

TOWN OF BLACK DIAMOND

Consolidated Financial Statements

For the year ended December 31, 2021

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

INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT REPORT	3
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF OPERATIONS	5
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	6
CONSOLIDATED STATEMENT OF CASH FLOW	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	8 - 20
SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS	21 - 23

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.


Finance Manager

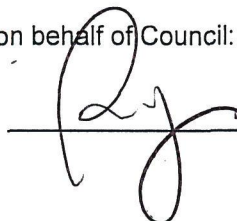
TOWN OF BLACK DIAMOND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	2021	2020
Financial assets		
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	-
	<u>12,054,515</u>	<u>11,687,913</u>
Liabilities		
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
	<u>3,935,052</u>	<u>3,846,755</u>
Net financial assets	<u>8,119,463</u>	<u>7,841,158</u>
Non-financial assets		
Prepaid expenses	123,374	124,542
Inventory for consumption	42,468	50,668
Tangible capital assets (schedule 2)	38,717,399	38,385,775
	<u>38,883,241</u>	<u>38,560,985</u>
Accumulated surplus (note 12 and schedule 1)	<u>\$ 47,002,704</u>	<u>\$ 46,402,143</u>

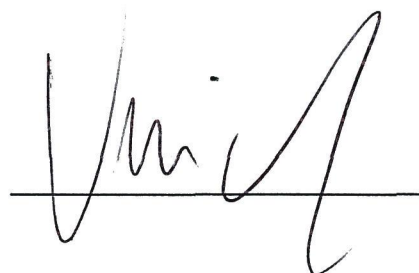
Commitments and contingencies (note 18)

Approved on behalf of Council:

Councillor



Councillor



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

	Budget (Unaudited)	2021	2020
Revenue			
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
Expenses (note 15)			
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
Deficiency of revenue over expenses before other	(1,586,572)	(599,483)	(467,369)
Other			
Government transfers for capital (note 14)	1,887,463	1,200,044	2,109,560
Excess of revenue over expenses	300,891	600,561	1,642,191
Accumulated surplus, beginning of year	46,402,143	46,402,143	44,759,952
Accumulated surplus, end of year	\$ 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 (Unaudited)	2021	2020
Excess of revenue over expenses	\$ 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
	(1,314,902)	(331,624)	(891,331)
Net change in inventory for consumption	-	8,200	(4,038)
Net change in prepaid expense	-	1,168	(4,039)
	-	9,368	(8,077)
Increase in net financial assets	(1,014,011)	278,305	742,783
Net financial assets, beginning of year	7,841,158	7,841,158	7,098,375
Net financial assets, end of year	\$ 6,827,147	\$ 8,119,463	\$ 7,841,158

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

	2021	2020
Operating transactions		
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)
Cash provided by operating transactions	2,020,325	2,213,395
Capital transactions		
Proceeds on disposal of tangible capital assets	74,142	8,000
Acquisition of tangible capital assets	(1,635,816)	(2,116,898)
Cash applied to capital transactions	(1,561,674)	(2,108,898)
Investing transactions		
Purchase of investment	(1,000,000)	-
Financing transactions		
Repayment of long-term debt	(91,751)	(138,723)
Decrease in cash and temporary investments	(633,100)	(34,226)
Cash and temporary investments, beginning of year	10,774,147	10,808,373
Cash and temporary investments, end of year	\$ 10,141,047	\$ 10,774,147

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

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, 2021

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, 2021

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
	<u>\$ 10,141,047</u>	<u>\$ 10,774,147</u>

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
	<u>\$ 288,960</u>	<u>\$ 285,880</u>

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
	<u>\$ 624,508</u>	<u>\$ 627,886</u>

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
	<u>\$ 125,696</u>	<u>\$ 118,240</u>

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
	<u>\$ 2,011,757</u>	<u>\$ 2,001,382</u>

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
	<u>\$ 519,586</u>	<u>\$ 611,337</u>

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
	<u>\$ 519,586</u>	<u>\$ 101,917</u>	<u>\$ 621,503</u>

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
	<u>\$ 9,878,492</u>	<u>\$ 9,146,949</u>
Debt servicing limit	\$ 1,733,013	\$ 1,626,381
Debt servicing	123,698	123,698
	<u>\$ 1,609,315</u>	<u>\$ 1,502,683</u>

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
Operating		
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
	<u>2,906,517</u>	<u>3,124,245</u>

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

10. Reserves, continued

	2021	2020
Capital		
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
	\$ 10,074,943	\$ 9,895,535

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

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
	\$ 47,002,704	\$ 46,402,143

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

13. Net municipal property taxes

	Budget (Unaudited)	2021	2020
Taxation			
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
	4,118,700	4,152,718	4,003,762
Requisitions			
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	-	-
	1,113,162	1,112,899	1,097,204
	\$ 3,005,538	\$ 3,039,819	\$ 2,906,558

14. Government transfers

	Budget (Unaudited)	2021	2020
Transfers for operating:			
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
	617,351	544,146	573,761
Transfers for capital:			
Provincial government	1,887,463	1,200,044	2,097,606
Federal government	-	-	11,954
	1,887,463	1,200,044	2,109,560
	\$ 2,504,814	\$ 1,744,190	\$ 2,683,321

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

15. Expenses by object

	Budget (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
	\$ 8,592,727	\$ 7,531,535	\$ 6,972,894

16. Salary and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	(1) Salary	(2) Benefits & allowances	2021	2020
Council				
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 - Vandenhoeck, 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.

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

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
Equals: Budgeted surplus	<u>\$ 90</u>

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

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

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 Total	Adjustments	2021 45% share	2020 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
<hr/>				
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
Balance, end of year	\$ (1,270,052)	\$ 10,074,943	\$ 38,197,813	\$ 47,002,704	\$ 46,402,143

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 improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Construction in progress	2021	2020
Cost:									
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
Accumulated amortization:									
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
Net book value	\$ 1,757,667	\$ 1,551,778	\$ 3,678,590	\$ 26,177,673	\$ 2,765,661	\$ 1,592,438	\$ 1,193,590	\$ 38,717,399	\$ 38,385,775
2020 net book value	\$ 1,757,667	\$ 1,622,193	\$ 3,821,697	\$ 25,027,360	\$ 2,605,912	\$ 1,806,886	\$ 1,744,058	\$ 38,388,775	

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
Revenue								
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
Expenses								
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
Excess (deficiency) of revenue over expenses before other	2,477,319	(662,396)	(1,045,799)	(312,037)	(58,596)	(291,422)	(706,552)	(599,483)
Other								
Government transfers for capital	338,281	-	490,373	371,390	-	-	-	1,200,044
Excess (deficiency) of revenue over expenses	\$ 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 4/7/2022	MRL 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		
Net Income (Loss)			600,561.49						