

TOWN OF BLACK DIAMOND
Consolidated Financial Statements
For the year ended December 31, 2020

TOWN OF BLACK DIAMOND
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For the year ended December 31, 2020

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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, 2020, 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, 2020, 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 21, 2021



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, 2020

	2020	2019
Financial assets		
Cash and temporary investments (note 2)	\$ 10,774,147	\$ 10,808,373
Taxes and grants in place of taxes receivable (note 3)	273,569	272,562
Trade and other receivables (note 4)	640,197	827,200
	11,687,913	11,908,135
Liabilities		
Accounts payable and accrued liabilities	350,474	187,177
Employee benefit obligations (note 5)	118,240	100,058
Deposit liabilities	743,893	675,343
Deferred revenue (note 6)	2,001,382	3,078,969
Long-term debt (note 7)	611,337	750,060
Other liabilities	21,429	18,153
	3,846,755	4,809,760
Net financial assets	7,841,158	7,098,375
Non-financial assets		
Prepaid expenses	124,542	120,503
Inventory for consumption	50,668	46,630
Tangible capital assets (schedule 2)	38,385,775	37,494,444
	38,560,985	37,661,577
Accumulated surplus (note 11 and schedule 1)	\$ 46,402,143	\$ 44,759,952

Commitments and contingencies (note 17)

Approved on behalf of Council:

Councillor *Kathy Seachrist* Councillor *Daryl Lalonde*

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Revenue			
Net municipal property taxes (note 12)	\$ 2,886,763	\$ 2,906,558	\$ 2,977,317
User fees and sales of goods	2,351,079	2,099,839	2,025,231
Government transfers for operating (note 13)	537,044	573,761	433,299
Investment income	163,646	126,616	202,747
Penalties and costs of taxes	60,797	60,795	78,189
Licenses and permits	157,550	138,565	188,197
Gain on disposal of tangible capital assets	-	8,000	-
Franchise and concession contracts	226,200	236,870	227,669
Rental	293,594	188,454	292,082
Other	35,912	126,730	120,650
Offsite levies and assessments	-	39,337	16,481
	6,712,585	6,505,525	6,561,862
Expenses (note 14)			
Legislative	175,167	150,706	161,140
Administration	790,361	654,460	619,494
Protective services	1,170,949	812,246	1,236,334
Transportation services	1,397,386	1,187,433	1,213,738
Water supply and distribution	1,394,940	1,107,596	1,086,662
Wastewater treatment and disposal	891,752	918,575	802,528
Waste management	207,630	214,774	205,063
Other environmental use and protection	174,385	139,783	54,350
Family and community support services	87,591	79,025	80,057
Cemeteries and crematoriums	56,990	56,000	56,000
Planning and development	647,383	381,923	394,371
Parks and recreation	1,123,041	1,088,443	1,140,146
Culture - libraries, museums, halls	182,138	181,930	177,313
	8,299,713	6,972,894	7,227,196
Deficiency of revenue over expenses before other	(1,587,128)	(467,369)	(665,334)
Other			
Government transfers for capital (note 13)	4,108,410	2,109,560	673,591
Contributed assets	-	-	16,450
	4,108,410	2,109,560	690,041
Excess of revenue over expenses	2,521,282	1,642,191	24,707
Accumulated surplus, beginning of year	44,759,952	44,759,952	44,735,245
Accumulated surplus, end of year	\$ 47,281,234	\$ 46,402,143	\$ 44,759,952

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the year ended December 31, 2020

	Budget (Unaudited)	2020	2019
Excess of revenue over expenses	\$ 2,521,282	\$ 1,642,191	\$ 24,707
Acquisition of tangible capital assets	(4,038,868)	(2,116,898)	(1,380,388)
Amortization of tangible capital assets	1,213,236	1,225,567	1,215,496
Contributed assets	-	-	(16,450)
(Gain) loss on disposal of tangible capital assets	-	(8,000)	20,151
Proceeds on disposal of tangible capital assets	-	8,000	10,988
	(2,825,632)	(891,331)	(150,203)
Net change in inventory for consumption	-	(4,038)	22,545
Net change in prepaid expense	-	(4,039)	(23,188)
	-	(8,077)	(643)
Increase in net financial assets	(304,350)	742,783	(126,139)
Net financial assets, beginning of year	7,098,375	7,098,375	7,224,514
Net financial assets, end of year	\$ 6,794,025	\$ 7,841,158	\$ 7,098,375

TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended December 31, 2020

	2020	2019
Operating transactions		
Excess of revenue over expenses	\$ 1,642,191	\$ 24,707
Adjustments for items which do not affect cash		
(Gain) loss on disposal of tangible capital assets	(8,000)	20,151
Amortization of tangible capital assets	1,225,567	1,215,496
Contributed assets	-	(16,450)
	2,859,758	1,243,904
Net change in non-cash working capital items		
Taxes and grants in place of taxes receivable	(1,007)	78,812
Trade and other receivables	187,003	581,859
Inventory for consumption	(4,038)	22,545
Prepaid expenses	(4,039)	(23,188)
Accounts payable and accrued liabilities	163,297	(312,589)
Employee benefit obligations	18,182	5,415
Deposit liabilities	68,550	(1,055)
Deferred revenue	(1,077,587)	106,096
Other liabilities	3,276	(1,010)
	2,213,395	1,700,789
Capital transactions		
Proceeds on disposal of tangible capital assets	8,000	10,988
Acquisition of tangible capital assets	(2,116,898)	(1,380,388)
	Cash applied to capital transactions	(2,108,898) (1,369,400)
Financing transactions		
Repayment of long-term debt	(138,723)	(150,242)
(Decrease) increase in cash and temporary investments	(34,226)	181,147
Cash and temporary investments, beginning of year	10,808,373	10,627,226
Cash and temporary investments, end of year	\$ 10,774,147	\$ 10,808,373

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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, 2020

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, 2020

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, 2020

2. Cash and temporary investments

	2020	2019
Cash	\$ 8,774,112	\$ 8,808,338
Temporary investments	2,000,035	2,000,035
	\$ 10,774,147	\$ 10,808,373

The temporary investments are comprised of Guaranteed Investment Certificates.

Interest earned on temporary investments varies from 1.94% to 2.05% (2019 - 2.40% to 2.64%) per annum. Interest paid on cash on deposit is bank prime less 1.60% (2019 - bank prime less 1.60%).

The fair market value of temporary investments as at December 31, 2020 is \$2,037,637 (2019 - \$2,052,848) which includes accrued interest.

3. Taxes and grants in place of taxes receivables

	2020	2019
Taxes and grants in place of taxes receivable	\$ 226,363	\$ 223,790
Arrears	47,206	48,772
	\$ 273,569	\$ 272,562

4. Trade and other receivables

	2020	2019
Utilities accounts receivable	\$ 288,630	\$ 284,555
Trade accounts receivable	126,996	155,929
Accrued receivables	117,576	351,770
Good and services tax	94,684	22,635
Long-term receivables	12,311	12,311
	\$ 640,197	\$ 827,200

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

5. Employee benefit obligations

	2020	2019
Vacation	\$ 110,835	\$ 96,015
Overtime	7,405	4,043
	\$ 118,240	\$ 100,058

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.

	2020	2019
Municipal Sustainability Initiative (MSI) - Capital	\$ 1,402,227	\$ 2,044,384
Flood Recovery Erosion Control Program (FREC)	151,473	150,281
Park and Ride Facility	146,428	279,869
Municipal Operating Support Transfer (MOST)	110,727	-
Southern Alberta Flood Response	101,264	101,766
Municipal Stimulus Program (MSP)	43,719	-
Federal Gas Tax Fund (FGTF)	24,294	432,443
Alberta Community Partnership	13,319	53,132
Regional Collaboration Program	3,987	17,094
Family Community Support Services (FCSS)	3,944	-
	\$ 2,001,382	\$ 3,078,969

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

7. Long-term debt

	2020	2019
Tax supported debentures	\$ 311,115	\$ 391,881
Self supported debentures	300,222	358,179
	<u>\$ 611,337</u>	<u>\$ 750,060</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2021	\$ 91,751	\$ 31,947	\$ 123,698
2022	97,113	26,585	123,698
2023	90,464	20,902	111,366
2024	79,691	15,712	95,403
2025	84,248	11,155	95,403
Thereafter	168,070	27,563	195,633
	<u>\$ 611,337</u>	<u>\$ 133,864</u>	<u>\$ 745,201</u>

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 1.088% to 6.75% per annum and matures in periods 2022 through 2040. The average annual interest rate is 4.405% for 2020 (4.405% for 2019).

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

Interest on long-term debt amounted to \$35,557 (2019 - \$41,204).

The Town's total cash payments for interest in 2020 were \$37,416 (2019 - \$43,044).

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

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:

	2020	2019
Total debt limit	\$ 9,758,286	\$ 9,842,795
Total debt	611,337	750,060
	<hr/>	<hr/>
	\$ 9,146,949	\$ 9,092,735
	<hr/>	<hr/>
Debt servicing limit	\$ 1,626,381	\$ 1,640,466
Debt servicing	123,698	176,138
	<hr/>	<hr/>
	\$ 1,502,683	\$ 1,464,328
	<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.

	2020	2019
Operating		
General government	\$ 857,595	\$ 853,916
Environmental services	579,210	549,786
Protective services	569,216	231,274
Transportation services	559,797	234,758
Planning and tourism	290,658	540,536
Public health services	226,716	41,303
Recreation and culture	41,053	582,623
	<hr/>	<hr/>
	3,124,245	3,034,196

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

9. Reserves, continued

	2020	2019
Capital		
General capital	2,532,632	872,298
Offsite levies	1,147,151	1,083,714
Machinery and equipment	1,122,190	973,036
Buildings	814,015	335,567
Land, parks & pathways	720,916	25,430
Vehicles	349,681	658,415
Engineering structures	52,205	2,258,367
Planning	32,500	32,500
	<hr/> 6,771,290	<hr/> 6,239,327
	<hr/> \$ 9,895,535	<hr/> \$ 9,273,523

10. Equity in tangible capital assets

	2020	2019
Tangible capital assets (schedule 2)	\$ 50,640,773	\$ 48,595,235
Accumulated amortization (schedule 2)	(12,254,998)	(11,100,791)
Long-term debt (note 7)	(611,337)	(750,060)
	<hr/> \$ 37,774,438	<hr/> \$ 36,744,384

11. Accumulated surplus

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

	2020	2019
Unrestricted deficit	\$ (1,267,830)	\$ (1,257,955)
Internally restricted surplus (reserves) (note 9)	9,895,535	9,273,523
Equity in tangible capital assets (note 10)	37,774,438	36,744,384
	<hr/> \$ 46,402,143	<hr/> \$ 44,759,952

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

12. Net municipal property taxes

	Budget (Unaudited)	2020	2019
Taxation			
Real property taxes	\$ 3,984,211	\$ 3,957,958	\$ 4,045,859
Linear property taxes	-	39,761	35,155
Government grants in place of property taxes	-	4,765	6,215
Farmland	-	1,278	73
	3,984,211	4,003,762	4,087,302
Requisitions			
Alberta School Foundation Fund	983,513	983,513	1,017,022
Separate School Division	65,261	65,261	45,125
Foothills Seniors Foundation	48,674	48,430	47,838
	1,097,448	1,097,204	1,109,985
	\$ 2,886,763	\$ 2,906,558	\$ 2,977,317

13. Government transfers

	Budget (Unaudited)	2020	2019
Transfers for operating:			
Provincial conditional grants	\$ 217,967	\$ 315,125	\$ 142,985
Other local government transfers	319,077	258,636	290,314
	537,044	573,761	433,299
Transfers for capital:			
Provincial government	4,108,410	2,097,606	673,591
Federal government	-	11,954	-
	4,108,410	2,109,560	673,591
	\$ 4,645,454	\$ 2,683,321	\$ 1,106,890

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

14. Expenses by object

	Budget (Unaudited)	2020	2019
Salaries, wages and benefits	\$ 2,537,166	\$ 2,335,715	\$ 2,263,645
Contracted and general services	2,708,524	1,912,975	1,977,970
Materials, goods, supplies and utilities	712,728	525,250	721,283
Bank charges and short term interest	723	717	581
Interest on long term debt	37,266	35,557	41,204
Other expenses	14,100	7,841	67,568
Transfers to organizations and others	950,379	861,279	855,956
Amortization of tangible capital assets	1,213,236	1,225,567	1,215,496
Transfers to individuals and organizations	125,591	67,993	63,343
Loss on disposal of tangible capital assets	-	-	20,150
	\$ 8,299,713	\$ 6,972,894	\$ 7,227,196

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	2020	2019
Council				
Mayor - Goodwin, V.R.	\$ 22,660	\$ 933	\$ 23,593	\$ 23,461
Councillor - Lalonde, D.	16,218	3,181	19,399	19,719
Councillor - Bain, C.	17,050	28	17,078	18,666
Councillor - Marconi, B	17,000	28	17,028	16,176
Councillor - Kloiber, V.	16,650	28	16,678	17,001
Councillor - Stickel, J.	16,200	46	16,246	15,276
Councillor - Hart, S.	14,960	868	15,828	14,976
Chief Administrative Officer(s)	111,955	14,756	126,711	113,299
Designated Officers (5)	\$ 321,982	\$ 37,395	\$ 359,377	\$ 359,856

(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, 2020

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, 2020

19. Budget amounts

The 2020 budget for the Town was approved by Council on March 30, 2020 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	\$ 2,521,282
Less: Capital expenditures	(4,038,868)
Long-term debt repayments	(138,723)
Add: Amortization	1,213,236
Net transfers from reserves	443,073
<hr/>	
Equals: Balanced budget	<hr/> \$ -

20. Contaminated sites liability

The Town has adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2020 (2019 - nil) as a result of this standard.

TOWN OF BLACK DIAMOND
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

21. COVID-19

Events have occurred as a result of the COVID-19 (coronavirus) pandemic that have caused economic uncertainty. The duration and impact of the pandemic, as well as the effectiveness of government responses, remain unclear at this time.

Potential impacts on the Town's business could include future decreases in revenue and delays in completing capital project work, temporary declines in investment income, closure of facilities including recreation, library, and administrative buildings, temporary and/or permanent termination of public employees and mandatory working from home requirements for those able to do so.

The Town has continued to develop strategies to manage the impacts of the COVID-19 outbreak. Administration continues to monitor revenue, expenses, and projects for the Town. Cost saving measures have been instituted where appropriate. The Town continues to follow protocols set by the Alberta Government and to make suitable adjustments in the face of the pandemic.

Management is not aware of any material impairments, at this time, that will impact the financial assets or liabilities of the Town due to the pandemic.

The situation is continually changing and the future impact on the Town 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, 2020

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, 2020 and for the year then ended as follows:

	2020 Total	2020 Adjustments	2020 45% share	2019 45% share
Financial assets	403,334	254,478	148,856	126,382
Liabilities	4,658,495	4,619,993	38,502	30,083
Net financial debt	(4,255,161)	(4,365,515)	110,354	96,299
Non-financial assets	9,248,941	5,086,918	4,162,023	4,224,219
Accumulated surplus	<u>4,993,780</u>	<u>721,403</u>	<u>4,272,377</u>	<u>4,320,518</u>
 Total revenue	 797,617	 641,291	 156,326	 146,440
Total expenses	860,400	675,822	184,578	211,620
(Deficiency) of revenue over expenses	(62,783)	(34,531)	(28,252)	(65,180)

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 and capital requisition revenue \$450,226 (2019 - \$383,581)
- Accounts receivable \$72,542 (2019 - \$28,348)
- Due to shareholders \$2,057,821 (2019 - \$2,057,821)
- Share capital \$4.50 (2019 - \$4.50)

TOWN OF BLACK DIAMOND
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule of changes in accumulated surplus

Schedule 1

	Unrestricted	Restricted	Equity in tangible capital assets	2020	2019
Balance, beginning of year	\$ (1,257,955)	\$ 9,273,523	\$ 36,744,384	\$ 44,759,952	\$ 44,735,245
Excess of revenue over expenses	1,642,191	-	-	1,642,191	24,707
Unrestricted funds designated for future use	(1,332,810)	1,332,810	-	-	-
Restricted funds used for operations	438,160	(438,160)	-	-	-
Restricted funds used for tangible capital assets	-	(272,638)	272,638	-	-
Current year funds used for tangible capital assets	(1,844,260)	-	1,844,260	-	-
Amortization of tangible capital assets	1,225,567	-	(1,225,567)	-	-
Long-term debt repaid	(138,723)	-	138,723	-	-
Change in accumulated surplus	(9,875)	622,012	1,030,054	1,642,191	24,707
Balance, end of year	\$ (1,267,830)	\$ 9,895,535	\$ 37,774,438	\$ 46,402,143	\$ 44,759,952

TOWN OF BLACK DIAMOND
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule 2
Schedule of tangible capital assets

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2020	2019
Cost:									
Balance, beginning of year	\$ 1,757,667	\$ 1,991,381	\$ 6,073,738	\$ 30,755,900	\$ 4,876,089	\$ 3,140,460	\$ 1,744,058	\$ 48,595,235	\$ 47,512,884
Acquisitions	-	-	6,499	40,431	159,965	165,945	-	2,116,898	1,396,838
Disposals	-	-	-	-	(71,360)	-	-	(71,360)	(314,487)
Balance, end of year	1,757,667	1,991,381	6,080,237	30,796,331	4,964,694	3,306,405	1,744,058	50,640,773	48,595,235
Accumulated amortization:									
Balance, beginning of year	-	298,772	2,115,991	5,138,026	2,210,369	1,337,635	-	11,100,791	10,168,643
Annual amortization	-	70,416	142,549	630,945	219,773	161,884	-	1,225,567	1,215,495
Disposals	-	-	-	-	(71,360)	-	-	(71,360)	(283,347)
Balance, end of year	-	369,188	2,258,540	5,768,971	2,358,782	1,499,519	-	12,254,998	11,100,791
Net book value	\$ 1,757,667	\$ 1,622,193	\$ 3,821,697	\$ 25,027,360	\$ 2,605,912	\$ 1,806,886	\$ 1,744,058	\$ 38,385,775	\$ 37,494,444
2019 net book value	\$ 1,757,667	\$ 1,692,609	\$ 3,957,747	\$ 25,617,874	\$ 2,665,720	\$ 1,802,825	\$ -	\$ 37,494,444	

TOWN OF BLACK DIAMOND
SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

Schedule 3

		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	\$ 2,906,558	\$ 28,399	\$ 57,723	\$ 29	\$ 1,991,947	\$ 4,019	\$ 12,807	\$ 4,915	\$ 2,906,558
User fees and sales of goods	14,289	153,474	1,039	-	60,536	32,612	311,801	2,099,839	573,761
Government transfers for operating	126,616	-	-	-	-	-	-	-	126,616
Investment income	60,795	-	-	-	-	-	-	-	60,795
Penalties and costs of taxes	-	110,633	-	10,732	-	17,200	-	-	138,555
Licenses and permits	-	-	-	-	-	-	8,000	8,000	-
Gain on disposal of capital assets	16,674	-	37,598	-	-	-	37,598	236,870	-
Franchise and concession contracts	1,290	-	789	-	-	-	186,375	188,454	-
Rental	569	10,000	-	40,800	-	-	2,000	73,361	126,730
Other	-	-	8,220	31,117	-	-	-	-	39,337
	3,300,200	331,830	47,675	2,074,596	64,555	64,619	622,050	6,505,525	
Expenses									
Salaries, wages and benefits	521,651	269,267	315,228	423,289	50,241	247,233	508,806	2,335,715	
Contracted and general services	221,026	127,584	344,379	895,475	5,451	89,388	229,672	1,912,975	
Materials, goods, supplies and utilities	31,516	73,262	173,670	113,401	2,709	17,205	113,487	525,250	
Bank charges and short term interest	522	-	42	153	-	-	-	717	717
Interest on long term debt	-	-	14,216	21,223	-	-	-	35,557	
Other expenditures	4,841	-	-	-	800	2,200	-	7,841	
Transfers to organizations and others	-	20,952	-	619,245	56,000	-	165,082	861,279	
Amortization of tangible capital assets	25,608	312,015	339,899	307,940	-	3,744	236,361	1,225,567	
Transfers to individuals and organizations	-	9,166	-	-	19,825	22,154	16,848	67,993	
	805,164	812,246	1,187,434	2,380,726	135,026	381,924	1,270,374	6,972,894	
Excess (deficiency) of revenue over expenses before other	2,495,036	(480,416)	(1,139,759)	(306,130)	(70,471)	(317,305)	(648,324)	(467,369)	
Other									
Government transfers for capital	18,950	-	874,950	1,215,660	-	-	-	-	2,109,560
Excess (deficiency) of revenue over expenses	\$ 2,513,986	\$ (480,416)	\$ (264,809)	\$ 909,530	\$ (70,471)	\$ (317,305)	\$ (648,324)	\$ 1,642,191	