

VILLAGE OF STIRLING

Financial Statements

December 31, 2012

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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, 2012 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, 2012, 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
June 19, 2013

A handwritten signature in dark ink, appearing to be 'R. B.', written over a horizontal line.

Chartered Accountants

VILLAGE OF STIRLING
Consolidated Statement of Financial Position
As at December 31, 2012

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	-	137,095
Receivables		
Taxes and grants in place of taxes (Note 3)	93,614	109,744
Trade and other	<u>221,619</u>	<u>140,559</u>
	<u>315,233</u>	<u>387,398</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	116,402	-
Accounts payable and accrued liabilities	96,646	122,062
Deferred revenue (Note 4)	76,742	-
Long-term debt (Note 5)	<u>477,557</u>	<u>501,026</u>
	<u>767,347</u>	<u>623,088</u>
NET FINANCIAL ASSETS (DEBT)	<u>(452,114)</u>	<u>(235,690)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	9,893,603	9,810,346
Inventory for consumption	26,045	24,842
Prepaid expenses and deposits	<u>-</u>	<u>7,759</u>
	<u>9,919,648</u>	<u>9,842,947</u>
ACCUMULATED SURPLUS (Note 8 and Schedule 1)	<u>9,467,534</u>	<u>9,607,257</u>

CONTINGENCIES (Note 12)



VILLAGE OF STIRLING
Consolidated Statement of Operations
For the year ended December 31, 2012

	Budget (Unaudited) \$	2012 \$	2011 \$
REVENUES			
Net municipal property taxes (Schedule 3)	530,329	548,498	542,107
User fees and sales of goods	493,843	505,906	502,554
Government transfers (Schedule 4)	222,114	227,640	183,944
Investment income	1,221	92	1,436
Penalties and costs of taxes	16,000	11,654	14,789
Franchise and concession contracts	22,145	19,729	20,355
Gain on disposal of capital assets	10,000	7,955	-
	<u>1,295,652</u>	<u>1,321,474</u>	<u>1,265,185</u>
EXPENSES			
Legislative	29,975	23,059	24,801
Administration	260,567	297,455	258,148
Police, fire, ambulance and bylaw enforcement	54,553	57,547	57,138
Roads, streets, walks, lighting	337,295	312,716	462,605
Water, wastewater and waste management	293,651	326,511	398,398
Land use planning, zoning and development	16,171	28,233	16,260
Parks and recreation	192,430	245,527	321,774
Amortization	-	461,911	443,597
Other	13,425	11,701	12,390
	<u>1,198,067</u>	<u>1,764,660</u>	<u>1,995,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	97,585	(443,186)	(729,926)
OTHER			
Government transfers for capital (Schedule 4)	423,607	303,463	395,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	521,192	(139,723)	(334,860)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,607,257</u>	<u>9,607,257</u>	<u>9,942,117</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>10,128,449</u>	<u>9,467,534</u>	<u>9,607,257</u>



VILLAGE OF STIRLING

Consolidated Statement of Change in Net Financial Assets (Debt)
For the year ended December 31, 2012

	Budget (Unaudited) \$	2012 \$	2011 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	521,192	(139,723)	(334,860)
Acquisition of tangible capital assets	-	(547,213)	(128,053)
Proceeds on disposal of tangible capital assets	-	10,000	-
Amortization of tangible capital assets	-	461,911	443,597
(Gain) loss on disposal of tangible capital assets	<u>(10,000)</u>	<u>(7,955)</u>	<u>-</u>
	<u>(10,000)</u>	<u>(83,257)</u>	<u>315,544</u>
Use (acquisition) of prepaid assets	-	7,759	(5,156)
(Acquisition) use of inventory for consumption	<u>-</u>	<u>(1,203)</u>	<u>6,020</u>
	<u>-</u>	<u>6,556</u>	<u>864</u>
DECREASE (INCREASE) IN NET DEBT	511,192	(216,424)	(18,452)
NET FINANCIAL (DEBT) ASSETS, BEGINNING OF YEAR	<u>(235,690)</u>	<u>(235,690)</u>	<u>(217,238)</u>
NET FINANCIAL (DEBT) ASSETS, END OF YEAR	<u><u>275,502</u></u>	<u><u>(452,114)</u></u>	<u><u>(235,690)</u></u>

VILLAGE OF STIRLING
Consolidated Statement of Cash Flows
For the year ended December 31, 2012

	2012 \$	2011 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	(139,723)	(334,860)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	461,911	443,597
(Gain) on disposal of tangible capital assets	(7,955)	-
Non-cash charges to operations (net changes)		
Decrease in taxes and grants in lieu receivable	16,130	5,903
(Increase) decrease in trade and other receivables	(81,060)	64,655
Decrease in land held for resale	-	8,000
(Increase) decrease in inventory for consumption	(1,203)	6,020
Decrease (increase) in prepaid expenses	7,759	(5,156)
(Decrease) in accounts payable and accrued liabilities	(25,416)	(47,384)
Increase (decrease) in deferred revenue	<u>76,742</u>	<u>(1,000)</u>
	<u>307,185</u>	<u>139,775</u>
CAPITAL		
Acquisition of tangible capital assets	(547,213)	(128,053)
Proceeds on disposal of tangible capital assets	<u>10,000</u>	<u>-</u>
	<u>(537,213)</u>	<u>(128,053)</u>
FINANCING		
Long-term debt repaid	<u>(23,469)</u>	<u>(22,434)</u>
CHANGE IN CASH DURING THE YEAR	(253,497)	(10,712)
CASH, BEGINNING OF YEAR	<u>137,095</u>	<u>147,807</u>
(TEMPORARY INDEBTEDNESS) CASH, END OF YEAR	<u>(116,402)</u>	<u>137,095</u>



VILLAGE OF STIRLING
 Schedule of Changes in Accumulated Surplus
 For the year ended December 31, 2012

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2012	2011
BALANCE, BEGINNING OF THE YEAR	\$ 263,745	\$ 34,192	\$ 9,309,320	\$ 9,607,257	\$ 9,942,117
Excess (deficiency) of revenues over expenses	(139,723)	-	-	(139,723)	(334,860)
Unrestricted funds designated for future use	(13,898)	13,898	-	-	-
Current year funds used for tangible capital assets	(547,213)	-	547,213	-	-
Disposal of tangible capital assets	2,045	-	(2,045)	-	-
Annual amortization expense	461,911	-	(461,911)	-	-
Long-term debt repaid	(23,469)	-	23,469	-	-
Change in accumulated surplus	<u>\$ (260,347)</u>	<u>\$ 13,898</u>	<u>\$ 106,726</u>	<u>\$ (139,723)</u>	<u>\$ (334,860)</u>
BALANCE, END OF YEAR	<u>\$ 3,398</u>	<u>\$ 48,090</u>	<u>\$ 9,416,046</u>	<u>\$ 9,467,534</u>	<u>\$ 9,607,257</u>

VILLAGE OF STIRLING
 Schedule of Tangible Capital Assets
 For the year ended December 31, 2012

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2012 \$	2011 \$
COST:								
BALANCE, BEGINNING OF YEAR	24,780	82,800	3,768,839	9,013,912	560,626	59,884	13,510,841	13,382,788
Acquisition of tangible capital assets	-	7,500	13,393	460,404	54,916	11,000	547,213	128,053
Disposal of tangible capital assets	-	-	-	-	(20,446)	-	(20,446)	-
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>3,782,232</u>	<u>9,474,316</u>	<u>595,096</u>	<u>70,884</u>	<u>14,037,608</u>	<u>13,510,841</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	4,204	1,276,712	2,083,121	311,893	24,565	3,700,495	3,256,898
Annual amortization	-	2,251	93,099	319,431	40,042	7,088	461,911	443,597
Accumulated amortization on disposals	-	-	-	-	(18,401)	-	(18,401)	-
BALANCE, END OF YEAR	<u>-</u>	<u>6,455</u>	<u>1,369,811</u>	<u>2,402,552</u>	<u>333,534</u>	<u>31,653</u>	<u>4,144,005</u>	<u>3,700,495</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>83,845</u>	<u>2,412,421</u>	<u>7,071,764</u>	<u>261,562</u>	<u>39,231</u>	<u>9,893,603</u>	<u>9,810,346</u>
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<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>	

VILLAGE OF STIRLING
Schedule of Property Taxes Levied
For the Year Ended December 31, 2012

SCHEDULE 3

	Budget (Unaudited) \$	2012 \$	2011 \$
TAXATION			
Real property taxes	741,085	747,610	724,772
Linear property taxes	-	11,644	10,154
	<u>741,085</u>	<u>759,254</u>	<u>734,926</u>
REQUISITIONS			
Alberta School Foundation Fund	179,805	179,696	161,272
Separate school	4,867	4,976	4,346
Seniors foundation	26,084	26,084	27,201
	<u>210,756</u>	<u>210,756</u>	<u>192,819</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>530,329</u></u>	<u><u>548,498</u></u>	<u><u>542,107</u></u>

VILLAGE OF STIRLING
Schedule of Government Transfers
For the Year Ended December 31, 2012

SCHEDULE 4

	Budget (Unaudited) \$	2012 \$	2011 \$
TRANSFERS FOR OPERATIONS			
Federal Government	3,090	2,632	3,872
Provincial Government	202,024	205,207	164,832
Other Local Governments	<u>17,000</u>	<u>19,801</u>	<u>15,240</u>
	<u>222,114</u>	<u>227,640</u>	<u>183,944</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>423,607</u>	<u>303,463</u>	<u>395,066</u>
	<u>645,721</u>	<u>531,103</u>	<u>579,010</u>

VILLAGE OF STIRLING

Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2012

SCHEDULE 5

	Budget (Unaudited) \$	2012 \$	2011 \$
EXPENDITURES			
Salaries, wages and benefits	467,186	504,802	532,971
Contracted and general services	447,594	508,559	570,255
Materials, goods and utilities	235,362	238,176	398,853
Transfers to local boards and agencies	18,643	19,391	19,033
Bank charges and short-term interest	6,695	9,385	6,924
Interest on long-term debt	22,587	22,436	23,478
Amortization	-	461,911	443,597
	<u>1,198,067</u>	<u>1,764,660</u>	<u>1,995,111</u>

VILLAGE OF STIRLING
 Schedule of Segmented Disclosure
 For the year ended December 31, 2012

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 548,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 548,498
Government transfers	19,320	38,300	344,788	-	123,768	4,927	-	531,103
User fees and sales of goods	971	15,980	3,239	19,785	85,898	380,033	-	505,906
Investment income	92	-	-	-	-	-	-	92
Other revenue	<u>31,383</u>	-	<u>7,952</u>	-	-	-	-	<u>39,338</u>
	\$ <u>600,264</u>	\$ <u>54,280</u>	\$ <u>355,982</u>	\$ <u>19,785</u>	\$ <u>209,666</u>	\$ <u>384,960</u>	\$ -	\$ <u>1,624,937</u>
EXPENSES								
Contracted and general services	\$ 132,625	\$ 36,142	\$ 41,066	\$ 22,249	\$ 29,823	\$ 246,654	\$ -	\$ 508,559
Salaries, wages and benefits	153,079	2,933	178,282	-	129,066	41,442	-	504,802
Materials, goods and utilities	25,425	18,472	93,368	5,984	68,920	26,007	-	238,176
Transfers to local boards and agencies	-	-	-	-	19,391	-	-	19,391
Interest on long-term debt	-	-	-	-	10,028	12,408	-	22,436
Other expenses	<u>9,385</u>	-	-	-	-	-	-	<u>9,385</u>
	\$ <u>320,514</u>	\$ <u>57,547</u>	\$ <u>312,716</u>	\$ <u>28,233</u>	\$ <u>257,228</u>	\$ <u>326,511</u>	\$ -	\$ <u>1,302,749</u>
NET REVENUE BEFORE AMORTIZATION								
Amortization expense	\$ 2,900	\$ 10,101	\$ 322,784	\$ -	\$ 51,638	\$ 74,488	\$ -	\$ 461,911
NET REVENUE	\$ <u>276,850</u>	\$ <u>(13,368)</u>	\$ <u>(279,518)</u>	\$ <u>(8,448)</u>	\$ <u>(99,200)</u>	\$ <u>(16,039)</u>	\$ -	\$ <u>(139,723)</u>

VILLAGE OF STIRLING

Notes to Financial Statements

For the Year Ended December 31, 2012

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, 2012

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, 2012

1. Significant Accounting Policies (continued)

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

2. Cash and Temporary Investments

	2012 \$	2011 \$
Cash on hand	225	225
Bank accounts (overdrafts)	(66,627)	136,870
Line of Credit	(50,000)	-
	<u>(116,402)</u>	<u>137,095</u>

The line of credit has a limit of \$500,000 and bears interest at prime per annum.

3. Taxes and Grants in Place of Taxes Receivables

	2012 \$	2011 \$
Current taxes and grants in place of taxes	86,362	75,095
Arrears taxes	<u>7,252</u>	<u>34,649</u>
	<u>93,614</u>	<u>109,744</u>

4. Deferred Revenue

	2012 \$	2011 \$
Government of Alberta - Basic Municipal Transportation Grant	15,105	-
- Federal Gas Tax Fund	<u>61,637</u>	<u>-</u>
	<u>76,742</u>	<u>-</u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2012

5. Long-Term Debt

	2012 \$	2011 \$
Self-supported debentures	<u>477,557</u>	<u>501,026</u>

The current portion of long-term debt amounts to \$24,552 (2011 - \$23,469).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
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
2017	29,406	16,649	46,055
Thereafter	<u>342,937</u>	<u>83,023</u>	<u>425,960</u>
	<u>477,557</u>	<u>178,679</u>	<u>656,236</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 village at large.

6. 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 village be disclosed as follows:

	2012 \$	2011 \$
Total debt limit	1,982,211	1,897,778
Total debt	<u>477,557</u>	<u>501,026</u>
Total unused debt limit	<u>1,504,654</u>	<u>1,396,752</u>
Service on debt limit	330,369	316,296
Service on debt	<u>46,056</u>	<u>46,056</u>
Amount of unused service on debt	<u>284,313</u>	<u>270,240</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.



VILLAGE OF STIRLING

Notes to Financial Statements

For the Year Ended December 31, 2012

7. Equity in Tangible Capital Assets

	2012	2011
	\$	\$
Tangible capital assets (Schedule 2)	14,037,608	13,510,841
Accumulated amortization (Schedule 2)	(4,144,005)	(3,700,495)
Long-term debt (Note 4)	<u>(477,557)</u>	<u>(501,026)</u>
	<u>9,416,046</u>	<u>9,309,320</u>

8. Accumulated Surplus

	2012	2011
	\$	\$
Unrestricted surplus	3,398	263,745
Restricted surplus:		
Operating reserves - library	13,898	-
Capital reserves	34,192	34,192
Equity in tangible capital assets	<u>9,416,046</u>	<u>9,309,320</u>
	<u>9,467,534</u>	<u>9,607,257</u>

9. 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).

10. 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)	2012 Total	2011 Total
	\$	\$	\$	\$
Mayor - Jason Edwards	6,159	-	6,159	6,575
Councilor - Gary Bikman	-	-	-	2,700
- Jonathan Bikman	2,125	-	2,125	-
- Marianne Hirsche	2,600	-	2,600	3,875
- Mike Maynes	4,286	-	4,286	-
- Mike Selk	-	-	-	2,200
- Jeff Tanner	3,100	-	3,100	2,800
Designated officer - CAO	22,200	-	22,200	37,537

VILLAGE OF STIRLING

Notes to Financial Statements

For the Year Ended December 31, 2012

10. Salary and Benefits Disclosure (continued)

- (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.

11. 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 2012 were \$20,448 (2011 - \$20,448). Total current year service contributions by the employees of the village to the LAPP were \$18,390 (2011 - \$18,390).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

12. 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.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2012

13. 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.

14. Approval of Financial Statements

Council and Management have approved these financial statements.