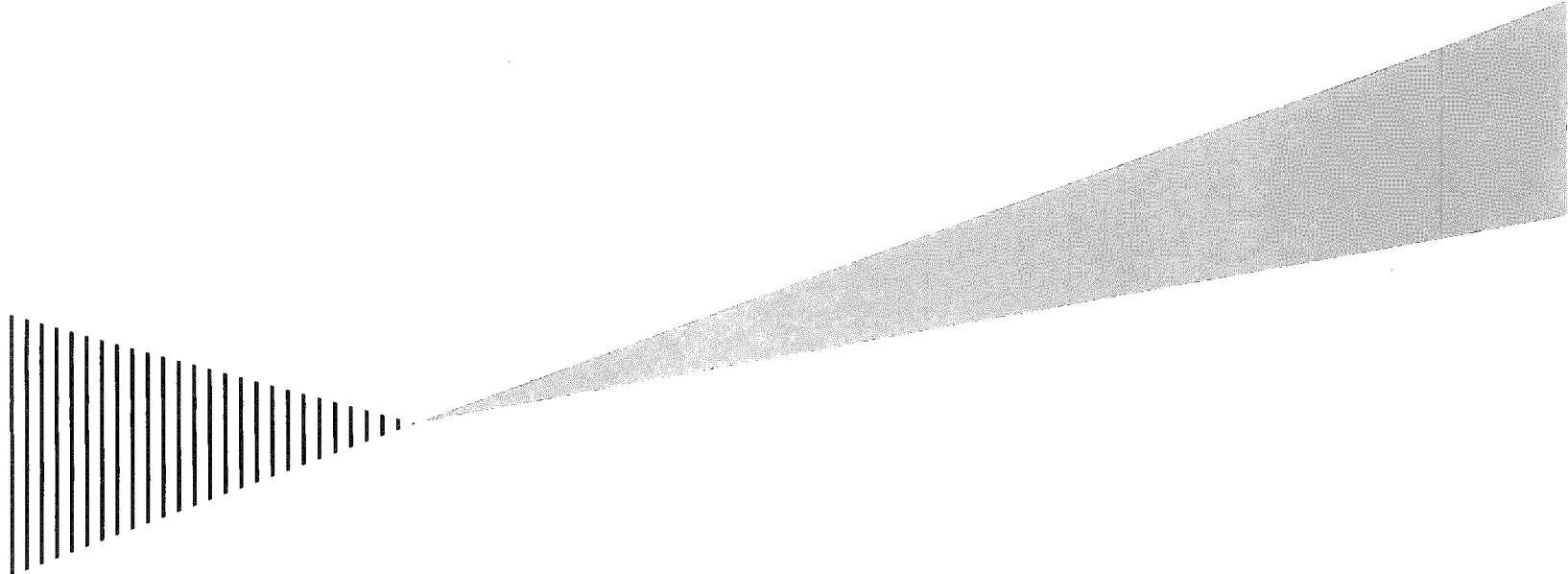


*CITY OF DIEPPE*

**CONSOLIDATED ANNUAL FINANCIAL REPORT**

Year ended December 31, 2017



**CITY OF DIEPPE**

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Year ended December 31, 2017

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# CITY OF DIEPPE

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## COUNCIL, OFFICERS AND GENERAL STATISTICS

Year ended December 31, 2017

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### MAYOR

Yvon Lapierre

### DEPUTY MAYOR

Edward Gaudet

### COUNCILLORS

Patricia Arsenault  
Edward Gaudet  
Jean-Marc Brideau  
Roger LeBlanc

Jean-Claude Cormier  
Daniel Allain  
Ernest Thibodeau

### OFFICERS

Chief Administrative Officer / Municipal Clerk  
Deputy Municipal Clerk  
Treasurer  
Fire Chief  
Chief of Public Works  
Chief of Culture, Leisure and Community Life  
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
2017 - Dieppe	\$ 2,989,052,185	\$ 1.6195
2017 - Dieppe - outside	\$ 302,000	\$ 0.9825
2018 - Dieppe	\$ 3,030,003,202	\$ 1.6295
2018 - Dieppe - outside	\$ 309,763	\$ 1.1443

## INDEPENDENT AUDITORS' REPORT

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### 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, 2017 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, 2017 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 9, 2018

Chartered Professional Accountants

**CITY OF DIEPPE**

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

Year ended December 31,

	2017 Budget	2017 Actual	2016 Actual
<b>REVENUE</b>			
Warrant of assessment	\$ 48,410,667	\$ 48,410,667	\$ 46,239,729
Services to other governments			
Other municipalities (note 19)	123,032	138,800	123,032
Province of New Brunswick (note 19)	162,114	146,718	155,158
Sale of services (note 19)	12,162,249	11,828,462	12,012,112
Other revenue from own sources (note 19)	680,912	977,486	1,188,999
Community funding and equalization grant	995,217	995,217	928,169
Other grants	-	150,000	-
Adjustment in lieu of taxes	4	4	5,741
Interest earned	84,000	222,512	206,345
Contributions from other governments			
towards capital assets	-	5,276,523	4,955,047
Capital assets contributed by developers	-	1,202,580	1,101,935
Other contributions	-	839,959	308,033
Gain on sale of land (note 3)	-	133,534	273,404
	<b>\$ 62,618,195</b>	<b>\$ 70,322,462</b>	<b>\$ 67,497,704</b>
<b>EXPENSES</b>			
General government services (note 19)	\$ 5,711,251	\$ 4,995,936	\$ 5,933,099
Protective services (note 19)	11,935,834	11,637,102	11,393,928
Transportation services (note 19)	8,562,647	7,150,589	7,102,141
Environmental health services (note 19)	1,170,964	1,099,917	1,078,738
Economic development services (note 19)	2,688,023	3,315,770	2,944,364
Recreation and cultural services (note 19)	7,270,181	7,250,788	7,087,947
Water supply (note 19)	4,965,014	4,566,264	4,478,731
Sewerage collection and disposal (note 19)	3,899,154	3,707,061	3,669,333
Fiscal services - general (note 19)	2,458,084	2,279,376	2,502,908
Fiscal services - water (note 19)	678,000	680,136	701,893
Fiscal services - sewer (note 19)	328,000	331,909	328,645
Amortization of tangible capital assets	-	10,874,292	10,003,738
Decrease in value of land inventory	-	-	10,401
Loss on disposal of tangible capital assets	-	214,994	550,248
	<b>49,667,152</b>	<b>58,104,134</b>	<b>57,786,114</b>
<b>ANNUAL SURPLUS (notes 15 and 18)</b>	<b>\$ 12,951,043</b>	<b>\$ 12,218,328</b>	<b>\$ 9,711,590</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>216,895,191</b>	<b>207,183,601</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>\$ 229,113,519</b>	<b>\$ 216,895,191</b>

The accompanying notes are an integral part of these financial statements

**CITY OF DIEPPE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

December 31,

2017

2016

**FINANCIAL ASSETS**

Cash	\$ 16,207,183	\$ 13,667,372
Accounts receivable		
General	2,876,991	2,629,624
Sales tax receivable	1,294,874	1,362,156
Governments	5,519,738	5,467,455
	<u>25,898,786</u>	<u>23,126,607</u>

**LIABILITIES**

Bank overdraft	839,212	943,418
Accounts payable	7,790,012	8,401,305
Withholding taxes payable	45,302	54,397
Due to other governments	1,604,457	239,913
Accrued sick leave (note 6)	1,145,000	1,100,000
Deferred revenue	573,410	221,461
Security deposits	381,010	629,130
Long-term debt and capital lease obligations (note 4)	94,037,468	90,050,482
	<u>106,415,871</u>	<u>101,640,106</u>

**NET DEBT**

(80,517,085)      (78,513,499)

**NON-FINANCIAL ASSETS**

Tangible capital assets (note 13)	417,414,803	394,775,143
Accumulated amortization	(111,764,360)	(103,119,676)
	<u>305,650,443</u>	<u>291,655,467</u>
Inventory	21,109	23,873
Land inventory	3,844,460	3,713,991
Prepaid expenses	114,592	15,359
	<u>309,630,604</u>	<u>295,408,690</u>

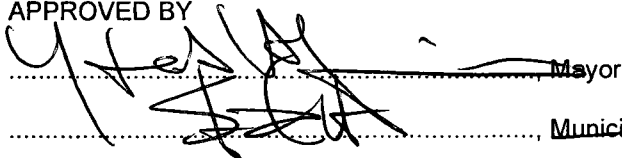
**ACCUMULATED SURPLUS**

\$ 229,113,519      \$ 216,895,191

**CONTINGENCIES (note 7) AND COMMITMENT (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,	2017	2016
Annual surplus	\$ 12,218,328	\$ 9,711,590
Acquisition of tangible capital assets	(25,203,389)	(19,066,841)
Proceeds on sale of tangible capital assets	119,127	391,835
Amortization of tangible capital assets	10,874,292	10,003,738
Loss on disposal of tangible capital assets	214,994	550,248
	<b>(1,776,648)</b>	<b>1,590,570</b>
Acquisition of inventory	(21,109)	(23,873)
Acquisition of prepaid expenses	(114,592)	(15,359)
Consumption of inventory	23,873	21,568
Use of prepaid expenses	15,359	367,656
Decrease in value of land inventory	-	10,401
Change in land inventory	(130,469)	93,600
	<b>(226,938)</b>	<b>453,993</b>
Decrease (increase) in net debt	(2,003,586)	2,044,563
Net debt, beginning of year	(78,513,499)	(80,558,062)
Net debt, end of year	\$ (80,517,085)	\$ (78,513,499)

The accompanying notes are an integral part of these financial statements

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

Year ended December 31,

2017

2016

**OPERATING ACTIVITIES**

Annual surplus	\$ 12,218,328	\$ 9,711,590
Items not affecting cash and cash equivalents:		
Loss on disposal of tangible capital assets	214,994	550,248
Decrease in value of land inventory	-	10,401
Amortization of tangible capital assets	10,874,292	10,003,738
Capital assets contributed by developers	(1,202,580)	(1,101,935)
	<u>22,105,034</u>	<u>19,174,042</u>
Change in non-cash items:		
Accounts receivable	(232,368)	(598,164)
Accounts payable, withholding taxes payable and due to other governments	744,156	2,631,082
Change in inventory, land inventory and prepaid expenses	(226,938)	443,592
Other	148,829	90,540
	<u>22,538,713</u>	<u>21,741,092</u>

**CAPITAL ACTIVITIES**

Acquisition of tangible capital assets net of contributions from developers	(22,214,990)	(17,964,906)
Proceeds on sale of tangible capital assets	119,127	391,835
	<u>(22,095,863)</u>	<u>(17,573,071)</u>

**FINANCING ACTIVITIES**

Additional financing	9,919,000	5,885,000
Repayment of long-term debt and capital lease obligations	(7,717,833)	(7,069,369)
	<u>2,201,167</u>	<u>(1,184,369)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

2,644,017

2,983,652

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

12,723,954

9,740,302

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 15,367,971

\$ 12,723,954

Cash and cash equivalents are comprised of the following:

Cash	\$ 16,207,183	\$ 13,667,372
Bank overdraft	(839,212)	(943,418)
	<u>\$ 15,367,971</u>	<u>\$ 12,723,954</u>

The accompanying notes are an integral part of these financial statements



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

---

**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 1<sup>st</sup>, 1952 and was approved for status as a city effective January 1<sup>st</sup>, 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, 2017

---

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

**Budget**

The budget figures contained in these consolidated financial statements were approved by Council on January 23, 2017 and the Minister of Local Government on January 27, 2017.

**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 compliance 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 STATEMENTS**  
December 31, 2017

---

**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, 2017

---

**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.

Economic 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**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

---

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**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**

	2017	2016
Sale of land	\$ 187,650	\$ 454,997
Cost of land sold	(54,116)	(181,593)
	<u>\$ 133,534</u>	<u>\$ 273,404</u>

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

December 31, 2017

<b>4. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS</b>	<b>2017</b>	<b>2016</b>
<b>Capital lease obligations</b>		
Lease contract for a fire truck with a net book value of \$1,224,843, repayable in monthly instalments of \$12,149, including interest calculated at the rate of 3.19%, maturing in February 2027, with a purchase option of \$1.	\$ 1,324,233	\$ -
Lease contract for a fire truck with a net book value of \$522,305, repayable in monthly instalments of \$5,206, including interest calculated at the rate of 3.19%, maturing in July 2027, with a purchase option of \$1.	593,485	-
Interest included in instalments	(257,982)	-
	<b>1,659,736</b>	<b>-</b>
<b>Loan</b>		
Loan, guaranteed by the City Hall land and building having a net book value of \$7,457,326, repayable in monthly instalments of \$72,689 including interest calculated at the rate of 5.62%, maturing in October 2031.	8,389,732	8,778,482
<b>Debentures</b>		
1) Debenture, 0.95% to 3.50%, portion due in 2030 and 2035.	7,221,000	7,668,000
2) Debenture, 1.05% to 3.65%, due in 2030.	7,541,000	8,709,000
3) Debenture, 1.20% to 3.10%, due in 2024.	3,670,000	4,496,000
4) Debenture, 1.20% to 3.80%, portion due in 2031 and 2036.	13,775,000	15,273,000
5) Debenture, renewed in 2017.	-	5,798,000
6) Debenture, 2.10% to 5.55%, renewable in 2023, portion due in 2028 and 2033.	4,603,000	4,916,000
7) Debenture, 1.00% to 4.50%, renewable in 2019, portion due in 2024, 2029 and 2034.	7,476,000	7,927,000
8) Debenture, 1.50% to 3.85%, renewable in 2020, portion due in 2025, 2030, 2035 and 2040.	8,908,000	9,477,000
9) Debenture, 1.35% to 3.45%, renewable in 2021, portion due in 2026, 2031 and 2036.	3,993,000	4,207,000
10) Debenture, repaid in 2017.	-	308,000
11) Debenture, 1.35% to 3.80%, renewable in 2032, due in 2037.	7,649,000	8,019,000
12) Debenture, 1.25% to 4.40%, portion due in 2028 and 2033.	3,979,000	4,474,000
13) Debenture, 1.65% to 3.20%, portion due in 2027 and 2032.	15,173,000	-
<b>Total</b>	<b>\$ 94,037,468</b>	<b>\$ 90,050,482</b>

**CITY OF DIEPPE**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

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**4. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (continued)**

---

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

The long-term debt principal repayments and the minimum capital lease payments for the next five years are estimated as follows, assuming the renewal of the debts as planned:

Loans	Capital lease payments
2018 - \$ 8,112,117	\$ 208,259
2019 - \$ 8,047,884	\$ 208,259
2020 - \$ 7,825,255	\$ 208,259
2021 - \$ 7,371,742	\$ 208,259
2022 - \$ 6,896,296	\$ 208,259

**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 2017, 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, 2017

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**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 \$1,054,462 (2016 - \$998,724) 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.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

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**8. COMMITMENT**

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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 metres of water used by the City as per the water meter and as per the annual rate per cubic metre 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 11, 2017, with the exception of the following transfers from the Reserve Fund: transfers of \$100,000, \$250,000 and \$40,000 were authorized on March 13, 2017, a transfer of \$1,100,000 was authorized on March 27, 2017, transfers of \$650,000, \$462,000, \$950,000, \$550,000 and \$361,962 were authorized on May 8, 2017, a transfer of \$600,000 was authorized on July 10, 2017, transfers of \$147,825 and \$13,000 were authorized on August 14, 2017 and transfers of \$50,000 and \$65,000 were authorized on September 25, 2017.

**CITY OF DIEPPE**

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

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**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:

	2017	2016
2017 surplus	\$ 42,745	\$ -
2016 surplus	145,691	145,691
2015 surplus	-	323,034
	<u>\$ 188,436</u>	<u>\$ 468,725</u>

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**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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

## 13. SCHEDULE OF TANGIBLE CAPITAL ASSETS

	Land	Land improvements	Machinery and equipment	Fleet	Buildings	Transportation	Water and wastewater	Work in progress	Total 2017	Total 2016
<b>COST</b>										
Balance, beginning 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
Add:										
Additions during the year	1,829,486	4,509,434	600,879	3,274,911	-	16,189,963	3,937,282	-	30,341,955	16,633,488
Disposals during the year	-	(212,023)	(337,603)	(1,212,471)	-	(579,213)	(222,419)	-	(2,563,729)	(2,510,354)
Net change in work in progress	-	-	-	-	-	-	-	(5,138,566)	(5,138,566)	2,433,353
Balance, end of year	26,272,409	14,196,051	4,300,847	12,774,488	64,164,809	170,200,119	120,813,169	4,692,911	417,414,803	394,775,143
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning 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
Add:										
Amortization for the year	-	614,635	415,386	794,734	2,298,533	4,936,407	1,814,597	-	10,874,292	10,003,738
Accumulated amortization of disposals	-	(212,023)	(296,773)	(1,133,885)	-	(459,750)	(127,177)	-	(2,229,608)	(1,568,271)
Balance, end of year	-	4,254,757	2,011,717	5,368,104	22,157,045	48,883,322	29,089,415	-	111,764,360	103,119,676
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>										
	\$ 26,272,409	\$ 9,941,294	\$ 2,289,130	\$ 7,406,384	\$ 42,007,764	\$ 121,316,797	\$ 91,723,754	\$ 4,692,911	\$ 305,650,443	\$ 291,655,467

During the year, fleet assets in the amount of \$1,785,819 (2016 - \$0) were acquired through capital lease contracts. At December 31, 2017, the City's leased capital assets were composed of fleet assets with a cost of \$1,785,819 (2016 - \$0) and accumulated amortization of \$38,671 (2016 - \$0).

During the year, land for \$80,800 (2016 - \$0), transportation assets for \$544,415 (2016 - \$562,463), water and wastewater assets for \$577,365 (2016 - \$518,220) and land improvements for \$0 (2016 - \$21,252) were received as contribution from developers.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

## 14. SCHEDULE OF SEGMENT INFORMATION

	General government	Protective	Transportation	Environmental health	Economic development	Recreation and cultural	Water and sewerage	2017 Consolidated	2016 Consolidated
<b>Revenue</b>									
Warrant of assessment	\$ 6,290,791	\$ 12,851,827	\$ 18,040,200	\$ 1,113,290	\$ 2,167,806	\$ 7,946,753	\$ -	\$ 48,410,667	\$ 46,239,729
Services provided to other governments	-	138,800	146,718	-	-	-	-	285,518	278,190
Sale of services	-	-	-	-	-	1,443,533	10,384,929	11,828,462	12,012,112
Community funding and equalization grant	129,325	264,205	370,867	22,887	44,565	163,368	-	995,217	928,169
Other grants	-	-	-	-	-	150,000	-	150,000	-
Interest earned	26,265	53,660	75,322	4,648	9,052	33,179	20,386	222,512	206,345
Other	18,751	634,368	4,494,136	1,608	1,012,017	511,988	1,757,218	8,430,086	7,833,159
	<b>6,465,132</b>	<b>13,942,860</b>	<b>23,127,243</b>	<b>1,142,433</b>	<b>3,233,440</b>	<b>10,248,821</b>	<b>12,162,533</b>	<b>70,322,462</b>	<b>67,497,704</b>
<b>Expenses</b>									
Salaries and benefits	1,989,946	4,921,504	3,273,903	-	1,334,345	3,889,698	2,715,428	18,124,824	17,840,942
Goods and services	2,380,949	6,715,598	3,876,686	1,099,917	1,981,425	3,342,686	5,557,897	24,955,158	25,211,895
Amortization	755,792	554,641	5,782,267	-	2,785	1,760,678	2,018,129	10,874,292	10,003,738
Interest	486,084	203,026	1,230,374	-	-	359,891	1,012,046	3,291,421	3,533,446
Other	625,041	-	203,880	-	-	(65,724)	95,242	858,439	1,196,093
	<b>6,237,812</b>	<b>12,394,769</b>	<b>14,367,110</b>	<b>1,099,917</b>	<b>3,318,555</b>	<b>9,287,229</b>	<b>11,398,742</b>	<b>58,104,134</b>	<b>57,786,114</b>
<b>Surplus (deficit) for the year</b>	<b>\$ 227,320</b>	<b>\$ 1,548,091</b>	<b>\$ 8,760,133</b>	<b>\$ 42,516</b>	<b>\$ (85,115)</b>	<b>\$ 961,592</b>	<b>\$ 763,791</b>	<b>\$ 12,218,328</b>	<b>\$ 9,711,590</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

## 15. RECONCILIATION OF ANNUAL SURPLUS

	General Operating	General Capital	Water and Sewerage Operating	Water and Sewerage Capital	Industrial Park	Reserve Funds	Total
<b>2017 annual fund surplus (deficit)</b>	\$ 511,159	\$ 15,721,632	\$ 42,745	\$ 6,105,862	\$ (152,207)	\$ 583,514	\$ 22,812,705
<b>Adjustments to annual surplus (deficit)</b>							
Second previous year's surplus	(792,578)	-	(323,034)	-	-	-	(1,115,612)
Elimination of inter-fund transfers							
General operating fund reserve	170,000	-	-	-	-	(170,000)	-
General capital fund reserve	5,194,000	(2,814,825)	-	-	-	(2,379,175)	-
Inter-fund transfer	2,781,628	(2,781,628)	546,846	(546,846)	-	-	-
Water and sewerage operating fund reserve	-	-	(125,000)	-	-	125,000	-
Water and sewerage capital fund reserve	-	-	666,000	(2,650,962)	-	1,984,962	-
Inter-fund transfer	(186,176)	-	-	-	186,176	-	-
Long-term debt principal repayment	5,826,750	(5,767,408)	1,765,000	(1,765,000)	(59,342)	-	-
Internal revenue elimination	1,427,000	-	(1,427,000)	-	-	-	-
Amortization expense	-	(8,853,378)	-	(2,018,129)	-	-	(10,871,507)
Capital assets contributed by developers	-	588,415	-	614,165	-	-	1,202,580
Expenses reclassified as capital assets	368,197	-	-	-	-	-	368,197
Fees in lieu of land for public purposes, recorded as deferred revenue	-	-	-	-	-	(3,304)	(3,304)
Loss on disposal of capital assets	-	(203,880)	-	(95,243)	-	-	(299,123)
Surplus from other consolidated entities	150,003	-	(25,611)	-	-	-	124,392
<b>Total adjustments to 2017 annual surplus (deficit)</b>	<b>14,938,824</b>	<b>(19,832,704)</b>	<b>1,077,201</b>	<b>(6,462,015)</b>	<b>126,834</b>	<b>(442,517)</b>	<b>(10,594,377)</b>
<b>2017 annual surplus (deficit) under PSA standards</b>	<b>\$ 15,449,983</b>	<b>\$ (4,111,072)</b>	<b>\$ 1,119,946</b>	<b>\$ (356,153)</b>	<b>\$ (25,373)</b>	<b>\$ 140,997</b>	<b>\$ 12,218,328</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

## 16. STATEMENT OF RESERVES

	General Operating Reserve	General Capital Reserve	Water and Sewerage Operating Reserve	Water and Sewerage Capital Reserve	Land for public purposes	Total 2017	Total 2016
<b>Assets and accumulated surplus</b>	\$ 2,523,763	\$ 8,114,419	\$ 461,942	\$ 3,610,284	\$ 159,795	\$ 14,870,203	\$ 14,286,689
<b>Revenue</b>							
Interest	26,114	62,976	6,468	43,674	1,765	140,997	83,171
Transfer from the general operating fund	179,000	5,194,000	-	-	-	5,373,000	2,279,000
Transfer from the water and sewerage operating fund	-	-	-	666,000	-	666,000	832,000
Other	-	-	-	-	-	-	13,343
Sale of land	-	-	-	-	-	-	7,935
Fees in lieu of land for public purposes	-	-	-	-	3,304	3,304	1,000
	<b>205,114</b>	<b>5,256,976</b>	<b>6,468</b>	<b>709,674</b>	<b>5,069</b>	<b>6,183,301</b>	<b>3,216,449</b>
<b>Expenses</b>							
Transfer to the general operating fund	9,000	-	-	-	-	9,000	348,000
Transfer to the general capital fund	-	2,814,825	-	-	-	2,814,825	(1,117,000)
Transfer to the water and sewerage operating fund	-	-	125,000	-	-	125,000	50,000
Transfer to the water and sewerage capital fund	-	-	-	2,650,962	-	2,650,962	(3,636,780)
Purchase of land for public purposes	-	-	-	-	-	-	78,287
	<b>9,000</b>	<b>2,814,825</b>	<b>125,000</b>	<b>2,650,962</b>	<b>-</b>	<b>5,599,787</b>	<b>(4,277,493)</b>
<b>Annual surplus (deficit)</b>	\$ 196,114	\$ 2,442,151	\$ (118,532)	\$ (1,941,288)	\$ 5,069	\$ 583,514	\$ 7,493,942

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

17. INFORMATION ON CONTROLLED ENTITIES

	City of Dieppe	Expansion Dieppe Inc.	Gestion 1604 Inc.	2017 Total	2016 Total
Assets	\$ 322,807,034	\$ 4,285,226	\$ 8,439,966	\$ 335,532,226	\$ 318,535,297
Liabilities	96,415,216	1,560,689	8,439,966	106,415,871	101,640,106
Accumulated surplus	226,391,818	2,724,537	-	229,116,355	216,895,191
Revenue	67,906,231	1,967,946	485,912	70,360,089	67,497,704
Expenses	55,812,295	1,843,554	485,912	58,141,761	57,786,114
Annual surplus	\$ 12,093,936	\$ 124,392	\$ -	\$ 12,218,328	\$ 9,711,590

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

## 18. OPERATING BUDGET RECONCILED TO THE BUDGET PRESENTED IN ACCORDANCE WITH PSA STANDARDS

	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
<b>Revenue</b>								
Warrant of assessment	\$ 48,410,667	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	48,410,667
Services provided to other governments	285,146	-	-	-	-	-	-	285,146
Sale of services	1,323,680	10,838,569	-	-	-	-	-	12,162,249
Other revenue from own sources	867,088	1,427,000	-	(1,427,000)	-	(186,176)	-	680,912
Community funding and equalization grant	995,217	-	-	-	-	-	-	995,217
Transfers from the reserves to the operating funds	635,000	95,000	-	-	-	(730,000)	-	-
Adjustment in lieu of taxes	4	-	-	-	-	-	-	4
Interest earned	65,000	19,000	-	-	-	-	-	84,000
Contribution from Expansion Dieppe Inc.	133,962	25,611	-	-	-	-	(159,573)	-
Second previous year's surplus	792,578	323,034	-	-	(1,115,612)	-	-	-
	<b>53,508,342</b>	<b>12,728,214</b>	<b>-</b>	<b>(1,427,000)</b>	<b>(1,115,612)</b>	<b>(916,176)</b>	<b>(159,573)</b>	<b>62,618,195</b>
<b>Expenses</b>								
General government services	5,711,251	-	-	-	-	-	-	5,711,251
Protective services	13,362,834	-	-	(1,427,000)	-	-	-	11,935,834
Transportation services	8,562,647	-	-	-	-	-	-	8,562,647
Environmental health services	1,170,964	-	-	-	-	-	-	1,170,964
Economic development services	2,688,023	-	-	-	-	-	-	2,688,023
Recreational and cultural services	7,270,181	-	-	-	-	-	-	7,270,181
Water supply	-	4,965,014	-	-	-	-	-	4,965,014
Sewerage collection and disposal	-	3,899,154	-	-	-	-	-	3,899,154
Interest on long-term debt	2,458,084	1,006,000	-	-	-	-	-	3,464,084
Long-term debt payments	6,072,952	1,765,000	-	-	-	(7,837,952)	-	-
Transfers from the operating funds to the capital funds	4,252,406	762,046	-	-	-	(5,014,452)	-	-
Transfers from the operating funds to the reserves	1,959,000	331,000	-	-	-	(2,290,000)	-	-
	<b>53,508,342</b>	<b>12,728,214</b>	<b>-</b>	<b>(1,427,000)</b>	<b>-</b>	<b>(15,142,404)</b>	<b>-</b>	<b>49,667,152</b>
<b>Surplus (deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,115,612)\$</b>	<b>14,226,228 \$</b>	<b>(159,573)\$</b>	<b>12,951,043</b>



**CITY OF DIEPPE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

**19. REVENUE AND EXPENSE SUPPORT**

	2017 Budget	2017 Actual	2016 Actual
<b>Revenue</b>			
<i>Services to other governments</i>			
Other municipalities			
Fire	\$ 123,032	\$ 138,800	\$ 123,032
<hr/>			
Province of New Brunswick			
Roads and streets	\$ 145,935	\$ 137,852	\$ 148,017
Lanemarking	16,179	8,866	7,141
	<hr/>	<hr/>	<hr/>
	\$ 162,114	\$ 146,718	\$ 155,158
<hr/>			
<i>Sale of services</i>			
Arenas	\$ 604,500	\$ 702,139	\$ 644,833
Aquatic and Sports Centre	592,600	593,909	595,593
Mobile stage - rental and sponsors	-	3,000	3,439
Programs	114,580	127,619	107,642
Rental of sports fields	12,000	16,866	12,645
Water	5,601,521	5,300,706	5,418,519
Sewerage	5,088,048	4,819,740	4,956,688
Connections, services and other	74,000	161,647	95,210
Interest on sale of services	75,000	102,836	177,543
	<hr/>	<hr/>	<hr/>
	\$ 12,162,249	\$ 11,828,462	\$ 12,012,112
<hr/>			
<i>Other revenue from own sources</i>			
Building and other permits	\$ 399,500	\$ 463,236	\$ 741,325
Fines			
Municipal by-laws	24,000	34,115	57,331
Rental - equipment and buildings	215,230	241,508	237,317
Miscellaneous	42,182	238,627	153,026
	<hr/>	<hr/>	<hr/>
	\$ 680,912	\$ 977,486	\$ 1,188,999
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**CITY OF DIEPPE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

19. REVENUE AND EXPENSE SUPPORT (continued)	2017 Budget	2017 Actual	2016 Actual
<b>Expenses</b>			
<i>General government services</i>			
<i>Legislative</i>			
Mayor	\$ 36,498	\$ 36,777	\$ 32,750
Councillors	152,862	141,055	130,255
Other	33,000	29,722	26,628
	222,360	207,554	189,633
<i>Administrative</i>			
Clerk	301,203	297,092	293,937
Manager	1,403,360	1,258,758	1,520,772
Buildings	579,300	563,373	568,643
Solicitor	285,000	249,580	255,192
Other	830,697	457,113	1,182,136
	3,399,560	2,825,916	3,820,680
<i>Financial management</i>			
Administration	197,606	189,361	187,805
Accounting	283,250	278,880	268,959
External audit	51,000	46,277	59,299
	531,856	514,518	516,063
<i>Common services</i>			
Cost of assessment	579,935	579,935	560,832
<i>Other general government services</i>			
Conventions	15,840	12,710	10,884
Public liability insurance	213,000	207,788	205,814
Grant - Capitol Theatre	83,430	83,430	83,430
Grant - others	650,270	540,611	533,466
Other	15,000	23,474	12,297
	977,540	868,013	845,891
	\$ 5,711,251	\$ 4,995,936	\$ 5,933,099

**CITY OF DIEPPE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

19. REVENUE AND EXPENSE SUPPORT (continued)	2017 Budget	2017 Actual	2016 Actual
<i>Protective services</i>			
<i>Police</i>			
Traffic activities	\$ -	\$ -	\$ 7,911
RCMP contract and municipal costs	5,662,103	5,662,103	5,410,577
Prevention programs	-	-	2,800
	<u>5,662,103</u>	<u>5,662,103</u>	<u>5,421,288</u>
<i>Fire</i>			
Administration	528,569	369,724	519,026
Firefighting force	3,822,859	4,022,596	3,797,777
Fire investigation and prevention	10,000	11,373	5,305
Station and building	453,500	421,646	415,063
Firefighting equipment	654,500	381,317	427,433
Training	65,000	94,847	82,663
	<u>5,534,428</u>	<u>5,301,503</u>	<u>5,247,267</u>
Emergency measures	<u>6,000</u>	<u>6,921</u>	<u>15,955</u>
<i>Other</i>			
Building inspection	401,695	356,209	400,047
Application of by-laws	241,793	222,954	217,221
Animal and pest control	5,000	2,597	10,224
Insect control	84,815	84,815	81,926
	<u>733,303</u>	<u>666,575</u>	<u>709,418</u>
	<u>\$ 11,935,834</u>	<u>\$ 11,637,102</u>	<u>\$ 11,393,928</u>

**CITY OF DIEPPE****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

<b>19. REVENUE AND EXPENSE SUPPORT (continued)</b>	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<i>Transportation services</i>			
<i>Common services</i>			
Administration	\$ 368,826	\$ 369,572	\$ 330,045
Training and development	17,750	16,849	19,952
Civil engineering, planning and monitoring	868,984	814,506	706,747
General equipment	139,726	113,666	115,148
Workshops and other buildings	1,141,613	1,034,251	1,068,329
	<u>2,536,899</u>	<u>2,348,844</u>	<u>2,240,221</u>
<i>Roads and streets</i>			
Summer maintenance	1,647,431	1,417,091	1,636,269
Sidewalks	68,000	71,855	37,294
Storm sewers and culverts	368,800	86,178	101,857
Snow and ice removal	1,270,043	1,308,801	1,146,757
	<u>3,354,274</u>	<u>2,883,925</u>	<u>2,922,177</u>
Street lighting	<u>465,650</u>	<u>477,511</u>	<u>449,007</u>
<i>Traffic services</i>			
Street signs	25,440	32,153	27,617
Traffic lanemarking	42,629	42,600	52,695
Traffic signals	52,500	44,878	45,987
	<u>120,569</u>	<u>119,631</u>	<u>126,299</u>
Public transit	<u>1,610,255</u>	<u>1,317,178</u>	<u>1,284,786</u>
Equipment program	<u>475,000</u>	<u>3,500</u>	<u>79,651</u>
	<u>\$ 8,562,647</u>	<u>\$ 7,150,589</u>	<u>\$ 7,102,141</u>

**CITY OF DIEPPE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

19. REVENUE AND EXPENSE SUPPORT (continued)	2017 Budget	2017 Actual	2016 Actual
<i>Environmental health services</i>			
Dumps and garbage collection	\$ 1,170,964	\$ 1,099,917	\$ 1,078,738
<i>Economic development services</i>			
Community planning	\$ 16,034	\$ 16,034	\$ 14,277
Planning and development	539,876	486,780	578,839
General land assembly	120,000	145,689	138,749
Expansion Dieppe	1,031,103	1,627,080	1,141,205
Economic development commissions	149,102	149,101	165,669
Tourism promotion and public receptions	753,408	820,649	831,392
Beautification and land rehabilitation	78,500	70,437	74,233
	\$ 2,688,023	\$ 3,315,770	\$ 2,944,364
<i>Recreation and cultural services</i>			
Administration	\$ 617,985	\$ 563,003	\$ 615,009
Community centres	577,387	521,986	613,844
Aquatic and Sports Centre	1,509,723	1,542,147	1,496,327
Arenas	1,626,145	1,712,049	1,626,617
Parks and playgrounds	2,449,483	2,433,014	2,359,951
Other recreation facilities	461,463	451,560	348,301
Training and development	8,600	8,625	9,351
Library	19,395	18,404	18,547
	\$ 7,270,181	\$ 7,250,788	\$ 7,087,947

**CITY OF DIEPPE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2017

19. REVENUE AND EXPENSE SUPPORT (continued)	2017 Budget	2017 Actual	2016 Actual
<i>Water supply</i>			
Administration	\$ 541,848	\$ 541,288	\$ 506,574
Transmission and distribution	2,300,485	1,909,880	1,975,363
Power and pumping	261,666	223,293	218,564
Water purchase	1,780,000	1,773,761	1,696,823
Test water source	-	37,874	13,168
Billing and collections	81,015	80,168	68,239
	<b>\$ 4,965,014</b>	<b>\$ 4,566,264</b>	<b>\$ 4,478,731</b>
<i>Sewerage collection and disposal</i>			
Administration	\$ 264,395	\$ 267,183	\$ 242,057
Sewerage collection system	1,119,546	990,743	973,120
Sewerage lift stations	33,978	33,093	20,198
Sewerage treatment and disposal	2,426,550	2,341,687	2,369,640
Billing and collections	54,685	74,355	64,318
	<b>\$ 3,899,154</b>	<b>\$ 3,707,061</b>	<b>\$ 3,669,333</b>
<i>Fiscal services - general</i>			
Debt charges			
Interest on long-term debt	\$ 1,972,000	\$ 1,793,292	\$ 1,995,361
Loan - City Hall			
Interest on long-term debt	486,084	486,084	507,547
	<b>\$ 2,458,084</b>	<b>\$ 2,279,376</b>	<b>\$ 2,502,908</b>
<i>Fiscal services - water</i>			
Debt charges			
Interest on long-term debt	\$ 678,000	\$ 680,136	\$ 701,893
<i>Fiscal services - sewerage</i>			
Debt charges			
Interest on long-term debt	\$ 328,000	\$ 331,909	\$ 328,645