

TOWN OF BLACK DIAMOND
Consolidated Financial Statements
For the year ended December 31, 2016

TOWN OF BLACK DIAMOND
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For the year ended December 31, 2016

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Avail LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

To: The Mayor and Members of Council of
the Town of Black Diamond

We have audited the accompanying consolidated financial statements of the Town of Black Diamond which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, change in net financial assets and cash flow 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 our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Black Diamond as at December 31, 2016 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of matter

We draw attention to note 20 to the financial statements which describes the amendments made to the prior year's figures. Our audit opinion is not qualified in respect of this matter.

Other matter

The financial statements of the Town of Black Diamond for the year ended December 31, 2015 were audited by another accounting firm who expressed an unmodified opinion on those statements on May 4, 2016.

Lethbridge, Alberta

May 23, 2017

Avail LLP

Chartered Professional Accountants

MANAGEMENT REPORT

The consolidated financial statements are the responsibility of the management of the Town of Black Diamond.

These consolidated financial statements have been prepared from information provided by management. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Town's assets are properly accounted for and adequately safeguarded.

The elected Council of the Town of Black Diamond is responsible for ensuring that management fulfils its responsibilities for financial statements. Council carries out its responsibility principally through the Committee of the Whole.

The Council meets annually with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council also considers the engagement or re-appointment of the external auditors. Council reviews the monthly financial reports.

The consolidated financial statements have been audited by Avail LLP Chartered Professional Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Town. Avail LLP has full and free access to the Council.



Shirley Campbell
Finance Manager

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016

	2016	2015
	<u>(Restated)</u>	
Financial assets		
Cash and temporary investments (note 2)	\$ 13,105,759	\$ 15,966,097
Taxes and grants in place of taxes receivable (note 3)	195,042	171,516
Trade and other receivables (note 4)	529,436	496,784
Investment (note 5)	2,057,821	-
	<u>15,888,058</u>	<u>16,634,397</u>
Liabilities		
Accounts payable and accrued liabilities	202,502	771,982
Employee benefit obligations (note 6)	94,591	87,448
Deposit liabilities	693,738	717,948
Deferred revenue (note 7)	5,049,836	6,195,450
Long-term debt (note 8)	1,197,485	1,365,552
Other liabilities	27,578	7,592
	<u>7,265,730</u>	<u>9,145,972</u>
Net financial assets	8,622,328	7,488,425
Non-financial assets		
Prepaid expenses	89,073	85,919
Inventory for consumption	100,409	75,887
Tangible capital assets (schedule 2)	32,432,418	37,047,361
	<u>32,621,900</u>	<u>37,209,167</u>
Accumulated surplus (note 12)	\$ 41,244,228	\$ 44,697,592

Commitments and contingencies (note 18)

Approved on behalf of Council:

Councillor



Councillor



TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015 (Restated)
Revenue			
Net municipal property taxes (note 13)	\$ 2,662,820	\$ 2,739,806	\$ 2,875,533
User fees and sales of goods	1,606,246	1,670,717	1,528,467
Government transfers for operating (note 14)	1,026,305	584,926	728,673
Investment income	80,000	132,131	128,178
Penalties and costs of taxes	61,000	47,117	60,472
Licenses and permits	166,200	197,119	176,395
Franchise and concession contracts	186,000	196,933	188,127
Rental	250,728	269,561	252,883
Other	186,454	216,163	109,274
Offsite levies and assessments	16,243	73,714	43,875
	6,241,996	6,128,187	6,091,877
Expenses (note 15)			
Legislative	180,333	145,833	160,272
Administration	1,052,717	928,295	705,151
Protective services	1,019,111	821,435	845,916
Transportation services	1,132,148	960,005	887,747
Water supply and distribution	857,848	6,124,179	891,149
Wastewater treatment and disposal	725,477	685,217	587,153
Waste management	183,899	165,361	168,187
Other environmental use and protection	19,714	36,891	18,945
Family and community support services	90,778	93,398	75,111
Cemeteries and crematoriums	54,642	54,642	50,920
Planning and development	626,210	479,924	470,100
Parks and recreation	1,047,539	949,721	842,797
Culture - libraries, museums, halls	161,212	162,014	143,193
	7,151,628	11,606,915	5,846,641
(Deficiency) excess of revenue over expenses before other	(909,632)	(5,478,728)	245,236
Other			
Government transfers for capital (note 14)	4,101,915	2,000,512	5,888,178
Contributed assets	-	24,852	-
Capital donations	-	-	150,000
	4,101,915	2,025,364	6,038,178
Excess (deficiency) of revenue over expenses	3,192,283	(3,453,364)	6,283,414
Accumulated surplus, beginning of year			
As previously stated	44,898,269	44,898,269	38,558,470
Prior period adjustment (note 20)	-	(200,677)	(144,292)
As restated	44,898,269	44,697,592	38,414,178
Accumulated surplus, end of year	\$ 48,090,552	\$ 41,244,228	\$ 44,697,592

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2016

	Budget (Unaudited)	2016	2015 (Restated)
Excess (deficiency) of revenue over expenses	\$ 3,192,283	\$ (3,453,364)	\$ 6,283,414
Acquisition of tangible capital assets	(4,306,483)	(1,545,196)	(6,871,455)
Amortization of tangible capital assets	832,507	811,333	832,507
Contributed assets	-	(24,852)	-
Loss on disposal of tangible capital assets	-	5,372,658	-
Proceeds on disposal of tangible capital assets	-	1,000	-
	(3,473,976)	4,614,943	(6,038,948)
Net change in inventory for consumption		(24,522)	(8,178)
Net change in prepaid expense	-	(3,154)	26,536
	-	(27,676)	18,358
Increase in net financial assets	(281,693)	1,133,903	262,824
Net financial assets, beginning of year	7,488,425	7,488,425	7,225,601
Net financial assets, end of year	\$ 7,206,732	\$ 8,622,328	\$ 7,488,425

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2016

	2016	2015
	(Restated)	
Operating transactions		
Excess (deficiency) of revenue over expenses	\$ (3,453,364)	\$ 6,283,414
Adjustments for items which do not affect cash		
Loss on disposal of tangible capital assets	5,372,658	-
Amortization of tangible capital assets	811,333	832,507
Contributed assets	(24,852)	-
	2,705,775	7,115,921
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(23,526)	29,483
Trade and other receivables	(32,652)	298,078
Inventory for consumption	(24,522)	(8,178)
Prepaid expenses	(3,154)	26,536
Accounts payable and accrued liabilities	(569,480)	270,633
Employee benefit obligations	7,143	(783)
Deposit liabilities	(24,210)	(87,319)
Deferred revenue	(1,145,614)	(2,218,579)
Other liabilities	19,986	(1,760)
	909,746	5,424,032
Cash provided by operating transactions		
Capital transactions		
Proceeds on disposal of tangible capital assets	1,000	-
Acquisition of tangible capital assets	(1,545,196)	(6,871,455)
	(1,544,196)	(6,871,455)
Cash applied to capital transactions		
Investing transactions		
Purchase of investment	(2,057,821)	-
Financing transactions		
Proceeds of long-term debt	-	443,784
Repayment of long-term debt	(168,067)	(131,009)
	(168,067)	312,775
Cash applied to financing transactions		
Decrease in cash and temporary investments	(2,860,338)	(1,134,648)
Cash and temporary investments, beginning of year	15,966,097	17,100,745
Cash and temporary investments, end of year	\$ 13,105,759	\$ 15,966,097

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies

The consolidated financial statements of the Town of Black Diamond are the representations of management prepared in accordance with public sector accounting standards for local governments established by Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in fund balances and change in financial position of the reporting entity which comprises all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(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 expense 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 THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

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 determined.

(e) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. 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.

(f) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(g) 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 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	50
Machinery and equipment	10-45
Vehicles	7-25

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

1. Significant accounting policies, continued

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.

(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) Inventories

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

(h) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

2. Cash and temporary investments

	2016	2015
Cash	\$ 10,950,702	\$ 15,622,940
Temporary investments	2,155,057	343,157
	<hr/> <u>\$ 13,105,759</u>	<hr/> <u>\$ 15,966,097</u>

The temporary investments are comprised of Guaranteed Investment Certificates.

Interest earned on temporary investments varies from 1.43% to 1.639% (2015 - 1.55% to 1.75%) per annum. Interest paid on cash on deposit is bank prime less 1.60% (2015 - bank prime less 2%).

The fair market value of temporary investments as at December 31, 2016 is \$2,175,466 (2015 - \$343,157) which includes accrued interest.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

3. Taxes and grants in place of taxes receivables

	2016	2015
Taxes and grants in place of taxes receivable	\$ 181,499	\$ 134,397
Arrears	13,543	37,119
	\$ 195,042	\$ 171,516

4. Trade and other receivables

	2016	2015
Utilities accounts receivable	\$ 223,796	\$ 234,716
Accrued receivables	173,049	-
Trade accounts receivable	74,855	129,169
Good and services tax	42,309	117,472
Long-term receivables	15,427	15,427
	\$ 529,436	\$ 496,784

5. Investment

During the year, the Town purchased 45 class A common shares in Sheep River Regional Utility Corporation (SRRUC) for 45% ownership in the amount of \$2,057,821.

SRRUC was formed in partnership with the Towns of Black Diamond, Turner Valley, the Municipal District (MD) of Foothills and the Village of Longview. SRRUC is responsible for distribution of water to residents within its partnering municipalities.

The Town transferred its water pipeline and metering building as described in the Master Transfer Agreement between the Town and SRRUC dated July 27, 2016.

6. Employee benefit obligations

	2016	2015
Vacation	\$ 87,874	\$ 78,584
Overtime	6,717	8,864
	\$ 94,591	\$ 87,448

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

7. Deferred revenue

Deferred revenue consists of deposits and government transfers.

Government transfers consist of funding received from the federal and provincial governments for which stipulations have not yet been met. The use of these funds is restricted to eligible projects approved under the funding agreements.

	2016	2015
	(Restated)	
Municipal Sustainability Initiative (MSI) - Capital	\$ 2,662,786	\$ 2,763,459
Flood Recovery Erosion Control Program (FREC)	1,738,787	1,740,318
Basic Municipal Transportation Grant (BMTG)	324,264	303,859
Southern Alberta Flood Response	166,835	257,918
Disaster Recovery Program (DRP)	114,348	394,437
Regional Collaboration Program	21,543	24,449
Alberta Community Partnership	14,235	130,373
Federal Gas Tax Fund (FGTF)	4,082	316,952
Municipal Sustainability Initiative (MSI) - Operating	2,956	8,637
Alberta Municipal Infrastructure Program (AMIP)	-	104,619
Innovation and Advanced Education	-	5,926
Southern Alberta Flood Response	-	144,503
	\$ 5,049,836	\$ 6,195,450

8. Long-term debt

	2016	2015
Tax supported debentures	\$ 685,447	\$ 780,892
Self supported debentures	512,038	579,650
Capital leases	-	5,010
	\$ 1,197,485	\$ 1,365,552

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2017	\$ 145,877	\$ 54,172	\$ 200,049
2018	151,305	48,744	200,049
2019	150,242	43,038	193,280
2020	138,723	37,416	176,139
2021	91,751	31,947	123,698
Thereafter	519,587	101,918	621,505
	\$ 1,197,485	\$ 317,235	\$ 1,514,720

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

8. Long-term debt, continued

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.088% to 10.625% per annum and matures in periods 2019 through 2027. The average annual interest rate is 5.027% for 2016 (5.402% for 2015).

Debenture debt is issued on the credit and security of the Town at large.

Interest on long-term debt amounted to \$62,759 (2015 - \$63,114).

The Town's total cash payments for interest in 2016 were \$62,759 (2015 - \$63,114).

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 be disclosed as follows:

	2016	2015	
			(Restated)
<u>Total debt limit</u>	\$ 9,192,279	\$ 9,362,814	
<u>Total debt</u>	1,197,485	1,365,552	
	<hr/>	<hr/>	
	\$ 7,994,794	\$ 7,997,262	
	<hr/>	<hr/>	
<u>Debt servicing limit</u>	\$ 1,532,047	\$ 1,560,469	
<u>Debt servicing</u>	200,049	230,826	
	<hr/>	<hr/>	
	\$ 1,331,998	\$ 1,329,643	
	<hr/>	<hr/>	

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.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

10. Reserves

Council has set up reserves for various purposes. These reserves are either required by legislation or set up at the discretion of Council to provide funding for future expenses.

	2016	2015
	(Restated)	
Operating Capital	\$ 2,346,441	\$ 2,146,466
	4,510,317	5,819,148
	<hr/>	<hr/>
	\$ 6,856,758	\$ 7,965,614

11. Equity in tangible capital assets

	2016	2015
Tangible capital assets (schedule 2)	\$ 37,735,730	\$ 41,922,526
Accumulated amortization (schedule 2)	(5,303,312)	(4,875,165)
Long-term debt (note 8)	(1,197,485)	(1,365,552)
	<hr/>	<hr/>
	\$ 31,234,933	\$ 35,681,809

12. Accumulated surplus

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

	2016	2015
	(Restated)	
Unrestricted surplus	\$ 3,152,537	\$ 1,050,169
Internally restricted surplus (reserves) (note 10)	6,856,758	7,965,614
Equity in tangible capital assets (note 11)	31,234,933	35,681,809
	<hr/>	<hr/>
	\$ 41,244,228	\$ 44,697,592

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

13. Net municipal property taxes

	Budget (Unaudited)	2016	2015
Taxation			
Real property taxes	\$ 3,630,926	\$ 3,665,414	\$ 3,677,049
Linear property taxes	-	35,887	36,358
Business taxes	-	721	729
Government grants in place of property taxes	-	5,890	42,511
	3,630,926	3,707,912	3,756,647
Requisitions			
Alberta School Foundation Fund	886,720	886,720	805,443
Separate School Division	38,726	38,726	34,428
Foothills Seniors Foundation	42,660	42,660	41,243
	968,106	968,106	881,114
	\$ 2,662,820	\$ 2,739,806	\$ 2,875,533

14. Government transfers

	Budget (Unaudited)	2016	2015
Transfers for operating:			
Provincial conditional grants	\$ 754,160	\$ 336,348	\$ 528,172
Federal unconditional grants	2,000	2,000	2,000
Other local government transfers	270,145	246,578	198,501
	1,026,305	584,926	728,673
Transfers for capital:			
Government transfers for capital	4,101,915	2,000,512	5,888,178
	\$ 5,128,220	\$ 2,585,438	\$ 6,616,851

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

15. Expenses by object

	Budget (Unaudited)	2016	2015
Salaries, wages and benefits	\$ 2,235,911	\$ 2,052,304	\$ 1,962,650
Contracted and general services	2,530,656	1,742,848	1,798,050
Materials, goods, supplies and utilities	709,199	543,186	492,721
Bank charges and short term interest	858	553	562
Interest on long term debt	62,978	62,759	63,114
Other expenses	13,446	10,516	15,707
Transfers to individuals and organizations	46,421	47,800	39,512
Transfers to organizations and others	719,652	962,958	641,818
Amortization of tangible capital assets	832,507	811,333	832,507
Loss on disposal of tangible capital assets	-	5,372,658	-
	\$ 7,151,628	\$ 11,606,915	\$ 5,846,641

16. 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 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances	2016	2015
Council				
Mayor - Brown, S.	\$ 5,122	\$ 2,773	\$ 7,895	\$ 18,851
Mayor - Fagan, G	4,014	3,015	7,029	-
Councillor - Deacon, J.	10,667	5,334	16,001	15,930
Councillor - Goodwin, R.	11,321	5,906	17,227	15,883
Councillor - Jackson, M.	3,101	1,716	4,817	16,358
Councillor - Marconi, B	4,059	2,043	6,102	-
Councillor - Ross, M.	11,371	5,680	17,051	16,576
Councillor - Stickel, J.	11,371	5,680	17,051	15,080
Councillor - Thomson, J.	9,863	6,785	16,648	15,493
Chief Administrative Officer(s)	119,797	5,291	125,088	132,898
Designated Officers(6)	\$ 361,582	\$ 22,873	\$ 384,455	\$ 250,053

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

(2) Benefits and allowances include the 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 CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

17. Financial instruments

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or risk 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 fulfil 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.

18. Commitments and contingencies

In the ordinary course of operations, various claims and actions are brought against the Town. At the time of the financial statement preparation, there has been no resolution or indication that the settlement of these actions will result in any material liabilities.

19. Approval of financial statements

These financial statements were approved by Council and Management.

20. Prior period adjustment

The prior year numbers have been adjusted to reallocate restricted interest from reserves to deferred revenue. The effects of these adjustments are as follows:

- an increase in deferred revenue of \$144,292 as of December 31, 2014
- a decrease in reserves of \$144,292 as of December 31, 2014
- a decrease in accumulated surplus of 144,292 as of January 1, 2015
- an increase in deferred revenue of \$200,672 as of December 31, 2015
- a decrease in reserves of \$200,677 as of December 31, 2015
- a decrease in investment income of \$56,385 for the year ended December 31, 2015
- a decrease in accumulated surplus of \$200,677 as of January 1, 2016

21. Related party transactions

During the year the Town entered into the following transactions with Sheep River Regional Utility Corporation (SRRUC):

- (a) The Town is leasing land known as the water reservoir site to SRRUC for \$1 per year over the term of the lease for 25 years. The lease expires in July 2041.
- (b) The Town purchased water from SRRUC in the amount of \$207,925.
- (c) The Town disposed of their waterline and metering building to SRRUC with a carrying value of \$5,294,536.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

22. Budget amounts

The 2016 budget for the Town was approved by Council on May 18, 2016 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

In addition, the approved budget did not contain an amount for amortization expense. In order to enhance comparability, the actual amortization expense has been included as a budget amount.

Budgeted surplus per financial statements	\$ 3,192,283
Less: Capital expenditures	(4,306,483)
Long-term debt repayments	(167,848)
Add: Amortization	832,507
Net transfers from reserves	367,868
<u>Approved budget adjustments</u>	<u>81,673</u>
 Equals: Balanced budget	 \$ -

23. Contaminated sites liability

The Town has adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2016 (2015 - nil) as a result of this standard.

24. Segmented disclosure

The Town provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the schedule of segmented disclosure (schedule 3).

25. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

TOWN OF BLACK DIAMOND
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of changes in accumulated surplus				Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2016	2015 (Restated)
Balance, beginning of year					
As previously stated	\$ 1,050,169	\$ 8,166,291	\$ 35,681,809	\$ 44,898,269	\$ 38,558,470
Prior period adjustment (note 20)	-	(200,677)	-	(200,677)	(144,292)
As restated	1,050,169	7,965,614	35,681,809	44,697,592	38,414,178
(Deficiency) excess of revenue over expenses	(3,453,364)	-	-	(3,453,364)	6,283,414
Unrestricted funds designated for future use	(1,383,629)	1,383,629	-	-	-
Restricted funds used for operations	1,903,125	(1,903,125)	-	-	-
Restricted funds used for tangible capital assets	-	(589,360)	589,360	-	-
Current year funds used for tangible capital assets	(955,836)	-	955,836	-	-
Contributed tangible capital assets	(24,852)	-	24,852	-	-
Disposal of tangible capital assets	5,373,658	-	(5,373,658)	-	-
Amortization of tangible capital assets	811,333	-	(811,333)	-	-
Long-term debt repaid	(168,067)	-	168,067	-	-
Change in accumulated surplus	2,102,368	(1,108,856)	(4,446,876)	(3,453,364)	6,283,414
Balance, end of year	\$ 3,152,537	\$ 6,856,758	\$ 31,234,933	\$ 41,244,228	\$ 44,697,592

TOWN OF BLACK DIAMOND
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule 2

Schedule of tangible capital assets

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2016	2015
Cost:									
Balance, beginning of year	\$ 880,361	\$ 461,437	\$ 4,945,225	\$ 21,370,741	\$ 3,027,426	\$ 2,115,132	\$ 9,122,205	\$ 41,922,526	\$ 35,051,071
Acquisitions	-	38,000	57,412	47,000	371,813	55,687	1,000,136	1,570,048	6,871,455
Transfers	-	-	740,637	2,549,717	603,924	-	(3,894,278)	-	-
Disposals	-	-	(362,083)	(5,196,230)	(40,748)	(157,783)	-	(5,756,844)	-
Balance, end of year	880,361	499,437	5,381,191	18,771,228	3,962,415	2,013,036	6,228,063	37,735,730	41,922,526
Accumulated amortization:									
Balance, beginning of year	-	56,399	878,010	2,177,830	1,078,218	684,708	-	4,875,165	4,042,658
Annual amortization	-	14,360	124,554	359,080	202,482	110,857	-	811,333	832,507
Disposals	-	-	(7,006)	(256,771)	(18,337)	(101,072)	-	(383,186)	-
Balance, end of year	70,759	995,558	2,280,139	1,262,363	694,493	-	-	5,303,312	4,875,165
Net book value	\$ 880,361	\$ 428,678	\$ 4,385,633	\$ 16,491,089	\$ 2,700,052	\$ 1,318,543	\$ 6,228,063	\$ 32,432,418	\$ 37,047,361
2015 net book value	\$ 880,361	\$ 405,038	\$ 4,067,215	\$ 19,192,911	\$ 1,949,208	\$ 1,430,424	\$ 9,122,205	\$ 37,047,361	

TOWN OF BLACK DIAMOND
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

Schedule of segmented disclosure

	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 2,739,806	\$ 52,595	\$ 424	\$ 1,433,650	\$ 6,872	\$ 168,524	\$ 4,146	\$ 2,739,806
User fees and sales of goods	4,506	183,119	-	117,331	61,831	43,834	154,678	1,670,717
Government transfers for operating	24,133	-	-	-	-	-	-	584,926
Investment income	132,131	-	-	-	-	-	-	132,131
Penalties and costs of taxes	47,117	-	-	-	-	-	-	47,117
Licenses and permits	14,120	164,952	-	-	8,247	-	-	197,119
Franchise and concession contracts	134,500	-	-	-	-	-	-	196,933
Rental	1,262	-	762	-	-	-	-	269,561
Other	13,622	95,678	1,127	6,627	-	33,624	65,485	216,163
Offsite levies and assessments	-	-	15,405	58,309	-	-	-	73,714
	3,111,197	496,344	17,718	1,624,164	68,703	255,782	554,279	6,128,187
Expenses								
Salaries, wages and benefits	466,007	262,593	292,861	282,993	43,786	263,682	440,382	2,052,304
Contracted and general services	246,502	269,658	190,356	649,762	18,362	171,926	196,282	1,742,848
Materials, goods, supplies and utilities	44,265	69,188	156,934	74,062	2,752	40,551	155,434	543,186
Bank charges and short term interest	553	-	-	-	-	-	-	553
Interest on long term debt	-	-	20,562	39,439	-	-	-	62,759
Other expenditures	4,372	3,053	-	-	-	-	-	10,516
Transfers to organizations and others	244,685	19,033	-	497,220	54,642	-	147,378	962,986
Amortization of tangible capital assets	45,184	192,096	243,731	173,636	345	3,265	153,076	811,333
Loss on disposal of tangible capital assets	22,561	55,561	5,294,536	-	28,152	-	-	5,372,658
Transfers to individuals and organizations	-	5,813	-	-	-	-	-	47,800
	1,074,129	821,434	960,005	7,011,648	148,039	479,924	1,111,736	11,606,915
Excess (deficiency) of revenue over expenses before other	2,037,068	(325,090)	(942,287)	(5,387,484)	(79,336)	(224,142)	(557,457)	(5,478,728)
Other								
Government transfers for capital	20,000	523,404	136,098	1,123,010	-	38,000	160,000	2,000,512
Contributed assets	-	24,852	-	-	-	-	-	24,852
	20,000	548,256	136,098	1,123,010	-	38,000	160,000	2,025,364
Excess (deficiency) of revenue over expenses	\$ 2,057,068	\$ 223,166	\$ (806,189)	\$ (4,264,474)	\$ (79,336)	\$ (186,142)	\$ (397,457)	\$ (3,453,364)