

VILLAGE OF STIRLING

Financial Statements

December 31, 2016

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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, 2016 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, 2016, 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 19, 2017

Chartered Accountants

VILLAGE OF STIRLING
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	96,269	290,054
Receivables		
Taxes and grants in place of taxes (Note 3)	111,351	80,548
Trade and other	<u>563,164</u>	<u>446,122</u>
	<u>770,784</u>	<u>816,724</u>
LIABILITIES		
Accounts payable and accrued liabilities	156,787	164,543
Deferred revenue (Note 4)	-	312,569
Long-term debt (Note 5)	<u>381,343</u>	<u>418,452</u>
	<u>538,130</u>	<u>895,564</u>
NET FINANCIAL ASSETS (DEBT)	<u>232,654</u>	<u>(78,840)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	9,900,357	9,832,976
Inventory for consumption	<u>17,943</u>	<u>20,294</u>
	<u>9,918,300</u>	<u>9,853,270</u>
ACCUMULATED SURPLUS (Note 8 and Schedule 1)	<u>10,150,954</u>	<u>9,774,430</u>

CONTINGENCIES (Note 12)



VILLAGE OF STIRLING
Consolidated Statement of Operations
For the year ended December 31, 2016

	Budget (Unaudited) \$	2016 \$	2015 \$
REVENUES			
Net municipal property taxes (Schedule 3)	685,493	688,653	660,658
User fees and sales of goods	702,675	905,846	907,640
Government transfers (Schedule 4)	142,446	149,626	143,816
Investment income	635	3,904	1,980
Penalties and costs of taxes	25,000	29,970	24,974
Franchise and concession contracts	43,800	45,389	44,903
	<u>1,600,049</u>	<u>1,823,388</u>	<u>1,783,971</u>
EXPENSES			
Legislative	32,700	27,813	30,833
Administration	302,250	291,295	304,103
Police, fire, ambulance and bylaw enforcement	59,521	58,237	63,685
Roads, streets, walks, lighting	482,910	386,944	339,225
Water, wastewater and waste management	426,006	438,073	500,079
Land use planning, zoning and development	29,600	29,087	23,347
Parks and recreation	201,615	296,672	228,295
Loss on disposal of tangible capital assets	-	-	8,258
Amortization	-	523,705	479,835
Other	9,000	14,425	14,345
	<u>1,543,602</u>	<u>2,066,251</u>	<u>1,992,005</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	56,447	(242,863)	(208,034)
OTHER			
Government transfers for capital (Schedule 4)	<u>656,788</u>	<u>619,387</u>	<u>464,224</u>
EXCESS OF REVENUES OVER EXPENSES	713,235	376,524	256,190
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>9,774,430</u>	<u>9,774,430</u>	<u>9,518,240</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>10,487,665</u>	<u>10,150,954</u>	<u>9,774,430</u>



VILLAGE OF STIRLING

Consolidated Statement of Change in Net Financial Assets (Debt) For the year ended December 31, 2016

	Budget (Unaudited) \$	2016 \$	2015 \$
EXCESS OF REVENUES OVER EXPENSES	713,235	376,524	256,190
Acquisition of tangible capital assets	(656,788)	(591,086)	(626,865)
Proceeds on disposal of tangible capital assets	-	-	44,542
Amortization of tangible capital assets	-	523,705	479,835
Loss on disposal of tangible capital assets	-	-	8,258
	<u>(656,788)</u>	<u>(67,381)</u>	<u>(94,230)</u>
Use of inventory for consumption	-	2,351	1,176
INCREASE IN NET ASSETS	56,447	311,494	163,136
NET FINANCIAL (DEBT), BEGINNING OF YEAR	<u>(78,840)</u>	<u>(78,840)</u>	<u>(241,976)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>(22,393)</u>	<u>232,654</u>	<u>(78,840)</u>



VILLAGE OF STIRLING
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

	2016 \$	2015 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	376,524	256,190
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	523,705	479,835
Loss (gain) on disposal of tangible capital assets	-	8,258
Non-cash charges to operations (net changes)		
Decrease in taxes and grants in lieu receivable	(30,803)	2,029
(Increase) decrease in trade and other receivables	(117,042)	(15,374)
Decrease (increase) in inventory for consumption	2,351	1,176
Increase (decrease) in accounts payable and accrued liabilities	(7,756)	(21,695)
(Decrease) increase in deferred revenue	<u>(312,569)</u>	<u>243,095</u>
	<u>434,410</u>	<u>953,514</u>
CAPITAL		
Acquisition of tangible capital assets	(591,086)	(626,865)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>44,542</u>
	<u>(591,086)</u>	<u>(582,323)</u>
FINANCING		
Long-term debt repaid	<u>(37,109)</u>	<u>(35,870)</u>
CHANGE IN CASH DURING THE YEAR	(193,785)	335,321
(TEMPORARY INDEBTEDNESS) CASH, BEGINNING OF YEAR	<u>290,054</u>	<u>(45,267)</u>
CASH (TEMPORARY INDEBTEDNESS), END OF YEAR (Note 2)	<u><u>96,269</u></u>	<u><u>290,054</u></u>





VILLAGE OF STIRLING
 Schedule of Changes in Accumulated Surplus
 For the year ended December 31, 2016

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2016	2015
BALANCE, BEGINNING OF THE YEAR	\$ 308,054	\$ 51,852	\$ 9,414,524	\$ 9,774,430	\$ 9,518,240
Excess (deficiency) of revenues over expenses	376,524	-	-	376,524	256,190
Current year funds used for tangible capital assets	(591,086)	-	591,086	-	-
Annual amortization expense	523,705	-	(523,705)	-	-
Long-term debt repaid	(37,109)	-	37,109	-	-
Change in accumulated surplus	\$ 272,034	\$ -	\$ 104,490	\$ 376,524	\$ 256,190
BALANCE, END OF YEAR	\$ <u>580,088</u>	\$ <u>51,852</u>	\$ <u>9,519,014</u>	\$ <u>10,150,954</u>	\$ <u>9,774,430</u>



VILLAGE OF STIRLING
 Schedule of Tangible Capital Assets
 For the year ended December 31, 2016

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2016 \$	2015 \$
COST:								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,064,524	10,311,472	771,104	85,659	15,347,839	14,808,974
Acquisition of tangible capital assets	-	-	10,670	14,624	546,292	19,500	591,086	626,865
Disposal of tangible capital assets	-	-	-	-	-	-	-	(88,000)
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>4,075,194</u>	<u>10,326,096</u>	<u>1,317,396</u>	<u>105,159</u>	<u>15,938,925</u>	<u>15,347,839</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	13,210	1,658,160	3,398,263	401,457	43,773	5,514,863	5,070,228
Annual amortization	-	2,252	99,639	336,561	74,737	10,516	523,705	479,835
Accumulated amortization on disposals	-	-	-	-	-	-	-	(35,200)
BALANCE, END OF YEAR	<u>-</u>	<u>15,462</u>	<u>1,757,799</u>	<u>3,734,824</u>	<u>476,194</u>	<u>54,289</u>	<u>6,038,568</u>	<u>5,514,863</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>74,838</u>	<u>2,317,395</u>	<u>6,591,272</u>	<u>841,202</u>	<u>50,870</u>	<u>9,900,357</u>	<u>9,832,976</u>
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>77,090</u>	<u>2,406,364</u>	<u>6,913,209</u>	<u>369,647</u>	<u>41,886</u>	<u>9,852,976</u>	

VILLAGE OF STIRLING
Schedule of Property Taxes Levied
For the Year Ended December 31, 2016

SCHEDULE 3

	Budget (Unaudited) \$	2016 \$	2015 \$
TAXATION			
Real property taxes	914,970	918,406	884,264
Linear property taxes	<u>11,767</u>	<u>11,491</u>	<u>11,767</u>
	<u>926,737</u>	<u>929,897</u>	<u>896,031</u>
REQUISITIONS			
Alberta School Foundation Fund	206,477	206,477	200,583
Separate school	5,693	5,693	5,529
Seniors foundation	<u>29,074</u>	<u>29,074</u>	<u>29,261</u>
	<u>241,244</u>	<u>241,244</u>	<u>235,373</u>
NET MUNICIPAL PROPERTY TAXES	<u>685,493</u>	<u>688,653</u>	<u>660,658</u>



VILLAGE OF STIRLING
Schedule of Government Transfers
For the Year Ended December 31, 2016

SCHEDULE 4

	Budget (Unaudited) \$	2016 \$	2015 \$
TRANSFERS FOR OPERATIONS			
Federal Government	4,700	4,032	4,697
Provincial Government	116,046	116,046	121,511
Other Local Governments	<u>21,700</u>	<u>29,548</u>	<u>17,608</u>
	<u>142,446</u>	<u>149,626</u>	<u>143,816</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>656,788</u>	<u>619,387</u>	<u>464,224</u>
	<u><u>799,234</u></u>	<u><u>769,013</u></u>	<u><u>608,040</u></u>



VILLAGE OF STIRLING
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2016

SCHEDULE 5

	Budget (Unaudited) \$	2016 \$	2015 \$
EXPENDITURES			
Salaries, wages and benefits	607,089	634,890	558,370
Contracted and general services	599,912	522,884	598,903
Materials, goods and utilities	285,100	334,110	293,800
Transfers to local boards and agencies	20,600	22,040	20,122
Bank charges and short-term interest	12,000	10,855	13,703
Interest on long-term debt	18,900	17,767	19,014
Amortization	-	523,705	479,835
Other	-	-	8,258
	<u>1,543,601</u>	<u>2,066,251</u>	<u>1,992,005</u>





VILLAGE OF STIRLING
 Schedule of Segmented Disclosure
 For the year ended December 31, 2016

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Other	Total
REVENUE								
Net municipal taxes	\$ 688,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 688,653
Government transfers	10,000	35,000	152,964	-	92,686	478,363	-	769,013
User fees and sales of goods	12,815	3,680	2,931	11,728	165,287	709,405	-	905,846
Investment income	3,904	-	-	-	-	-	-	3,904
Other revenue	<u>75,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,359</u>
	\$ <u>790,731</u>	\$ <u>38,680</u>	\$ <u>155,895</u>	\$ <u>11,728</u>	\$ <u>257,973</u>	\$ <u>1,187,768</u>	\$ <u>-</u>	\$ <u>2,442,775</u>
EXPENSES								
Contracted and general services	\$ 100,205	\$ 36,649	\$ 47,420	\$ 16,649	\$ 25,054	\$ 296,907	\$ -	\$ 522,884
Salaries, wages and benefits	181,550	814	215,260	-	153,119	84,147	-	634,890
Materials, goods and utilities	26,498	20,774	124,264	12,438	102,659	47,477	-	334,110
Transfers to local boards and agencies	-	-	-	-	22,040	-	-	22,040
Interest on long-term debt	-	-	-	-	8,225	9,542	-	17,767
Other expenses	<u>10,855</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,855</u>
	\$ <u>319,108</u>	\$ <u>58,237</u>	\$ <u>386,944</u>	\$ <u>29,087</u>	\$ <u>311,097</u>	\$ <u>438,073</u>	\$ <u>-</u>	\$ <u>1,542,546</u>
NET REVENUE BEFORE AMORTIZATION								
Amortization expense	\$ 471,623	\$ (19,557)	\$ (231,049)	\$ (17,359)	\$ (53,124)	\$ 749,695	\$ -	\$ 900,229
	\$ <u>4,613</u>	\$ <u>11,496</u>	\$ <u>350,241</u>	\$ <u>-</u>	\$ <u>52,732</u>	\$ <u>104,623</u>	\$ <u>-</u>	\$ <u>523,705</u>
NET REVENUE	\$ <u><u>467,010</u></u>	\$ <u><u>(31,053)</u></u>	\$ <u><u>(581,290)</u></u>	\$ <u><u>(17,359)</u></u>	\$ <u><u>(105,856)</u></u>	\$ <u><u>645,072</u></u>	\$ <u><u>-</u></u>	\$ <u><u>376,524</u></u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2016

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, 2016

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, 2016

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

	2016 \$	2015 \$
Cash on hand	225	225
Bank accounts (overdrafts)	<u>96,044</u>	<u>289,829</u>
	<u>96,269</u>	<u>290,054</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 (2015 - \$312,569) received from the Alberta Communities Partnership Grant and held exclusively for approved projects.

3. Taxes and Grants in Place of Taxes Receivables

	2016 \$	2015 \$
Current taxes and grants in place of taxes	89,714	75,781
Arrears taxes	<u>21,637</u>	<u>4,767</u>
	<u>111,351</u>	<u>80,548</u>

4. Deferred Revenue

	2016 \$	2015 \$
Government of Alberta:		
- Alberta Communities Partnership Grant	<u>-</u>	<u>312,569</u>
Municipal Sustainability Initiative		

Funding in the amount of \$450,066 was receivable in the current year from the Municipal Sustainability Initiative. Of the \$450,066, \$334,020 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 2016. The remaining \$116,046 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 2016.



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2016

5. Long-Term Debt

	2016 \$	2015 \$
Self-supported debentures	<u>381,343</u>	<u>418,452</u>

The current portion of long-term debt amounts to \$38,406 (2015 - \$37,109).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
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
2021	35,221	10,834	46,055
Thereafter	<u>211,103</u>	<u>30,636</u>	<u>241,739</u>
	<u>381,343</u>	<u>99,672</u>	<u>481,015</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 \$9,000. 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:

	2016 \$	2015 \$
Total debt limit	2,735,082	2,675,957
Total debt	<u>381,343</u>	<u>418,452</u>
Total unused debt limit	<u>2,353,739</u>	<u>2,257,505</u>
Service on debt limit	455,847	445,993
Service on debt	<u>55,055</u>	<u>55,055</u>
Amount of unused service on debt	<u>400,792</u>	<u>390,938</u>



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2016

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

	2016	2015
	\$	\$
Tangible capital assets (Schedule 2)	15,938,925	15,347,839
Accumulated amortization (Schedule 2)	(6,038,568)	(5,514,863)
Long-term debt (Note 4)	<u>(381,343)</u>	<u>(418,452)</u>
	<u>9,519,014</u>	<u>9,414,524</u>

8. Accumulated Surplus

	2016	2015
	\$	\$
Unrestricted surplus	580,088	308,054
Restricted surplus:		
Operating reserves - library	13,898	13,898
Capital reserves	37,954	37,954
Equity in tangible capital assets	<u>9,519,014</u>	<u>9,414,524</u>
	<u>10,150,954</u>	<u>9,774,430</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, 2016

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)	2016 Total	2015 Total
	\$	\$	\$	\$
Mayor - Ben Nilsson	3,600	-	3,600	3,600
Councilor - Jonathan Bikman	3,800	-	3,800	3,500
- Jason Edwards	3,500	-	3,500	4,740
- Trevor Lewington	2,400	-	2,400	3,310
- Mike Maynes	4,800	-	4,800	4,745
Designated officer - CAO	87,629	15,487	103,116	95,104

- (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 2016 were \$41,215 (2015 - \$36,007). Total current year service contributions by the employees of the village to the LAPP were \$37,816 (2015 - \$33,040).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$923 million.



VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2016

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.

