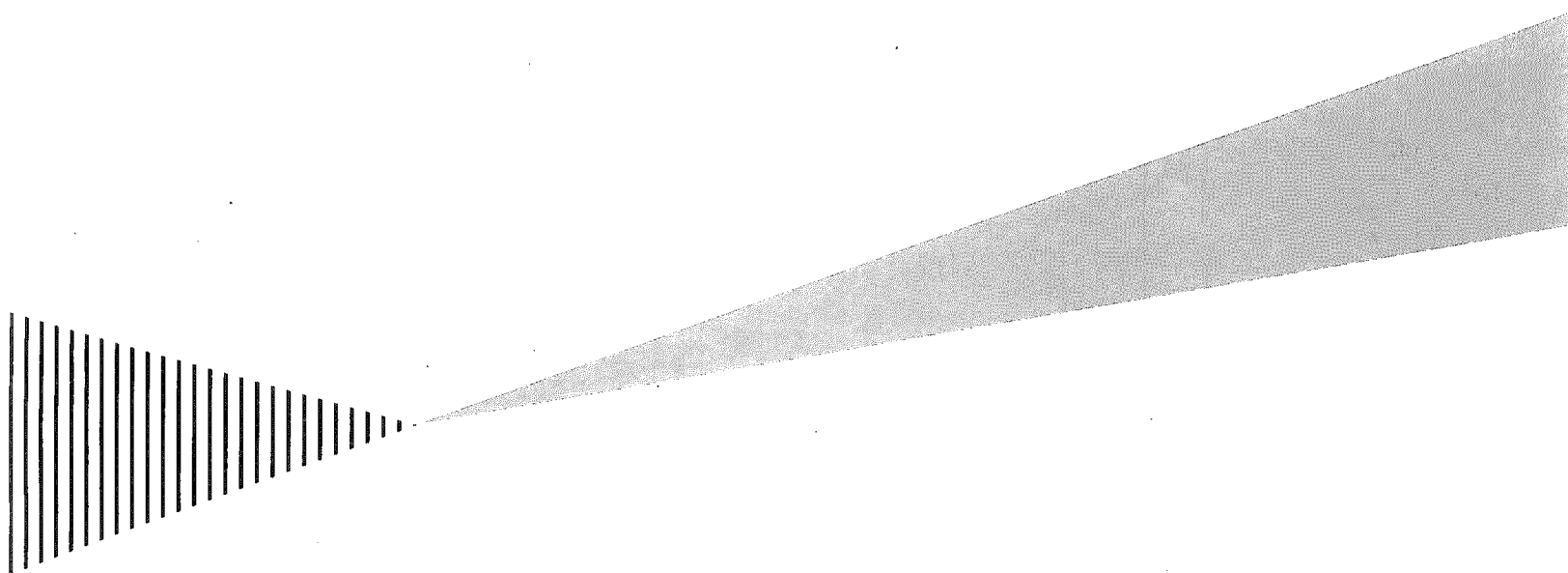


CITY OF DIEPPE

CONSOLIDATED ANNUAL FINANCIAL REPORT

Year ended December 31, 2016



**Building a better
working world**

CITY OF DIEPPE

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Year ended December 31, 2016

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CITY OF DIEPPE

COUNCIL, OFFICERS AND GENERAL STATISTICS

Year ended December 31, 2016

MAYOR

Yvon Lapierre

DEPUTY MAYOR

Ernest Thibodeau

COUNCILLORS

Patricia Arsenault
Edward Gaudet
Jordan E. Nowlan
Jean-Marc Brideau

Jean-Claude Cormier
Daniel Allain
Ernest Thibodeau
Roger LeBlanc

OFFICERS

Chief Administrative Officer / Municipal Clerk
Deputy Municipal Clerk
Treasurer
Acting Fire Chief
Chief of Public Works
Chief of Culture, Leisure and Community Life
Acting Director of Public Engineering
Director of Leisure and Recreation Facilities
Director of Communications
Director of Planning and Development
Director of Human Resources
Director of Organizational Performance
Director of Information Technologies

Marc Melanson
Stéphane Simard
Stéphane Thériault
Conrad Landry
David Knowles
Luc Bujold
Angèle Spencer
Raymond Bourque
Annie Duguay
André Frenette
Martine Savoie
Luc Richard
Shaun Daigle

Main solicitors

McIntyre Finn

Auditors

Ernst & Young
Chartered Professional Accountants

GENERAL STATISTICS

Population: 25,384 (2016 census)

TAX BASE AND TAX RATE

	Tax base	Tax rate
2016 - Dieppe	\$ 2,890,886,456	\$ 1.5995
2017 - Dieppe	\$ 2,989,052,185	\$ 1.6195
2017 - Dieppe - outside	\$ 302,000	\$ 0.9825

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, 2016 and the consolidated statements of operations and accumulated surplus, 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 public sector accounting standards, 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 consolidated 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, 2016 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Dieppe, Canada
April 10, 2017

Chartered Professional Accountants

CITY OF DIEPPE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended December 31,	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Warrant of assessment	\$ 46,239,729	\$ 46,239,729	\$ 44,361,194
Services to other governments			
Other municipalities (note 20)	100,000	123,032	123,032
Province of New Brunswick (note 20)	162,113	155,158	269,995
Sale of services (note 20)	11,529,204	12,012,112	11,585,493
Other revenue from own sources (note 20)	673,911	1,188,999	974,341
Community funding and equalization grant	928,169	928,169	894,784
Adjustment in lieu of taxes	5,741	5,741	4
Interest earned	68,000	206,345	157,488
Contributions from other governments			
towards capital assets	-	4,955,047	1,562,666
Capital assets contributed by developers	-	1,101,935	4,992,746
Other contributions	-	308,033	145,365
Gain on sale of land (note 3)	-	273,404	-
	\$ 59,706,867	\$ 67,497,704	\$ 65,067,108
EXPENSES			
General government services (note 20)	\$ 5,877,913	\$ 5,933,099	\$ 4,793,549
Protective services (note 20)	11,456,974	11,393,928	10,993,016
Transportation services (note 20)	7,905,390	7,102,141	7,820,236
Environmental health services (note 20)	1,118,384	1,078,738	1,027,429
Environmental development services (note 20)	2,827,777	2,944,364	2,613,781
Recreation and cultural services (note 20)	7,558,956	7,087,947	6,656,259
Water supply (note 20)	4,750,385	4,478,731	4,629,809
Sewerage collection and disposal (note 20)	3,841,073	3,669,333	3,678,484
Fiscal services - general (note 20)	2,541,358	2,502,908	2,627,107
Fiscal services - water (note 20)	708,000	701,893	736,295
Fiscal services - sewer (note 20)	333,000	328,645	342,249
Amortization of tangible capital assets	-	10,003,738	9,310,202
Decrease in value of land inventory	-	10,401	-
Loss (gain) on disposal of tangible capital assets	-	550,248	(42,049)
	48,919,210	57,786,114	55,186,367
ANNUAL SURPLUS (notes 16 and 19)	\$ 10,787,657	\$ 9,711,590	\$ 9,880,741
ACCUMULATED SURPLUS, BEGINNING OF YEAR		207,183,601	197,302,860
ACCUMULATED SURPLUS, END OF YEAR		\$ 216,895,191	\$ 207,183,601

The accompanying notes are an integral part of these financial statements

CITY OF DIEPPE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31,

2016

2015

FINANCIAL ASSETS

Cash	\$ 13,667,372	\$ 10,580,425
Accounts receivable		
General	2,629,624	2,737,574
Sales tax receivable	1,362,156	863,544
Governments	5,467,455	5,259,953
	23,126,607	19,441,496

LIABILITIES

Bank overdraft	943,418	840,123
Accounts payable	8,401,305	5,736,580
Withholdings taxes payable	54,397	102,340
Due to other governments	239,913	225,613
Accrued sick leave (note 6)	1,100,000	1,000,980
Deferred revenue	221,461	164,350
Security deposits	629,130	694,721
Long-term debt (note 4)	90,050,482	91,234,851
	101,640,106	99,999,558

NET DEBT

(78,513,499) (80,558,062)

NON-FINANCIAL ASSETS

Tangible capital assets (note 14)	394,775,143	378,218,656
Accumulated amortization	(103,119,676)	(94,684,209)
	291,655,467	283,534,447
Inventory	23,873	21,568
Land inventory	3,713,991	3,817,992
Prepaid expenses	15,359	367,656
	295,408,690	287,741,663

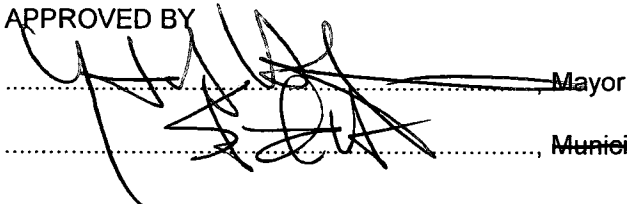
ACCUMULATED SURPLUS

\$ 216,895,191 \$ 207,183,601

CONTINGENCIES (note 7) AND COMMITMENTS (note 8)

The accompanying 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,	2016	2015
Annual surplus	\$ 9,711,590	\$ 9,880,741
Acquisition of tangible capital assets	(19,066,841)	(16,506,875)
Proceeds on disposal of tangible capital assets	391,835	293,140
Amortization of tangible capital assets	10,003,738	9,310,202
Loss (gain) on disposition of tangible capital assets	550,248	(42,049)
	1,590,570	2,935,159
Acquisition of inventory	(23,873)	(21,568)
Acquisition of prepaid expenses	(15,359)	(367,656)
Consumption of inventory	21,568	23,227
Use of prepaid expenses	367,656	20,861
Decrease in value of land inventory	10,401	-
Change in land inventory	93,600	(81,175)
	453,993	(426,311)
Decrease in net debt	2,044,563	2,508,848
Net debt, beginning of year	(80,558,062)	(83,066,910)
Net debt, end of year	\$ (78,513,499)	\$ (80,558,062)

The accompanying notes are an integral part of these financial statements

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

Year ended December 31,

2016**2015****OPERATING ACTIVITIES**

Annual surplus	\$ 9,711,590	\$ 9,880,741
Items not affecting cash and cash equivalents:		
Loss (gain) on disposal of tangible capital assets	550,248	(42,049)
Decrease in value of land inventory	10,401	-
Amortization of tangible capital assets	10,003,738	9,310,202
Capital assets contributed by developers	(1,101,935)	(4,992,746)
	19,174,042	14,156,148
Change in non-cash items:		
Accounts receivable	(598,164)	(1,411,583)
Accounts payable, withholdings taxes payable and due to other governments	2,631,082	(94,364)
Change in inventory, land inventory and prepaid expenses	443,592	(426,311)
Other	90,540	179,162
	21,741,092	12,403,052

CAPITAL ACTIVITIES

Acquisition of tangible capital assets net of contributions from developers	(17,964,906)	(11,514,129)
Proceeds on sale of tangible capital assets	391,835	293,140
	(17,573,071)	(11,220,989)

FINANCING ACTIVITIES

Additional financing	5,885,000	11,203,000
Repayment of long-term debt	(7,069,369)	(6,147,168)
	(1,184,369)	5,055,832

NET INCREASE IN CASH AND CASH EQUIVALENTS

2,983,652 6,237,895

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

9,740,302 3,502,407

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 12,723,954 \$ 9,740,302

Cash and cash equivalents are comprised of the following:

Cash	\$ 13,667,372	\$ 10,580,425
Bank overdraft	(943,418)	(840,123)
	\$ 12,723,954	\$ 9,740,302

The accompanying notes are an integral part of these financial statements

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

1. STATUTES OF INCORPORATION AND PURPOSE OF THE ENTITY

The City of Dieppe (the "City") was incorporated as a town by the Municipalities Act of the Province of New Brunswick on January 1st, 1952 and was approved for status as a city effective January 1st, 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 Income Tax Act of Canada. 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 focus of financial statements prepared in accordance with public sector accounting (PSA) standards 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 following entities are included in the consolidated financial statements:

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

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

Reporting entity

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

Interdepartmental and organizational transactions and balances are eliminated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget

The budget figures contained in these consolidated financial statements were approved by Council on December 14, 2015 and the Minister of Local Government on January 11, 2016.

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 a contribution from another 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 PSA standards 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 are initially recorded at fair value and subsequently at amortized cost.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTSDecember 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the 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:

<u>Asset type</u>	<u>Years</u>
Land improvements	10 to 25
Machinery and equipment	3 to 30
Fleet	5 to 10
Buildings	20 to 50
Transportation network ("transportation")	10 to 50
Water and wastewater networks ("water and wastewater")	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, its share of the cost of the work is recorded as a tangible capital asset. The capital assets contributed by developers are recorded at fair value at the date of receipt.

Impairment

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the tangible capital asset no longer contributes to the City's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. Impairment is assessed by comparing the carrying amount to the estimate of the value of the asset's remaining service potential to the City. 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 long-term value of the asset subsequently increases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Segmented information

The City is a diversified municipal government 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 the following departments:

General government services

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

Protective 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 swimming pools, arenas, parks and playgrounds and other recreational and cultural facilities.

Water and sewerage 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, 2016

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.

Land inventory

Land inventory is valued at the lower of cost and fair market value. Cost is determined using the specific cost method for the land that is comprised of a single lot and using the average cost method for the other properties.

Post-employment benefits

The City offers a sick leave benefit plan, as described in note 6.

The City provides a defined contribution pension plan to its employees. Pension costs related to current services are charged to expenses for the period during which contributions are due by the employer.

3. GAIN ON SALE OF LAND	2016	2015
Sale of land	\$ 454,997	\$ -
Cost of land sold	(181,593)	-
	\$ 273,404	\$ -

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

4. LONG-TERM DEBT	2016	2015
Loan		
Loan, guaranteed by the City Hall land and building having a net book value of \$7,944,141, repayable in monthly instalments of \$72,689 including interest calculated at the rate of 5.62%, maturing in October 2031.	\$ 8,778,482	\$ 9,145,851
Debentures		
1) Debenture, 0.95% to 3.50%, portion due in 2020 and 2035.	7,668,000	8,111,000
2) Debenture, 1.05% to 3.65%, portion due in 2020 and 2030.	8,709,000	9,865,000
3) Debenture, 1.20% to 3.10%, due in 2024.	4,496,000	5,310,000
4) Debenture, 1.20% to 3.80%, portion due in 2031 and 2036.	15,273,000	-
5) Debenture, 4.15% to 4.45%, renewed in 2016.	-	10,509,000
6) Debenture, 4.45% to 4.85%, renewable in 2017, portion due in 2022, 2027 and 2032.	5,798,000	6,318,000
7) Debenture, 2.10% to 5.55%, renewable in 2023, portion due in 2028 and 2033.	4,916,000	5,215,000
8) Debenture, 1.00% to 4.50%, renewable in 2019, portion due in 2024, 2029 and 2034.	7,927,000	8,365,000
9) Debenture, 1.50% to 3.85%, renewable in 2020, portion due in 2025, 2030, 2035 and 2040.	9,477,000	10,031,000
10) Debenture, 1.35% to 3.45%, renewable in 2021, portion due in 2026, 2031 and 2036.	4,207,000	4,415,000
11) Debenture, 1.65% to 2.45%, due in 2017.	308,000	609,000
12) Debenture, 1.35% to 3.80%, renewable in 2032, due in 2037.	8,019,000	8,381,000
13) Debenture, 1.25% to 4.40%, portion due in 2028 and 2033.	4,474,000	4,960,000
Total	\$ 90,050,482	\$ 91,234,851

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

4. LONG-TERM DEBT (continued)

Approval of the Municipal Capital Borrowing Board has been obtained for the long-term debt.

The long-term debt principal repayments for the next five years are estimated as follows, assuming the renewal of the debts:

2017 - \$ 7,592,646
2018 - \$ 7,550,050
2019 - \$ 7,465,817
2020 - \$ 7,220,189
2021 - \$ 6,739,676

5. 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 Water and Sewerage Fund operations is limited to 50% of the operating budget for the year. In 2016, 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 the funds are in compliance with this requirement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

6. EMPLOYEE FUTURE BENEFITS

Accrued sick leave

The City provides sick leave that accumulates at the rate of 8 hours per month for full-time non-administrative employees and 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 in accordance with PS 3255. The actuarial method used was the projected benefit method pro rated on services. The valuation was based on a number of assumptions about future events, such as interest rates, salaries and employee turnover and retirement. The assumptions used reflect the City'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 utilization 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.

Pension plan

During the year, the City contributed \$998,724 (2015 - \$956,871) to the pension plan. The City's contributions are from 4.5% to 11.5% of the employees' earnings, depending on the category of the employee.

7. CONTINGENCIES

In the normal course of operations, the City is involved in various claims or proceedings. Legal counsel is of the opinion that neither the possible outcome nor the amount of any possible settlement can be foreseen at this time. Therefore, no provision has been accounted for in the financial statements.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

8. COMMITMENTS

The City has a commitment to share the remediation costs to be incurred on certain properties 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.

The City has committed to buy its water from the City of Moncton until 2032. The City of Moncton bills monthly based on the number of cubic meters of water used by the City as per the water meter and as per the annual rate per cubic meter used which is calculated annually by the City of Moncton.

9. FINANCIAL INSTRUMENTS

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to this risk on its long-term debt because it bears interest at fixed rates.

Management believes that the City is not exposed to any other significant risks arising from its financial instruments.

10. TRANSFERS TO RESERVE FUNDS

The transfers between the reserve funds were authorized by Council through a resolution dated December 12, 2016, with the exception of four transfers from the Reserve Fund, one of \$50,000 which was authorized on February 8, 2016, one of \$51,000 which was authorized on June 13, 2016, one of \$160,000 which was authorized on August 8, 2016 and another of \$42,000 which was authorized on November 28, 2016.

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

11. WATER AND SEWERAGE FUND SURPLUS/DEFICIT

The Municipalities Act requires water and sewerage fund surplus/deficit amounts to be absorbed into one or more of four operating budgets commencing with the second ensuing year. The balance of the surplus/deficit at the end of the year consists of:

	2016	2015
2016 surplus	\$ 145,691	\$ -
2015 surplus	323,034	323,034
2014 surplus	-	237,235
	<hr/>	<hr/>
	\$ 468,725	\$ 560,269

12. WATER COST TRANSFER

The City'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.

13. 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, 2016

14. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Machinery and equipment	Fleet	Buildings	Transportation	Water and wastewater	Work in progress	Total 2016	Total 2015
COST										
Balance, beginning 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
Add:										
Additions during the year	2,651,312	238,383	872,259	1,658,554	55,185	8,903,207	2,254,588	-	16,633,488	19,116,152
Disposals during the year	(6,627)	-	-	(705,213)	-	(1,591,444)	(207,070)	-	(2,510,354)	(813,128)
Net change in work in progress	-	-	-	-	-	-	-	2,433,353	2,433,353	(2,609,277)
Balance, end of year	24,442,923	9,898,640	4,037,571	10,712,048	64,164,809	154,589,369	117,098,306	9,831,477	394,775,143	378,218,656
ACCUMULATED AMORTIZATION										
Balance, beginning 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
Add:										
Amortization for the year	-	483,586	361,394	727,928	2,295,771	4,312,531	1,822,528	-	10,003,738	9,310,202
Accumulated amortization of disposals	-	-	-	(573,823)	-	(893,655)	(100,793)	-	(1,568,271)	(562,037)
Balance, end of year	-	3,852,145	1,893,104	5,707,255	19,858,512	44,406,665	27,401,995	-	103,119,676	94,684,209
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 24,442,923	\$ 6,046,495	\$ 2,144,467	\$ 5,004,793	\$ 44,306,297	\$ 110,182,704	\$ 89,696,311	\$ 9,831,477	\$ 291,655,467	\$ 283,534,447

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

15. SCHEDULE OF SEGMENT INFORMATION

	General government	Protective	Transportation	Environmental health	Environmental development	Recreation and cultural	Water and sewerage	2016 Consolidated	2015 Consolidated
Revenue									
Warrant of assessment	\$ 6,530,382	\$ 12,719,185	\$ 16,442,264	\$ 1,083,772	\$ 2,300,475	\$ 7,163,651	\$ -	\$ 46,239,729	\$ 44,361,194
Services provided to other governments	-	123,032	155,158	-	-	-	-	278,190	393,027
Sale of services	-	-	-	-	-	1,364,152	10,647,960	12,012,112	11,585,493
Community funding and equalization grant	131,084	255,312	330,045	21,755	46,177	143,796	-	928,169	894,784
Interest earned	24,793	48,288	62,423	4,115	8,738	27,197	30,791	206,345	157,488
Other	22,848	930,240	2,191,993	1,314	712,704	97,047	3,877,013	7,833,159	7,675,122
	6,709,107	14,076,057	19,181,883	1,110,956	3,068,094	8,795,843	14,555,764	67,497,704	65,067,108
Expenses									
Salaries and benefits	1,971,439	4,867,919	3,011,748	-	1,377,052	3,892,262	2,720,522	17,840,942	17,532,180
Goods and services	3,344,764	6,526,009	4,090,393	1,078,738	1,567,312	3,177,137	5,427,542	25,211,895	23,992,354
Amortization	732,662	525,008	5,114,357	-	6,563	1,628,431	1,996,717	10,003,738	9,310,202
Interest	507,547	198,566	1,392,320	-	-	404,475	1,030,538	3,533,446	3,705,651
Other	616,896	-	672,123	-	10,401	(209,605)	106,278	1,196,093	645,980
	7,173,308	12,117,502	14,280,941	1,078,738	2,961,328	8,892,700	11,281,597	57,786,114	55,186,367
Surplus (deficit) for the year	\$ (464,201)	\$ 1,958,555	\$ 4,900,942	\$ 32,218	\$ 106,766	\$ (96,857)	\$ 3,274,167	\$ 9,711,590	\$ 9,880,741

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

16. RECONCILIATION OF ANNUAL SURPLUS

	General Operating	General Capital	Water and Sewerage Operating	Water and Sewerage Capital	Industrial Park	Reserve Funds	Total
2016 annual fund surplus (deficit)	\$ 598,450	\$ 8,824,937	\$ 145,691	\$ 1,923,388	\$ (62,526)	\$ 7,493,942	\$ 18,923,882
Adjustments to annual surplus (deficit)							
Second previous year's surplus	(486,392)	-	(237,235)	-	-	-	(723,627)
Elimination of inter-fund transfers							
General operating fund reserve	46,000	(160,000)	-	-	-	114,000	-
General capital fund reserve	1,885,000	1,277,000	-	-	-	(3,162,000)	-
Inter-fund transfer	2,917,481	(2,917,481)	574,718	(574,718)	-	-	-
Water and sewerage operating fund reserve	-	-	(26,000)	-	-	26,000	-
Water and sewerage capital fund reserve	-	-	808,000	3,636,780	-	(4,444,780)	-
Inter-fund transfer	(228,651)	-	(46,503)	-	275,154	-	-
Long-term debt principal repayment	5,429,370	(5,370,028)	1,640,000	(1,640,000)	(59,342)	-	-
Internal revenue elimination	1,427,000	-	(1,427,000)	-	-	-	-
Amortization expense	-	(8,000,458)	-	(1,996,717)	-	-	(9,997,175)
Capital assets contributed by developers	-	583,715	-	518,220	-	-	1,101,935
Expenses reclassified as capital assets	894,917	-	94,090	-	-	-	989,007
Fees in lieu of land for public purposes, recorded as deferred revenue	-	-	-	-	-	(1,000)	(1,000)
Gain (loss) on disposal of capital assets	-	(665,743)	-	(106,277)	-	-	(772,020)
Sale of land	1,555	-	-	-	-	(7,935)	(6,380)
Purchase of land	-	-	-	-	-	78,287	78,287
Surplus from other consolidated entities	144,292	-	(25,611)	-	-	-	118,681
Total adjustments to 2016 annual surplus (deficit)	12,030,572	(15,252,995)	1,354,459	(162,712)	215,812	(7,397,428)	(9,212,292)
2016 annual surplus (deficit) under PSA standards	\$ 12,629,022	\$ (6,428,058)	\$ 1,500,150	\$ 1,760,676	\$ 153,286	\$ 96,514	\$ 9,711,590

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

17. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Water and Sewerage Operating Reserve	Water and Sewerage Capital Reserve	Land for public purposes	Total 2016	Total 2015
Assets and accumulated surplus	\$ 2,327,649	\$ 5,672,268	\$ 580,474	\$ 5,551,572	\$ 154,726	\$ 14,286,689	\$ 6,792,748
Revenue							
Interest	28,559	30,010	7,151	13,089	4,362	83,171	75,367
Transfer from the general operating fund	394,000	1,885,000	-	-	-	2,279,000	919,000
Transfer from the water and sewerage operating fund	-	-	24,000	808,000	-	832,000	388,200
Other	-	-	-	13,343	-	13,343	-
Sale of land	-	-	-	-	7,935	7,935	165,358
Fees in lieu of land for public purposes	-	-	-	-	1,000	1,000	-
	422,559	1,915,010	31,151	834,432	13,297	3,216,449	1,547,925
Expenses							
Transfer to the general operating fund	348,000	-	-	-	-	348,000	76,000
Transfer to the general capital fund	160,000	(1,277,000)	-	-	-	(1,117,000)	500,000
Transfer to the water and sewerage operating fund	-	-	50,000	-	-	50,000	30,000
Transfer to the water and sewerage capital fund	-	-	-	(3,636,780)	-	(3,636,780)	-
Purchase of land for public purposes	-	-	-	-	78,287	78,287	-
	508,000	(1,277,000)	50,000	(3,636,780)	78,287	(4,277,493)	606,000
Annual surplus	\$ (85,441)	\$ 3,192,010	\$ (18,849)	\$ 4,471,212	\$ (64,990)	\$ 7,493,942	\$ 941,925

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

18. INFORMATION ON CONTROLLED ENTITIES

	City of Dieppe	Expansion Dieppe Inc.	Gestion 1604 Inc.	2016 Total	2015 Total
Assets	\$ 305,436,690	\$ 4,269,366	\$ 8,829,241	\$ 318,535,297	\$ 306,343,036
Liabilities	91,138,808	1,672,057	8,829,241	101,640,106	99,159,435
Accumulated surplus	214,297,882	2,597,309	-	216,895,191	207,183,601
Revenue	65,436,809	1,553,503	507,392	67,497,704	65,067,108
Expenses	55,843,900	1,434,822	507,392	57,786,114	55,186,367
Annual surplus	\$ 9,592,909	\$ 118,681	\$ -	\$ 9,711,590	\$ 9,880,741

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

19. OPERATING BUDGET TO PSA BUDGET

	General operating budget	Water and sewerage operating budget	Amortization of tangible capital assets	Internal revenue	Second previous year's surplus	Transfers	Consolidated entities' transfers	Total
Revenue								
Warrant of assessment	\$ 46,239,729	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	46,239,729
Services provided to other governments	262,113	-	-	-	-	-	-	262,113
Sale of services	1,254,294	10,274,910	-	-	-	-	-	11,529,204
Other revenue from own sources	911,208	1,473,503	-	(1,427,000)	-	(283,800)	-	673,911
Community funding and equalization grant	928,169	-	-	-	-	-	-	928,169
Adjustment in lieu of taxes	5,741	-	-	-	-	-	-	5,741
Interest earned	50,000	18,000	-	-	-	-	-	68,000
Contribution from Expansion Dieppe Inc.	133,962	25,611	-	-	-	-	(159,573)	-
Second previous year's surplus	486,392	237,235	-	-	(723,627)	-	-	-
	50,271,608	12,029,259	-	(1,427,000)	(723,627)	(283,800)	(159,573)	59,706,867
Expenses								
General government services	5,877,913	-	-	-	-	-	-	5,877,913
Protective services	12,883,974	-	-	(1,427,000)	-	-	-	11,456,974
Transportation services	7,905,390	-	-	-	-	-	-	7,905,390
Environmental health services	1,118,384	-	-	-	-	-	-	1,118,384
Environmental development services	2,827,777	-	-	-	-	-	-	2,827,777
Recreational and cultural services	7,558,956	-	-	-	-	-	-	7,558,956
Water supply	-	4,750,385	-	-	-	-	-	4,750,385
Sewerage collection and disposal	-	3,841,073	-	-	-	-	-	3,841,073
Interest on long-term debt	2,541,358	1,041,000	-	-	-	-	-	3,582,358
Long-term debt payments	5,429,453	1,650,000	-	-	-	(7,079,453)	-	-
Transfers from the general operating fund to the general capital fund	4,128,403	-	-	-	-	(4,128,403)	-	-
Transfers from the water and sewerage operating fund to the water and sewerage capital fund	-	746,801	-	-	-	(746,801)	-	-
	50,271,608	12,029,259	-	(1,427,000)	-	(11,954,657)	-	48,919,210
Surplus (deficit)	\$ -	\$ -	\$ -	\$ -	(723,627)\$	11,670,857 \$	(159,573)\$	10,787,657

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2016

20. REVENUE AND EXPENSE SUPPORT

	2016 Budget	2016 Actual	2015 Actual
Revenue			
<i>Services to other governments</i>			
Other municipalities			
Fire	\$ 100,000	\$ 123,032	\$ 123,032
Province of New Brunswick			
Roads and streets	\$ 145,935	\$ 148,017	\$ 249,363
Lanemarking	16,178	7,141	20,632
	\$ 162,113	\$ 155,158	\$ 269,995
<i>Sale of services</i>			
Arenas	\$ 574,284	\$ 644,833	\$ 606,535
Aquatic and Sports Centre	558,500	595,593	578,153
Mobile stage - rental and sponsors	-	3,439	-
Programs	108,010	107,642	125,475
Rental of sports fields	13,500	12,645	12,484
Water	5,303,642	5,418,519	5,396,487
Sewerage	4,852,268	4,956,688	4,635,667
Connections, services and other	44,000	95,210	87,096
Interest on sale of services	75,000	177,543	143,596
	\$ 11,529,204	\$ 12,012,112	\$ 11,585,493
<i>Other revenue from own sources</i>			
Building and other permits	\$ 417,100	\$ 741,325	\$ 511,853
Fines			
Municipal by-laws	29,811	57,331	113,528
Rental - equipment and buildings	190,000	237,317	237,755
Miscellaneous	37,000	153,026	111,205
	\$ 673,911	\$ 1,188,999	\$ 974,341

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016

20. REVENUE AND EXPENSE SUPPORT (continued)	2016 Budget	2016 Actual	2015 Actual
Expenses			
<i>General government services</i>			
Legislative			
Mayor	\$ 36,421	\$ 32,750	\$ 34,319
Councillors	153,964	130,255	143,521
Other	35,500	26,628	28,181
	<u>225,885</u>	<u>189,633</u>	<u>206,021</u>
Administrative			
Clerk	288,381	293,937	236,251
Manager	1,576,884	1,520,772	1,112,358
Buildings	578,330	568,643	560,120
Solicitor	300,000	255,192	269,455
Other	984,362	1,182,136	490,244
	<u>3,727,957</u>	<u>3,820,680</u>	<u>2,668,428</u>
Financial management			
Administration	182,468	187,805	177,234
Accounting	274,748	268,959	264,981
External audit	52,000	59,299	49,253
	<u>509,216</u>	<u>516,063</u>	<u>491,468</u>
Common services			
Cost of assessment	560,832	560,832	543,141
Other general government services			
Conventions	16,000	10,884	15,042
Public liability insurance	213,000	205,814	206,903
Grant - Capitol Theatre	80,093	83,430	83,430
Grant - others	519,930	533,466	575,202
Other	25,000	12,297	3,914
	<u>854,023</u>	<u>845,891</u>	<u>884,491</u>
	<u>\$ 5,877,913</u>	<u>\$ 5,933,099</u>	<u>\$ 4,793,549</u>

CITY OF DIEPPE**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
December 31, 2016

20. REVENUE AND EXPENSE SUPPORT (continued)	2016 Budget	2016 Actual	2015 Actual
<i>Protective services</i>			
Police			
Traffic activities	\$ 13,600	\$ 7,911	\$ 12,780
Fleet and equipment	-	-	1,822
RCMP contract and municipal costs	5,414,621	5,410,577	5,052,634
Prevention programs	2,800	2,800	3,000
	<u>5,431,021</u>	<u>5,421,288</u>	<u>5,070,236</u>
Fire			
Administration	411,152	519,026	412,412
Firefighting force	3,675,642	3,797,777	3,895,295
Fire investigation and prevention	10,000	5,305	9,099
Station and building	518,240	415,063	452,701
Firefighting equipment	619,517	427,433	427,555
Training	48,000	82,663	57,700
	<u>5,282,551</u>	<u>5,247,267</u>	<u>5,254,762</u>
Emergency measures	<u>17,300</u>	<u>15,955</u>	<u>4,463</u>
Other			
Building inspection	390,583	400,047	432,630
Application of by-laws	235,593	217,221	139,494
Animal and pest control	18,000	10,224	9,344
Insect control	81,926	81,926	82,087
	<u>726,102</u>	<u>709,418</u>	<u>663,555</u>
	<u>\$ 11,456,974</u>	<u>\$ 11,393,928</u>	<u>\$ 10,993,016</u>

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

December 31, 2016

20. REVENUE AND EXPENSE SUPPORT (continued)	2016 Budget	2016 Actual	2015 Actual
<i>Transportation services</i>			
Common services			
Administration	\$ 289,849	\$ 330,045	\$ 269,334
Training and development	19,756	19,952	16,204
Civil engineering, planning and monitoring	791,610	706,747	746,125
General equipment	164,952	115,148	121,779
Workshops and other buildings	1,132,918	1,068,329	1,219,043
	<u>2,399,085</u>	<u>2,240,221</u>	<u>2,372,485</u>
 Roads and streets			
Summer maintenance	1,416,079	1,636,269	1,536,002
Sidewalks	100,000	37,294	80,550
Storm sewers and culverts	92,160	101,857	109,424
Snow and ice removal	1,418,809	1,146,757	1,726,402
	<u>3,027,048</u>	<u>2,922,177</u>	<u>3,452,378</u>
 Street lighting	<u>459,057</u>	<u>449,007</u>	<u>438,655</u>
 Traffic services			
Street signs	25,440	27,617	26,859
Traffic lanemarking	54,120	52,695	56,043
Traffic signals	43,000	45,987	58,259
	<u>122,560</u>	<u>126,299</u>	<u>141,161</u>
 Public transit	<u>1,422,640</u>	<u>1,284,786</u>	<u>1,290,076</u>
 Equipment program	<u>475,000</u>	<u>79,651</u>	<u>125,481</u>
	<u>\$ 7,905,390</u>	<u>\$ 7,102,141</u>	<u>\$ 7,820,236</u>

CITY OF DIEPPE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

20. REVENUE AND EXPENSE SUPPORT (continued)	2016 Budget	2016 Actual	2015 Actual
<i>Environmental health services</i>			
Dumps and garbage collection	\$ 1,118,384	\$ 1,078,738	\$ 1,027,429
<i>Environmental development services</i>			
Community planning	\$ 14,277	\$ 14,277	\$ 13,419
Planning and development	594,624	578,839	472,647
General land assembly	124,000	138,749	146,375
Expansion Dieppe	971,103	1,141,205	1,059,628
Economic development commissions	165,669	165,669	165,713
Tourism promotion and public receptions	878,104	831,392	655,479
Beautification and land rehabilitation	80,000	74,233	100,520
	\$ 2,827,777	\$ 2,944,364	\$ 2,613,781
<i>Recreation and cultural services</i>			
Administration	\$ 623,257	\$ 615,009	\$ 668,876
Community centres	603,632	613,844	395,923
Aquatic and Sports Centre	1,507,898	1,496,327	1,465,424
Arenas	1,531,947	1,626,617	1,488,281
Parks and playgrounds	2,700,018	2,359,951	2,204,799
Other recreation facilities	564,984	348,301	410,229
Training and development	8,600	9,351	3,332
Library	18,620	18,547	19,395
	\$ 7,558,956	\$ 7,087,947	\$ 6,656,259

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

December 31, 2016

20. REVENUE AND EXPENSE SUPPORT (continued)	2016 Budget	2016 Actual	2015 Actual
<i>Water supply</i>			
Administration	\$ 527,930	\$ 506,574	\$ 535,137
Transmission and distribution	2,189,952	1,975,363	2,116,853
Power and pumping	258,206	218,564	215,839
Water purchase	1,705,000	1,696,823	1,615,439
Test water source	-	13,168	48,413
Billing and collections	69,297	68,239	98,128
	<u>\$ 4,750,385</u>	<u>\$ 4,478,731</u>	<u>\$ 4,629,809</u>
<i>Sewerage collection and disposal</i>			
Administration	\$ 264,280	\$ 242,057	\$ 287,046
Sewerage collection system	1,115,706	973,120	981,046
Sewerage lift stations	35,144	20,198	34,979
Sewerage treatment and disposal	2,369,640	2,369,640	2,280,420
Billing and collections	56,303	64,318	94,993
	<u>\$ 3,841,073</u>	<u>\$ 3,669,333</u>	<u>\$ 3,678,484</u>
<i>Fiscal services - general</i>			
Debt charges			
Interest on long-term debt	\$ 2,033,811	\$ 1,995,361	\$ 2,098,915
Loan - City Hall			
Interest on long-term debt	507,547	507,547	528,192
	<u>\$ 2,541,358</u>	<u>\$ 2,502,908</u>	<u>\$ 2,627,107</u>
<i>Fiscal services - water</i>			
Debt charges			
Interest on long-term debt	\$ 708,000	\$ 701,893	\$ 736,295
<i>Fiscal services - sewerage</i>			
Debt charges			
Interest on long-term debt	\$ 333,000	\$ 328,645	\$ 342,249