

# VILLAGE OF STIRLING

## Financial Statements

December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Stirling

### Opinion

We have audited the consolidated financial statements of Village of Stirling (the Village), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditor's Report to the Members of Village of Stirling *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Lethbridge, Alberta  
April 17, 2019

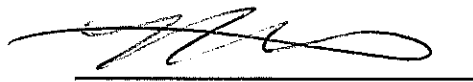
Chartered Accountants

**VILLAGE OF STIRLING**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	1,208,164	635,284
Receivables		
Taxes and grants in place of taxes (Note 3)	76,117	109,774
Trade and other	229,754	385,699
Land held for resale	<u>101,155</u>	<u>-</u>
	<u>1,615,190</u>	<u>1,130,757</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	312,978	165,300
Deferred revenue (Note 4)	414,119	116,529
Long-term debt (Note 5)	<u>444,892</u>	<u>342,937</u>
	<u>1,171,989</u>	<u>624,766</u>
<b>NET FINANCIAL ASSETS</b>	<u>443,201</u>	<u>505,991</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	9,636,166	9,564,679
Inventory for consumption	<u>14,868</u>	<u>17,443</u>
	<u>9,651,034</u>	<u>9,582,122</u>
<b>ACCUMULATED SURPLUS (Note 8 and Schedule 1)</b>	<u><u>10,094,235</u></u>	<u><u>10,088,113</u></u>

**CONTINGENCIES (Note 12)**





**VILLAGE OF STIRLING**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2018**

	Budget (Unaudited) \$	2018 \$	2017 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	731,944	733,187	716,922
User fees and sales of goods	785,660	807,558	931,608
Government transfers (Schedule 4)	187,293	198,945	177,905
Investment income	2,200	13,770	5,242
Penalties and costs of taxes	27,000	37,591	29,686
Franchise and concession contracts	46,000	49,948	49,868
Gain on disposal of tangible capital assets	-	-	3,161
	<u>1,780,097</u>	<u>1,840,999</u>	<u>1,914,392</u>
<b>EXPENSES</b>			
Legislative	45,200	27,413	29,324
Administration	369,650	484,813	338,263
Police, fire, ambulance and bylaw enforcement	74,850	105,453	58,293
Roads, streets, walks, lighting	525,323	421,326	390,765
Water, wastewater and waste management	375,640	385,686	449,572
Land use planning, zoning and development	27,300	15,357	15,112
Parks and recreation	245,962	310,528	343,524
Amortization	-	564,068	520,232
Other	9,500	14,748	13,507
	<u>1,673,425</u>	<u>2,329,392</u>	<u>2,158,592</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	106,672	(488,393)	(244,200)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	495,391	494,515	181,359
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	602,063	6,122	(62,841)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>10,088,113</u>	<u>10,088,113</u>	<u>10,150,954</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>10,690,176</u>	<u>10,094,235</u>	<u>10,088,113</u>



## VILLAGE OF STIRLING

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

For the year ended December 31, 2018

	Budget (Unaudited) \$	2018 \$	2017 \$
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	602,063	6,122	(62,841)
Acquisition of tangible capital assets	(495,391)	(635,555)	(184,554)
Proceeds on disposal of tangible capital assets	-	-	3,161
Amortization of tangible capital assets	-	564,068	520,232
(Gain) on disposal of tangible capital assets	-	-	(3,161)
	<u>(495,391)</u>	<u>(71,487)</u>	<u>335,678</u>
Use of inventory for consumption	-	<u>2,575</u>	<u>500</u>
<b>INCREASE IN NET ASSETS</b>	106,672	(62,790)	273,337
<b>NET FINANCIAL (DEBT), BEGINNING OF YEAR</b>	<u>505,991</u>	<u>505,991</u>	<u>232,654</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u><u>612,663</u></u>	<u><u>443,201</u></u>	<u><u>505,991</u></u>



**VILLAGE OF STIRLING**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2018**

	2018	2017
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	6,122	(62,841)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	564,068	520,232
(Gain) on disposal of tangible capital assets	-	(3,161)
Non-cash charges to operations (net changes)		
Decrease in taxes and grants in lieu receivable	33,657	1,577
Decrease in trade and other receivables	155,945	177,465
(Increase) in land held for resale	(101,155)	-
Decrease in inventory for consumption	2,575	500
Increase in accounts payable and accrued liabilities	147,678	8,513
Increase in deferred revenue	<u>297,590</u>	<u>116,529</u>
	<u>1,106,480</u>	<u>758,814</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(635,555)	(184,554)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>3,161</u>
	<u>(635,555)</u>	<u>(181,393)</u>
<b>FINANCING</b>		
Long-term debt issued	132,718	-
Long-term debt repaid	<u>(30,763)</u>	<u>(38,406)</u>
	<u>101,955</u>	<u>(38,406)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	572,880	539,015
<b>CASH, BEGINNING OF YEAR</b>	<u>635,284</u>	<u>96,269</u>
<b>CASH, END OF YEAR (Note 2)</b>	<u><u>1,208,164</u></u>	<u><u>635,284</u></u>





**VILLAGE OF STIRLING**  
Schedule of Changes in Accumulated Surplus  
For the year ended December 31, 2018

**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 814,519	\$ 51,852	\$ 9,221,742	\$ 10,088,113	\$ 10,150,954
Excess (deficiency) of revenues over expenses	6,122	-	-	6,122	(62,841)
Current year funds used for tangible capital assets	(635,555)	-	635,555	-	-
Annual amortization expense	564,068	-	(564,068)	-	-
New long-term debt issued	132,718	-	(132,718)	-	-
Long-term debt repaid	<u>(30,763)</u>	-	<u>30,763</u>	-	-
Change in accumulated surplus	\$ <u>36,590</u>	\$ -	\$ <u>(30,468)</u>	\$ <u>6,122</u>	\$ <u>(62,841)</u>
<b>BALANCE, END OF YEAR</b>	\$ <u>851,109</u>	\$ <u>51,852</u>	\$ <u>9,191,274</u>	\$ <u>10,094,235</u>	\$ <u>10,088,113</u>





**VILLAGE OF STIRLING**  
 Schedule of Tangible Capital Assets  
 For the year ended December 31, 2018

**SCHEDULE 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2018 \$	2017 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,122,132	10,400,613	1,380,496	105,159	16,123,480	15,938,925
Acquisition of tangible capital assets	-	-	-	311,081	324,474	-	635,555	184,554
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>4,122,132</u>	<u>10,711,694</u>	<u>1,704,970</u>	<u>105,159</u>	<u>16,759,035</u>	<u>16,123,479</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	17,713	1,858,612	4,073,340	544,330	64,806	6,558,801	6,038,568
Annual amortization	-	2,251	100,813	364,938	85,550	10,516	564,068	520,232
BALANCE, END OF YEAR	-	<u>19,964</u>	<u>1,959,425</u>	<u>4,438,278</u>	<u>629,880</u>	<u>75,322</u>	<u>7,122,869</u>	<u>6,558,800</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>24,780</u>	<u>70,336</u>	<u>2,162,707</u>	<u>6,273,416</u>	<u>1,075,090</u>	<u>29,837</u>	<u>9,636,166</u>	<u>9,564,679</u>
2017 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>72,587</u>	<u>2,263,520</u>	<u>6,327,273</u>	<u>836,166</u>	<u>40,353</u>	<u>9,564,679</u>	

**VILLAGE OF STIRLING**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2018**

**SCHEDULE 3**

	Budget (Unaudited) \$	2018 \$	2017 \$
<b>TAXATION</b>			
Real property taxes	987,158	984,313	949,544
Linear property taxes	<u>11,767</u>	<u>14,236</u>	<u>10,826</u>
	<u>998,925</u>	<u>998,549</u>	<u>960,370</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	226,049	226,049	204,976
Separate school	6,245	6,245	5,651
Designated Industrial Property	-	33	-
Seniors foundation	<u>34,687</u>	<u>33,035</u>	<u>32,821</u>
	<u>266,981</u>	<u>265,362</u>	<u>243,448</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u><u>731,944</u></u>	<u><u>733,187</u></u>	<u><u>716,922</u></u>



**VILLAGE OF STIRLING**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2018**

**SCHEDULE 4**

	Budget (Unaudited) \$	2018 \$	2017 \$
<b>TRANSFERS FOR OPERATIONS</b>			
Federal Government	4,400	3,264	12,618
Provincial Government	161,293	163,831	141,307
Other Local Governments	<u>21,600</u>	<u>31,850</u>	<u>23,980</u>
	<u>187,293</u>	<u>198,945</u>	<u>177,905</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	<u>495,391</u>	<u>494,515</u>	<u>181,359</u>
	<u><u>682,684</u></u>	<u><u>693,460</u></u>	<u><u>359,264</u></u>



**VILLAGE OF STIRLING**

**Schedule of Consolidated Expenditures by Object  
For the Year Ended December 31, 2018**

**SCHEDULE 5**

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	Budget (Unaudited) \$	2018 \$	2017 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	725,144	736,500	720,177
Contracted and general services	581,630	662,801	548,501
Materials, goods and utilities	317,866	315,368	314,819
Transfers to local boards and agencies	23,492	23,959	27,107
Bank charges and short-term interest	10,000	11,601	11,295
Interest on long-term debt	15,292	15,095	16,461
Amortization	-	564,068	520,232
	<u>1,673,424</u>	<u>2,329,392</u>	<u>2,158,592</u>





**VILLAGE OF STIRLING**  
 Schedule of Segmented Disclosure  
 For the year ended December 31, 2018

**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
<b>REVENUE</b>							
Net municipal taxes	\$ 733,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 733,187
Government transfers	150,000	35,000	119,409	-	104,594	284,457	693,460
User fees and sales of goods	34,426	35,553	827	6,079	117,808	612,865	807,558
Investment income	13,770	-	-	-	-	-	13,770
Other revenue	87,539	-	-	-	-	-	87,539
	<u>\$ 1,018,922</u>	<u>\$ 70,553</u>	<u>\$ 120,236</u>	<u>\$ 6,079</u>	<u>\$ 222,402</u>	<u>\$ 897,322</u>	<u>\$ 2,335,514</u>
<b>EXPENSES</b>							
Contracted and general services	\$ 240,985	\$ 55,994	\$ 67,152	\$ 1,467	\$ 33,944	\$ 263,259	\$ 662,801
Salaries, wages and benefits	238,513	698	247,479	-	160,019	89,791	736,500
Materials, goods and utilities	21,127	48,761	106,695	13,890	100,161	24,734	315,368
Transfers to local boards and agencies	-	-	-	-	23,959	-	23,959
Interest on long-term debt	-	-	-	-	7,193	7,902	15,095
Other expenses	11,601	-	-	-	-	-	11,601
	<u>\$ 512,226</u>	<u>\$ 105,453</u>	<u>\$ 421,326</u>	<u>\$ 15,357</u>	<u>\$ 325,276</u>	<u>\$ 385,686</u>	<u>\$ 1,765,324</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>	\$ 506,696	\$ (34,900)	\$ (301,090)	\$ (9,278)	\$ (102,874)	\$ 511,636	\$ 570,190
Amortization expense	4,613	18,107	375,665	-	51,304	114,379	564,068
<b>NET REVENUE</b>	<u>\$ 502,083</u>	<u>\$ (53,007)</u>	<u>\$ (676,755)</u>	<u>\$ (9,278)</u>	<u>\$ (154,178)</u>	<u>\$ 397,257</u>	<u>\$ 6,122</u>

# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2018

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### 1. Significant Accounting Policies

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

a) Reporting Entity -

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

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

b) Basis of Accounting -

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Use of Estimates -

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reported period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

d) Inventories for Resale -

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



# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2018

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### 1. Significant Accounting Policies (continued)

e) Prepaid Local Improvement Charges -

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

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

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

f) Government Transfers -

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

g) 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, 2018**

**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**

	2018	2017
	\$	\$
Cash on hand	225	225
Bank account (Current)	1,144,950	608,444
Bank account (Agency)	<u>62,989</u>	<u>26,615</u>
	<u>1,208,164</u>	<u>635,284</u>

The line of credit has a limit of \$500,000 and bears interest at 3.7% per annum.

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

	2018	2017
	\$	\$
Current taxes and grants in place of taxes	59,816	81,854
Arrears taxes	<u>16,301</u>	<u>27,920</u>
	<u>76,117</u>	<u>109,774</u>

**4. Deferred Revenue**

	2018	2017
	\$	\$
Government of Alberta:		
- Alberta Communities Partnership Grant	97,847	97,847
- Municipal Sustainability Initiative - Capital Grant	<u>316,272</u>	<u>18,682</u>
	<u>414,119</u>	<u>116,529</u>

**Municipal Sustainability Initiative**

Funding in the amount of \$554,577 was receivable in the current year from the Municipal Sustainability Initiative. Of the \$554,577, \$412,084 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 2018. The remaining \$142,493 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 2018.





**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

**5. Long-Term Debt**

	2018	2017
	\$	\$
Self-supported debentures	<u>444,892</u>	<u>342,937</u>

The current portion of long-term debt amounts to \$39,297 (2017 - \$30,763).

Principle and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
2019	39,297	17,757	57,054
2020	40,998	16,056	57,054
2021	42,774	14,280	57,054
2022	44,629	12,425	57,054
2023	46,566	10,488	57,054
Thereafter	<u>230,628</u>	<u>28,981</u>	<u>259,609</u>
	<u>444,892</u>	<u>99,987</u>	<u>544,879</u>

Debenture debt includes debt 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 Enmax Corp and bears interest at 3% per annum and is repaid monthly at \$962.35 and matures in 2033.

**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:

	2018	2017
	\$	\$
Total debt limit	2,761,499	2,871,588
Total debt	<u>444,892</u>	<u>342,937</u>
Total unused debt limit	<u>2,316,607</u>	<u>2,528,651</u>
Service on debt limit	460,250	478,598
Service on debt	<u>57,054</u>	<u>46,055</u>
Amount of unused service on debt	<u>403,196</u>	<u>432,543</u>



# VILLAGE OF STIRLING

## Notes to Financial Statements

For the Year Ended December 31, 2018

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### 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

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	16,759,035	16,123,479
Accumulated amortization (Schedule 2)	(7,122,869)	(6,558,800)
Long-term debt (Note 4)	(444,892)	(342,937)
	<u>9,191,274</u>	<u>9,221,742</u>

### 8. Accumulated Surplus

	2018	2017
	\$	\$
Unrestricted surplus	851,109	814,519
Restricted surplus:		
Operating reserves - library	13,898	13,898
Capital reserves	37,954	37,954
Equity in tangible capital assets	<u>9,191,274</u>	<u>9,221,742</u>
	<u>10,094,235</u>	<u>10,088,113</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, 2018**

**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)	2018 Total	2017 Total
	\$	\$	\$	\$
Mayor - Trevor Lewington	3,600	-	3,600	2,991
- Ben Nilsson	-	-	-	2,850
Councilor - Jonathan Bikman	-	-	-	2,800
- Jason Edwards	-	-	-	1,900
- Robert Edwards	2,400	-	2,400	500
- Matthew Foss	2,959	-	2,959	868
- Mike Maynes	-	-	-	2,700
- Kevin Nelson	2,400	-	2,400	500
- Larry Nilsson	4,920	-	4,920	1,320
Designated officer - CAO	92,061	18,694	110,755	105,506

- (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 2018 were \$45,510 (2017 - \$46,235). Total current year service contributions by the employees of the village to the LAPP were \$41,423 (2017 - \$42,433).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.835 billion.



## **VILLAGE OF STIRLING**

### **Notes to Financial Statements**

**For the Year Ended December 31, 2018**

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#### **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.

