

**TOWN OF BLACK DIAMOND**

**Consolidated Financial Statements**

**For the year ended December 31, 2021**

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**TOWN OF BLACK DIAMOND**  
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**For the year ended December 31, 2021**

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## 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, 2021, 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, 2021, 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 9.
- 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 16.

Lethbridge, Alberta

April 20, 2022



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

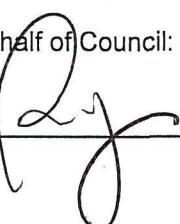
**TOWN OF BLACK DIAMOND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2021**

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>Financial assets</b>                                |                      |                      |
| Cash and temporary investments (note 2)                | \$ 10,141,047        | \$ 10,774,147        |
| Taxes and grants in place of taxes receivable (note 3) | 288,960              | 285,880              |
| Trade and other receivables (note 4)                   | 624,508              | 627,886              |
| Investments (note 5)                                   | 1,000,000            | -                    |
|  | <b>12,054,515</b>    | <b>11,687,913</b>    |
| <b>Liabilities</b>                                     |                      |                      |
| Accounts payable and accrued liabilities               | 450,411              | 344,004              |
| Employee benefit obligations (note 6)                  | 125,696              | 118,240              |
| Deposit liabilities                                    | 798,286              | 743,993              |
| Deferred revenue (note 7)                              | 2,011,757            | 2,001,382            |
| Long-term debt (note 8)                                | 519,586              | 611,337              |
| Other liabilities                                      | 29,316               | 27,799               |
|  | <b>3,935,052</b>     | <b>3,846,755</b>     |
| <b>Net financial assets</b>                            | <b>8,119,463</b>     | <b>7,841,158</b>     |
| <b>Non-financial assets</b>                            |                      |                      |
| Prepaid expenses                                       | 123,374              | 124,542              |
| Inventory for consumption                              | 42,468               | 50,668               |
| Tangible capital assets (schedule 2)                   | 38,717,399           | 38,385,775           |
|  | <b>38,883,241</b>    | <b>38,560,985</b>    |
| <b>Accumulated surplus (note 12 and schedule 1)</b>    | <b>\$ 47,002,704</b> | <b>\$ 46,402,143</b> |

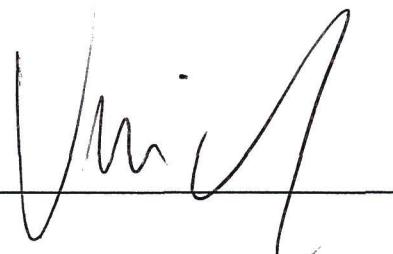
*Commitments and contingencies (note 18)*

Approved on behalf of Council:

Councillor



Councillor



**TOWN OF BLACK DIAMOND**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
For the year ended December 31, 2021

|   | Budget<br>(Unaudited) | 2021          | 2020          |
|---|-----------------------|---------------|---------------|
| <b>Revenue</b>  |                       |               |               |
| Net municipal property taxes (note 13)                  | \$ 3,005,538          | \$ 3,039,819  | \$ 2,906,558  |
| User fees and sales of goods                            | 2,330,262             | 2,388,467     | 2,099,839     |
| Government transfers for operating (note 14)            | 617,351               | 544,146       | 573,761       |
| Investment income                                       | 135,500               | 86,690        | 126,616       |
| Penalties and costs of taxes                            | 58,000                | 64,115        | 60,795        |
| Licenses and permits                                    | 154,000               | 173,857       | 138,565       |
| Franchise and concession contracts                      | 228,000               | 245,903       | 236,870       |
| Gain on disposal of tangible capital assets             | -                     | 26,967        | 8,000         |
| Rental  | 235,308               | 184,833       | 188,454       |
| Other   | 242,196               | 32,411        | 126,730       |
| Offsite levies and assessments                          | -                     | 144,844       | 39,337        |
|   | 7,006,155             | 6,932,052     | 6,505,525     |
| <b>Expenses (note 15)</b>                               |                       |               |               |
| General government                                      |                       |               |               |
| Legislative   | 279,284               | 216,095       | 150,706       |
| Administration  | 847,543               | 730,009       | 654,460       |
| Protective services                                     |                       |               |               |
| Police  | 135,021               | 134,428       | 1,066         |
| Fire  | 465,893               | 453,652       | 369,839       |
| Emergency measures and disaster services                | 255,067               | 205,767       | 201,845       |
| Bylaw enforcement                                       | 256,692               | 220,038       | 202,964       |
| Other protective services                               | 29,471                | 29,349        | 36,532        |
| Transportation services                                 |                       |               |               |
| Common and equipment pool                               | 287,498               | 258,760       | 262,319       |
| Roads, streets, walks and lighting                      | 933,493               | 807,560       | 905,069       |
| Public transit  | 44,125                | 42,618        | 20,045        |
| Environmental use and protection                        |                       |               |               |
| Water supply and distribution                           | 1,510,938             | 1,353,766     | 1,107,596     |
| Wastewater treatment and disposal                       | 1,019,640             | 980,271       | 918,575       |
| Waste management  | 250,183               | 228,830       | 214,774       |
| Other environmental use and protection                  | 83,593                | 70,677        | 139,783       |
| Public health and welfare                               |                       |               |               |
| Family and community support services                   | 90,019                | 86,646        | 79,025        |
| Cemeteries and crematoriums                             | 36,334                | 36,333        | 56,000        |
| Planning and development                                |                       |               |               |
| Land use planning, zoning and development               | 452,232               | 395,982       | 274,418       |
| Economic and tourism development                        | 247,093               | 46,115        | 107,505       |
| Recreation and culture                                  |                       |               |               |
| Parks and recreation                                    | 1,203,754             | 1,069,785     | 1,088,443     |
| Culture - libraries, museums, halls                     | 164,854               | 164,854       | 181,930       |
|   | 8,592,727             | 7,531,535     | 6,972,894     |
| <b>Deficiency of revenue over expenses before other</b> | (1,586,572)           | (599,483)     | (467,369)     |
| <b>Other</b>  |                       |               |               |
| Government transfers for capital (note 14)              | 1,887,463             | 1,200,044     | 2,109,560     |
| <b>Excess of revenue over expenses</b>                  | 300,891               | 600,561       | 1,642,191     |
| <b>Accumulated surplus, beginning of year</b>           | 46,402,143            | 46,402,143    | 44,759,952    |
| <b>Accumulated surplus, end of year</b>                 | \$ 46,703,034         | \$ 47,002,704 | \$ 46,402,143 |

**TOWN OF BLACK DIAMOND**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
For the year ended December 31, 2021

|   | Budget<br>(Unaudited) | 2021                | 2020                |
|---|-----------------------|---------------------|---------------------|
| <b>Excess of revenue over expenses</b>          | \$ 300,891            | \$ 600,561          | \$ 1,642,191        |
| Acquisition of tangible capital assets          | (2,537,147)           | (1,635,816)         | (2,116,898)         |
| Amortization of tangible capital assets         | 1,222,245             | 1,257,017           | 1,225,567           |
| Gain on disposal of tangible capital assets     | -                     | (26,967)            | (8,000)             |
| Proceeds on disposal of tangible capital assets | -                     | 74,142              | 8,000               |
|   | <b>(1,314,902)</b>    | <b>(331,624)</b>    | <b>(891,331)</b>    |
| Net change in inventory for consumption         | -                     | 8,200               | (4,038)             |
| Net change in prepaid expense                   | -                     | 1,168               | (4,039)             |
|   | <b>-</b>              | <b>9,368</b>        | <b>(8,077)</b>      |
| <b>Increase in net financial assets</b>         | <b>(1,014,011)</b>    | <b>278,305</b>      | <b>742,783</b>      |
| <b>Net financial assets, beginning of year</b>  | <b>7,841,158</b>      | <b>7,841,158</b>    | <b>7,098,375</b>    |
| <b>Net financial assets, end of year</b>        | <b>\$ 6,827,147</b>   | <b>\$ 8,119,463</b> | <b>\$ 7,841,158</b> |

**TOWN OF BLACK DIAMOND**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
For the year ended December 31, 2021

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>Operating transactions</b>                            |                      |                      |
| Excess of revenue over expenses                          | \$ 600,561           | \$ 1,642,191         |
| Adjustments for items which do not affect cash           |                      |                      |
| Gain on disposal of tangible capital assets              | (26,967)             | (8,000)              |
| Amortization of tangible capital assets                  | 1,257,017            | 1,225,567            |
|  | 1,830,611            | 2,859,758            |
| Net change in non-cash working capital items             |                      |                      |
| Taxes and grants in place of taxes receivable            | (3,080)              | (1,007)              |
| Trade and other receivables                              | 3,378                | 187,000              |
| Inventory for consumption                                | 8,200                | (4,038)              |
| Prepaid expenses   | 1,168                | (4,039)              |
| Accounts payable and accrued liabilities                 | 106,407              | 172,022              |
| Employee benefit obligations                             | 7,456                | 18,182               |
| Deposit liabilities                                      | 54,293               | 68,550               |
| Deferred revenue   | 10,375               | (1,077,587)          |
| Other liabilities  | 1,517                | (5,446)              |
|  | 2,020,325            | 2,213,395            |
| <b>Capital transactions</b>                              |                      |                      |
| Proceeds on disposal of tangible capital assets          | 74,142               | 8,000                |
| Acquisition of tangible capital assets                   | (1,635,816)          | (2,116,898)          |
|  | (1,561,674)          | (2,108,898)          |
| <b>Investing transactions</b>                            |                      |                      |
| Purchase of investment                                   | (1,000,000)          | -                    |
| <b>Financing transactions</b>                            |                      |                      |
| Repayment of long-term debt                              | (91,751)             | (138,723)            |
| <b>Decrease in cash and temporary investments</b>        | (633,100)            | (34,226)             |
| <b>Cash and temporary investments, beginning of year</b> | 10,774,147           | 10,808,373           |
| <b>Cash and temporary investments, end of year</b>       | <u>\$ 10,141,047</u> | <u>\$ 10,774,147</u> |

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**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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## **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.

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**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**1. Significant accounting policies, continued**

**(d) Government transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be 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.

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**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**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, 2021

**2. Cash and temporary investments**

|                       | 2021                 | 2020                 |
|-----------------------|----------------------|----------------------|
| Cash                  | \$ 9,141,033         | \$ 8,774,112         |
| Temporary investments | 1,000,014            | 2,000,035            |
|                       | <b>\$ 10,141,047</b> | <b>\$ 10,774,147</b> |

The temporary investments are comprised of Guaranteed Investment Certificates with original maturities of twelve months or less.

Interest earned on temporary investments varies from 0.55% to 0.68% (2020 - 1.94% to 2.05%) per annum. Interest paid on cash on deposit is bank prime less 2.00% (2020 - bank prime less 1.60%).

The fair market value of temporary investments as at December 31, 2021 is \$1,005,395 (2020 - \$2,037,637) which includes accrued interest.

**3. Taxes and grants in place of taxes receivables**

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| Taxes and grants in place of taxes receivable | \$ 232,214        | \$ 226,363        |
| Arrears                                       | 56,746            | 59,517            |
|   | <b>\$ 288,960</b> | <b>\$ 285,880</b> |

**4. Trade and other receivables**

|                               | 2021              | 2020              |
|-------------------------------|-------------------|-------------------|
| Utilities accounts receivable | \$ 304,337        | \$ 288,630        |
| Trade accounts receivable     | 273,706           | 206,935           |
| Good and services tax         | 36,385            | 94,684            |
| Accrued interest              | 10,080            | 37,637            |
|                               | <b>\$ 624,508</b> | <b>\$ 627,886</b> |

**5. Investments**

The ATB Wealth investment is comprised of a Guaranteed Investment Certificate with an effective interest rate of 1.00% per annum and matures July 2023. The fair market value as at December 31, 2021 is \$1,004,685 which includes accrued interest.

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**6. Employee benefit obligations**

|          | 2021              | 2020              |
|----------|-------------------|-------------------|
| Vacation | \$ 119,334        | \$ 110,835        |
| Overtime | 6,362             | 7,405             |
|          | <b>\$ 125,696</b> | <b>\$ 118,240</b> |

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.

**7. Deferred revenue**

Deferred revenue consists of donations and government transfers. Donations and government transfers consist of funding received from the federal and provincial governments, and donors for which stipulations have not yet been met. The use of these funds is restricted to eligible projects approved under the funding agreements.

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Municipal Sustainability Initiative (MSI) - Capital                 | \$ 1,427,322        | \$ 1,402,227        |
| Canada Community Building Fund (CCBF) / Federal Gas Tax Fund (FGTF) | 313,713             | 24,294              |
| Skateboard Park Donations   | 95,237              | -                   |
| Southern Alberta Flood Response                                     | 90,043              | 101,264             |
| Municipal Stimulus Program (MSP)                                    | 66,596              | 43,719              |
| Family Community Support Services (FCSS)                            | 17,305              | 2,094               |
| Alberta Community Partnership                                       | 1,541               | 13,319              |
| Flood Recovery Erosion Control Program (FREC)                       | -                   | 151,473             |
| Park and Ride Facility  | -                   | 146,428             |
| Municipal Operating Support Transfer (MOST)                         | -                   | 110,727             |
| Regional Collaboration Program                                      | -                   | 3,987               |
| FCSS - Canadian Mental Health                                       | -                   | 1,850               |
|   | <b>\$ 2,011,757</b> | <b>\$ 2,001,382</b> |

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**8. Long-term debt**

|                           | 2021              | 2020              |
|---------------------------|-------------------|-------------------|
| Tax supported debentures  | \$ 281,014        | \$ 311,115        |
| Self supported debentures | 238,572           | 300,222           |
|                           | <b>\$ 519,586</b> | <b>\$ 611,337</b> |

Principal and interest repayments are due as follows:

|            | Principal         | Interest          | Total             |
|------------|-------------------|-------------------|-------------------|
| 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            |
| 2026       | 60,490            | 6,330             | 66,820            |
| Thereafter | 107,580           | 21,233            | 128,813           |
|            | <b>\$ 519,586</b> | <b>\$ 101,917</b> | <b>\$ 621,503</b> |

Debenture debt is repayable to Treasury Board and Finance and bears interest at rates ranging from 2.97% to 6.75% per annum and matures in 2022 through 2040. The average annual interest rate is 5.58% for 2021 (4.41% for 2020).

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

Interest on long-term debt amounted to \$30,119 (2020 - \$35,557).

The Town's total cash payments for interest in 2021 were \$31,947 (2020 - \$37,416).

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**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:

|                      | 2021          | 2020         |
|----------------------|---------------|--------------|
| Total debt limit     | \$ 10,398,078 | \$ 9,758,286 |
| Total debt           | 519,586       | 611,337      |
|                      | <hr/>         | <hr/>        |
|                      | \$ 9,878,492  | \$ 9,146,949 |
|                      | <hr/>         | <hr/>        |
| Debt servicing limit | \$ 1,733,013  | \$ 1,626,381 |
| Debt servicing       | 123,698       | 123,698      |
|                      | <hr/>         | <hr/>        |
|                      | \$ 1,609,315  | \$ 1,502,683 |
|                      | <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.

**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.

|                                  | 2021       | 2020       |
|----------------------------------|------------|------------|
| <b>Operating</b>                 |            |            |
| General government               | \$ 966,965 | \$ 857,595 |
| Planning and development         | 553,992    | 579,210    |
| Recreation and culture           | 533,183    | 569,216    |
| Environmental use and protection | 400,362    | 571,666    |
| Transportation services          | 210,204    | 214,847    |
| Protective services              | 207,179    | 290,658    |
| Public health services           | 34,632     | 41,053     |
|                                  | <hr/>      | <hr/>      |
|                                  | 2,906,517  | 3,124,245  |
|                                  | <hr/>      | <hr/>      |

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**10. Reserves, continued**

|                            | 2021      | 2020      |
|----------------------------|-----------|-----------|
| <b>Capital</b>             |           |           |
| Engineering structures     | 2,782,153 | 2,532,632 |
| Machinery and equipment    | 1,122,087 | 1,147,151 |
| Vehicles                   | 1,163,814 | 814,015   |
| Offsite levies             | 971,582   | 1,123,051 |
| General capital            | 625,289   | 720,055   |
| Buildings                  | 358,796   | 349,681   |
| Planning                   | 77,500    | 32,500    |
| Land and land improvements | 67,205    | 52,205    |
|                            | 7,168,426 | 6,771,290 |
|                            | <hr/>     | <hr/>     |
|                            | <hr/>     | <hr/>     |
|                            | <hr/>     | <hr/>     |

**11. Equity in tangible capital assets**

|                                       | 2021          | 2020          |
|---------------------------------------|---------------|---------------|
| Tangible capital assets (schedule 2)  | \$ 51,777,198 | \$ 50,640,773 |
| Accumulated amortization (schedule 2) | (13,059,799)  | (12,254,998)  |
| Long-term debt (note 8)               | (519,586)     | (611,337)     |
|                                       | \$ 38,197,813 | \$ 37,774,438 |
|                                       | <hr/>         | <hr/>         |

**12. Accumulated surplus**

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

|  | 2021           | 2020           |
|--|----------------|----------------|
| Unrestricted deficit                               | \$ (1,270,052) | \$ (1,267,830) |
| Internally restricted surplus (reserves) (note 10) | 10,074,943     | 9,895,535      |
| Equity in tangible capital assets (note 11)        | 38,197,813     | 37,774,438     |
|  | <hr/>          | <hr/>          |
|  | <hr/>          | <hr/>          |
|  | <hr/>          | <hr/>          |

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**13. Net municipal property taxes**

|  | Budget<br>(Unaudited) | 2021                | 2020                |
|--|-----------------------|---------------------|---------------------|
| <b>Taxation</b>                              |                       |                     |                     |
| Real property taxes                          | \$ 4,118,700          | \$ 4,099,717        | \$ 3,957,958        |
| Linear property taxes                        | -                     | 46,335              | 39,761              |
| Government grants in place of property taxes | -                     | 5,082               | 4,765               |
| Farmland                                     | -                     | 1,584               | 1,278               |
|  | <b>4,118,700</b>      | <b>4,152,718</b>    | <b>4,003,762</b>    |
| <b>Requisitions</b>                          |                       |                     |                     |
| Alberta School Foundation Fund               | 999,543               | 999,543             | 983,513             |
| Separate School Division                     | 65,914                | 65,914              | 65,261              |
| Foothills Seniors Foundation                 | 47,442                | 47,442              | 48,430              |
| Designated Industrial Property               | 263                   | -                   | -                   |
|  | <b>1,113,162</b>      | <b>1,112,899</b>    | <b>1,097,204</b>    |
|  | <b>\$ 3,005,538</b>   | <b>\$ 3,039,819</b> | <b>\$ 2,906,558</b> |

**14. Government transfers**

|                                  | Budget<br>(Unaudited) | 2021                | 2020                |
|----------------------------------|-----------------------|---------------------|---------------------|
| <b>Transfers for operating:</b>  |                       |                     |                     |
| Provincial conditional grants    | \$ 232,740            | \$ 241,110          | \$ 315,125          |
| Federal conditional grants       | 44,000                | 44,000              | -                   |
| Other local government transfers | 340,611               | 259,036             | 258,636             |
|                                  | <b>617,351</b>        | <b>544,146</b>      | <b>573,761</b>      |
| <b>Transfers for capital:</b>    |                       |                     |                     |
| Provincial government            | 1,887,463             | 1,200,044           | 2,097,606           |
| Federal government               | -                     | -                   | 11,954              |
|                                  | <b>1,887,463</b>      | <b>1,200,044</b>    | <b>2,109,560</b>    |
|                                  | <b>\$ 2,504,814</b>   | <b>\$ 1,744,190</b> | <b>\$ 2,683,321</b> |

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**15. Expenses by object**

|  | Budget<br>(Unaudited) | 2021                | 2020                |
|--|-----------------------|---------------------|---------------------|
| Salaries, wages and benefits               | \$ 2,541,815          | \$ 2,311,762        | \$ 2,335,715        |
| Contracted and general services            | 2,725,108             | 2,153,457           | 1,912,975           |
| Materials, goods, supplies and utilities   | 719,923               | 585,839             | 525,250             |
| Bank charges and short term interest       | 1,355                 | 920                 | 717                 |
| Interest on long term debt                 | 27,844                | 30,119              | 35,557              |
| Other expenditures                         | 22,500                | 12,595              | 7,841               |
| Transfers to organizations and others      | 1,263,214             | 1,111,871           | 861,279             |
| Amortization of tangible capital assets    | 1,222,245             | 1,257,017           | 1,225,567           |
| Transfers to individuals and organizations | 68,723                | 67,955              | 67,993              |
|  | <b>\$ 8,592,727</b>   | <b>\$ 7,531,535</b> | <b>\$ 6,972,894</b> |

**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)<br>Salary | (2)<br>Benefits &<br>allowances | 2021       | 2020       |
|---------------------------------|---------------|---------------------------------|------------|------------|
| <b>Council</b>                  |               |                                 |            |            |
| Mayor - Goodwin, V.R.           | \$ 19,750     | \$ 766                          | \$ 20,516  | \$ 23,593  |
| Mayor - Kelly, B                | 4,500         | 146                             | 4,646      | -          |
| Councillor - Lalonde, D.        | 16,800        | 3,889                           | 20,689     | 19,399     |
| Councillor - Bain, C.           | 18,550        | 628                             | 19,178     | 17,078     |
| Councillor - Kloiber, V.        | 15,750        | 28                              | 15,778     | 16,678     |
| Councillor - Hart, S.           | 12,850        | 722                             | 13,572     | 15,828     |
| Councillor - Stickel, J.        | 13,050        | 66                              | 13,116     | 16,246     |
| Councillor - Marconi, B         | 12,850        | 21                              | 12,871     | 17,028     |
| Councillor - Vandenhoek, C.     | 3,400         | 606                             | 4,006      | -          |
| Councillor - Dunning, A         | 2,950         | 606                             | 3,556      | -          |
| Councillor - Thomson, H.        | 3,400         | 6                               | 3,406      | -          |
| Chief Administrative Officer(s) | 117,984       | 15,672                          | 133,656    | 126,711    |
| Designated Officers (5)         | \$ 374,074    | \$ 37,395                       | \$ 411,469 | \$ 359,377 |

(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.

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**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**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. Budget amounts**

The 2021 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 prior year actual amortization expense has been included as a budget amount.

|   |             |
|---|-------------|
| Budgeted surplus per financial statements | \$ 300,891  |
| Less: Capital expenditures                | (2,537,147) |
| Long-term debt repayments                 | (91,751)    |
| Add: Amortization                         | 1,222,246   |
| Net transfers from reserves               | 1,105,851   |
| <hr/>                                     |             |
| Equals: Budgeted surplus                  | <hr/> \$ 90 |
| <hr/>                                     |             |

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**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**21. Contaminated sites liability**

The Town has adopted PS3260 liability for contaminated sites. The Town did not identify any financial liabilities in 2021 (2020 - nil) as a result of this standard.

**22. 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.

**23. 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).

**24. Comparative figures**

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

**TOWN OF BLACK DIAMOND**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

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**25. 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, 2021 and for the year then ended as follows:

|                                     | 2021<br>Total | 2021<br>Adjustments | 2021<br>45% share | 2020<br>45% share |
|-------------------------------------|---------------|---------------------|-------------------|-------------------|
| Financial assets                    | 487,416       | 268,079             | 219,337           | 148,856           |
| Liabilities                         | 4,650,421     | 2,557,732           | 2,092,689         | 38,502            |
| Net financial debt                  | (4,163,005)   | (2,289,653)         | (1,873,352)       | 110,354           |
| Non-financial assets                | 9,057,865     | 4,981,826           | 4,076,039         | 4,162,023         |
| Accumulated surplus                 | 4,894,860     | 2,692,173           | 2,202,687         | 4,272,377         |
| <br>                                |               |                     |                   |                   |
| Total revenue                       | 1,092,200     | 600,710             | 491,490           | 156,326           |
| Total expenses                      | 1,191,119     | 655,115             | 536,004           | 184,578           |
| Deficiency of revenue over expenses | (98,919)      | (54,405)            | (44,514)          | (28,252)          |

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 \$578,903 (2020 - \$450,226)
- Accounts receivable \$46,657 (2020 - \$72,542)
- Due to shareholders \$2,057,821 (2020 - \$2,057,821)
- Share capital \$4.50 (2020 - \$4.50)

**TOWN OF BLACK DIAMOND**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**Schedule of changes in accumulated surplus**

**Schedule 1**

|   | Unrestricted          | Restricted           | Equity in tangible capital assets | 2021                 | 2020                 |
|---|-----------------------|----------------------|-----------------------------------|----------------------|----------------------|
| Balance, beginning of year                          | \$ (1,267,830)        | \$ 9,895,535         | \$ 37,774,438                     | \$ 46,402,143        | \$ 44,759,952        |
| Excess of revenue over expenses                     | 600,561               | -                    | -                                 | 600,561              | 1,642,191            |
| Unrestricted funds designated for future use        | (1,469,266)           | 1,469,266            | -                                 | -                    | -                    |
| Restricted funds used for operations                | 882,920               | (882,920)            | -                                 | -                    | -                    |
| Restricted funds used for tangible capital assets   | -                     | (406,938)            | 406,938                           | -                    | -                    |
| Current year funds used for tangible capital assets | (1,228,878)           | -                    | 1,228,878                         | -                    | -                    |
| Disposal of tangible capital assets                 | 47,175                | -                    | (47,175)                          | -                    | -                    |
| Amortization of tangible capital assets             | 1,257,017             | -                    | (1,257,017)                       | -                    | -                    |
| Long-term debt repaid                               | (91,751)              | -                    | 91,751                            | -                    | -                    |
| Change in accumulated surplus                       | (2,222)               | 179,408              | 423,375                           | 600,561              | 1,642,191            |
| <b>Balance, end of year</b>                         | <b>\$ (1,270,052)</b> | <b>\$ 10,074,943</b> | <b>\$ 38,197,813</b>              | <b>\$ 47,002,704</b> | <b>\$ 46,402,143</b> |

**TOWN OF BLACK DIAMOND**  
**SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2021**

**Schedule of tangible capital assets**

**Schedule 2**

|                                  | Land                | Land<br>improvements | Buildings           | Engineered<br>structures | Machinery and<br>equipment | Vehicles            | Construction in<br>progress | 2021                 | 2020                 |
|----------------------------------|---------------------|----------------------|---------------------|--------------------------|----------------------------|---------------------|-----------------------------|----------------------|----------------------|
| <b>Cost:</b>                     |                     |                      |                     |                          |                            |                     |                             |                      |                      |
| Balance, beginning 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        |
| Acquisitions                     | -                   | -                    | -                   | 563,599                  | 375,932                    | -                   | 696,285                     | 1,635,816            | 2,116,898            |
| Transfers                        | -                   | -                    | -                   | 1,234,900                | 11,853                     | -                   | (1,246,753)                 | -                    | -                    |
| Disposals                        | -                   | (2,010)              | -                   | -                        | (251,051)                  | (246,330)           | -                           | (499,391)            | (71,360)             |
| Balance, end of year             | 1,757,667           | 1,989,371            | 6,080,237           | 32,594,830               | 5,101,428                  | 3,060,075           | 1,193,590                   | 51,777,198           | 50,640,773           |
| <b>Accumulated amortization:</b> |                     |                      |                     |                          |                            |                     |                             |                      |                      |
| Balance, beginning of year       | -                   | 369,188              | 2,258,540           | 5,768,971                | 2,358,782                  | 1,499,519           | -                           | 12,254,998           | 11,100,791           |
| Annual amortization              | -                   | 70,415               | 143,107             | 648,186                  | 228,036                    | 167,273             | -                           | 1,257,017            | 1,225,567            |
| Disposals                        | -                   | (2,010)              | -                   | -                        | (251,051)                  | (199,155)           | -                           | (452,216)            | (71,360)             |
| Balance, end of year             | -                   | 437,593              | 2,401,647           | 6,417,157                | 2,335,767                  | 1,467,637           | -                           | 13,059,799           | 12,254,998           |
| <b>Net book value</b>            | <b>\$ 1,757,667</b> | <b>\$ 1,551,778</b>  | <b>\$ 3,678,590</b> | <b>\$ 26,177,673</b>     | <b>\$ 2,765,661</b>        | <b>\$ 1,592,438</b> | <b>\$ 1,193,590</b>         | <b>\$ 38,717,399</b> | <b>\$ 38,385,775</b> |
| <b>2020 net book value</b>       | <b>\$ 1,757,667</b> | <b>\$ 1,622,193</b>  | <b>\$ 3,821,697</b> | <b>\$ 25,027,360</b>     | <b>\$ 2,605,912</b>        | <b>\$ 1,806,886</b> | <b>\$ 1,744,058</b>         | <b>\$ 38,388,775</b> |                      |

**TOWN OF BLACK DIAMOND**  
**SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended December 31, 2021

**Schedule of segmented disclosure**

**Schedule 3**

|  | General government | Protective services | Transportation services | Environmental use and protection | Public health services | Planning and development | Recreation and culture | Total        |
|--|--------------------|---------------------|-------------------------|----------------------------------|------------------------|--------------------------|------------------------|--------------|
| <b>Revenue</b>   |                    |                     |                         |                                  |                        |                          |                        |              |
| Net municipal property taxes                                     | \$ 3,039,819       | \$ -                | \$ -                    | \$ -                             | \$ -                   | \$ -                     | \$ -                   | \$ 3,039,819 |
| User fees and sales of goods                                     | 8,412              | 132,081             | 3,730                   | 2,200,678                        | 422                    | 36,894                   | 6,250                  | 2,388,467    |
| Government transfers for operating                               | 53,388             | 115,179             | -                       | 4,100                            | 63,951                 | 31,314                   | 276,214                | 544,146      |
| Investment income  | 86,645             | -                   | -                       | 45                               | -                      | -                        | -                      | 86,690       |
| Penalties and costs of taxes                                     | 64,115             | -                   | -                       | -                                | -                      | -                        | -                      | 64,115       |
| Licenses and permits   | -                  | 133,208             | -                       | 20,849                           | -                      | 19,800                   | -                      | 173,857      |
| Franchise and concession contracts                               | 166,641            | -                   | 39,631                  | -                                | -                      | -                        | 39,631                 | 245,903      |
| Gain on disposal of capital assets                               | -                  | -                   | -                       | 7,467                            | -                      | -                        | 19,500                 | 26,967       |
| Rental   | 1,289              | -                   | 789                     | -                                | -                      | -                        | 182,755                | 184,833      |
| Other  | 3,113              | 370                 | 6,723                   | 790                              | 11                     | 17,667                   | 3,737                  | 32,411       |
| Offsite levies and assessments                                   | -                  | -                   | 12,266                  | 87,578                           | -                      | 45,000                   | -                      | 144,844      |
|  | 3,423,422          | 380,838             | 63,139                  | 2,321,507                        | 64,384                 | 150,675                  | 528,087                | 6,932,052    |
| <b>Expenses</b>  |                    |                     |                         |                                  |                        |                          |                        |              |
| Salaries, wages and benefits                                     | 545,562            | 311,857             | 313,259                 | 435,593                          | 49,784                 | 223,808                  | 431,899                | 2,311,762    |
| Contracted and general services                                  | 333,222            | 273,205             | 255,996                 | 821,282                          | 6,245                  | 185,708                  | 277,799                | 2,153,457    |
| Materials, goods, supplies and utilities                         | 37,347             | 116,396             | 171,094                 | 135,270                          | 915                    | 6,674                    | 118,143                | 585,839      |
| Bank charges and short term interest                             | 555                | -                   | 311                     | 54                               | -                      | -                        | -                      | 920          |
| Interest on long term debt                                       | -                  | -                   | 12,694                  | 17,425                           | -                      | -                        | -                      | 30,119       |
| Other expenditures   | 3,736              | -                   | -                       | -                                | 8,850                  | 9                        | -                      | 12,595       |
| Transfers to organizations and others                            | -                  | 21,249              | -                       | 906,283                          | 36,333                 | -                        | 148,006                | 1,111,871    |
| Amortization of tangible capital assets                          | 25,681             | 312,427             | 355,584                 | 317,637                          | -                      | 3,744                    | 241,944                | 1,257,017    |
| Transfers to individuals and organizations                       | -                  | 8,100               | -                       | -                                | 20,853                 | 22,154                   | 16,848                 | 67,955       |
|  | 946,103            | 1,043,234           | 1,108,938               | 2,633,544                        | 122,980                | 442,097                  | 1,234,639              | 7,531,535    |
| <b>Excess (deficiency) of revenue over expenses before other</b> |                    |                     |                         |                                  |                        |                          |                        |              |
|  | 2,477,319          | (662,396)           | (1,045,799)             | (312,037)                        | (58,596)               | (291,422)                | (706,552)              | (599,483)    |
| <b>Other</b>   |                    |                     |                         |                                  |                        |                          |                        |              |
| Government transfers for capital                                 | 338,281            | -                   | 490,373                 | 371,390                          | -                      | -                        | -                      | 1,200,044    |
| <b>Excess (deficiency) of revenue over expenses</b>              |                    |                     |                         |                                  |                        |                          |                        |              |
|  | \$ 2,815,600       | \$ (662,396)        | \$ (555,426)            | \$ 59,353                        | \$ (58,596)            | \$ (291,422)             | \$ (706,552)           | \$ 600,561   |

**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 eliminating journal entries prepared by Avail LLP for the year ended Friday, December 31, 2021 and I approve the entries prepared and accept responsibility for them.

Yours truly,

Town of Black Diamond

Per: Shirley Campbell Title: Finance Manager Date: April 20, 2022

**Town of Black Diamond**  
 Year End: December 31, 2021  
 Adjusting Journal entries  
 Date: 1/1/2021 To 12/31/2021

| Prepared by     | Reviewed by     |
|-----------------|-----------------|
| MDK<br>4/7/2022 | MRL<br>4/8/2022 |

740

| Number | Date       | Name  | Account No            | Reference | Annotation   | Debit        | Credit       | Recurrence | Misstatement |
|--------|------------|---|-----------------------|-----------|--------------|--------------|--------------|------------|--------------|
| E-1    | 12/31/2021 | Shareholder Loans (SRRUC)   | 4-00-00-300           | SRRUC-1   | 926,019.34   |              |              |            |              |
| E-1    | 12/31/2021 | Shareholder Loans (SRRUC)   | 4-00-00-300           | SRRUC-1   | 1,131,801.00 |              |              |            |              |
| E-1    | 12/31/2021 | SRUCC Shareholder Investment  | 3-41-00-4-00-00 TOBD  | SRRUC-1   |              | 2,057,821.00 |              |            |              |
| E-1    | 12/31/2021 | EQUITY IN ASSETS  | 4-00-00-8-00-00 TOBD  | SRRUC-1   | 926,019.34   |              |              |            |              |
| E-1    | 12/31/2021 | EQUITY IN ASSETS  | 4-00-00-8-00-00 TOBD  | SRRUC-1   | 1,131,801.00 |              |              |            |              |
| E-1    | 12/31/2021 | SURPLUS / DEFICIT   | 4-00-00-9-10-00 TOBD  | SRRUC-1   | 2,057,821.00 |              |              |            |              |
|        |            | To eliminate SRRUC's shareholder loan balance.  |                       |           |              |              |              | Recurring  |              |
| E-2    | 12/31/2021 | Share Capital - Class A (SRRUC)   | 4-00-00-302           | SRRUC-1   | 4.50         |              |              |            |              |
| E-2    | 12/31/2021 | SRRUC Shareholder Investment  | R3-41-00-4-00-00 TOBD | SRRUC-1   |              | 4.50         |              |            |              |
|        |            | To eliminate shares between Town of Black Diamond and SRRUC.  |                       |           |              |              |              | Recurring  |              |
| E-3    | 12/31/2021 | ACCUM.AMORT-ENG, ST.-Water  | 3-00-00-6-10-41       | U-1       |              | 115,546.95   |              |            |              |
| E-3    | 12/31/2021 | ACCUM.AMORT-BUILDING-Water  | 3-00-00-6-20-41       | U-1       |              | 3,152.70     |              |            |              |
| E-3    | 12/31/2021 | EQUITY IN ASSETS  | 4-00-00-8-00-00       | U-1       |              | 118,699.65   |              |            |              |
|        |            | To carry forward contribution of metering building and waterline transferred from Town of Black Diamond to SRRUC in 2016. |                       |           |              |              |              | Recurring  |              |
| E-4    | 12/31/2021 | Accounts receivable (SRRUC)   | 3-00-00-200           | SRRUC-1   |              | 20,995.61    |              |            |              |
| E-4    | 12/31/2021 | TRADE ACCOUNTS PAYABLE  | 4-00-00-2-75-00       | SRRUC-1   |              | 20,995.61    |              |            |              |
|        |            | To eliminate intercompany accounts receivable and accounts payable balances.  |                       |           |              |              |              | Recurring  |              |
| E-5    | 12/31/2021 | Water requisitions (SRRUC)  | 2101                  | SRRUC-1   |              | 200,820.60   |              |            |              |
| E-5    | 12/31/2021 | Capital requisitions (SRRUC)  | 2202 TOBD             | SRRUC-1   |              | 59,685.95    |              |            |              |
| E-5    | 12/31/2021 | CONTRACT SERVICES: Water Chgs   | 2-41-00-2-39-99 TOBD  | SRRUC-1   |              | 169,663.50   |              |            |              |
| E-5    | 12/31/2021 | CONTRACT SERVICES: Water Chgs   | 2-41-00-2-39-99 TOBD  | SRRUC-1   |              | 31,157.10    |              |            |              |
| E-5    | 12/31/2021 | TO OWN AGENCY -SRRUC  | 2-41-00-7-65-00 TOBD  | SRRUC-1   |              | 59,685.95    |              |            |              |
|        |            | To eliminate inter-shareholder water sales.   |                       |           |              |              |              | Recurring  |              |
|        |            |   |                       |           |              | 4,515,847.65 | 4,515,847.65 |            |              |
|        |            | <b>Net Income (Loss)</b>  | <b>600,561.49</b>     |           |              |              |              |            |              |