

# VILLAGE OF STIRLING

## Financial Statements

December 31, 2013

Independent Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets (Debt)	4
Consolidated Statement of Cash Flows	5
Schedule of Changes in Accumulated Surplus	6
Schedule of Tangible Capital Assets	7
Schedule of Property Taxes Levied	8
Schedule of Government Transfers	9
Schedule of Consolidated Expenditures by Object	10
Schedule of Segmented Disclosure	11
Notes to Financial Statements	12-18





**MERCER WILDE GROUP**  
An Association of  
Chartered Accountants

#2 - 2620 5th Ave. North, Lethbridge, AB T1H 6J6 • Ph: 403-327-6100 Fax: 403-320-2026

## 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 the Village of Stirling, which comprise the statement of financial position as at December 31, 2013 and the statements of operations, changes in net financial assets (debt) and cash flows for the period then ended, and a summary of the 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 is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on this 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 village'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 village'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, 2013 and the results of its operations, change in net financial assets (debt) and its cash flows for the period then ended in accordance with the Canadian public sector accounting standards.

Lethbridge, Alberta  
April 11, 2014

Chartered Accountants

**VILLAGE OF STIRLING**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2013**

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	55,843	-
Receivables		
Taxes and grants in place of taxes (Note 3)	91,188	93,614
Trade and other	<u>213,440</u>	<u>221,619</u>
	<u>360,471</u>	<u>315,233</u>
<b>LIABILITIES</b>		
Temporary bank indebtedness (Note 2)	-	116,402
Accounts payable and accrued liabilities	149,426	96,646
Deferred revenue (Note 4)	30,876	76,742
Long-term debt (Note 5)	<u>489,006</u>	<u>477,557</u>
	<u>669,308</u>	<u>767,347</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(308,837)</u>	<u>(452,114)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	9,831,032	9,893,603
Inventory for consumption	23,288	26,045
Prepaid expenses and deposits	<u>275</u>	<u>-</u>
	<u>9,854,595</u>	<u>9,919,648</u>
<b>ACCUMULATED SURPLUS (Note 8 and Schedule 1)</b>	<u><u>9,545,758</u></u>	<u><u>9,467,534</u></u>

**CONTINGENCIES (Note 12)**



**VILLAGE OF STIRLING**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2013**

	Budget (Unaudited) \$	2013 \$	2012 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	569,226	584,639	548,498
User fees and sales of goods	517,146	592,670	505,906
Government transfers (Schedule 4)	144,328	144,163	227,640
Investment income	175	166	92
Penalties and costs of taxes	14,000	16,280	11,654
Franchise and concession contracts	20,300	21,115	19,729
Gain on disposal of capital assets	-	200	7,955
	<u>1,265,175</u>	<u>1,359,233</u>	<u>1,321,474</u>
<b>EXPENSES</b>			
Legislative	25,900	37,280	23,059
Administration	273,320	282,873	297,455
Police, fire, ambulance and bylaw enforcement	54,863	54,825	57,547
Roads, streets, walks, lighting	309,828	322,317	312,716
Water, wastewater and waste management	316,964	324,972	326,511
Land use planning, zoning and development	25,783	25,773	28,233
Parks and recreation	221,698	222,298	245,527
Amortization	-	467,268	461,911
Other	12,677	13,092	11,701
	<u>1,241,033</u>	<u>1,750,698</u>	<u>1,764,660</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	24,142	(391,465)	(443,186)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	382,559	469,689	303,463
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	406,701	78,224	(139,723)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>9,467,534</u>	<u>9,467,534</u>	<u>9,607,257</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>9,874,235</u>	<u>9,545,758</u>	<u>9,467,534</u>



# VILLAGE OF STIRLING

## Consolidated Statement of Change in Net Financial Assets (Debt) For the year ended December 31, 2013

	Budget (Unaudited) \$	2013 \$	2012 \$
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	406,701	78,224	(139,723)
Acquisition of tangible capital assets	(382,559)	(404,697)	(547,213)
Proceeds on disposal of tangible capital assets	-	200	10,000
Amortization of tangible capital assets	-	467,268	461,911
(Gain) on disposal of tangible capital assets	-	(200)	(7,955)
	<u>(382,559)</u>	<u>62,571</u>	<u>(83,257)</u>
(Acquisition) use of prepaid assets	-	(275)	7,759
Use (acquisition) of inventory for consumption	-	<u>2,757</u>	<u>(1,203)</u>
	-	<u>2,482</u>	<u>6,556</u>
<b>DECREASE (INCREASE) IN NET DEBT</b>	24,142	143,277	(216,424)
<b>NET FINANCIAL (DEBT), BEGINNING OF YEAR</b>	<u>(452,114)</u>	<u>(452,114)</u>	<u>(235,690)</u>
<b>NET FINANCIAL (DEBT), END OF YEAR</b>	<u>(427,972)</u>	<u>(308,837)</u>	<u>(452,114)</u>



**VILLAGE OF STIRLING**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2013**

	2013	2012
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	78,224	(139,723)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	467,268	461,911
(Gain) on disposal of tangible capital assets	(200)	(7,955)
Non-cash charges to operations (net changes)		
Decrease in taxes and grants in lieu receivable	2,426	16,130
Decrease (increase) in trade and other receivables	8,179	(81,060)
Decrease (increase) in inventory for consumption	2,757	(1,203)
(Increase) decrease in prepaid expenses	(275)	7,759
Increase (decrease) in accounts payable and accrued liabilities	52,780	(25,416)
(Decrease) increase in deferred revenue	<u>(45,866)</u>	<u>76,742</u>
	<u>565,293</u>	<u>307,185</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(404,697)	(547,213)
Proceeds on disposal of tangible capital assets	<u>200</u>	<u>10,000</u>
	<u>(404,497)</u>	<u>(537,213)</u>
<b>FINANCING</b>		
Long-term debt issued	36,000	-
Long-term debt repaid	<u>(24,551)</u>	<u>(23,469)</u>
	<u>11,449</u>	<u>(23,469)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	172,245	(253,497)
<b>(TEMPORARY INDEBTEDNESS) CASH, BEGINNING OF YEAR</b>	<u>(116,402)</u>	<u>137,095</u>
<b>CASH (TEMPORARY INDEBTEDNESS), END OF YEAR</b>	<u><u>55,843</u></u>	<u><u>(116,402)</u></u>





**VILLAGE OF STIRLING**  
Schedule of Changes in Accumulated Surplus  
For the year ended December 31, 2013

**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2013	2012
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 3,398	\$ 48,090	\$ 9,416,046	\$ 9,467,534	\$ 9,607,257
Excess (deficiency) of revenues over expenses	78,224	-	-	78,224	(139,723)
Unrestricted funds designated for future use	(3,762)	3,762	-	-	-
Current year funds used for tangible capital assets	(404,697)	-	404,697	-	-
Annual amortization expense	467,268	-	(467,268)	-	-
New long-term debt issued	36,000	-	(36,000)	-	-
Long-term debt repaid	(24,551)	-	24,551	-	-
Change in accumulated surplus	\$ 148,482	\$ 3,762	\$ (74,020)	\$ 78,224	\$ (139,723)
<b>BALANCE, END OF YEAR</b>	\$ <u>151,880</u>	\$ <u>51,852</u>	\$ <u>9,342,026</u>	\$ <u>9,545,758</u>	\$ <u>9,467,534</u>



**VILLAGE OF STIRLING**  
 Schedule of Tangible Capital Assets  
 For the year ended December 31, 2013

**SCHEDULE 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2013 \$	2012 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	24,780	90,300	3,782,232	9,474,316	595,096	70,884	14,037,608	13,510,841
Acquisition of tangible capital assets	-	-	57,355	341,895	-	-	399,250	547,213
Disposal of tangible capital assets	-	-	-	-	-	(11,000)	(11,000)	(20,446)
Assets under construction	-	-	-	5,447	-	-	5,447	-
<b>BALANCE, END OF YEAR</b>	<b>24,780</b>	<b>90,300</b>	<b>3,839,587</b>	<b>9,821,658</b>	<b>595,096</b>	<b>59,884</b>	<b>14,431,305</b>	<b>14,037,608</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	6,455	1,369,811	2,402,552	333,534	31,653	4,144,005	3,700,495
Annual amortization	-	2,252	94,246	330,740	34,042	5,988	467,268	461,911
Accumulated amortization on disposals	-	-	-	-	-	(11,000)	(11,000)	(18,401)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>8,707</b>	<b>1,464,057</b>	<b>2,733,292</b>	<b>367,576</b>	<b>26,641</b>	<b>4,600,273</b>	<b>4,144,005</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>24,780</b>	<b>81,593</b>	<b>2,375,530</b>	<b>7,088,366</b>	<b>227,520</b>	<b>33,243</b>	<b>9,831,032</b>	<b>9,893,603</b>
2012 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	24,780	83,845	2,412,421	7,071,764	261,562	39,231	9,893,603	



**VILLAGE OF STIRLING**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2013**

**SCHEDULE 3**

	Budget (Unaudited) \$	2013 \$	2012 \$
<b>TAXATION</b>			
Real property taxes	809,106	811,181	747,610
Linear property taxes	-	12,158	11,644
	<u>809,106</u>	<u>823,339</u>	<u>759,254</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	206,182	207,126	179,696
Separate school	5,681	5,681	4,976
Seniors foundation	28,017	25,893	26,084
	<u>239,880</u>	<u>238,700</u>	<u>210,756</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>569,226</u>	<u>584,639</u>	<u>548,498</u>



**VILLAGE OF STIRLING**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2013**

**SCHEDULE 4**

	Budget (Unaudited) \$	2013 \$	2012 \$
<b>TRANSFERS FOR OPERATIONS</b>			
Federal Government	4,136	3,404	2,632
Provincial Government	124,192	124,649	205,207
Other Local Governments	<u>16,000</u>	<u>16,110</u>	<u>19,801</u>
	<u>144,328</u>	<u>144,163</u>	<u>227,640</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	<u>382,559</u>	<u>469,689</u>	<u>303,463</u>
	<u>526,887</u>	<u>613,852</u>	<u>531,103</u>



**VILLAGE OF STIRLING**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2013**

**SCHEDULE 5**

	Budget (Unaudited) \$	2013 \$	2012 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	514,106	528,292	504,802
Contracted and general services	437,769	460,297	508,559
Materials, goods and utilities	241,414	243,899	238,176
Transfers to local boards and agencies	19,540	18,606	19,391
Bank charges and short-term interest	6,700	10,989	9,385
Interest on long-term debt	21,504	21,347	22,436
Amortization	-	467,268	461,911
	<u>1,241,033</u>	<u>1,750,698</u>	<u>1,764,660</u>





**VILLAGE OF STIRLING**  
 Schedule of Segmented Disclosure  
 For the year ended December 31, 2013

**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
<b>REVENUE</b>								
Net municipal taxes	\$ 584,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 584,639
Government transfers	-	37,240	259,428	20,352	184,326	112,506	-	613,852
User fees and sales of goods	37,968	8,055	4,928	11,925	98,246	431,548	-	592,670
Investment income	166	-	-	-	-	-	-	166
Other revenue	<u>37,395</u>	-	200	-	-	-	-	<u>37,595</u>
	\$ <u>660,168</u>	\$ <u>45,295</u>	\$ <u>264,556</u>	\$ <u>32,277</u>	\$ <u>282,572</u>	\$ <u>544,054</u>	\$ -	\$ <u>1,828,922</u>
<b>EXPENSES</b>								
Contracted and general services	\$ 122,066	\$ 36,124	\$ 27,712	\$ 14,620	\$ 16,910	\$ 242,865	\$ -	\$ 460,297
Salaries, wages and benefits	164,409	-	205,678	-	122,870	35,335	-	528,292
Materials, goods and utilities	22,689	18,701	88,927	11,153	67,397	35,032	-	243,899
Transfers to local boards and agencies	-	-	-	-	18,606	-	-	18,606
Interest on long-term debt	-	-	-	-	9,607	11,740	-	21,347
Other expenses	<u>10,989</u>	-	-	-	-	-	-	<u>10,989</u>
	\$ <u>320,153</u>	\$ <u>54,825</u>	\$ <u>322,317</u>	\$ <u>25,773</u>	\$ <u>235,390</u>	\$ <u>324,972</u>	\$ -	\$ <u>1,283,430</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>								
Amortization expense	\$ 340,015	\$ (9,530)	\$ (57,761)	\$ 6,504	\$ 47,182	\$ 219,082	\$ -	\$ 545,492
	\$ <u>2,900</u>	\$ <u>10,518</u>	\$ <u>331,391</u>	\$ -	\$ <u>46,786</u>	\$ <u>75,673</u>	\$ -	\$ <u>467,268</u>
<b>NET REVENUE</b>	\$ <u><u>337,115</u></u>	\$ <u><u>(20,048)</u></u>	\$ <u><u>(389,152)</u></u>	\$ <u><u>6,504</u></u>	\$ <u><u>396</u></u>	\$ <u><u>143,409</u></u>	\$ -	\$ <u><u>78,224</u></u>

# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2013

---

### 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, 2013**

---

**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, 2013**

**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**

	2013 \$	2012 \$
Cash on hand	225	225
Bank accounts (overdrafts)	55,618	(66,627)
Line of Credit	-	(50,000)
	<u>55,843</u>	<u>(116,402)</u>

The line of credit has a limit of \$500,000 and bears interest at 3% per annum.

Included in bank accounts is a restricted amount of \$30,876 (2012 - \$76,742) received from the Municipal Sustainability Initiative and Basic Municipal Transportation Grant and held exclusively for approved projects (Note 4).

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

	2013 \$	2012 \$
Current taxes and grants in place of taxes	72,968	86,362
Arrears taxes	18,220	7,252
	<u>91,188</u>	<u>93,614</u>

**4. Deferred Revenue**

	2013 \$	2012 \$
Government of Alberta - Basic Municipal Transportation Grant	2,474	15,105
- Federal Gas Tax Fund	28,402	61,637
	<u>30,876</u>	<u>76,742</u>

**Municipal Sustainability Initiative**

Funding in the amount of \$373,694 was received in the current year from the Municipal Sustainability Initiative. Of the \$373,694 received, \$251,502 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, which were scheduled for completion in 2013. The remaining \$122,192 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which were also scheduled for completion in 2013. Unexpended funds related to the advance are supported by cash of \$28,402 held exclusively for these projects (Note 2).



**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2013**

**5. Long-Term Debt**

	2013 \$	2012 \$
Self-supported debentures	<u>489,006</u>	<u>477,557</u>

The current portion of long-term debt amounts to \$34,685 (2012 - \$22,552).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2014	34,685	20,371	55,056
2015	35,870	19,186	55,056
2016	37,109	17,946	55,055
2017	38,406	16,649	55,055
2018	30,763	15,292	46,055
Thereafter	<u>312,173</u>	<u>67,731</u>	<u>379,904</u>
	<u>489,006</u>	<u>157,175</u>	<u>646,181</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:

	2013 \$	2012 \$
Total debt limit	2,038,850	1,982,211
Total debt	<u>489,006</u>	<u>477,557</u>
Total unused debt limit	<u>1,549,844</u>	<u>1,504,654</u>
Service on debt limit	339,808	330,369
Service on debt	<u>55,056</u>	<u>46,056</u>
Amount of unused service on debt	<u>284,752</u>	<u>284,313</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, 2013**

**7. Equity in Tangible Capital Assets**

	2013	2012
	\$	\$
Tangible capital assets (Schedule 2)	14,431,305	14,037,608
Accumulated amortization (Schedule 2)	(4,600,273)	(4,144,005)
Long-term debt (Note 4)	(489,006)	(477,557)
	<u>9,342,026</u>	<u>9,416,046</u>

**8. Accumulated Surplus**

	2013	2012
	\$	\$
Unrestricted surplus	151,880	3,398
Restricted surplus:		
Operating reserves - library	13,898	13,898
Capital reserves	37,954	34,192
Equity in tangible capital assets	<u>9,342,026</u>	<u>9,416,046</u>
	<u>9,545,758</u>	<u>9,467,534</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)	2013 Total	2012 Total
	\$	\$	\$	\$
Mayor - Ben Nilsson	1,200	-	1,200	-
Councilor - Jonathan Bikman	4,325	-	4,325	2,125
- Jason Edwards	4,975	-	4,975	6,159
- Marianne Hirsche	3,500	-	3,500	2,600
- Trevor Lewington	800	-	800	-
- Mike Maynes	6,000	-	6,000	4,286
- Jeff Tanner	2,700	-	2,700	3,100
Designated officer - CAO	68,333	13,448	81,781	22,200



**VILLAGE OF STIRLING**  
Notes to Financial Statements  
For the Year Ended December 31, 2013

---

**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 2013 were \$29,850 (2012 - \$21,993). Total current year service contributions by the employees of the village to the LAPP were \$27,156 (2012 - \$18,898).

At December 31, 2012, 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, 2013**

---

**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.

