

TOWN OF BLACK DIAMOND

Consolidated Financial Statements

For the year ended December 31, 2019

TOWN OF BLACK DIAMOND
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For the year ended December 31, 2019

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CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Town of Black Diamond which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Black Diamond as at December 31, 2019, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in note 8.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 15.

Lethbridge, Alberta

April 22, 2020



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.



Finance Manager

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2019

	2019	2018
Financial assets		
Cash and temporary investments (note 2)	\$ 10,808,373	\$ 10,627,226
Taxes and grants in place of taxes receivable (note 3)	272,562	351,374
Trade and other receivables (note 4)	827,200	1,409,061
	<hr/> 11,908,135	<hr/> 12,387,661
Liabilities		
Accounts payable and accrued liabilities	187,177	499,768
Employee benefit obligations (note 5)	100,058	94,643
Deposit liabilities	675,343	676,398
Deferred revenue (note 6)	3,078,969	2,972,873
Long-term debt (note 7)	750,060	900,302
Other liabilities	18,153	19,163
	<hr/> 4,809,760	<hr/> 5,163,147
Net financial assets	<hr/> 7,098,375	<hr/> 7,224,514
Non-financial assets		
Prepaid expenses	120,503	97,315
Inventory for consumption	46,630	69,175
Tangible capital assets (schedule 2)	37,494,444	37,344,241
	<hr/> 37,661,577	<hr/> 37,510,731
Accumulated surplus (note 11 and schedule 1)	<hr/> \$ 44,759,952	<hr/> \$ 44,735,245

Commitments and contingencies (note 17)

Approved on behalf of Council:

Councillor David Black

Councillor Karen Gordis

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2019

	Budget (Unaudited)	2019	2018
Revenue			
Net municipal property taxes (note 12)	\$ 2,966,371	\$ 2,977,317	\$ 2,923,570
User fees and sales of goods	2,224,504	2,025,231	1,933,088
Government transfers for operating (note 13)	565,061	433,299	424,197
Investment income	150,002	202,747	183,814
Penalties and costs of taxes	50,500	78,189	66,556
Licenses and permits	148,775	188,197	182,643
Gain on disposal of tangible capital assets	-	-	16,605
Franchise and concession contracts	228,347	227,669	229,425
Rental	287,765	292,082	283,501
Other	51,440	120,650	121,573
Offsite levies and assessments	-	16,481	82,561
	6,672,765	6,561,862	6,447,533
Expenses (note 14)			
Legislative	177,455	161,140	151,904
Administration	792,140	619,494	594,399
Protective services	1,128,343	1,236,334	823,219
Transportation services	1,319,063	1,213,738	1,222,119
Water supply and distribution	1,254,439	1,086,662	971,310
Wastewater treatment and disposal	765,698	802,528	649,045
Waste management	207,496	205,063	191,931
Other environmental use and protection	44,226	54,350	39,523
Family and community support services	85,050	80,057	94,968
Cemeteries and crematoriums	56,990	56,000	56,987
Planning and development	662,964	394,371	501,393
Parks and recreation	1,297,042	1,140,146	1,006,246
Culture - libraries, museums, halls	178,116	177,313	168,225
	7,969,022	7,227,196	6,471,269
Deficiency of revenue over expenses before other	(1,296,257)	(665,334)	(23,736)
Other			
Government transfers for capital (note 13)	1,054,003	673,591	1,922,950
Contributed assets	-	16,450	-
	1,054,003	690,041	1,922,950
(Deficiency) excess of revenue over expenses	(242,254)	24,707	1,899,214
Accumulated surplus, beginning of year	44,735,245	44,735,245	42,836,031
Accumulated surplus, end of year	\$ 44,492,991	\$ 44,759,952	\$ 44,735,245

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2019

	Budget (Unaudited)	2019	2018
(Deficiency) excess of revenue over expenses	\$ (242,254)	\$ 24,707	\$ 1,899,214
Acquisition of tangible capital assets	(2,330,191)	(1,380,388)	(3,016,788)
Amortization of tangible capital assets	1,209,446	1,215,496	1,142,626
Contributed assets	-	(16,450)	-
Loss (gain) on disposal of tangible capital assets	-	20,151	(10,179)
Proceeds on disposal of tangible capital assets	-	10,988	56,433
	(1,120,745)	(150,203)	(1,827,908)
Net change in inventory for consumption	-	22,545	26,303
Net change in prepaid expense	-	(23,188)	(3,871)
	-	(643)	22,432
Increase in net financial assets	(1,362,999)	(126,139)	93,738
Net financial assets, beginning of year	7,224,514	7,224,514	7,130,776
Net financial assets, end of year	\$ 5,861,515	\$ 7,098,375	\$ 7,224,514

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2019

	2019	2018
Operating transactions		
Excess of revenue over expenses	\$ 24,707	\$ 1,899,214
Adjustments for items which do not affect cash		
Loss (gain) on disposal of tangible capital assets	20,151	(10,179)
Amortization of tangible capital assets	1,215,496	1,142,626
Contributed assets	(16,450)	-
	1,243,904	3,031,661
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	78,812	(88,559)
Trade and other receivables	581,861	(936,330)
Inventory for consumption	22,545	26,303
Prepaid expenses	(23,188)	(3,871)
Accounts payable and accrued liabilities	(312,591)	(202,527)
Employee benefit obligations	5,415	7,001
Deposit liabilities	(1,055)	(25,893)
Deferred revenue	106,096	(414,925)
Other liabilities	(1,010)	(4,400)
Cash provided by operating transactions	1,700,789	1,388,460
Capital transactions		
Proceeds on disposal of tangible capital assets	10,988	56,433
Acquisition of tangible capital assets	(1,380,388)	(3,016,788)
Cash applied to capital transactions	(1,369,400)	(2,960,355)
Financing transactions		
Repayment of long-term debt	(150,242)	(1,151,305)
Increase (decrease) in cash and temporary investments	181,147	(2,723,200)
Cash and temporary investments, beginning of year	10,627,226	13,350,426
Cash and temporary investments, end of year	\$ 10,808,373	\$ 10,627,226

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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.

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, 2019

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.

Investments in government partnerships are accounted for using the proportionate consolidation method.

(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.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

1. Significant accounting policies, continued

(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	15-35
Buildings	10-50
Engineered structures	20-75
Machinery and equipment	5-75
Vehicles	8-20

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.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

2. Cash and temporary investments

	2019	2018
Cash	\$ 8,808,338	\$ 8,450,551
Temporary investments	2,000,035	2,176,675
	\$ 10,808,373	\$ 10,627,226

The temporary investments are comprised of Guaranteed Investment Certificates.

Interest earned on temporary investments varies from 2.40% to 2.64% (2018 - 1.82% to 2.40%) per annum. Interest paid on cash on deposit is bank prime less 1.60% (2018 - bank prime less 1.60%).

The fair market value of temporary investments as at December 31, 2019 is \$2,052,848 (2018 - \$2,202,658) which includes accrued interest.

3. Taxes and grants in place of taxes receivables

	2019	2018
Taxes and grants in place of taxes receivable	\$ 223,790	\$ 282,483
Arrears	48,772	68,891
	\$ 272,562	\$ 351,374

4. Trade and other receivables

	2019	2018
Accrued receivables	\$ 351,770	\$ 458,197
Utilities accounts receivable	284,555	263,347
Trade accounts receivable	155,929	617,752
Good and services tax	22,635	57,454
Long-term receivables	12,311	12,311
	\$ 827,200	\$ 1,409,061

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

5. Employee benefit obligations

	2019	2018
Vacation	\$ 96,015	\$ 90,680
Overtime	4,043	3,963
	\$ 100,058	\$ 94,643

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.

6. 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.

	2019	2018
Municipal Sustainability Initiative (MSI) - Capital	\$ 2,044,384	\$ 1,491,346
Federal Gas Tax Fund (FGTF)	432,443	184,686
Park and Ride Facility	279,869	318,602
Flood Recovery Erosion Control Program (FREC)	150,281	494,209
Southern Alberta Flood Response	101,766	106,413
Alberta Community Partnership	53,132	91,337
Regional Collaboration Program	17,094	16,620
Basic Municipal Transportation Grant (BMTG)	-	199,876
Join Cogen OHS	-	50,800
Disaster Recovery Program (DRP)	-	18,984
	\$ 3,078,969	\$ 2,972,873

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

7. Long-term debt

	2019	2018
Tax supported debentures	\$ 391,881	\$ 487,639
Self supported debentures	358,179	412,663
	\$ 750,060	\$ 900,302

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2020	\$ 138,723	\$ 37,416	\$ 176,139
2021	91,751	31,946	123,697
2022	97,113	26,585	123,698
2023	90,464	20,903	111,367
2024	79,691	15,712	95,403
Thereafter	252,318	38,718	291,036
	\$ 750,060	\$ 171,280	\$ 921,340

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 1.088% to 6.75% per annum and matures in periods 2020 through 2040. The average annual interest rate is 4.405% for 2019 (4.405% for 2018).

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

Interest on long-term debt amounted to \$41,204 (2018 - \$46,528).

The Town's total cash payments for interest in 2019 were \$43,044 (2018 - \$50,287).

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

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 be disclosed as follows:

	2019	2018
Total debt limit	\$ 9,842,795	\$ 9,671,298
Total debt	750,060	900,302
	<hr/>	<hr/>
	\$ 9,092,735	\$ 8,770,996
	<hr/>	<hr/>
Debt servicing limit	\$ 1,640,466	\$ 1,611,883
Debt servicing	176,138	193,280
	<hr/>	<hr/>
	\$ 1,464,328	\$ 1,418,603
	<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.

9. 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.

	2019	2018
Operating		
General government	\$ 853,916	\$ 780,634
Recreation and culture	582,623	589,801
Environmental services	549,786	512,313
Planning and tourism	540,536	462,992
Transportation services	234,758	248,725
Protective services	231,274	175,535
Public health services	41,303	40,478
	<hr/>	<hr/>
	3,034,196	2,810,478

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

9. Reserves, continued

	2019	2018
Capital		
Engineering structures	2,258,367	2,430,804
Vehicles	658,415	1,401,764
Offsite levies	1,083,714	1,028,984
General capital	872,298	820,703
Machinery and equipment	973,036	685,877
Buildings	335,567	295,784
Land, parks & pathways	25,430	143,265
Planning	32,500	32,500
	6,239,327	6,839,681
	<hr/>	<hr/>
	<hr/>	<hr/>
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10. Equity in tangible capital assets

	2019	2018
Tangible capital assets (schedule 2)	\$ 48,595,235	\$ 47,512,884
Accumulated amortization (schedule 2)	(11,100,791)	(10,168,643)
Long-term debt (note 7)	(750,060)	(900,302)
	\$ 36,744,384	\$ 36,443,939
	<hr/>	<hr/>

11. Accumulated surplus

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

	2019	2018
Unrestricted deficit	\$ (1,257,955)	\$ (1,358,853)
Internally restricted surplus (reserves) (note 9)	9,273,523	9,650,159
Equity in tangible capital assets (note 10)	36,744,384	36,443,939
	<hr/>	<hr/>
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TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

12. Net municipal property taxes

	Budget (Unaudited)	2019	2018
Taxation			
Real property taxes	\$ 4,091,251	\$ 4,045,859	\$ 3,947,563
Linear property taxes	- -	35,155	32,618
Government grants in place of property taxes	- -	6,215	6,266
Farmland	- -	73	71
	4,091,251	4,087,302	3,986,518
Requisitions			
Alberta School Foundation Fund	1,009,680	1,017,022	974,845
Separate School Division	67,050	45,125	43,033
Foothills Seniors Foundation	48,150	47,838	45,070
	1,124,880	1,109,985	1,062,948
	\$ 2,966,371	\$ 2,977,317	\$ 2,923,570

13. Government transfers

	Budget (Unaudited)	2019	2018
Transfers for operating:			
Provincial conditional grants	\$ 241,583	\$ 142,985	\$ 159,774
Other local government transfers	323,478	290,314	264,423
	565,061	433,299	424,197
Transfers for capital:			
Provincial government	1,054,003	673,591	1,922,950
	1,054,003	673,591	1,922,950
	\$ 1,619,064	\$ 1,106,890	\$ 2,347,147

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

14. Expenses by object

	Budget (Unaudited)	2019	2018
Salaries, wages and benefits	\$ 2,582,760	\$ 2,263,645	\$ 2,217,058
Contracted and general services	2,319,820	1,977,970	1,587,299
Materials, goods, supplies and utilities	834,831	721,283	634,804
Bank charges and short term interest	610	581	440
Interest on long term debt	37,384	41,204	46,528
Other expenses	68,093	67,568	26,131
Transfers to organizations and others	853,664	855,956	762,297
Amortization of tangible capital assets	1,209,446	1,215,496	1,142,626
Transfers to individuals and organizations	62,414	63,343	47,662
Loss on disposal of tangible capital assets	-	20,150	6,424
	\$ 7,969,022	\$ 7,227,196	\$ 6,471,269

15. 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	2019	2018
Council				
Mayor - Goodwin, V.R.	\$ 21,800	\$ 1,661	\$ 23,461	\$ 23,538
Councillor - Lalonde, D.	16,050	3,669	19,719	17,887
Councillor - Bain, C.	17,900	766	18,666	15,476
Councillor - Kloiber, V.	16,400	601	17,001	15,601
Councillor - Marconi, B	16,150	26	16,176	18,051
Councillor - Stickel, J.	15,150	126	15,276	17,851
Councillor - Hart, S.	14,250	726	14,976	14,226
Chief Administrative Officer(s)	103,867	9,432	113,299	115,669
Designated Officers (5)	\$ 334,436	\$ 25,420	\$ 359,856	\$ 391,618

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

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

15. Salary and benefits disclosure, continued

(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.

16. 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.

17. 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.

18. Approval of financial statements

These financial statements were approved by Council and Management.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

19. Budget amounts

The 2019 budget for the Town was approved by Council on March 26, 2019 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 deficit per financial statements	\$ (242,254)
Less: Capital expenditures	(2,330,191)
Long-term debt repayments	(150,282)
Add: Amortization	1,209,446
Net transfers from reserves	1,396,171
Long-term debt proceeds	<u>117,110</u>
 Equals: Balanced budget	 \$ -

20. Contaminated sites liability

The Town has adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2019 (2018 - nil) as a result of this standard.

21. Subsequent events

The global coronavirus pandemic has had a significant impact on global financial markets and will have significant accounting, disclosure, and internal control implications for many entities.

Some of the key impacts include, but are not limited to, interruptions of production and supply chains, unavailability of personnel, reductions in revenue, decline in value of financial investments, disruptions or stoppages in non-essential travel, and the closure of facilities and businesses.

The situation is changing rapidly and the future impact on the entity is not readily determinable at this time.

22. 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).

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

23. Investment in government partnership

The Town purchased 45 class A common shares in Sheep River Regional Corp. (SRRUC) for 45% ownership in the amount of \$4.50.

SRRUC was formed in partnership with the Towns of Black Diamond, Turner Valley, Foothills County and the Village of Longview. SRRUC is responsible for distribution of water to its partnering municipalities.

SRRUC is accounted for using the proportionate consolidation method. Below is a financial summary of the Corporation's financial statements as at December 31, 2019 and for the year then ended as follows:

	2019 Total	Adjustments	2019 45% share	2018 45% share
Financial assets	309,196	182,814	126,382	155,162
Liabilities	4,639,786	4,609,703	30,083	78,846
Net financial debt	(4,330,590)	(4,426,889)	96,299	76,316
Non-financial assets	9,387,153	5,162,934	4,224,219	4,305,476
Accumulated surplus	5,056,563	736,045	4,320,518	4,381,792
Total revenue	709,004	562,564	146,440	135,837
Total expenses	853,849	642,229	211,620	158,852
(Deficiency) of revenue over expenses	(144,845)	(79,665)	(65,180)	(23,015)

The following adjustments pertain to transactions and balances between the Town and SRRUC. They have been adjusted using the proportionate consolidation method and are taken into consideration in the adjustments above:

- Water requisition revenue \$383,581 (2018 - \$408,199)
- Accounts receivable \$28,348 (2018 - \$37,029)
- Due to shareholders \$2,057,821 (2018 - \$2,057,821)
- Share capital \$4.50 (2018 - \$4.50)

TOWN OF BLACK DIAMOND
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

Schedule of changes in accumulated surplus				Schedule 1	
	Unrestricted	Restricted	Equity in tangible capital assets	2019	2018
Balance, beginning of year	\$ (1,358,851)	\$ 9,650,159	\$ 36,443,937	\$ 44,735,245	\$ 42,836,031
Excess of revenue over expenses	24,707	-	-	24,707	1,899,214
Unrestricted funds designated for future use	(1,189,379)	1,189,379	-	-	-
Restricted funds used for operations	391,347	(391,347)	-	-	-
Restricted funds used for tangible capital assets	-	(1,174,668)	1,174,668	-	-
Current year funds used for tangible capital assets	(205,723)	-	205,723	-	-
Contributed tangible capital assets	(16,450)	-	16,450	-	-
Disposal of tangible capital assets	31,140	-	(31,140)	-	-
Amortization of tangible capital assets	1,215,496	-	(1,215,496)	-	-
Long-term debt repaid	(150,242)	-	150,242	-	-
Change in accumulated surplus	100,896	(376,636)	300,447	24,707	1,899,214
Balance, end of year	\$ (1,257,955)	\$ 9,273,523	\$ 36,744,384	\$ 44,759,952	\$ 44,735,245

TOWN OF BLACK DIAMOND
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

Schedule of tangible capital assets

Schedule 2

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2019	2018
Cost:									
Balance, beginning of year	\$ 1,757,667	\$ 1,931,906	\$ 6,067,104	\$ 29,352,372	\$ 4,113,473	\$ 2,244,478	\$ 2,045,884	\$ 47,512,884	\$ 44,839,933
Acquisitions	-	59,475	-	83,293	160,385	17,875	1,075,810	1,396,838	3,016,788
Transfers	-	-	6,634	1,320,235	602,231	1,169,003	(3,098,103)	-	-
Disposals	-	-	-	-	-	(290,896)	(23,591)	(314,487)	(343,837)
Balance, end of year	1,757,667	1,991,381	6,073,738	30,755,900	4,876,089	3,140,460	-	48,595,235	47,512,884
Accumulated amortization:									
Balance, beginning of year	-	229,494	1,973,726	4,528,097	2,011,023	1,426,305	-	10,168,643	9,323,599
Annual amortization	-	69,278	142,265	609,929	199,346	194,677	-	1,215,495	1,142,626
Disposals	-	-	-	-	-	(283,347)	-	(283,347)	(297,582)
Balance, end of year	-	298,772	2,115,991	5,138,026	2,210,369	1,337,635	-	11,100,791	10,168,643
Net book value	\$ 1,757,667	\$ 1,692,609	\$ 3,957,747	\$ 25,617,874	\$ 2,665,720	\$ 1,802,825	-	\$ 37,494,444	\$ 37,344,241
2018 net book value	\$ 1,757,667	\$ 1,702,413	\$ 4,093,378	\$ 24,824,275	\$ 2,102,450	\$ 818,173	\$ 2,045,884	\$ 37,344,241	

TOWN OF BLACK DIAMOND
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2019

Schedule of segmented disclosure								Schedule 3
	General government	Protective services	Transportation services	Environmental services	Public health services	Planning and development	Recreation and culture	Total
Revenue								
Net municipal property taxes	\$ 2,977,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,977,317
User fees and sales of goods	34,141	81,991	-	1,890,893	2,486	9,430	6,290	2,025,231
Government transfers for operating	-	107,256	10,569	500	61,831	34,750	218,393	433,299
Investment income	202,747	-	-	-	-	-	-	202,747
Penalties and costs of taxes	78,189	-	-	-	-	-	-	78,189
Licenses and permits	-	153,590	-	23,607	-	11,000	-	188,197
Franchise and concession contracts	158,103	-	34,783	-	-	-	34,783	227,669
Rental	1,325	-	776	-	-	-	289,981	292,082
Other	4,407	18,797	28,448	4,000	-	19,717	45,281	120,650
Offsite levies and assessments	-	-	3,444	13,037	-	-	-	16,481
	3,456,229	361,634	78,020	1,932,037	64,317	74,897	594,728	6,561,862
Expenses								
Salaries, wages and benefits	480,909	277,724	302,564	426,544	48,344	233,853	493,707	2,263,645
Contracted and general services	225,424	469,445	325,445	614,053	8,349	104,661	230,592	1,977,970
Materials, goods, supplies and utilities	40,278	125,954	232,635	130,311	894	33,264	157,947	721,283
Bank charges and short term interest	519	-	-	62	-	-	-	581
Interest on long term debt	-	-	15,852	24,845	-	-	507	41,204
Other expenditures	5,758	4,130	-	-	-	3,650	54,030	67,568
Transfers to organizations and others	-	20,547	-	618,701	56,000	-	160,708	855,956
Amortization of tangible capital assets	27,746	329,265	337,242	334,088	-	3,942	183,213	1,215,496
Loss on disposal of tangible capital assets	-	-	-	-	-	-	20,151	20,150
Transfers to individuals and organizations	-	9,269	-	-	22,469	15,000	16,605	63,343
	780,634	1,236,334	1,213,738	2,148,604	136,056	394,370	1,317,460	7,227,196
Excess (deficiency) of revenue over expenses before other								
	2,675,595	(874,700)	(1,135,718)	(216,567)	(71,739)	(319,473)	(722,732)	(665,334)
Other								
Government transfers for capital	-	371,568	139,052	112,123	-	-	50,848	673,591
Contributed assets	-	16,450	-	-	-	-	-	16,450
	-	388,018	139,052	112,123	-	-	50,848	690,041
Excess (deficiency) of revenue over expenses								
	\$ 2,675,595	\$ (486,682)	\$ (996,666)	\$ (104,444)	\$ (71,739)	\$ (319,473)	\$ (671,884)	\$ 24,707

Town of Black Diamond
301 Centre Avenue West
Black Diamond, Alberta T0L 0H0

Avail LLP
100, 530 - 8 Street South
Lethbridge, AB T1J 2J8

Ladies and Gentlemen:

I, being the manager of Town of Black Diamond, have reviewed the adjusting journal entries prepared by Avail LLP for the year ended December 31, 2019 and I approve the entries prepared and accept responsibility for them.

Yours truly,

Town of Black Diamond

Per:  Title: CAO Town of Black Diamond Date: April 22, 2020

Town of Black Diamond**AJE****Year End: December 31, 2019****Adjusting journal entries****Date: 1/1/2019 To 12/31/2019**

Number	Date	Name	Account No	Debit	Credit
E-1	12/31/2019	Shareholder Loans (SRRUC)	4-00-00-300	926,019.34	
E-1	12/31/2019	Shareholder Loans (SRRUC)	4-00-00-300	1,131,801.00	
E-1	12/31/2019	SRUCC Shareholder Investment	3-41-00-4-00-00 TOBD		2,057,821.00
E-1	12/31/2019	EQUITY IN ASSETS	4-00-00-8-00-00 TOBD		926,019.34
E-1	12/31/2019	EQUITY IN ASSETS	4-00-00-8-00-00 TOBD		1,131,801.00
E-1	12/31/2019	SURPLUS / DEFICIT	4-00-00-9-10-00 TOBD	2,057,821.00	
		To eliminate SRRUC's shareholder loan balance.			
E-2	12/31/2019	Share Capital - Class A (SRRUC)	4-00-00-302	4.50	
E-2	12/31/2019	SRRUC Shareholder Investment	R3-41-00-4-00-00 TOBD		4.50
		To eliminate shares between Town of Black Diamond and SRRUC.			
E-3	12/31/2019	Water requisitions (SRRUC)	2101	172,611.00	
E-3	12/31/2019	CONTRACT SERVICES: Water Chgs	2-41-00-2-39-99 TOBD		172,611.00
		To eliminate inter-shareholder water sales.			
E-4	12/31/2019	Accounts receivable (SRRUC)	3-00-00-200		12,756.60
E-4	12/31/2019	TRADE ACCOUNTS PAYABLE	4-00-00-2-75-00	12,756.60	
		To eliminate intercompany accounts receivable and accounts payable balances.			
E-5	12/31/2019	ACCUM.AMORT-ENG. ST.-Water	3-00-00-6-10-41		115,546.95
E-5	12/31/2019	ACCUM.AMORT-BUILDING-Water	3-00-00-6-20-41		3,152.70
E-5	12/31/2019	EQUITY IN ASSETS	4-00-00-8-00-00	118,699.65	
		To bring forward elimination of metering building and waterline disposed to SRRUC in 2016.			
				4,419,713.09	4,419,713.09

Net Income (Loss) **24,706.72**

Town of Black Diamond

Year End: December 31, 2019

Reclassifying journal entries

Date: 1/1/2019 To 12/31/2019

RJE

Number	Date	Name	Account No	Debit	Credit
				0.00	0.00

Net Income (Loss) 24,706.72