

# VILLAGE OF STIRLING

## Financial Statements

December 31, 2011

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## INDEPENDENT AUDITORS' REPORT

To The Mayor and Council  
of the Village of Stirling

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Village of Stirling, which comprise the statement of financial position as at December 31, 2011 and the statements of operations, changes in net financial assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Village of Stirling as at December 31, 2011, the results of its operations, change in its net financial assets and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Lethbridge, Alberta  
April 30, 2012

  
Chartered Accountants

**VILLAGE OF STIRLING**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2011**

	2011	2010
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	137,095	147,807
Receivables		
Taxes and grants in place of taxes (Note 2)	109,744	115,647
Trade and other	140,559	205,214
Land held for resale	<u>-</u>	<u>8,000</u>
	<u>387,398</u>	<u>476,668</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	122,062	169,446
Deferred revenue (Note 3)	-	1,000
Long-term debt (Note 4)	<u>501,026</u>	<u>523,460</u>
	<u>623,088</u>	<u>693,906</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(235,690)</u>	<u>(217,238)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	9,810,346	10,125,890
Inventory for consumption	24,842	30,862
Prepaid expenses and deposits	<u>7,759</u>	<u>2,603</u>
	<u>9,842,947</u>	<u>10,159,355</u>
<b>ACCUMULATED SURPLUS (Note 7 and Schedule 1)</b>	<u><u>9,607,257</u></u>	<u><u>9,942,117</u></u>

**CONTINGENCIES (Note 11)**

**VILLAGE OF STIRLING**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2011**

	Budget (Unaudited) \$	2011 \$	2010 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	566,500	542,107	531,204
User fees and sales of goods	459,407	502,554	635,933
Government transfers (Schedule 4)	211,098	183,944	361,630
Investment income	1,700	1,436	439
Penalties and costs of taxes	18,000	14,789	15,145
Franchise and concession contracts	21,500	20,355	18,408
	<u>1,278,205</u>	<u>1,265,185</u>	<u>1,562,759</u>
<b>EXPENSES</b>			
Legislative	36,600	24,801	42,445
Administration	290,700	258,148	313,467
Police, fire, ambulance and bylaw enforcement	46,500	57,138	56,261
Roads, streets, walks, lighting	271,350	461,850	460,652
Water, wastewater and waste management	313,975	398,398	177,058
Land use planning, zoning and development	14,200	16,260	8,715
Parks and recreation	282,321	322,529	324,388
Amortization	-	443,597	439,201
Other	14,700	12,390	12,105
	<u>1,270,346</u>	<u>1,995,111</u>	<u>1,834,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	7,859	(729,926)	(271,533)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	408,630	395,066	457,167
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	416,489	(334,860)	185,634
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>9,942,117</u>	<u>9,942,117</u>	<u>9,756,483</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>10,358,606</u>	<u>9,607,257</u>	<u>9,942,117</u>

# VILLAGE OF STIRLING

## Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31, 2011

	Budget (Unaudited) \$	2011 \$	2010 \$
<b>EXCESS OF (DEFICIENCY) REVENUES OVER EXPENSES</b>	416,489	(334,860)	185,634
Acquisition of tangible capital assets	-	(128,053)	(460,871)
Amortization of tangible capital assets	-	<u>443,597</u>	<u>439,201</u>
	-	<u>315,544</u>	<u>(21,670)</u>
Acquisition (use) of prepaid assets	-	(5,156)	3,766
(Use) acquisition of supplies inventory	-	<u>6,020</u>	<u>(2,689)</u>
	-	<u>864</u>	<u>1,077</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	416,489	(18,452)	165,041
<b>NET FINANCIAL (DEBT) ASSETS, BEGINNING OF YEAR</b>	<u>(217,238)</u>	<u>(217,238)</u>	<u>(382,279)</u>
<b>NET FINANCIAL (DEBT) ASSETS, END OF YEAR</b>	<u><u>199,251</u></u>	<u><u>(235,690)</u></u>	<u><u>(217,238)</u></u>

**VILLAGE OF STIRLING**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2011**

	2011	2010
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	(334,860)	185,634
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	443,597	439,201
Non-cash charges to operations (net changes)		
Decrease (increase) in taxes and grants in lieu receivable	5,903	25,467
Decrease (increase) in trade and other receivables	64,655	42,782
Decrease (increase) in land held for resale	8,000	-
Decrease (increase) in inventory for consumption	6,020	(2,689)
Decrease (increase) in prepaid expenses	(5,156)	3,766
Increase in accounts payable and accrued liabilities	(47,384)	(280,223)
Increase (decrease) in deferred revenue	(1,000)	1,000
	<u>139,775</u>	<u>414,938</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<u>(128,053)</u>	<u>(460,871)</u>
<b>FINANCING</b>		
Long-term debt repaid	<u>(22,434)</u>	<u>(21,444)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	(10,712)	(67,377)
<b>CASH, BEGINNING OF YEAR</b>	<u>147,807</u>	<u>215,184</u>
<b>CASH, END OF YEAR</b>	<u><u>137,095</u></u>	<u><u>147,807</u></u>

**VILLAGE OF STIRLING**

Schedule of Changes in Accumulated Surplus  
For the year ended December 31, 2011

**SCHEDULE I**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2011	2010
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 305,495	\$ 34,192	\$ 9,602,430	\$ 9,942,117	\$ 9,756,483
Excess (deficiency) of revenues over expenses	(334,860)	-	-	(334,860)	185,634
Current year funds used for tangible capital assets	(128,053)	-	128,053	-	-
Annual amortization expense	443,597	-	(443,597)	-	-
Long-term debt repaid	(22,434)	-	22,434	-	-
Change in accumulated surplus	\$ (41,750)	\$ -	\$ (293,110)	\$ (334,860)	\$ 185,634
<b>BALANCE, END OF YEAR</b>	<u>\$ 263,745</u>	<u>\$ 34,192</u>	<u>\$ 9,309,320</u>	<u>\$ 9,607,257</u>	<u>\$ 9,942,117</u>



**VILLAGE OF STIRLING**

Schedule of Tangible Capital Assets

For the year ended December 31, 2011

**SCHEDULE 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2011 \$	2010 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	16,780	82,800	3,719,611	8,966,487	537,226	59,884	13,382,788	12,921,917
Acquisition of tangible capital assets	8,000	-	49,228	47,425	23,400	-	128,053	460,871
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	<u>24,780</u>	<u>82,800</u>	<u>3,768,839</u>	<u>9,013,912</u>	<u>560,626</u>	<u>59,884</u>	<u>13,510,841</u>	<u>13,382,788</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	2,102	1,183,881	1,777,539	274,799	18,577	3,256,898	2,817,697
Annual amortization	-	2,102	92,831	305,582	37,094	5,988	443,597	439,201
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	<u>4,204</u>	<u>1,276,712</u>	<u>2,083,121</u>	<u>311,893</u>	<u>24,565</u>	<u>3,700,495</u>	<u>3,256,898</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>24,780</u>	<u>78,596</u>	<u>2,492,127</u>	<u>6,930,791</u>	<u>248,733</u>	<u>35,319</u>	<u>9,810,346</u>	<u>10,125,890</u>
2010 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>16,780</u>	<u>80,698</u>	<u>2,535,730</u>	<u>7,188,948</u>	<u>262,427</u>	<u>41,307</u>	<u>10,125,890</u>	



**VILLAGE OF STIRLING**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2011**

**SCHEDULE 3**

	Budget (Unaudited) \$	2011 \$	2010 \$
<b>TAXATION</b>			
Real property taxes	709,346	724,772	693,693
Linear property taxes	<u>10,154</u>	<u>10,154</u>	<u>11,565</u>
	<u>719,500</u>	<u>734,926</u>	<u>705,258</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	125,000	161,272	146,123
Separate school	3,000	4,346	3,064
Seniors foundation	<u>25,000</u>	<u>27,201</u>	<u>24,867</u>
	<u>153,000</u>	<u>192,819</u>	<u>174,054</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u><u>566,500</u></u>	<u><u>542,107</u></u>	<u><u>531,204</u></u>

**VILLAGE OF STIRLING**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2011**

**SCHEDULE 4**

	Budget (Unaudited) \$	2011 \$	2010 \$
<b>TRANSFERS FOR OPERATIONS</b>			
Federal Government	3,000	3,872	2,464
Provincial Government	191,098	164,832	343,091
Other Local Governments	<u>17,000</u>	<u>15,240</u>	<u>16,075</u>
	<u>211,098</u>	<u>183,944</u>	<u>361,630</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	-	101,667
Provincial Government	<u>408,630</u>	<u>395,066</u>	<u>355,500</u>
	<u>408,630</u>	<u>395,066</u>	<u>457,167</u>
	<u><u>619,728</u></u>	<u><u>579,010</u></u>	<u><u>818,797</u></u>



**VILLAGE OF STIRLING**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2011**

**SCHEDULE 5**

	Budget (Unaudited) \$	2011 \$	2010 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	512,149	532,971	541,440
Contracted and general services	462,875	570,255	426,237
Materials, goods and utilities	247,100	398,853	371,191
Transfers to local boards and agencies	18,100	19,033	25,243
Bank charges and short-term interest	6,500	6,924	6,506
Interest on long-term debt	23,622	23,478	24,474
Amortization	-	443,597	439,201
	<u>1,270,346</u>	<u>1,995,111</u>	<u>1,834,292</u>

**VILLAGE OF STIRLING**  
 Schedule of Segmented Disclosure  
 For the year ended December 31, 2011

**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 542,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 542,107
Government transfers	120,322	25,435	300,873	-	38,187	94,193	-	579,010
User fees and sales of goods	78,487	2,598	9,908	16,137	82,436	312,988	-	502,554
Investment income	1,436	-	-	-	-	-	-	1,436
Other revenue	35,144	-	-	-	-	-	-	35,144
	<u>\$ 777,496</u>	<u>\$ 28,033</u>	<u>\$ 310,781</u>	<u>\$ 16,137</u>	<u>\$ 120,623</u>	<u>\$ 407,181</u>	<u>\$ -</u>	<u>\$ 1,660,251</u>
<b>EXPENSES</b>								
Contracted and general services	\$ 136,657	\$ 34,201	\$ 50,335	\$ 8,503	\$ 29,136	\$ 311,423	\$ -	\$ 570,255
Salaries and wages	110,386	818	201,673	-	192,546	27,548	-	532,971
Goods and supplies	28,985	22,119	210,597	6,182	84,592	46,378	-	398,853
Transfers to local boards	-	-	-	-	19,033	-	-	19,033
Long-term debt interest	-	-	-	-	10,430	13,048	-	23,478
Other expenses	6,921	-	-	-	3	-	-	6,924
	<u>\$ 282,949</u>	<u>\$ 57,138</u>	<u>\$ 462,605</u>	<u>\$ 14,685</u>	<u>\$ 335,740</u>	<u>\$ 398,397</u>	<u>\$ -</u>	<u>\$ 1,551,514</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>	\$ 494,547	\$ (29,105)	\$ (151,824)	\$ 1,452	\$ (215,117)	\$ 8,784	\$ -	\$ 108,737
Amortization expense	2,900	9,101	308,169	-	51,221	72,206	-	443,597
<b>NET REVENUE</b>	<u>\$ 491,647</u>	<u>\$ (38,206)</u>	<u>\$ (459,993)</u>	<u>\$ 1,452</u>	<u>\$ (266,338)</u>	<u>\$ (63,422)</u>	<u>\$ -</u>	<u>\$ (334,860)</u>

# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant Accounting Policies

The consolidated financial statements of the Village of Stirling are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village of Stirling are as follows:

a) Reporting Entity -

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. The entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village and are, therefore, accountable to the village council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, 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 expenditure during the reported period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Inventories for Resale -

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under their respective function.

# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2011

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### 1. Significant Accounting Policies (continued)

e) Prepaid Local Improvement Charges -

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowing, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

f) 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.

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 Asset (Debt) for the year.

1) 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:

	<u>YEARS</u>
Land Improvements	15-50
Buildings	25-50
Engineered Structures	
Water System	35-75
Wastewater System	35-75
Other Engineered Structures	15-40
Machinery and Equipment	5-20
Vehicles	5-20

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2011**

**1. Significant Accounting Policies (continued)**

- 2) Inventories -  
 Inventories held for consumption are recorded at the lower of cost or replacement cost.

**2. Taxes and Grants in Place of Taxes Receivables**

	2011 \$	2010 \$
Current taxes and grants in place of taxes	75,095	70,922
Arrears taxes	<u>34,649</u>	<u>44,725</u>
	<u><u>109,744</u></u>	<u><u>115,647</u></u>

**3. Deferred Revenue**

	2011 \$	2010 \$
Government of Alberta - Emergency Training Grant	<u>-</u>	<u>1,000</u>

**4. Long-term Debt**

	2011 \$	2010 \$
Self-supported debentures	<u>501,026</u>	<u>523,460</u>

The current portion of long-term debt amounts to \$23,469 (2010 - \$22,434).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2012	23,469	22,587	46,056
2013	24,552	21,504	46,056
2014	25,684	20,371	46,055
2015	26,869	19,186	46,055
2016	28,109	17,946	46,055
Thereafter	<u>372,343</u>	<u>99,672</u>	<u>472,015</u>
	<u><u>501,026</u></u>	<u><u>201,266</u></u>	<u><u>702,292</u></u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 4.551% to 4.569%, before provincial subsidy and matures in periods 2025 to 2028. For qualifying debentures, the Province of Alberta rebates 60% of interest in excess of 8%, 9%, and 11% to a maximum annual rate of 12.5%, depending on the date borrowed. Debenture debt is issued on the credit and security of the town at large.

# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2011

### 5. 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:

	2011	2010
	\$	\$
Total debt limit	1,897,778	2,344,139
Total debt	<u>501,026</u>	<u>523,460</u>
Total unused debt limit	<u>1,396,752</u>	<u>1,820,679</u>
Service on debt limit	316,296	390,690
Service on debt	<u>46,056</u>	<u>46,055</u>
Amount of unused service on debt	<u>270,240</u>	<u>344,635</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 that 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.

### 6. Equity in Tangible Capital Assets

	2011	2010
	\$	\$
Tangible capital assets (Schedule 2)	13,510,841	13,382,788
Accumulated amortization (Schedule 2)	(3,700,495)	(3,256,898)
Long-term debt (Note 4)	<u>(501,026)</u>	<u>(523,460)</u>
	<u>9,309,320</u>	<u>9,602,430</u>

### 7. Accumulated Surplus

	2011	2010
	\$	\$
Unrestricted surplus	263,745	305,495
Restricted surplus:		
Capital reserves	34,192	34,192
Equity in tangible capital assets	<u>9,309,320</u>	<u>9,602,430</u>
	<u>9,607,257</u>	<u>9,942,117</u>



# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2011

### 8. Segmented Disclosure

The Village of Stirling 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 6).

### 9. Salary and Benefits Disclosure

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

	Salary (1)	Benefits & Allowances (2)	2011 Total	2010 Total
	\$	\$	\$	\$
Mayor - Jason Edwards	3,750	-	3,750	3,350
- Larry Nilsson	-	-	-	3,983
Councilor - Gary Bikman	2,400	-	2,400	400
- Marianne Hirsche	2,900	-	2,900	750
- Mike Maynes	-	-	-	2,267
- Mike Selk	1,700	-	1,700	2,350
- Jeff Tanner	2,800	-	2,800	867
- Al Wiersema	-	-	-	2,400
Designated officer - CAO	37,537	-	37,537	40,202

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
- (2) 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, accident disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, car and travel allowances, conferences, and memberships.

# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2011

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### 10. Local Authorities Pension Plan

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 133,000 people and 389 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The village is required to make current service contributions of 5.525% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 7.4% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

The total current service contributions by the village to the LAPP in 2011 were \$20,448 (2010 - \$22,351). Total current year service contributions by the employees of the village to the LAPP were \$18,390 (2010 - \$19,989)

At December 31, 2010, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

### 11. Contingencies

The village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

### 12. Financial Instruments

The village's financial instruments consist of cash and temporary investments, receivables, accounts payable, accrued liabilities and long-term debt. It is management's opinion that the village is not exposed to significant interest, currency or credit risks arising from these financial statements.

The village 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 village provides services may experience financial difficulty and be unable to fulfill 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.

### 13. Comparative Figures

Certain comparative figures have been reclassified to conform with the current years financial presentation.

### 14. Approval of Financial Statements

Council and Management have approved these financial statements.