



Financial Statements of

## **TOWN OF BLACK DIAMOND**

Year ended December 31, 2013



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Town of Black Diamond (the "Town") are the responsibility of management and have been approved by the Town's Council. The financial statements have been prepared in conformity with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, using management's best estimates and judgments, where appropriate. In the opinion of management, these financial statements reflect fairly the financial position, the results of its operations, changes in net financial assets, and cash flows of the Town within reasonable limits of materiality.

A system of internal accounting and administrative controls is maintained by management to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that the financial records are properly maintained to provide accurate and reliable financial statements.

Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. Council carries out this responsibility through regular meetings with management throughout the year to review significant accounting and auditing matters.

These financial statements have been audited, in accordance with Canadian generally accepted auditing standards, by KPMG LLP ("KPMG"), who were appointed by Council. KPMG have full and unrestricted access to management and Council to discuss their audit and related findings. The Independent Auditors' Report outlining the scope of their examination and their opinion on the financial statements is presented on the following page.



\_\_\_\_\_, Chief Administrative Officer  
Joanne Irwin

July 30, 2014



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Town of Black Diamond

We have audited the accompanying financial statements of the Town of Black Diamond, which comprise the statement of financial position as at December 31, 2013, the statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes, comprising 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of the Town of Black Diamond as at December 31, 2013, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'.

Chartered Accountants

Calgary, Canada

July 30, 2014

# TOWN OF BLACK DIAMOND

## Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Financial Assets</b>		
Cash	\$ 5,737,025	\$ 7,803,864
Temporary investments (note 3)	5,987,284	2,462,353
Receivables:		
Taxes and grants in lieu of taxes (note 4)	215,178	180,779
Trade and other receivables	1,680,673	353,590
	<b>\$ 13,620,160</b>	<b>\$ 10,800,586</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,416,150	\$ 428,430
Employee benefit obligations (note 5)	100,465	123,001
Deposit liabilities	749,771	919,435
Deferred revenue (note 6)	3,231	7,930
Deferred grants (note 7)	3,517,858	3,152,179
Long-term debt (note 8)	1,187,764	1,325,400
	6,975,239	5,956,375
Net financial assets	6,644,921	4,844,211
Non-financial assets:		
Tangible capital assets (note 10 and Schedule 2)	24,543,582	19,584,515
Inventory for consumption	71,704	73,933
Prepaid expenses	76,389	62,317
	24,691,675	19,720,765
Accumulated surplus (note 12 and Schedule 1)	<b>\$ 31,336,596</b>	<b>\$ 24,564,976</b>

See accompanying notes to financial statements.

# TOWN OF BLACK DIAMOND

## Statement of Operations

Year December 31, 2013, with comparative figures for 2012

	Budget	2013	2012
	(unaudited - note 15)		
<b>Revenue:</b>			
Net municipal taxes (Schedule 3)	\$ 2,555,931	\$ 2,554,077	\$ 2,319,658
<b>Sales and user charges:</b>			
Water and wastewater	1,105,000	1,076,215	937,715
Rentals	223,414	228,238	225,794
Waste management	180,120	185,183	182,388
Licenses, permits and fines	153,842	125,915	129,243
Other	49,450	68,583	97,686
Government transfers for operating (Schedule 4)	564,941	1,557,633	392,742
Franchise fees	75,000	147,360	145,373
Return on investments	147,900	147,965	102,690
Offsite levies and assessments	42,500	42,495	68,618
Penalties and costs on taxes	61,000	61,172	66,890
Other	44,350	1,685,497	61,364
	<b>5,203,448</b>	<b>7,880,333</b>	<b>4,730,161</b>
<b>Expenses (Schedule 5):</b>			
Legislative	149,477	124,837	124,019
Administration	721,271	665,547	634,749
Fire, ambulance and policing	459,305	486,459	522,627
Disaster and emergency services	18,675	1,442,159	11,536
Road, street, walks and lighting	785,985	879,196	863,579
Water and wastewater	1,011,543	2,229,404	1,017,668
Waste management	174,450	174,653	183,247
Planning and development	372,604	348,863	301,402
Recreation and parks	781,463	848,144	755,278
Other	257,681	261,622	292,995
	<b>4,732,454</b>	<b>7,460,884</b>	<b>4,707,100</b>
<b>Excess of revenue over expenses before other items</b>	<b>470,994</b>	<b>419,449</b>	<b>23,061</b>
<b>Other items:</b>			
Government transfers for capital (Schedule 4)	1,989,345	6,352,171	220,100
<b>Excess of revenue over expenses</b>	<b>2,460,339</b>	<b>6,771,620</b>	<b>243,161</b>
<b>Accumulated surplus, beginning of year</b>	<b>24,564,976</b>	<b>24,564,976</b>	<b>24,321,815</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 27,025,315</b>	<b>\$ 31,336,596</b>	<b>\$ 24,564,976</b>

See accompanying notes to financial statements.

# TOWN OF BLACK DIAMOND

## Statement of Changes in Net Financial Assets

Year December 31, 2013, with comparative figures for 2012

	2013	2012
Excess of revenue over expenses	\$ 6,771,620	\$ 243,161
Acquisition of tangible capital assets	(6,477,694)	(783,705)
Amortization of tangible capital assets	663,069	603,107
Loss on disposal of tangible capital assets	855,558	-
	1,812,553	62,563
Usage of inventory for consumption	2,229	12,456
Usage (acquisition) of prepaid expenses	(14,072)	24,065
	(11,843)	36,521
Increase in net financial assets	1,800,710	99,084
Net financial assets, beginning of year	4,844,211	4,745,127
Net financial assets, end of year	\$ 6,644,921	\$ 4,844,211

See accompanying notes to financial statements.

# TOWN OF BLACK DIAMOND

## Statement of Cash Flows

Year December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Excess of revenue over expenses	\$ 6,771,620	\$ 243,161
Non-cash items:		
Amortization of tangible capital assets	663,069	603,107
Loss on disposal of tangible capital assets	855,558	-
Changes in non-cash working capital balances:		
Temporary investments	(3,524,931)	452,037
Taxes and grants in lieu receivable	(34,399)	63,583
Trade and other receivables	(1,327,083)	46,084
Inventory for consumption	2,229	12,456
Prepaid expenses	(14,072)	24,065
Accounts payable and accrued liabilities	987,720	176,021
Employee benefit obligation	(22,536)	10,620
Deposit liabilities	(169,664)	(72,946)
Deferred grants	365,679	2,547,699
Deferred revenue	(4,699)	2,070
	4,548,491	4,107,957
<b>Financing:</b>		
Net long-term debt repaid	(137,636)	(121,639)
	(137,636)	(121,639)
<b>Capital:</b>		
Acquisition of tangible capital assets	(6,477,694)	(783,705)
	(6,477,694)	(783,705)
<b>Change in cash</b>	<b>(2,066,839)</b>	<b>3,202,613</b>
<b>Cash, beginning of year</b>	<b>7,803,864</b>	<b>4,601,251</b>
<b>Cash, end of year</b>	<b>\$ 5,737,025</b>	<b>\$ 7,803,864</b>

See accompanying notes to financial statements.

# **TOWN OF BLACK DIAMOND**

## Notes to Financial Statements

Year ended December 31, 2013, with comparative figures for 2012

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### **1. Significant accounting policies:**

The financial statements of Town of Black Diamond (the "Town") are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Town are as follows:

#### **(a) Reporting entity:**

The financial statements reflect the assets liabilities, revenues and expenses, changes in net financial assets and cash flows 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.

Inter-departmental and inter-organizational transactions and balances have been eliminated.

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 public sector accounting standards 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 expenses 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.

# **TOWN OF BLACK DIAMOND**

Notes to Financial Statements, page 2

Year ended December 31, 2013, with comparative figures for 2012

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## **1. Significant accounting policies (continued):**

### **(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 revenue 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) Investments:**

Investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. Interest is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

### **(f) 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 change in net financial assets for the year.

#### **(i) 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

Assets under construction are not amortized until the asset is available for productive use.

# **TOWN OF BLACK DIAMOND**

Notes to Financial Statements, page 3

Year ended December 31, 2013, with comparative figures for 2012

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## **1. Significant accounting policies (continued):**

### **(f) Non-financial assets (continued):**

#### **(ii) 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.

#### **(iii) 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.

#### **(iv) Inventory for consumption:**

Inventories held for consumption are valued at the lower of cost or net realizable value with cost determined by the average cost method.

### **(g) Change in accounting policy:**

The Town adopted Public Sector Accounting Standard *PS 3510, Tax Revenue* effective January 1, 2013. This standard was adopted on a prospective basis.

Under PS 3510, municipalities recognize property tax revenue using the approved mill rate and the anticipated assessment. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the statement of operations.

There were no adjustments as a result of the adoption of this standard.

## **2. Recent accounting pronouncements:**

The Public Sector Accounting Board recently announced the following accounting pronouncements:

### **(a) Liability for contaminated sites:**

This accounting pronouncement establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. It is effective for fiscal years beginning on or after April 1, 2014, with early adoption encouraged.

# **TOWN OF BLACK DIAMOND**

Notes to Financial Statements, page 4

Year ended December 31, 2013, with comparative figures for 2012

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## **2. Recent accounting pronouncements (continued):**

### **(b) Financial instruments:**

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2015 for governments and for fiscal years beginning on or after April 1, 2012 for government organizations, with early adoption encouraged.

### **(c) Foreign currency translation:**

This accounting pronouncement establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. It is effective for fiscal years beginning on or after April 1, 2015 for governments and for fiscal years beginning on or after April 1, 2012 for government organizations, with early adoption encouraged.

Management is assessing the impact of the adoption of these standards on the Town's future financial statements, which is not anticipated to be significant.

## **3. Temporary investments:**

Temporary investments consist of Guaranteed Investment Certificates.

Interest earned on temporary investments varies from 1.35% to 1.94% (2012 - 1.35% to 1.94%) per annum and maturities are all within 11 months. Interest paid on cash on deposit is bank prime less 2%.

The fair market value of temporary investments as at December 31, 2013 is \$5,987,284 (2012 - \$2,462,353) which includes accrued interest.

## **4. Taxes and grants in lieu of taxes receivable:**

	2013	2012
Current	\$ 157,952	\$ 145,073
Arrears	57,226	35,706
	<b>\$ 215,178</b>	<b>\$ 180,799</b>

# TOWN OF BLACK DIAMOND

Notes to Financial Statements, page 5

Year ended December 31, 2013, with comparative figures for 2012

## 5. Employee benefit obligations:

	2013	2012
Vacation	\$ 76,524	\$ 108,421
Overtime	23,941	14,580
	<b>\$ 100,465</b>	<b>\$ 123,001</b>

Vacation and overtime liability is comprised of vacation and overtime that employees are deferring to future years. Employees have earned these benefits, which have vested.

## 6. Deferred revenue:

Deferred revenue includes amounts received by the Town for services or items that pertain to the following financial year.

	2013	2012
Prepaid items	\$ 1,916	\$ 6,710
Business licenses	530	800
Dog tags	785	420
	<b>\$ 3,231</b>	<b>\$ 7,930</b>

## 7. Deferred grants:

These grants were received by the Town and will be recognized as revenue as the expenses for the designated projects are incurred:

	2012 balance	Grants received and interest	Government transfer revenue	2013 balance
<b>Capital grant</b>				
Municipal Sustainability Initiative	\$ 1,603,765	\$ 510,044	\$ (69,830)	\$ 2,043,979
Federal Gas Tax Fund	74,144	-	-	74,144
Alberta Municipal Infrastructure Program	1,239,574	-	(1,144,963)	94,611
Basic Municipal Transportation Grant	43,731	138,342	-	182,073
Disaster Recovery Program	-	7,000,000	(6,098,459)	901,541
<b>Operating grant</b>				
Municipal Sustainability Initiative	31,697	49,298	(80,995)	-
Southern Alberta Flood Response - Program	-	263,000	(110,739)	152,261
Regional Collaboration Program - Water-Governance	159,268	-	(120,019)	39,249
Regional Collaboration Program - Friendship Agreement Mediation	-	30,000	-	30,000
	<b>\$ 3,152,179</b>	<b>\$ 7,990,684</b>	<b>\$ (7,625,005)</b>	<b>\$ 3,517,858</b>

# TOWN OF BLACK DIAMOND

Notes to Financial Statements, page 6

Year ended December 31, 2013, with comparative figures for 2012

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## 8. Long-term debt:

	2013	2012
Capital leases	\$ 23,502	\$ 28,029
Tax-supported debentures	447,632	802,007
Self-supported debentures	716,630	495,364
	<b>\$ 1,187,764</b>	<b>\$ 1,325,400</b>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2014	\$ 134,987	\$ 69,192	\$ 204,179
2015	121,307	62,444	183,751
2016	104,680	55,380	160,060
2017	81,676	47,607	129,283
2018	86,278	43,005	129,283
Thereafter	658,836	165,557	824,393
	<b>\$ 1,187,764</b>	<b>\$ 443,185</b>	<b>\$ 1,630,949</b>

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at rates ranging from 2.439% to 10.625% per annum, and mature in periods 2014 through 2027. The average annual interest rate is 5.445% for 2013 (5.45% for 2012). 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 \$1,231 including principal and interest. The leases will mature by August 2016.

# TOWN OF BLACK DIAMOND

Notes to Financial Statements, page 7

Year ended December 31, 2013, with comparative figures for 2012

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## 9. 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:

	2013	2012
Total debt limit	\$11,820,127	\$ 7,095,242
Total debt	1,187,764	1,325,400
<b>Total debt limit available</b>	<b>\$10,632,363</b>	<b>\$ 5,769,842</b>
Service on debt limit	\$ 1,970,021	\$ 1,182,540
Service on debt	204,179	219,372
<b>Service on debt limit available</b>	<b>\$ 1,765,842</b>	<b>\$ 963,168</b>

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 statements must be interpreted as a whole.

## 10. Tangible capital assets:

	2013	2012
Net book value:		
Land	\$ 701,965	\$ 701,965
Land improvements	265,241	275,963
Building	3,944,200	3,947,231
Distribution systems:		
Water	7,715,972	3,491,394
Wastewater	2,359,640	2,369,954
Other engineered structures	6,625,510	5,750,868
Machinery and equipment	1,660,166	1,701,728
Vehicles	1,250,225	1,221,938
Vehicles under capital lease	20,663	123,474
	<b>\$ 24,543,582</b>	<b>\$ 19,584,515</b>

# TOWN OF BLACK DIAMOND

Notes to Financial Statements, page 8

Year ended December 31, 2013, with comparative figures for 2012

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## 11. Equity in tangible capital assets:

	2013	2012
Tangible capital assets cost (Schedule 2)	\$ 27,787,955	\$ 22,255,289
Accumulated amortization (Schedule 2)	(3,244,373)	(2,670,774)
Long-term debt (note 8)	(1,187,764)	(1,325,400)
	<u>\$ 23,355,818</u>	<u>\$ 18,259,115</u>

## 12. Accumulated surplus:

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

	2013	2012
Unrestricted surplus	\$ 875,174	\$ 849,870
Restricted surplus:		
Operating reserves	1,397,267	1,214,323
Capital reserves	5,708,337	4,241,668
Equity in tangible capital assets (note 11)	23,355,818	18,259,115
	<u>\$ 31,336,596</u>	<u>\$ 24,564,976</u>

# TOWN OF BLACK DIAMOND

Notes to Financial Statements, page 9

Year ended December 31, 2013, with comparative figures for 2012

## 13. Salary and benefits disclosure:

					2013	2012
	Salary	Benefits and allowances		Total		Total
	(1)	(2)				
<b>Mayor:</b>						
Brown, S.	\$ 10,753	\$ 7,790		\$ 18,543	\$ 17,353	
<b>Councillors:</b>						
Deacon, J.	8,583	4,531		13,114	11,478	
Goodwin, R.	1,467	1,438		2,905	-	
Hart, S.	5,517	2,847		8,364	10,528	
Jackson, M.	9,430	8,514		17,944	18,052	
Osberg, D.	5,150	2,598		7,748	10,453	
Ross, M.	9,883	6,772		16,655	14,309	
Stickel, J.	1,733	2,054		3,787	-	
Thomson, J.	7,317	3,662		10,979	11,503	
	59,833	40,206		100,039	93,676	
<b>Chief Administrative Officer</b>	123,152	7,542		130,694	105,868	
<b>Designated Officer(s)</b>	221,860	14,076		235,936	215,582	
	345,012	21,618		366,630	321,450	
	<b>\$ 404,845</b>	<b>\$ 61,824</b>		<b>\$ 466,669</b>	<b>\$ 415,126</b>	

- (1) Salary includes regular base pay, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) Employee'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.

## 14. Financial instruments:

The Town's financial instruments consist of cash, temporary investments, receivables, accounts payable and accrued liabilities, employee benefit obligations, deposit liabilities, 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 receivable 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 tax payers and customers minimizes the credit risk.

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

# **TOWN OF BLACK DIAMOND**

Notes to Financial Statements, page 10

Year ended December 31, 2013, with comparative figures for 2012

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## **15. Budget information:**

The unaudited budget information presented in these financial statements is based upon the 2013 operating and capital budgets approved by Council on June 5, 2013 and any subsequent budget adjustments.

## **16. Segmented disclosures:**

The Schedule of Segmented Disclosure (Schedule 6) has been prepared in accordance with Public Sector Accounting Standard 2700, Segmented Disclosures. Segmented disclosures are intended to help users of the financial statements identify the resources allocated to support major government activities and allow the user to make more informed judgments regarding the government reporting entity. Segmented information has been identified based upon functional activities provided by the Town. For each reported segment, revenue and expenses represent amounts directly attributable to the functional activity and amounts allocated on a reasonable basis. The functional areas that have been separately disclosed in the segmented information, along with services they provide are as follows:

### **(a) General Government**

General Government includes net municipal taxes, sales and user charges, licence penalties and cost on taxes, franchise and concession contracts, investment income, and government grants.

### **(b) Protective and Emergency Services**

Protective and emergency services includes dispatch, police, fire, emergency management, building inspection and, animal control.

### **(c) Transportation Services**

Transportation services includes common services, roads, storm sewers and drainage.

### **(d) Environmental Services**

Environmental services includes water, sanitary sewage, and garbage removal.

### **(e) Planning and Development**

Planning and development includes planning and development, sustainability, economic development, and tourism.

### **(f) Recreation**

Recreation includes parks and recreation.

# **TOWN OF BLACK DIAMOND**

Notes to Financial Statements, page 11

Year ended December 31, 2013, with comparative figures for 2012

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**16. Segmented disclosures (continued):**

(g) Other

Other includes cemetery, family and community support services, and library.

**17. Approval of financial statements:**

Council and Management have approved these financial statements as of July 30, 2014.

## **TOWN OF BLACK DIAMOND**

### Schedule of Changes in Accumulated Surplus

For the year ended December 31, 2013, with comparative figures in 2012

	Unrestricted Surplus	Restricted Surplus	Tangible Capital Assets	Equity in Tangible Capital Assets	2013	2012
<b>Balance, beginning of year</b>	<b>\$ 849,870</b>	<b>\$ 5,455,991</b>	<b>\$ 18,259,115</b>	<b>\$ 24,564,976</b>	<b>\$ 24,321,815</b>	
Excess of revenue over expenses	6,771,620	-	-	-	6,771,620	243,161
Funds designated for future use	(1,466,667)	1,466,667	-	-	-	-
Restricted funds - used for operations	(182,946)	182,946	-	-	-	-
Current year funds used to purchase tangible capital assets	(6,477,694)	-	6,477,694	-	-	-
Net book value of tangible capital assets disposed of	855,560	-	(855,560)	-	-	-
Annual amortization expense	663,067	-	(663,067)	-	-	-
Long-term debt - issued	7,009	-	(7,009)	-	-	-
Long-term debt - repaid	(144,645)	-	144,645	-	-	-
<b>Accumulated surplus, end of year</b>	<b>\$ 875,174</b>	<b>\$ 7,105,604</b>	<b>\$ 23,355,818</b>	<b>\$ 31,336,596</b>	<b>\$ 24,564,976</b>	

Schedule 1

**TOWN OF BLACK DIAMOND**  
 Schedule of Capital Assets

For the year ended December 31, 2013, with comparative figures for 2012

Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Vehicles	Equipment	Machinery and Equipment	2013	2012
<b>Cost:</b>									
Balance, beginning of year	\$ 701,965	\$ 298,568	\$ 4,481,311	\$ 12,761,598	\$ 1,711,244	\$ 2,300,603	\$ 22,255,289	\$ 21,471,583	
Acquisitions	—	—	110,382	6,243,477	24,776	99,309	6,477,944	783,706	
Disposals	—	—	—	(945,278)	—	—	(945,278)	—	
	701,965	298,568	4,591,693	18,059,797	1,736,020	2,399,912	27,787,955	22,255,289	
<b>Accumulated amortization:</b>									
Balance, beginning of year	—	22,605	534,080	1,149,382	365,832	598,875	2,670,774	2,067,667	
Annual amortization	—	10,722	113,413	298,762	99,298	140,873	663,068	603,107	
Accumulated amortization on disposals	—	—	—	(89,469)	—	—	(89,469)	—	
	—	33,327	647,493	1,358,675	465,130	739,748	3,244,373	2,670,774	
<b>Net book value</b>	<b>\$ 701,965</b>	<b>\$ 265,241</b>	<b>\$ 3,944,200</b>	<b>\$ 16,701,122</b>	<b>\$ 1,270,890</b>	<b>\$ 1,660,164</b>	<b>\$ 24,543,582</b>	<b>\$ 19,584,515</b>	

# TOWN OF BLACK DIAMOND

## Schedule of Taxes Levied

## Schedule 3

For the year ended December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Taxation:</b>		
Real property taxes	\$ 3,396,672	\$ 3,136,175
Business taxes	723	590
Linear property taxes	34,075	40,539
Government grants in lieu of property taxes	41,783	37,509
	3,473,253	3,214,813
<b>Requisitions:</b>		
Alberta School Foundation Fund	836,863	813,917
Separate School Division	37,196	36,929
Foothills Seniors Foundation	45,117	44,309
	919,176	895,155
<b>Net municipal taxes</b>	<b>\$ 2,554,077</b>	<b>\$ 2,319,658</b>

# TOWN OF BLACK DIAMOND

## Schedule of Government Transfers

Schedule 4

For the year ended December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Operating:</b>		
<b>Provincial transfers:</b>		
<b>Shared cost agreements:</b>		
Administration	\$ 82,193	\$ 63,531
Emergency Services	769,915	—
Water and wastewater	420,860	88,733
Family and Community Support	48,682	48,279
Tourism	7,722	—
Recreation	27,269	29,000
	<hr/> 1,356,641	<hr/> 229,543
<b>Federal transfers:</b>		
<b>Shared cost agreements:</b>		
Tourism	4,000	4,000
	<hr/> 4,000	<hr/> 4,000
<b>Local transfers:</b>		
<b>Shared cost agreements and grants:</b>		
Administration	329	183
Emergency Services	51,714	48,888
Recreation	110,449	109,513
Other	34,500	615
	<hr/> 196,992	<hr/> 159,199
	<hr/> 1,557,633	<hr/> 392,742
<b>Capital:</b>		
<b>Provincial transfers:</b>		
Administration	3,562	14,348
Roads	1,102,526	161,287
Water and wastewater	5,246,083	32,303
Recreation	—	12,162
	<hr/> 6,352,171	<hr/> 220,100
	<hr/> \$ 7,909,804	<hr/> \$ 612,842

# TOWN OF BLACK DIAMOND

## Schedule of Expenses by Object

Schedule 5

For the year ended December 31, 2013, with comparative figures for 2012

	Budget	2013	2012
(unaudited - note 15)			
Expenses:			
Salaries, wages and benefits	\$ 1,937,645	\$ 1,903,433	\$ 1,743,509
Contracted and general services	1,436,408	2,575,766	1,122,730
Materials, goods, supplies and utilities	680,101	782,979	547,384
Amortization of tangible capital assets	–	663,069	603,107
Transfer to Local Boards and Agencies	547,345	545,603	538,413
Transfer to Individuals and Organizations	42,256	45,569	50,760
Interest and bank charges	76,112	75,856	82,086
Miscellaneous	9,800	11,592	17,963
Loss on disposal of tangible capital assets	–	855,560	–
Bad debt allowances	2,787	1,457	1,148
	<b>\$ 4,732,454</b>	<b>\$ 7,460,884</b>	<b>\$ 4,707,100</b>

# TOWN OF BLACK DIAMOND

## Schedule of Segmented Disclosure

### Schedule 6

For the year ended December 31, 2013, with comparative figures for 2012

	Protective and Emergency Services	Transportation Services	Environmental Services	Development and Recreation	Other	2013 Total	2012 Total
<b>Revenue:</b>							
Net municipal taxes	\$ 2,554,077	\$ -	\$ -	\$ 21,450	\$ 228,821	\$ 7,065	\$ 2,554,077
Sales and user charges	5,863	31,478	2,144	1,261,398	6,000	-	1,558,219
Licence, permits and fines	18,615	94,664	-	6,636	-	-	125,915
Penalties and costs on taxes	61,172	-	-	-	-	-	61,172
Franchise and concession contracts	51,483	-	-	-	95,877	-	147,360
Return of investments	122,110	11,154	13,375	1,326	-	-	147,965
Governmental Grants	86,083	821,629	1,102,527	5,666,943	11,722	137,718	83,182
Offsite levies and assessments	-	8,880	33,615	-	-	7,909,804	612,842
Other revenues	4,904	567,249	2,800	968,670	25,321	116,553	42,495
	2,904,307	1,526,174	1,129,726	7,938,588	64,493	578,969	90,247
<b>Expenses:</b>							
Salaries, wages and benefits	476,225	297,905	290,387	253,190	164,029	386,186	35,511
Contract and general services	216,274	1,229,958	143,782	667,373	126,596	178,134	1,903,433
Materials, goods, supplies, and utilities	54,894	178,425	226,537	126,034	47,868	147,535	2,575,766
Transfers to local boards, agencies, individuals and organizations	-	24,327	1,108	17,651	349,417	4,997	1,122,730
Interest and bank charges	1,985	-	-	-	54,189	2,000	591,172
Other expenses	155	98,891	-	760,098	2,488	6,977	589,173
	749,533	1,830,614	678,357	2,210,301	345,978	721,755	210,431
<b>Excess (deficiency) of revenue over expenses</b>							
before amortization	2,154,774	(304,440)	451,369	5,728,287	(281,485)	(142,786)	7,434,689
Amortization of tangible capital assets	40,851	98,004	200,839	193,756	2,885	126,389	846,268
Excess (deficiency) of revenue over expenses	\$ 2,113,923	\$ (402,444)	\$ 250,530	\$ 5,534,531	\$ (284,370)	\$ (269,175)	\$ (171,375)
	\$ 2,113,923	\$ (402,444)	\$ 250,530	\$ 5,534,531	\$ (284,370)	\$ (269,175)	\$ (171,375)
	\$ 6,771,620	\$ 243,161					

