

**TOWN OF BLACK DIAMOND**

**Financial Statements**

**For The Year Ended December 31, 2009**

**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><b>2009</b></u>	<u><b>2008</b></u> <u><b>(Restated)</b></u>
<b>FINANCIAL ASSETS</b>		
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)	12,311	12,311
	<u>6,182,412</u>	<u>6,988,783</u>
<b>LIABILITIES</b>		
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)	1,685,976	1,657,156
	<u>2,195,006</u>	<u>3,572,607</u>
<b>NET FINANCIAL ASSETS</b>	<u>3,987,406</u>	<u>3,416,176</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 7)	18,145,661	17,996,978
Inventory for consumption	77,192	56,266
Prepaid expenses	64,172	51,522
	<u>18,287,025</u>	<u>18,104,766</u>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<u><u>\$ 22,274,431</u></u>	<u><u>\$ 21,520,942</u></u>

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

	2009 <u>Budget</u>	<u>2009</u>	2008 <u>Restated</u>
<b>REVENUES</b>			
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
<b>Total revenue</b>	<b>3,970,394</b>	<b>4,109,825</b>	<b>3,957,961</b>
<b>EXPENDITURES</b>			
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
<b>Total expenditures</b>	<b>3,884,561</b>	<b>5,103,836</b>	<b>3,445,648</b>
<b>(Shortfall) Excess of revenue before other items</b>	<b>85,833</b>	<b>(994,011)</b>	<b>512,313</b>
<b>Other items</b>			
Government transfers for capital	125,000	1,747,500	821,311
<b>(Shortfall) Excess of revenue over expenses</b>	<b>\$ 210,833</b>	<b>753,489</b>	<b>1,333,624</b>
<b>Accumulated Surplus, Beginning of year</b>		<b>21,520,942</b>	<b>20,187,318</b>
<b>Accumulated Surplus, End of year</b>		<b>\$ 22,274,431</b>	<b>\$ 21,520,942</b>



**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>
<b>(SHORTFALL) EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 753,489</b>	<b>\$ 1,333,624</b>
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
	<u>(148,683)</u>	<u>(481,153)</u>
Acquisition of supplies inventories	(20,926)	-
Acquisition of prepaid assets	(12,650)	(237)
	<u>(33,576)</u>	<u>(237)</u>
<b>DECREASE IN NET DEBT</b>	<b>571,230</b>	<b>852,234</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>3,416,176</b>	<b>2,563,942</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b><u>\$ 3,987,406</u></b>	<b><u>\$ 3,416,176</u></b>

**TOWN OF BLACK DIAMOND**

**Consolidated Statement of Cash Flow**

**For The Year Ended December 31, 2009**

	<u><b>2009</b></u>	<u><b>2008</b></u> <u><b>Restated</b></u>
<b>OPERATION</b>		
(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	(1,351,391)	1,354,340
	<u>(312,442)</u>	<u>3,017,070</u>
<b>FINANCING</b>		
Proceeds on long term debt	167,335	148,596
Long term debt repaid	(138,515)	(109,643)
	<u>28,820</u>	<u>38,953</u>
<b>CAPITAL</b>		
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>
<b>CHANGE IN CASH</b>	<b>(963,044)</b>	<b>2,039,949</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING</b>	<u><b>6,428,100</b></u>	<u><b>4,388,151</b></u>
<b>CASH AND TEMPORARY INVESTMENTS, ENDING</b>	<u><u><b>\$ 5,465,056</b></u></u>	<u><u><b>\$ 6,428,100</b></u></u>

**SCHEDULE 1**

**TOWN OF BLACK DIAMOND**

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

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

	<u>2009</u>	<u>2008</u>
<b>TAXATION</b>		
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>
<b>REQUISITIONS</b>		
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>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 2,057,329</u>	<u>\$ 1,806,262</u>

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

	<u>2009</u>	<u>2008</u> <u>Restated</u>
<b>OPERATING</b>		
<b>Provincial transfers</b>		
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
	<u>161,014</u>	<u>125,665</u>
<b>Local transfers</b>		
Shared cost agreements and grants		
Fire	48,904	89,578
Recreation	30,294	21,294
Other	7,807	-
	<u>87,005</u>	<u>110,872</u>
	<u>248,019</u>	<u>236,537</u>
<b>CAPITAL</b>		
<b>Provincial transfers</b>		
Administration	-	206,026
Disaster services	102,329	-
Affordable Housing	1,353,464	-
Roads	238,320	-
Parks and recreation	-	515,285
Water	53,387	-
	<u>1,747,500</u>	<u>721,311</u>
<b>Local transfer</b>		
Recreation	-	100,000
	<u>\$ 1,995,519</u>	<u>\$ 1,057,848</u>



**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>
<b>EXPENDITURES</b>		
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	2,753,036	2,724,532
	<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	61,390	43,492
	<u>\$ 266,315</u>	<u>\$ 148,008</u>

**4. DEBT CHARGES RECOVERABLE**

	<u>2009</u>	<u>2008</u>
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.	\$ 12,311	\$ 12,311

**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	895,252	935,659
	<u>1,685,976</u>	<u>1,657,156</u>
Less: current portion	129,109	122,701
	<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	1,685,976	1,657,156
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	12,125	121	12,246	360
	87,855	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
	\$ 270,284	\$ 2,123	\$ 272,407	\$ 307,913

- 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)
	<u>\$ 21,520,942</u>

**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)
	<u>\$ 1,333,624</u>

**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)
	<u>\$ 17,996,978</u>



**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.