

TOWN OF BLACK DIAMOND

Financial Statements

For The Year Ended December 31, 2009



Certified General
Accountant

Glen Stanley-Turner Professional Corporation

AUDITORS REPORT

To the Members of Council:

I have audited the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets (Debt) and the Consolidated Statement of Cash Flow of the Town of Black Diamond as at December 31, 2009. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Black Diamond as at December 31, 2009 and the results of its operations, the change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

Town of Black Diamond
October 10, 2010

Glen Stanley-Turner Professional Corporation
Certified General Accountant

TOWN OF BLACK DIAMOND
Consolidated Statement of Financial Position
December 31, 2009

| | <u>2009</u> | 2008 (Restated) |
|---------------------------------------------|-----------------------------|-----------------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 2) | \$ 5,465,056 | \$ 6,428,100 |
| Receivables | | |
| Taxes and grants in place of taxes (Note 3) | 266,315 | 148,008 |
| Trade and other receivables | 438,730 | 400,364 |
| Debt charges recoverable (Note 4) | <u>12,311</u> | 12,311 |
| | <u>6,182,412</u> | 6,988,783 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 179,616 | 250,712 |
| Deposit liabilities | 322,016 | 305,950 |
| Deferred revenue | 7,398 | 1,358,789 |
| Long Term Debt (Note 5) | <u>1,685,976</u> | 1,657,156 |
| | <u>2,195,006</u> | 3,572,607 |
| NET FINANCIAL ASSETS | <u>3,987,406</u> | <u>3,416,176</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 7) | 18,145,661 | 17,996,978 |
| Inventory for consumption | 77,192 | 56,266 |
| Prepaid expenses | <u>64,172</u> | 51,522 |
| | <u>18,287,025</u> | 18,104,766 |
| ACCUMULATED SURPLUS (Note 9) | <u>\$ 22,274,431</u> | <u>\$ 21,520,942</u> |

TOWN OF BLACK DIAMOND
Consolidated Statement of Operations
For The Year Ended December 31, 2009

| | 2009 <u>Budget</u> | 2009 <u>2009</u> | 2008 <u>Restated</u> |
|-------------------------------------------------------------|-----------------------|----------------------|-------------------------|
| REVENUES | | | |
| Property taxes | \$ 2,706,253 | 2,697,522 | \$ 2,376,303 |
| Less: Education requisition | 619,528 | 619,529 | 553,151 |
| Other requisitions | 20,664 | 20,664 | 16,890 |
| Net municipal taxes (Schedule 2) | 2,066,061 | 2,057,329 | 1,806,262 |
| Sales and user charges | | | |
| Water and wastewater | 838,220 | 866,193 | 741,757 |
| Waste management | 141,000 | 139,467 | 135,682 |
| Other | 95,230 | 83,549 | 78,793 |
| Licenses, permits and fines | 179,150 | 144,030 | 198,349 |
| Penalties and costs on taxes | 40,000 | 63,951 | 54,131 |
| Franchise and concession contracts | 74,400 | 122,649 | 85,821 |
| Return on investments | 61,000 | 94,029 | 192,192 |
| Rentals | 189,100 | 200,860 | 175,012 |
| Government transfers for operating (Schedule 3) | 277,533 | 248,019 | 236,537 |
| Off site levies and assessments | - | 69,304 | 122,732 |
| Donations and other | 8,700 | 20,445 | 130,693 |
| Total revenue | 3,970,394 | 4,109,825 | 3,957,961 |
| EXPENDITURES | | | |
| Legislative | 129,995 | 113,602 | 104,793 |
| Administration | 684,146 | 498,135 | 380,146 |
| Fire, ambulance and policing | 443,826 | 382,770 | 461,522 |
| Disaster and emergency services | 11,450 | 3,761 | 3,073 |
| Road, street, walks, lighting | 604,590 | 522,907 | 480,342 |
| Water and wastewater | 832,125 | 638,494 | 746,848 |
| Waste management | 134,582 | 125,511 | 115,530 |
| Affordable Housing | - | 1,377,034 | - |
| Planning and development | 210,719 | 139,309 | 75,309 |
| Recreation and parks | 634,021 | 581,592 | 425,478 |
| Other | 199,107 | 210,982 | 178,349 |
| Amortization | - | 509,739 | 474,258 |
| Total expenditures | 3,884,561 | 5,103,836 | 3,445,648 |
| (Shortfall) Excess of revenue before other items | 85,833 | (994,011) | 512,313 |
| Other items | | | |
| Government transfers for capital | 125,000 | 1,747,500 | 821,311 |
| (Shortfall) Excess of revenue over expenses | \$ 210,833 | 753,489 | 1,333,624 |
| Accumulated Surplus, Beginning of year | | 21,520,942 | 20,187,318 |
| Accumulated Surplus, End of year | | \$ 22,274,431 | \$ 21,520,942 |

TOWN OF BLACK DIAMOND
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2009

| | <u>2009</u> | 2008 <u>Restated</u> |
|-----------------------------------------------------|---------------------|-------------------------|
| (SHORTFALL) EXCESS OF REVENUES OVER EXPENSES | \$ 753,489 | \$ 1,333,624 |
| Acquisition of tangible capital assets | (687,122) | (1,031,106) |
| Proceeds on disposal of tangible capital assets | 7,700 | 15,032 |
| Amortization of tangible capital assets | 509,739 | 474,258 |
| Loss on sale of tangible capital assets | 21,000 | 60,663 |
| | (148,683) | (481,153) |
| Acquisition of supplies inventories | (20,926) | - |
| Acquisition of prepaid assets | (12,650) | (237) |
| | (33,576) | (237) |
| DECREASE IN NET DEBT | 571,230 | 852,234 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 3,416,176 | 2,563,942 |
| NET FINANCIAL ASSETS, END OF YEAR | \$ 3,987,406 | \$ 3,416,176 |

TOWN OF BLACK DIAMOND

Consolidated Statement of Cash Flow

For The Year Ended December 31, 2009

| | <u>2009</u> | 2008 <u>Restated</u> |
|--------------------------------------------------|----------------------------|----------------------------|
| OPERATION | | |
| (Shortfall) Excess of revenue over expenses | \$ 753,489 | \$ 1,333,624 |
| Non cash items: | | |
| Amortization of tangible capital assets | 509,739 | 474,258 |
| Loss on disposal of tangible capital assets | 21,000 | 60,663 |
| Changes in non-cash working capital balances: | | |
| Taxes and grants in place receivable | (118,307) | (13,143) |
| Trade and other receivables | (38,366) | (98,662) |
| Inventories | (20,926) | - |
| Prepaid expenses | (12,650) | (237) |
| Accounts payable and accrued | (71,096) | (8,699) |
| Deposit liabilities | 16,066 | (85,074) |
| Unearned revenue | <u>(1,351,391)</u> | 1,354,340 |
| | <u>(312,442)</u> | 3,017,070 |
| FINANCING | | |
| Proceeds on long term debt | 167,335 | 148,596 |
| Long term debt repaid | <u>(138,515)</u> | <u>(109,643)</u> |
| | <u>28,820</u> | <u>38,953</u> |
| CAPITAL | | |
| Acquisition of tangible capital assets | (687,122) | (1,031,106) |
| Proceeds on sale of tangible capital assets | 7,700 | 15,032 |
| | <u>(679,422)</u> | <u>(1,016,074)</u> |
| CHANGE IN CASH | | |
| | (963,044) | 2,039,949 |
| CASH AND TEMPORARY INVESTMENTS, BEGINNING | <u>6,428,100</u> | <u>4,388,151</u> |
| CASH AND TEMPORARY INVESTMENTS, ENDING | <u>\$ 5,465,056</u> | <u>\$ 6,428,100</u> |

TOWN OF BLACK DIAMOND

SCHEDULE 1

Schedule of Capital Assets
For The Year Ended December 31, 2009

| | <u>Land</u> | <u>Land Improvement</u> | <u>Building</u> | <u>Engineered Structures</u> | <u>Vehicles</u> | <u>Machinery & Equipment</u> | <u>2009</u> | <u>2008 Restated</u> |
|---------------------------------------|----------------|-------------------------|------------------|------------------------------|------------------|----------------------------------|-------------------|----------------------|
| Cost | | | | | | | | |
| Balance, beginning of year | 535,208 | 150,641 | 4,241,006 | 10,696,258 | 909,921 | 1,743,974 | 18,277,008 | 17,368,227 |
| Leased, beginning of year | | | | | 194,228 | | 194,228 | 159,979 |
| Balance, beginning of year | 535,208 | 150,641 | 4,241,006 | 10,696,258 | 1,104,149 | 1,743,974 | 18,471,236 | 17,528,206 |
| Acquisitions | - | - | 93,546 | 175,684 | 268,340 | 132,217 | 687,122 | 996,857 |
| Leased acquisitions | | | | | 17,335 | | 17,335 | 34,249 |
| Disposals | - | - | - | - | - | (30,906) | (30,906) | (75,695) |
| Write-down | - | - | - | - | - | - | - | (12,381) |
| | 535,208 | 150,641 | 4,334,552 | 10,871,942 | 1,389,824 | 1,845,285 | 19,127,452 | 18,471,236 |
| Accumulated Amortization | | | | | | | | |
| Balance, beginning of year | - | 3,427 | 96,650 | 213,901 | 54,347 | 105,933 | 474,258 | - |
| Amortization | - | 3,427 | 108,364 | 217,441 | 68,205 | 112,302 | 509,739 | 474,258 |
| Amortization on disposals | - | - | - | - | - | (2,206) | (2,206) | - |
| | - | 6,854 | 205,014 | 431,342 | 122,552 | 216,029 | 981,791 | 474,258 |
| Net Book Value | 535,208 | 143,787 | 4,129,538 | 10,440,600 | 1,267,272 | 1,629,256 | 18,145,661 | 17,996,978 |
| 2008 Net Book Value (Restated) | 535,208 | 147,214 | 4,144,356 | 10,482,357 | 1,049,802 | 1,638,041 | - | 17,996,978 |

SCHEDULE 2**TOWN OF BLACK DIAMOND****Schedule of Taxes Levied****For The Year Ended December 31, 2009**

| | <u>2009</u> | <u>2008</u> |
|----------------------------------------------|----------------------------|----------------------------|
| TAXATION | | |
| Real property taxes | \$ 2,644,251 | \$ 2,317,937 |
| Business taxes | 440 | 389 |
| Linear property taxes | 23,943 | 25,601 |
| Government grants in place of property taxes | 28,888 | 32,376 |
| | <u>2,697,522</u> | <u>2,376,303</u> |
| REQUISITIONS | | |
| Alberta School Foundation Fund | 595,497 | 532,221 |
| Separate School Division | 24,032 | 20,930 |
| Foothills Seniors Foundation | 20,664 | 16,890 |
| | <u>640,193</u> | <u>570,041</u> |
| NET MUNICIPAL PROPERTY TAXES | <u><u>\$ 2,057,329</u></u> | <u><u>\$ 1,806,262</u></u> |

SCHEDULE 3**TOWN OF BLACK DIAMOND****Schedule of Government Transfers****For The Year Ended December 31, 2009**

| | <u>2009</u> | 2008 | |
|-----------------------------------|---------------------|---------------------|-----------------|
| | | | <u>Restated</u> |
| OPERATING | | | |
| Provincial transfers | | | |
| Municipal assistance grant | \$ 5,514 | \$ 5,514 | |
| Shared cost agreements | | | |
| Administration | 75,570 | 5,563 | |
| Fire | (737) | 3,950 | |
| By Law | - | 8,002 | |
| Water supply | - | 10,024 | |
| Parks and recreation | 22,129 | 42,413 | |
| Family and Community Support | 58,538 | 50,199 | |
| | <hr/> | <hr/> | |
| | 161,014 | 125,665 | |
| Local transfers | | | |
| Shared cost agreements and grants | | | |
| Fire | 48,904 | 89,578 | |
| Recreation | 30,294 | 21,294 | |
| Other | 7,807 | - | |
| | <hr/> | <hr/> | |
| | 87,005 | 110,872 | |
| | <hr/> | <hr/> | |
| | 248,019 | 236,537 | |
| CAPITAL | | | |
| Provincial transfers | | | |
| Administration | - | 206,026 | |
| Disaster services | 102,329 | - | |
| Affordable Housing | 1,353,464 | - | |
| Roads | 238,320 | - | |
| Parks and recreation | - | 515,285 | |
| Water | 53,387 | - | |
| | <hr/> | <hr/> | |
| | 1,747,500 | 721,311 | |
| Local transfer | | | |
| Recreation | - | 100,000 | |
| | <hr/> | <hr/> | |
| | \$ 1,995,519 | \$ 1,057,848 | |

SCHEDULE 4**TOWN OF BLACK DIAMOND****Schedule of Expenses by Object****For The Year Ended December 31, 2009**

| | <u>2009</u> | <u>2008</u> | <u>Restated</u> |
|---------------------------------------------|---------------------|---------------------|-----------------|
| EXPENDITURES | | | |
| Salaries, wages and benefits | \$ 1,309,281 | \$ 1,148,697 | |
| Contracted and general services | 876,343 | 738,179 | |
| Materials, goods, supplies and utilities | 467,116 | 506,142 | |
| Transfer to Local Boards and Agencies | 1,711,117 | 315,360 | |
| Transfers to Individuals and Organizations | 98,011 | 89,492 | |
| Interest and bank charges | 96,252 | 95,954 | |
| Miscellaneous | 13,877 | 8,888 | |
| Amortization of tangible capital assets | 509,739 | 472,546 | |
| Loss on disposal of tangible capital assets | 21,000 | 60,663 | |
| Bad debt allowances | 1,100 | - | |
| | <u>\$ 5,103,836</u> | <u>\$ 3,435,921</u> | |

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Black Diamond are the representations of management prepared in accordance with local government accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of these accounting policies adopted by the Town are as follows:

a) Reporting Entity

The consolidated financial statements reflect the assets liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes operating requisitions for many educational, health, social and other external organizations that are not part of the municipal reporting entity.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measureable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as **deferred revenue** until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the consolidated Change in Net Financial Assets (Debt) for the year.

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows.

| | Years |
|-----------------------------|-------|
| Land Improvements | 10-50 |
| Buildings | 40 |
| Engineered structures | |
| Water system | 50 |
| Wastewater system | 50 |
| Other engineered structures | 50 |
| Machinery and equipment | 10-45 |
| Vehicles | 7-25 |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

i) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

ii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

2. CASH AND TEMPORARY INVESTMENTS

| | <u>2009</u> | <u>2008</u> |
|-----------------------|----------------------------|----------------------------|
| Cash | \$ 2,712,020 | \$ 3,703,568 |
| Temporary investments | <u>2,753,036</u> | <u>2,724,532</u> |
| | <u>\$ 5,465,056</u> | <u>\$ 6,428,100</u> |

Included in the above balances are \$4,890,259 (2008 - \$5,606,794) of funds which are restricted in use since they have been set aside as reserves.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

| | <u>2009</u> | <u>2008</u> |
|---------|--------------------------|--------------------------|
| Current | \$ 204,925 | \$ 104,516 |
| Arrears | <u>61,390</u> | <u>43,492</u> |
| | <u>\$ 266,315</u> | <u>\$ 148,008</u> |

4. DEBT CHARGES RECOVERABLE

These charges include amounts expended by the Town for the installation of water and sewer lines to certain raw undeveloped properties. In the event of development by the landowners, these amounts will be recovered.

| | <u>2009</u> | <u>2008</u> |
|--|-------------------------|-------------------------|
| | <u>\$ 12,311</u> | <u>\$ 12,311</u> |

5. LONG TERM DEBT

| | <u>2009</u> | <u>2008</u> |
|---------------------------|----------------------------|----------------------------|
| Capital leases | \$ 100,398 | \$ 128,261 |
| Tax supported debentures | 690,326 | 593,236 |
| Self supported debentures | <u>895,252</u> | <u>935,659</u> |
| | <u>1,685,976</u> | <u>1,657,156</u> |
| Less: current portion | <u>129,109</u> | <u>122,701</u> |
| | <u>\$ 1,556,867</u> | <u>\$ 1,534,455</u> |

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

5. LONG TERM DEBT

Principal and interest repayments are due as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------|---------------------|-------------------|---------------------|
| 2010 | \$ 129,109 | \$ 92,235 | \$ 221,344 |
| 2011 | 135,658 | 85,686 | 221,344 |
| 2012 | 117,767 | 78,977 | 196,744 |
| 2013 | 119,480 | 72,948 | 192,428 |
| 2014 | 107,589 | 66,637 | 174,226 |
| Thereafter | 1,076,373 | 482,705 | 1,559,078 |
| | <u>\$ 1,685,976</u> | <u>\$ 879,188</u> | <u>\$ 2,565,164</u> |

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 2.81% to 10.625% per annum, and mature in periods 2011 through 2027. The average annual interest rate is 5.77% for 2009 (7.6% for 2008). Debenture debt is issued on the credit and security of the Town of Black Diamond at large.

Capital leases are repayable in monthly instalments of \$4,888 including principal and interest. The leases mature between September 2010 to August 2014.

6. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Black Diamond be disclosed as follows:

| | 2009 | 2008 |
|---------------------------------|---------------------|---------------------|
| Total debt limit | \$ 6,164,738 | \$ 5,936,942 |
| Total debt | <u>1,685,976</u> | <u>1,657,156</u> |
| Total debt limit available | <u>\$ 4,478,762</u> | <u>\$ 4,279,786</u> |
| Service on debt limit | \$ 1,027,456 | \$ 989,490 |
| Service on debt | 221,344 | 211,881 |
| Service on debt limit available | <u>\$ 806,112</u> | <u>\$ 777,609</u> |

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipality. Rather, the financial statement must be interpreted as a whole.

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

7. TANGIBLE CAPITAL ASSETS

| <u>Net Book Value</u> | <u>2009</u> | <u>2008</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Land | \$ 535,208 | \$ 535,208 |
| Land improvements | 143,787 | 147,214 |
| Buildings | 4,129,538 | 4,144,356 |
| Distribution systems | | |
| Water | 3,393,730 | 3,451,532 |
| Wastewater | 1,370,649 | 1,398,249 |
| Other engineering structures | 5,676,221 | 5,632,576 |
| Machinery, equipment and furnishings | 1,629,256 | 1,638,041 |
| Vehicles | 1,075,602 | 864,309 |
| Vehicles under capital lease | 191,670 | 185,493 |
| | <u>\$ 18,145,661</u> | <u>\$ 17,996,978</u> |

8. EQUITY IN TANGIBLE CAPITAL ASSETS

| | <u>2009</u> | <u>2008</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Tangible capital assets (Schedule 1) | \$ 18,145,661 | \$ 17,996,978 |
| Accumulated amortization (Schedule 1) | - | - |
| Long-term debt (Note 5) | (1,685,976) | (1,657,156) |
| | <u>\$ 16,459,685</u> | <u>\$ 16,339,822</u> |

9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

| | <u>2009</u> | <u>2008</u> |
|-----------------------------------|-----------------------------|-----------------------------|
| Unrestricted surplus | \$ 929,586 | \$ 927,790 |
| Restricted surplus | | |
| Operating reserves | 841,517 | 817,675 |
| Capital reserves | 4,043,643 | 3,435,655 |
| Equity in tangible capital assets | 16,459,685 | 16,339,822 |
| | <u>\$ 22,274,431</u> | <u>\$ 21,520,942</u> |

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

10. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 379/94 is as follows:

| | 2009 | | | 2008 | |
|----------------------------|-------------------|---------------------------------|-------------------|-------------------|--|
| | Salary (1) | Benefits & Allowances (2) | Total | Total | |
| Mayor | | | | | |
| R. Magee | \$ - | \$ - | \$ - | \$ 9,701 | |
| S. Brown | 15,055 | 121 | 15,176 | 468 | |
| Councillors | | | | | |
| M. Ross | 10,550 | 121 | 10,671 | 10,296 | |
| M. Jackson | 12,800 | 121 | 12,921 | 13,721 | |
| W. Price | 13,625 | 121 | 13,746 | 12,121 | |
| H. Thomson | - | - | - | 9,501 | |
| J. Thomson | 12,250 | 121 | 12,371 | 12,946 | |
| T. Bray | 11,450 | 121 | 11,571 | 12,846 | |
| S. Hart | <u>12,125</u> | 121 | 12,246 | 360 | |
| | <u>87,855</u> | 847 | 88,702 | 81,960 | |
| Town Manager | | | | | |
| D. Kreh | - | - | - | 95,766 | |
| J. Irwin | 84,571 | 827 | 85,398 | 16,789 | |
| Designated Officers | | | | | |
| W. Williams | - | - | - | 62,868 | |
| A. Wiebe | 42,373 | 355 | 42,728 | - | |
| J. Berry | 55,485 | 94 | 55,579 | 50,530 | |
| | <u>\$ 270,284</u> | <u>\$ 2,123</u> | <u>\$ 272,407</u> | <u>\$ 307,913</u> | |

- 1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- 2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, and professional memberships.

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

11. CONTINGENCIES

The Town of Black Diamond is a member of Alberta Municipal Insurance Exchange, (MUNIX). Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

12. FINANCIAL INSTRUMENTS

The Town's financial instruments consist of cash and temporary investments, receivables, debt charges recoverable, accounts payable, accrued liabilities, deposits and long-term debt. It is management's opinion that the Town is not exposed to significant interest, or currency risks arising from these financial instruments

The town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

13. PRIOR PERIOD ADJUSTMENTS

The town has restated its financial statements to comply with the provision of Section 3150 of the Public Sector Accounting Board Handbook, which requires governments to record and amortize their tangible capital assets on their financial statements. In addition, revenue from contributed assets and government grants and transfers relating to capital acquisitions has been included in income. These adjustments are as follows:

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

13. PRIOR PERIOD ADJUSTMENTS (Continued)

Adjustments to January 1, 2008 accumulated surplus:

| | |
|---------------------------------------------------------|---------------|
| As previously reported | \$ 23,369,060 |
| Adjustment to net book value of tangible capital assets | (452,390) |
| Adjustment to deferred revenue | (1,353,464) |
| Adjustment to capital leases | (34,364) |
| Adjustment to accruals | (7,900) |
| | <hr/> |
| | \$ 21,520,942 |

Adjustments to Excess of revenues for the year ended December 31, 2008:

| | |
|----------------------------------|--------------|
| As previously reported | \$ 2,248,199 |
| Tangible capital assets expenses | 996,857 |
| Tangible capital assets disposed | (75,695) |
| Amortization | (474,258) |
| Increase in deferred revenue | (1,353,464) |
| Increase in accruals | (7,900) |
| Adjustment to capital leases | (115) |
| | <hr/> |
| | \$ 1,333,624 |

Adjustments to tangible capital assets as at December 31, 2008:

| | |
|-------------------------------------------------|---------------|
| As previously reported | \$ 18,449,368 |
| Adjustments to historical cost of leased assets | 34,249 |
| Assets removed | (12,381) |
| Accumulated amortization recorded | (474,258) |
| | <hr/> |
| | \$ 17,996,978 |

TOWN OF BLACK DIAMOND

Notes to the Financial Statements

For The Year Ended December 31, 2009

14. PRIOR YEAR COMPARATIVE INFORMATION AND BUDGET INFORMATION

The prior year comparative information was audited by different auditors. The budget information on the consolidated statement of operations is presented for information only and is unaudited.

15. APPROVAL OF FINANCIAL STATEMENTS

Council and Management approved these financial statements.