

**TOWN OF BLACK DIAMOND**

**Financial Statements**

**For The Year Ended December 31, 2010**

  
JOANNE IRWIN, CAO.  
TOWN OF BLACK DIAMOND

**AUDITOR'S REPORT****To the Members of Council:***Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Town of Black Diamond, which comprise the statement of financial position as at December 31, 2010, and the statements of operations, change in net financial assets (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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's 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 auditor's 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 auditor considers 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 my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Black Diamond as at December 31, 2010, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



**Glen Stanley-Turner Professional Corp**  
Certified General Accountant

**Town of Black Diamond**  
July 13, 2011

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**TOWN OF BLACK DIAMOND**

**Consolidated Statement of Financial Position**

**December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 2)	\$ 7,249,107	\$ 5,465,056
Receivables		
Taxes and grants in place of taxes (Note 3)	264,251	266,315
Trade and other receivables	681,703	438,730
Debt charges recoverable (Note 4)	12,311	12,311
	<u>8,207,372</u>	<u>6,182,412</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	187,820	179,616
Deposit liabilities	995,353	322,016
Deferred revenue (Note 5)	5,198	7,398
Deferred grants (Note 6)	527,366	0
Long Term Debt (Note 7)	1,621,115	1,685,976
	<u>3,336,852</u>	<u>2,195,006</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,870,520</u>	<u>3,987,406</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	18,587,437	18,145,661
Inventory for consumption	116,599	77,192
Prepaid expenses	55,628	64,172
	<u>18,759,664</u>	<u>18,287,025</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<u>\$ 23,630,184</u>	<u>\$ 22,274,431</u>



**TOWN OF BLACK DIAMOND**

**Consolidated Statement of Operations**

**For The Year Ended December 31, 2010**

	<u>Budget</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>			
Property taxes	\$ 3,095,440	\$ 3,091,183	\$ 2,697,522
Less: Education requisition	693,873	693,873	619,529
Other requisitions	23,167	23,167	20,664
Net municipal taxes (Schedule 3)	<u>2,378,400</u>	<u>2,374,143</u>	<u>2,057,329</u>
 Sales and user charges			
Water and wastewater	879,163	876,912	866,193
Waste management	141,669	140,437	139,467
Other	63,590	69,925	83,549
Licenses, permits and fines	192,163	219,670	144,030
Penalties and costs on taxes	40,000	92,405	63,951
Franchise and concession contracts	113,700	123,664	122,649
Return on investments	12,292	107,559	94,029
Rentals	204,068	210,251	200,860
Government transfers for operating (Schedule 4)	165,976	177,637	248,019
Off site levies and assessments	-	337,639	69,304
Donations and other	2,500	45,749	20,445
<b>Total revenue</b>	<u>4,193,521</u>	<u>4,775,991</u>	<u>4,109,825</u>
 <b>EXPENDITURES</b>			
Legislative	142,540	109,872	113,602
Administration	532,301	461,122	498,135
Fire, ambulance and policing	403,793	431,296	382,770
Disaster and emergency services	9,269	4,711	3,761
Road, street, walks, lighting	650,152	556,313	522,907
Water and wastewater	825,728	860,086	638,494
Waste management	145,010	145,689	125,511
Affordable Housing	-	-	1,377,034
Planning and development	249,440	163,208	139,309
Recreation and parks	675,215	595,565	581,592
Other	160,945	173,368	210,982
Amortization	-	522,817	509,739
<b>Total expenditures</b>	<u>3,794,393</u>	<u>4,024,047</u>	<u>5,103,836</u>
 <b>Excess (Shortfall) of revenue before other items</b>		<b>751,944</b>	<b>(994,011)</b>
 <b>Other items</b>			
Government transfers for capital		<b>603,809</b>	<b>1,747,500</b>
 <b>Excess (Shortfall) of revenue over expenses</b>		<b>399,128</b>	<b>753,489</b>
 <b>Accumulated Surplus, Beginning of year</b>		<b>22,274,431</b>	<b>21,520,942</b>
 <b>Accumulated Surplus, End of year</b>	<b>\$ 22,673,559</b>	<b>\$ 23,630,184</b>	<b>\$ 22,274,431</b>

(A)

**TOWN OF BLACK DIAMOND**

**Consolidated Statement of Change in Net Financial Assets**

**For The Year Ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>EXCESS (SHORTFALL) OF REVENUES OVER EXPENSES</b>	<b>\$ 1,355,753</b>	<b>\$ 753,489</b>
Acquisition of tangible capital assets	(964,593)	(687,122)
Proceeds on disposal of tangible capital assets	-	7,700
Amortization of tangible capital assets	522,817	509,739
Loss on sale of tangible capital assets	-	21,000
	<u>(441,776)</u>	<u>(148,683)</u>
Acquisition of supplies inventories	(39,407)	(20,926)
Reduction (Acquisition) of prepaid assets	8,544	(12,650)
	<u>(30,863)</u>	<u>(33,576)</u>
<b>DECREASE IN NET DEBT</b>	<b>883,114</b>	<b>571,230</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>3,987,406</b>	<b>3,416,176</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 4,870,520</b>	<b>\$ 3,987,406</b>



**TOWN OF BLACK DIAMOND**

**Consolidated Statement of Cash Flow**

**For The Year Ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>OPERATION</b>		
Excess (Shortfall) of revenue over expenses	\$ 1,355,753	\$ 753,489
Non cash items:		
Amortization of tangible capital assets	522,817	509,739
Loss of disposal of tangible capital assets	-	21,000
Changes in non-cash working capital balances:		
Taxes and grants in place receivable	2,064	(118,307)
Trade and other receivables	(242,973)	(38,366)
Inventories	(39,407)	(20,926)
Prepaid expenses	8,544	(12,650)
Accounts payable and accrued	8,204	(71,096)
Deposit liabilities	673,337	16,066
Deferred revenue	<u>525,166</u>	<u>(1,351,391)</u>
	<u>2,813,505</u>	<u>(312,442)</u>
<b>FINANCING</b>		
Proceeds on long term debt	98,519	167,335
Long term debt repaid	<u>(163,380)</u>	<u>(138,515)</u>
	<u>(64,861)</u>	<u>28,820</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(964,593)	(687,122)
Proceeds on sale of tangible capital assets	-	7,700
	<u>(964,593)</u>	<u>(679,422)</u>
<b>CHANGE IN CASH</b>	<u>1,784,051</u>	<u>(963,044)</u>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING</b>	<u>5,465,056</u>	<u>6,428,100</u>
<b>CASH AND TEMPORARY INVESTMENTS, ENDING</b>	<u><u>\$ 7,249,107</u></u>	<u><u>\$ 5,465,056</u></u>



**TOWN OF BLACK DIAMOND**

**SCHEDULE 1**

**Schedule of Changes in Accumulated Surplus**

**For The Year Ended December 31, 2010**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2010 \$	2009 \$
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 929,586</b>	<b>\$ 4,885,160</b>	<b>\$ 16,459,685</b>	<b>\$ 22,274,431</b>	<b>\$ 21,520,942</b>
Net Revenue (Expense)	1,355,753		1,355,753		753,489
Funds Designated for Future Use	(623,507)	623,507			
Restricted Funds - Used for Operations	(225,131)	225,131			
Restricted Funds - Used for TCA					
Current Year Funds Used for TCA	(866,074)		866,074		
Donated and Contributed TCA					
Disposals of TCA					
Annual Amortization Expense	522,817		(522,817)		
Long Term Debt - Issued			(98,519)	(98,519)	(167,335)
Long Term Debt - Repaid	(163,380)		163,380		
Capital Debt - Used for TCA			98,519	98,519	167,335
930,064	5,733,798		16,966,322	23,630,184	22,274,431
Other Adjustments					
Accumulated Surplus - End of Year	\$ 930,064	\$ 5,733,798	\$ 16,966,322	\$ 23,630,184	\$ 22,274,431



**TOWN OF BLK DIAMOND**

**Schedule of Capital Assets**

**For The Year Ended December 31, 2010**

**SCH. JLE 2**

	Land	Land Improvement	Building	Engineered Structures	Vehicles	Equipment	Machinery &	2010	2009
<b>Cost</b>									
Balance, beginning of year	535,208	150,641	4,334,552	10,871,942	1,178,261	1,845,285	18,915,889	18,277,008	
Leased, beginning of year					211,563		211,563		194,228
Balance, beginning of year	535,208	150,641	4,334,552	10,871,942	1,389,324	1,845,285	19,127,452	18,471,236	
<b>Acquisitions</b>	166,757	38,333	21,852	621,471	64,154	52,026	964,593		687,122
Leased acquisitions									17,335
<b>Disposals</b>									(30,906)
	701,965	188,974	4,356,404	11,493,413	1,453,978	1,897,311	20,092,045		19,127,452
<b>Accumulated Amortization</b>									
Balance, beginning of year	6,854	205,014	431,342	122,552	216,029		981,791	474,258	
Amortization	3,811	108,637	223,646	71,249	115,474		522,817	509,739	
<b>Amortization of disposals</b>									(2,206)
	10,665	313,651	654,988	193,801	331,503		1,504,608		981,791
<b>Net Book Value</b>	701,965	178,309	4,042,753	10,838,425	1,260,177	1,565,808	18,587,437	18,145,661	
<b>2009 Net Book Value</b>	535,208	143,787	4,129,538	10,440,600	1,267,272	1,629,256			18,145,661

**SCHEDULE 3****TOWN OF BLACK DIAMOND****Schedule of Taxes Levied****For The Year Ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>TAXATION</b>		
Real property taxes	\$ 3,026,347	\$ 2,644,251
Business taxes	569	440
Linear property taxes	26,865	23,943
Government grants in place of property taxes	37,402	28,888
	<u>3,091,183</u>	<u>2,697,522</u>
<b>REQUISITIONS</b>		
Alberta School Foundation Fund	667,034	595,497
Separate School Division	26,839	24,032
Foothills Seniors Foundation	23,167	20,664
	<u>717,040</u>	<u>640,193</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u><b>\$ 2,374,143</b></u>	<u><b>\$ 2,057,329</b></u>



**SCHEDULE 4****TOWN OF BLACK DIAMOND****Schedule of Government Transfers****For The Year Ended December 31, 2010**

	<u>2010</u>	<u>2009</u>
<b>OPERATING</b>		
<b>Provincial transfers</b>		
Municipal assistance grant	\$ -	\$ 5,514
Shared cost agreements		
Administration	-	75,570
By-Law	<b>25,518</b>	-
Fire	-	(737)
Parks and Recreation	22,173	22,129
Family and Community Support	<b>47,772</b>	58,538
Tourism	1,850	-
	<b>97,313</b>	<b>161,014</b>
<b>Local transfers</b>		
Shared cost agreements and grants		
Fire	51,751	48,904
Recreation	26,894	30,294
Other	1,679	7,807
	<b>80,324</b>	<b>87,005</b>
	<b>177,637</b>	<b>248,019</b>
<b>CAPITAL</b>		
<b>Provincial transfers</b>		
Administration	-	-
Disaster services	-	102,329
Affordable Housing	-	1,353,464
Roads	<b>233,367</b>	238,320
Waste Water	115,027	-
Water	<b>255,415</b>	53,387
	<b>603,809</b>	<b>1,747,500</b>
	<b>\$ 781,446</b>	<b>\$ 1,995,519</b>



**SCHEDULE 5****TOWN OF BLACK DIAMOND****Schedule of Expenses by Object****For The Year Ended December 31, 2010**

<b>EXPENDITURES</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Salaries, wages and benefits	\$ 1,454,559	\$ 1,309,281
Contracted and general services	864,809	876,343
Materials, goods, supplies and utilities	638,367	467,116
Transfer to Local Boards and Agencies	333,854	1,711,117
Transfers to Individuals and Organizations	94,123	98,011
Interest and bank charges	95,289	96,252
Miscellaneous	17,971	13,877
Amortization of tangible capital assets	522,817	509,739
Loss on disposal of tangible capital assets	-	21,000
Bad Debt allowances	2,258	1,100
	<b><u>\$ 4,024,047</u></b>	<b><u>\$ 5,103,836</u></b>



**TOWN OF BLACK DIAMOND**

**Schedule of Segmented Disclosure**

**For the Year Ended December 31, 2010**

**SCHEDULE 6**

	General Government	Protective & Emergency Services	Transportation Services	Environmental Services	Planning & Development	Recreation	Other	Total
<b>REVENUE</b>								
Property Taxes	\$ 2,374,143	\$ -	\$ 10,264	\$ 1,017,349	\$ 14,372	\$ 204,897	\$ 1,856	\$ 2,374,143
Sales and user charges	12,696	36,092	180,874	6,033	13,950	-	-	1,297,526
Licence, Permits and Fines	18,813	-	-	-	-	-	-	219,670
Penalties and costs on Taxes	92,405	-	-	-	-	-	-	92,405
Franchise and concession contracts	46,797	-	28	-	-	-	-	123,664
Investment income	23,059	4,480	26,705	33,724	5,964	12,795	832	107,559
Governmental Grants	-	77,269	233,367	372,121	1,850	49,067	47,772	781,446
Offsite levies and assessments	-	53,768	34,097	150,106	12,500	-	87,169	337,639
Other revenues	920	4,664	1,658	264	19,213	19,028	-	45,748
	<u>2,568,834</u>	<u>357,147</u>	<u>306,119</u>	<u>1,579,595</u>	<u>67,849</u>	<u>362,626</u>	<u>137,629</u>	<u>5,379,800</u>
<b>EXPENSES</b>								
Salaries & wages	397,501	200,748	215,145	260,463	42,329	319,782	18,620	1,454,559
Contract & general services	127,674	152,372	162,779	174,982	101,577	136,031	9,395	864,809
Goods & supplies	43,958	57,367	153,955	240,021	11,952	128,675	2,438	630,367
Transfers to local boards	-	17,911	-	263,152	-	4,000	142,914	427,877
Long-term debt interest	510	3,618	24,434	65,985	-	742	-	95,289
Other expenses	1,349	4,022	-	1,172	7,351	6,335	-	20,229
	<u>570,993</u>	<u>436,007</u>	<u>556,313</u>	<u>1,006,775</u>	<u>163,208</u>	<u>595,565</u>	<u>173,368</u>	<u>3,501,229</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>								
Amortization expense	1,997,841	(78,860)	(250,194)	573,820	(95,359)	(232,939)	(35,739)	1,878,570
	<u>31,452</u>	<u>82,487</u>	<u>166,697</u>	<u>130,698</u>	<u>\$ 108,627</u>	<u>2,856</u>	<u>522,817</u>	
<b>NET REVENUE</b>	<u>\$ 1,966,389</u>	<u>\$(161,347)</u>	<u>\$(416,891)</u>	<u>\$ 443,122</u>	<u>\$ (95,359)</u>	<u>\$ (341,566)</u>	<u>\$ (38,595)</u>	<u>\$ 1,355,753</u>

## TOWN OF BLACK DIAMOND

### Notes to the Financial Statements

#### For The Year Ended December 31, 2010

#### 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 measurable. 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.

##### 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.



**TOWN OF BLACK DIAMOND**

**Notes to the Financial Statements**

**For The Year Ended December 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Government Transfers (Continued)**

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.

**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.



**TOWN OF BLACK DIAMOND**

**Notes to the Financial Statements**

**For The Year Ended December 31, 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f) Tangible Capital Assets (Continued)

iii) Inventories

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

**2. CASH AND TEMPORARY INVESTMENTS**

	<u>2010</u>	<u>2009</u>
Cash	\$ 4,382,279	\$ 2,712,020
Temporary investments	<u>2,866,828</u>	<u>2,753,036</u>
	<u><u>\$ 7,249,107</u></u>	<u><u>\$ 5,465,056</u></u>

The Temporary investments consist of Guaranteed Investment Certificates and Term Deposits which are 100% guaranteed by either the Canadian Deposit Insurance Corporation (CDIC) or the Government of Alberta.

Interest earned on temporary investments varies from 1.55% to 1.94% per annum and maturities are all within one year. Interest paid on cash on deposit is Prime less 2%

Included in the above balances are \$5,733,798 (2009 - \$4,885,160) of funds which are restricted in use since they have been set aside as reserves. The Fair Market Value of the Temporary Investments as at December 31, 2010 is \$2,866,828 which includes accrued interest (2009 - \$2,753,036).

**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2010</u>	<u>2009</u>
Current	\$ 172,042	\$ 204,925
Arrears	<u>92,209</u>	<u>61,390</u>
	<u><u>\$ 264,251</u></u>	<u><u>\$ 266,315</u></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>2010</u>	<u>2009</u>
<u><u>\$ 12,311</u></u>	<u><u>\$ 12,311</u></u>



**TOWN OF BLACK DIAMOND**

**Notes to the Financial Statements**

**For The Year Ended December 31, 2010**

**5. DEFERRED REVENUE**

These charges include amounts received by the Town for prepaid items that pertain or will be used in the following financial year.

	<u>2010</u>	<u>2009</u>
Prepaid Items (other)	\$ 4,018	\$ 6,335
Business Licenses	225	725
Dog Tags	275	338
Garden Plot Fees	680	-
	<u>\$ 5,198</u>	<u>\$ 7,398</u>

**6. DEFERRED GRANTS**

These grants were received by the Town and will be transferred into Revenue as the expenses to the designated projects are generated.

	<u>2010</u>
MSI Capital Grant	\$ 161,298
MSI Operating Grant	47,542
Quad Regional Water Project-Operating Grant	75,000
NDCC	243,527
	<u>\$ 527,366</u>

**7. LONG TERM DEBT**

	<u>2010</u>	<u>2009</u>
Capital leases	\$ 54,582	\$ 100,398
Tax supported debentures	607,553	690,326
Self supported debentures	958,980	895,252
	<u>1,621,115</u>	<u>1,685,976</u>
Less: current portion	142,444	129,109
	<u>\$ 1,478,671</u>	<u>\$ 1,556,867</u>

Principal and interest repayments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 142,444	\$ 87,414	\$ 229,858
2012	126,719	80,696	207,415
2013	133,108	74,306	207,414
2014	123,720	67,511	191,231
2015	93,412	60,587	153,999
Thereafter	1,001,712	502,374	1,504,086
	<u>\$ 1,621,115</u>	<u>\$ 872,888</u>	<u>\$ 2,494,003</u>



**TOWN OF BLACK DIAMOND**

**Notes to the Financial Statements**

**For The Year Ended December 31, 2010**

**7. LONG TERM DEBT (Continued)**

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 2010 (7.6% for 2009). 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 \$2,762 including principal and interest. The leases will mature by August 2014.

**8. 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:

	<u>2010</u>	<u>2009</u>
Total debt limit	\$ 7,163,987	\$ 6,164,738
Total debt	<u>1,621,115</u>	<u>1,685,976</u>
Total debt limit available	<u>\$ 5,542,872</u>	<u>\$ 4,478,762</u>
Service on debt limit	\$ 1,193,998	\$ 1,027,456
Service on debt	<u>221,344</u>	<u>221,344</u>
Service on debt limit available	<u>\$ 972,654</u>	<u>\$ 806,112</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.

**9. TANGIBLE CAPITAL ASSETS**

<u>Net Book Value</u>	<u>2010</u>	<u>2009</u>
Land	\$ 701,965	\$ 535,208
Land improvements	178,309	143,787
Buildings	<u>4,042,753</u>	<u>4,129,538</u>
Distribution systems		
Water	3,498,794	3,393,730
Wastewater	1,503,698	1,370,649
Other engineering structures	5,835,933	5,676,221
Machinery, equipment and furnishings	1,565,808	1,629,256
Vehicles	1,126,605	1,075,602
Vehicles under capital lease	<u>133,572</u>	<u>191,670</u>
	<u>\$ 18,587,437</u>	<u>\$ 18,145,661</u>



**TOWN OF BLACK DIAMOND**

Notes to the Financial Statements

For The Year Ended December 31, 2010

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2010</u>	<u>2009</u>
Tangible capital assets (Schedule 1)	\$ 20,092,045	\$ 19,127,452
Accumulated amortization (Schedule 1)	(1,504,608)	(981,791)
Long-term debt (Note 7)	(1,621,115)	(1,685,976)
	<u>\$ 16,966,322</u>	<u>\$ 16,459,685</u>

**11. ACCUMULATED SURPLUS**

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

	<u>2010</u>	<u>2009</u>
Unrestricted surplus	\$ 930,064	\$ 929,586
Restricted surplus		
Operating reserves	1,066,647	841,517
Capital reserves	4,667,151	4,043,643
Equity in tangible capital assets	<u>16,966,322</u>	<u>16,459,685</u>
	<u>\$ 23,630,184</u>	<u>\$ 22,274,431</u>

**12. SALARY AND BENEFITS DISCLOSURE**

Disclosure of salaries and benefits for elected municipal officials, the chief administrative

	<u>2010</u>			<u>2009</u>	
	Salary (1)	Benefits & Allowances (2)	Total	Total	
<b>Mayor</b>					
S. Brown	\$ 14,705	\$ 103	\$ 14,808	\$ 15,176	
<b>Councillors</b>					
D. Osberg	1,650	17	1,667	-	
M. Ross	10,725	103	10,828	10,671	
M. Jackson	13,425	103	13,528	12,921	
W. Price	10,075	86	10,161	13,746	
J. Deacon	1,600	17	1,617	-	
J. Thomson	10,900	103	11,003	12,371	
T. Bray	8,700	86	8,786	11,571	
S. Hart	<u>10,200</u>	<u>103</u>	<u>10,303</u>	<u>12,246</u>	
	81,980	721	82,701	88,702	
<b>Town Manager</b>					
J. Irwin	87,750	5,685	93,435	85,398	
<b>Designated Officers</b>					
A. Wiebe	56,179	399	56,578	42,728	
J. Berry	<u>65,878</u>	<u>2,336</u>	<u>68,214</u>	<u>55,579</u>	
	<u>\$ 291,787</u>	<u>\$ 9,141</u>	<u>\$ 300,928</u>	<u>\$ 272,407</u>	



**TOWN OF BLACK DIAMOND**

**Notes to the Financial Statements**

**For The Year Ended December 31, 2010**

**12. SALARY AND BENEFITS DISCLOSURE (Continued)**

- 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.
- 3) The Town of Black Diamond does not accrue vacation pay. Vacation pay is paid out to those employees who are not permanent part-time, or full-time, as it is earned. For all other employees, the amount is considered immaterial.

**13. 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.

**14. 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.

**15. RECONCILIATION TO BUDGETS**

The budget surplus for 2010 was \$399,128. Items unexpended at year-end are allocated to reserves to be paid out in the future. During the year the Town transferred \$225,131 to operating reserves and \$623,507 to capital reserves for a total amount of \$848,638. These are either budgeted or a result of weather conditions or lack of personnel in order to complete the tasks as originally contemplated.

The Town has a ten year Capital Plan for capital replacements and requirements, and reserves are set aside to fund these requirements along with deferred capital grants and applications for grants to which the Town may qualify.

**16. APPROVAL OF FINANCIAL STATEMENTS**

Council and Management approved these financial statements.

