

VILLAGE OF STIRLING

Financial Statements

December 31, 2015

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





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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, 2015 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, 2015, 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 20, 2016

Chartered Accountants

VILLAGE OF STIRLING
Consolidated Statement of Financial Position
As at December 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	290,054	54,733
Receivables		
Taxes and grants in place of taxes (Note 3)	80,548	82,577
Trade and other	<u>446,122</u>	<u>430,748</u>
	<u>816,724</u>	<u>568,058</u>
LIABILITIES		
Temporary bank indebtedness (Note 2)	-	100,000
Accounts payable and accrued liabilities	164,543	186,238
Deferred revenue (Note 4)	312,569	69,474
Long-term debt (Note 5)	<u>418,452</u>	<u>454,322</u>
	<u>895,564</u>	<u>810,034</u>
NET FINANCIAL ASSETS (DEBT)	<u>(78,840)</u>	<u>(241,976)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	9,832,976	9,738,746
Inventory for consumption	<u>20,294</u>	<u>21,470</u>
	<u>9,853,270</u>	<u>9,760,216</u>
ACCUMULATED SURPLUS (Note 8 and Schedule 1)	<u>9,774,430</u>	<u>9,518,240</u>
CONTINGENCIES (Note 12)		



VILLAGE OF STIRLING
Consolidated Statement of Operations
For the year ended December 31, 2015

	Budget (Unaudited) \$	2015 \$	2014 \$
REVENUES			
Net municipal property taxes (Schedule 3)	632,088	660,658	614,938
User fees and sales of goods	597,628	907,640	668,415
Government transfers (Schedule 4)	147,302	143,816	144,206
Investment income	610	1,980	879
Penalties and costs of taxes	22,000	24,974	25,163
Franchise and concession contracts	43,644	44,903	44,447
Gain on disposal of tangible capital assets	-	-	10,200
	<u>1,443,272</u>	<u>1,783,971</u>	<u>1,508,248</u>
EXPENSES			
Legislative	29,500	30,833	23,434
Administration	288,199	304,103	275,160
Police, fire, ambulance and bylaw enforcement	56,830	63,685	64,068
Roads, streets, walks, lighting	467,323	339,225	365,688
Water, wastewater and waste management	353,716	500,079	424,422
Land use planning, zoning and development	28,770	23,347	27,353
Parks and recreation	183,934	228,295	253,774
Loss on disposal of tangible capital assets	-	8,258	-
Amortization	-	479,835	488,155
Other	7,996	14,345	12,602
	<u>1,416,268</u>	<u>1,992,005</u>	<u>1,934,656</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	27,004	(208,034)	(426,408)
OTHER			
Government transfers for capital (Schedule 4)	<u>317,107</u>	<u>464,224</u>	<u>398,890</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	344,111	256,190	(27,518)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,518,240</u>	<u>9,518,240</u>	<u>9,545,758</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>9,862,351</u></u>	<u><u>9,774,430</u></u>	<u><u>9,518,240</u></u>



VILLAGE OF STIRLING

Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31, 2015

	Budget (Unaudited) \$	2015 \$	2014 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	344,111	256,190	(27,518)
Acquisition of tangible capital assets	(280,000)	(626,865)	(398,669)
Proceeds on disposal of tangible capital assets	-	44,542	13,000
Amortization of tangible capital assets	-	479,835	488,155
Loss (gain) on disposal of tangible capital assets	-	8,258	(10,200)
	<u>(280,000)</u>	<u>(94,230)</u>	<u>92,286</u>
Use (acquisition) use of prepaid assets	-	-	275
Use of inventory for consumption	-	1,176	1,818
	<u>-</u>	<u>1,176</u>	<u>2,093</u>
DECREASE IN NET DEBT	64,111	163,136	66,861
NET FINANCIAL (DEBT), BEGINNING OF YEAR	<u>(241,976)</u>	<u>(241,976)</u>	<u>(308,837)</u>
NET FINANCIAL (DEBT), END OF YEAR	<u>(177,865)</u>	<u>(78,840)</u>	<u>(241,976)</u>



VILLAGE OF STIRLING
Consolidated Statement of Cash Flows
For the year ended December 31, 2015

	2015	2014
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	256,190	(27,518)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	479,835	488,155
Loss (gain) on disposal of tangible capital assets	8,258	(10,200)
Non-cash charges to operations (net changes)		
Decrease in taxes and grants in lieu receivable	2,029	8,611
(Increase) decrease in trade and other receivables	(15,374)	(217,308)
Decrease (increase) in inventory for consumption	1,176	1,818
(Increase) decrease in prepaid expenses	-	275
Increase (decrease) in accounts payable and accrued liabilities	(21,695)	36,812
(Decrease) increase in deferred revenue	<u>243,095</u>	<u>38,598</u>
	<u>953,514</u>	<u>319,243</u>
CAPITAL		
Acquisition of tangible capital assets	(626,865)	(398,669)
Proceeds on disposal of tangible capital assets	<u>44,542</u>	<u>13,000</u>
	<u>(582,323)</u>	<u>(385,669)</u>
FINANCING		
Long-term debt repaid	<u>(35,870)</u>	<u>(34,684)</u>
CHANGE IN CASH DURING THE YEAR	335,321	(101,110)
(TEMPORARY INDEBTEDNESS) CASH, BEGINNING OF YEAR	<u>(45,267)</u>	<u>55,843</u>
CASH (TEMPORARY INDEBTEDNESS), END OF YEAR (Note 2)	<u><u>290,054</u></u>	<u><u>(45,267)</u></u>





VILLAGE OF STIRLING
 Schedule of Changes in Accumulated Surplus
 For the year ended December 31, 2015

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2015	2014
BALANCE, BEGINNING OF THE YEAR	\$ 181,964	\$ 51,852	\$ 9,284,424	\$ 9,518,240	\$ 9,545,758
Excess (deficiency) of revenues over expenses	256,190	-	-	256,190	(27,518)
Current year funds used for tangible capital assets	(626,865)	-	626,865	-	-
Disposal of tangible capital assets	52,800	-	(52,800)	-	-
Annual amortization expense	479,835	-	(479,835)	-	-
Long-term debt repaid	(35,870)	-	35,870	-	-
Change in accumulated surplus	\$ 126,090	\$ -	\$ 130,100	\$ 256,190	\$ (27,518)
BALANCE, END OF YEAR	\$ 308,054	\$ 51,852	\$ 9,414,524	\$ 9,774,430	\$ 9,518,240



VILLAGE OF STIRLING
 Schedule of Tangible Capital Assets
 For the year ended December 31, 2015

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	24,780	90,300	3,895,226	10,087,911	625,098	85,659	14,808,974	14,431,305
Acquisition of tangible capital assets	-	-	169,298	223,561	234,006	-	626,865	365,887
Disposal of tangible capital assets	-	-	-	-	(88,000)	-	(88,000)	(21,000)
Assets under construction	-	-	-	-	-	-	-	32,782
BALANCE, END OF YEAR	24,780	90,300	4,064,524	10,311,472	771,104	85,659	15,347,839	14,808,974
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	10,959	1,558,760	3,074,900	390,402	35,207	5,070,228	4,600,273
Annual amortization	-	2,251	99,400	323,363	46,255	8,566	479,835	488,155
Accumulated amortization on disposals	-	-	-	-	(35,200)	-	(35,200)	(18,200)
BALANCE, END OF YEAR	-	13,210	1,658,160	3,398,263	401,457	43,773	5,514,863	5,070,228
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	24,780	77,090	2,406,364	6,913,209	369,647	41,886	9,832,976	9,738,746
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	24,780	79,341	2,336,466	7,013,011	234,696	50,452	9,738,746	

VILLAGE OF STIRLING
Schedule of Property Taxes Levied
For the Year Ended December 31, 2015

SCHEDULE 3

	Budget (Unaudited) \$	2015 \$	2014 \$
TAXATION			
Real property taxes	855,163	884,264	831,388
Linear property taxes	<u>11,767</u>	<u>11,767</u>	<u>11,294</u>
	<u>866,930</u>	<u>896,031</u>	<u>842,682</u>
REQUISITIONS			
Alberta School Foundation Fund	200,583	200,583	193,667
Separate school	5,529	5,529	5,347
Seniors foundation	<u>28,730</u>	<u>29,261</u>	<u>28,730</u>
	<u>234,842</u>	<u>235,373</u>	<u>227,744</u>
NET MUNICIPAL PROPERTY TAXES	<u>632,088</u>	<u>660,658</u>	<u>614,938</u>



VILLAGE OF STIRLING
Schedule of Government Transfers
For the Year Ended December 31, 2015

SCHEDULE 4

	Budget (Unaudited) \$	2015 \$	2014 \$
TRANSFERS FOR OPERATIONS			
Federal Government	5,500	4,697	5,543
Provincial Government	121,511	121,511	122,352
Other Local Governments	<u>20,291</u>	<u>17,608</u>	<u>16,311</u>
	<u>147,302</u>	<u>143,816</u>	<u>144,206</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>317,107</u>	<u>464,224</u>	<u>398,890</u>
	<u><u>464,409</u></u>	<u><u>608,040</u></u>	<u><u>543,096</u></u>



VILLAGE OF STIRLING
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2015

SCHEDULE 5

	Budget (Unaudited) \$	2015 \$	2014 \$
EXPENDITURES			
Salaries, wages and benefits	575,690	558,370	560,343
Contracted and general services	537,820	598,903	564,549
Materials, goods and utilities	255,776	293,800	270,579
Transfers to local boards and agencies	19,796	20,122	20,015
Bank charges and short-term interest	8,000	13,703	10,809
Interest on long-term debt	19,186	19,014	20,206
Amortization	-	479,835	488,155
Other	-	8,258	-
	<u>1,416,268</u>	<u>1,992,005</u>	<u>1,934,656</u>





VILLAGE OF STIRLING

Schedule of Segmented Disclosure

For the year ended December 31, 2015

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 660,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,658
Government transfers	10,000	35,000	344,098	-	94,119	124,823	-	608,040
User fees and sales of goods	243,192	12,774	1,712	14,852	101,233	533,877	-	907,640
Investment income	1,980	-	-	-	-	-	-	1,980
Other revenue	<u>69,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,877</u>
	<u>\$ 985,707</u>	<u>\$ 47,774</u>	<u>\$ 345,810</u>	<u>\$ 14,852</u>	<u>\$ 195,352</u>	<u>\$ 658,700</u>	<u>\$ -</u>	<u>\$ 2,248,195</u>
EXPENSES								
Contracted and general services	\$ 119,665	\$ 34,381	\$ 32,658	\$ 11,950	\$ 23,549	\$ 376,700	\$ -	\$ 598,903
Salaries, wages and benefits	174,114	3,760	215,509	-	114,102	50,885	-	558,370
Materials, goods and utilities	27,454	25,544	91,058	11,397	76,161	62,186	-	293,800
Transfers to local boards and agencies	-	-	-	-	20,122	-	-	20,122
Interest on long-term debt	-	-	-	-	8,706	10,308	-	19,014
Other expenses	<u>13,703</u>	<u>-</u>	<u>8,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,961</u>
	<u>\$ 334,936</u>	<u>\$ 63,685</u>	<u>\$ 347,483</u>	<u>\$ 23,347</u>	<u>\$ 242,640</u>	<u>\$ 500,079</u>	<u>\$ -</u>	<u>\$ 1,512,170</u>
NET REVENUE BEFORE AMORTIZATION								
	\$ 650,771	\$ (15,911)	\$ (1,673)	\$ (8,495)	\$ (47,288)	\$ 158,621	\$ -	\$ 736,025
Amortization expense	<u>4,613</u>	<u>11,135</u>	<u>332,085</u>	<u>-</u>	<u>51,234</u>	<u>80,768</u>	<u>-</u>	<u>479,835</u>
NET REVENUE	<u>\$ 646,158</u>	<u>\$ (27,046)</u>	<u>\$ (333,758)</u>	<u>\$ (8,495)</u>	<u>\$ (98,522)</u>	<u>\$ 77,853</u>	<u>\$ -</u>	<u>\$ 256,190</u>

VILLAGE OF STIRLING

Notes to Financial Statements

For the Year Ended December 31, 2015

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, 2015

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) **Tax Revenue -**
 Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.
 Requisitions operate as a flow through and are excluded from municipal revenue.

- h) **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



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2015

1. Significant Accounting Policies (continued)

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.

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

2. Cash and Temporary Investments

	2015 \$	2014 \$
Cash on hand	225	225
Bank accounts (overdrafts)	289,829	54,508
Line of Credit	-	(100,000)
	<u>290,054</u>	<u>(45,267)</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 \$312,569 (2014 - \$69,474) received from the Alberta Communities Partnership Grant and held exclusively for approved projects.

3. Taxes and Grants in Place of Taxes Receivables

	2015 \$	2014 \$
Current taxes and grants in place of taxes	75,781	66,700
Arrears taxes	4,767	15,877
	<u>80,548</u>	<u>82,577</u>

4. Deferred Revenue

	2015 \$	2014 \$
Government of Alberta:		
- Alberta Communities Partnership Grant	312,569	-
- Municipal Sustainability Initiative - Capital Grant	-	69,474
	<u>312,569</u>	<u>69,474</u>

Municipal Sustainability Initiative

Funding in the amount of \$455,115 was received in the current year from the Municipal Sustainability Initiative. Of the \$455,115 received, \$333,604 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 2015. The remaining \$121,511 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 2015.



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2015

5. Long-Term Debt

	2015 \$	2014 \$
Self-supported debentures	<u>418,452</u>	<u>454,322</u>

The current portion of long-term debt amounts to \$37,109 (2014 - \$35,869).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2016	37,109	17,946	55,055
2017	38,406	16,649	55,055
2018	30,763	15,292	46,055
2019	32,182	13,873	46,055
2020	33,668	12,388	46,056
Thereafter	<u>246,324</u>	<u>41,470</u>	<u>287,794</u>
	<u>418,452</u>	<u>117,618</u>	<u>536,070</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.

Debenture debt includes debt repayable to Raymond Irrigation District in the amount of \$18,000. It bears no interest and is repaid annually at \$9,000 per year and matures in 2017.

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:

	2015 \$	2014 \$
Total debt limit	2,675,957	2,262,372
Total debt	<u>418,452</u>	<u>454,322</u>
Total unused debt limit	<u>2,257,505</u>	<u>1,808,050</u>
Service on debt limit	445,993	377,062
Service on debt	<u>55,055</u>	<u>55,055</u>
Amount of unused service on debt	<u>390,938</u>	<u>322,007</u>



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2015

6. Debt Limits (continued)

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.

7. Equity in Tangible Capital Assets

	2015	2014
	\$	\$
Tangible capital assets (Schedule 2)	15,347,839	14,808,974
Accumulated amortization (Schedule 2)	(5,514,863)	(5,070,228)
Long-term debt (Note 4)	<u>(418,452)</u>	<u>(454,322)</u>
	<u>9,414,524</u>	<u>9,284,424</u>

8. Accumulated Surplus

	2015	2014
	\$	\$
Unrestricted surplus	308,054	181,964
Restricted surplus:		
Operating reserves - library	13,898	13,898
Capital reserves	37,954	37,954
Equity in tangible capital assets	<u>9,414,524</u>	<u>9,284,424</u>
	<u>9,774,430</u>	<u>9,518,240</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).



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2015

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)	2015 Total	2014 Total
	\$	\$	\$	\$
Mayor - Ben Nilsson	3,600	-	3,600	2,940
Councilor - Jonathan Bikman	3,500	-	3,500	1,960
- Jason Edwards	4,740	-	4,740	5,780
- Trevor Lewington	3,310	-	3,310	2,065
- Mike Maynes	4,745	-	4,745	4,880
Designated officer - CAO	78,706	18,273	96,979	93,159

- (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 2015 were \$36,007 (2014 - \$32,024). Total current year service contributions by the employees of the village to the LAPP were \$33,040 (2014 - \$29,402).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$2.455 billion.



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2015

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.

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.

