

VILLAGE OF STIRLING

Financial Statements

December 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Village of Stirling (the Village).

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council approves the financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Shawn Cook Professional Corporation has full and free access to the Council.

CAO

Stirling, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Village of Stirling

Opinion

We have audited the financial statements of Village of Stirling (the Village), which comprise the consolidated statement of financial position as at December 31, 2019, and the statements of operations, changes in net financial assets 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, 2019, and the results of its operations, change in its net financial assets 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 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 these 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 related 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.

Shawn Cook
Professional Corporation

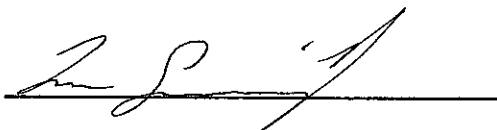
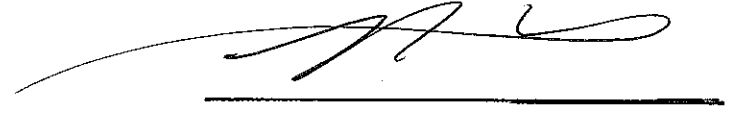
Lethbridge, Alberta
June 17, 2020

Chartered Professional Accountants

VILLAGE OF STIRLING
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash (Note 2)	905,052	1,208,164
Receivables		
Taxes and grants in place of taxes (Note 3)	113,905	76,117
Trade and other	247,353	229,754
Land held for resale	<u>134,965</u>	<u>101,155</u>
	<u>1,401,275</u>	<u>1,615,190</u>
LIABILITIES		
Accounts payable and accrued liabilities	536,834	312,978
Deferred revenue (Note 4)	205,181	414,119
Long-term debt (Note 5)	<u>677,676</u>	<u>444,892</u>
	<u>1,419,691</u>	<u>1,171,989</u>
NET FINANCIAL ASSETS	<u>(18,416)</u>	<u>443,201</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	9,937,527	9,636,166
Inventory for consumption	<u>13,008</u>	<u>14,868</u>
	<u>9,950,535</u>	<u>9,651,034</u>
ACCUMULATED SURPLUS (Note 8 and Schedule 1)	<u>9,932,119</u>	<u>10,094,235</u>

CONTINGENCIES (Note 12)

VILLAGE OF STIRLING
Consolidated Statement of Operations
For the year ended December 31, 2019

	Budget (Unaudited) \$	2019 \$	2018 \$
REVENUES			
Net municipal property taxes (Schedule 3)	742,663	772,248	733,187
User fees and sales of goods	826,113	909,394	807,558
Government transfers (Schedule 4)	166,600	389,640	198,945
Investment income	4,100	24,354	13,770
Penalties and costs of taxes	27,000	32,526	37,591
Franchise and concession contracts	71,973	71,621	49,948
Gain on disposal of tangible capital assets	-	15,699	-
	<u>1,838,449</u>	<u>2,215,482</u>	<u>1,840,999</u>
EXPENSES			
Legislative	41,200	42,117	27,413
Administration	416,496	457,971	484,813
Police, fire, ambulance and bylaw enforcement	117,597	164,802	105,453
Roads, streets, walks, lighting	408,372	473,111	421,326
Water, wastewater and waste management	461,084	447,611	385,686
Land use planning, zoning and development	32,300	18,912	15,357
Parks and recreation	310,045	383,683	310,528
Other	14,429	20,377	14,748
Amortization	-	672,854	564,068
	<u>1,801,523</u>	<u>2,681,438</u>	<u>2,329,392</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	36,926	(465,956)	(488,393)
OTHER			
Government transfers for capital (Schedule 4)	<u>324,991</u>	<u>303,840</u>	<u>494,515</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	361,917	(162,116)	6,122
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,094,235</u>	<u>10,094,235</u>	<u>10,088,113</u>
ACCUMULATED SURPLUS, END OF YEAR	<u><u>10,456,152</u></u>	<u><u>9,932,119</u></u>	<u><u>10,094,235</u></u>

VILLAGE OF STIRLING**Consolidated Statement of Change in Net Financial Assets (Debt)
For the year ended December 31, 2019**

	Budget (Unaudited) \$	2019 \$	2018 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	361,917	(162,116)	6,122
Acquisition of tangible capital assets	(320,000)	(987,103)	(635,555)
Proceeds on disposal of tangible capital assets	-	28,587	-
Amortization of tangible capital assets	-	672,854	564,068
(Gain) on disposal of tangible capital assets	-	(15,699)	-
	<u>(320,000)</u>	<u>(301,361)</u>	<u>(71,487)</u>
Use of inventory for consumption	-	1,860	2,575
INCREASE IN NET ASSETS	41,917	(461,617)	(62,790)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>443,201</u>	<u>443,201</u>	<u>505,991</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>485,118</u>	<u>(18,416)</u>	<u>443,201</u>

VILLAGE OF STIRLING
Consolidated Statement of Cash Flows
For the year ended December 31, 2019

	2019	2018
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	(162,116)	6,122
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	672,854	564,068
(Gain) on disposal of tangible capital assets	(15,699)	-
Non-cash charges to operations (net changes)		
(Increase) decrease in taxes and grants in lieu receivable	(37,788)	33,657
(Increase) decrease in trade and other receivables	(17,599)	155,945
(Increase) in land held for resale	(33,810)	(101,155)
Decrease in inventory for consumption	1,860	2,575
Increase in accounts payable and accrued liabilities	223,856	147,678
(Decrease) increase in deferred revenue	<u>(208,938)</u>	<u>297,590</u>
	<u>422,620</u>	<u>1,106,480</u>
CAPITAL		
Acquisition of tangible capital assets	(987,103)	(635,555)
Proceeds on disposal of tangible capital assets	<u>28,587</u>	<u>-</u>
	<u>(958,516)</u>	<u>(635,555)</u>
FINANCING		
Long-term debt issued	264,966	132,718
Long-term debt repaid	<u>(32,182)</u>	<u>(30,763)</u>
	<u>232,784</u>	<u>101,955</u>
CHANGE IN CASH DURING THE YEAR	(303,112)	572,880
CASH, BEGINNING OF YEAR	<u>1,208,164</u>	<u>635,284</u>
CASH, END OF YEAR (Note 2)	<u><u>905,052</u></u>	<u><u>1,208,164</u></u>

VILLAGE OF STIRLING

Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2019

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
BALANCE, BEGINNING OF THE YEAR	\$ 851,109	\$ 51,852	\$ 9,191,274	\$ 10,094,235	\$ 10,088,113
Excess (deficiency) of revenues over expenses	(162,116)	-	-	(162,116)	6,122
Current year funds used for tangible capital assets	(987,103)	-	987,103	-	-
Disposal of tangible capital assets	12,888	-	(12,888)	-	-
Annual amortization expense	672,854	-	(672,854)	-	-
New long-term debt issued	264,966	-	(264,966)	-	-
Long-term debt repaid	(32,182)	-	32,182	-	-
Change in accumulated surplus	\$ (230,693)	\$ -	\$ 68,577	\$ (162,116)	\$ 6,122
BALANCE, END OF YEAR	\$ <u>620,416</u>	\$ <u>51,852</u>	\$ <u>9,259,851</u>	\$ <u>9,932,119</u>	\$ <u>10,094,235</u>

VILLAGE OF STIRLING
Schedule of Tangible Capital Assets
For the year ended December 31, 2019

SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
COST:								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,122,132	10,711,694	1,704,970	105,159	16,759,035	16,123,480
Acquisition of tangible capital assets	-	-	-	398,064	493,615	95,424	987,103	635,555
Disposal of tangible capital assets	-	-	-	-	-	(25,775)	(25,775)	-
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>4,122,132</u>	<u>11,109,758</u>	<u>2,198,585</u>	<u>174,808</u>	<u>17,720,363</u>	<u>16,759,035</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	19,964	1,959,425	4,438,278	629,880	75,322	7,122,869	6,558,801
Annual amortization	-	2,252	100,813	443,371	113,826	12,592	672,854	564,068
Accumulated amortization on disposals	-	-	-	-	-	(12,887)	(12,887)	-
BALANCE, END OF YEAR	<u>-</u>	<u>22,216</u>	<u>2,060,238</u>	<u>4,881,649</u>	<u>743,706</u>	<u>75,027</u>	<u>7,782,836</u>	<u>7,122,869</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>68,084</u>	<u>2,061,894</u>	<u>6,228,109</u>	<u>1,454,879</u>	<u>99,781</u>	<u>9,937,527</u>	<u>9,636,166</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<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>	

VILLAGE OF STIRLING
Schedule of Property Taxes Levied
For the Year Ended December 31, 2019

SCHEDULE 3

	Budget (Unaudited) \$	2019 \$	2018 \$
TAXATION			
Real property taxes	997,878	1,025,251	984,313
Linear property taxes	<u>11,767</u>	<u>15,194</u>	<u>14,236</u>
	<u>1,009,645</u>	<u>1,040,445</u>	<u>998,549</u>
REQUISITIONS			
Alberta School Foundation Fund	226,050	227,779	226,049
Separate school	6,245	6,297	6,245
Designated Industrial Property	-	74	33
Seniors foundation	<u>34,687</u>	<u>34,047</u>	<u>33,035</u>
	<u>266,982</u>	<u>268,197</u>	<u>265,362</u>
NET MUNICIPAL PROPERTY TAXES	<u><u>742,663</u></u>	<u><u>772,248</u></u>	<u><u>733,187</u></u>

VILLAGE OF STIRLING
Schedule of Government Transfers
For the Year Ended December 31, 2019

SCHEDULE 4

	Budget (Unaudited) \$	2019 \$	2018 \$
TRANSFERS FOR OPERATIONS			
Federal Government	6,000	12,948	3,264
Provincial Government	122,000	338,158	163,831
Other Local Governments	<u>38,600</u>	<u>38,534</u>	<u>31,850</u>
	<u>166,600</u>	<u>389,640</u>	<u>198,945</u>
TRANSFERS FOR CAPITAL			
Provincial Government	<u>324,991</u>	<u>303,840</u>	<u>494,515</u>
	<u>491,591</u>	<u>693,480</u>	<u>693,460</u>

VILLAGE OF STIRLING**Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2019****SCHEDULE 5**

	Budget (Unaudited) \$	2019 \$	2018 \$
EXPENDITURES			
Salaries, wages and benefits	760,687	864,389	730,386
Contracted and general services	626,398	680,326	668,648
Materials, goods and utilities	352,565	399,640	301,745
Transfers to local boards and agencies	38,000	39,006	37,849
Bank charges and short-term interest	10,000	7,072	11,601
Interest on long-term debt	13,873	18,151	15,095
Amortization	-	672,854	564,068
	<u>1,801,523</u>	<u>2,681,438</u>	<u>2,329,392</u>

VILLAGE OF STIRLING
Schedule of Segmented Disclosure
For the year ended December 31, 2019

SCHEDULE 6

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
REVENUE							
Net municipal taxes	\$ 772,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 772,248
Government transfers	132,951	11,000	277,509	-	54,579	217,441	693,480
User fees and sales of goods	110,759	55,892	4,247	6,963	117,123	614,410	909,394
Investment income	24,354	-	-	-	-	-	24,354
Other revenue	104,147	-	15,699	-	-	-	119,846
	<u>\$ 1,144,459</u>	<u>\$ 66,892</u>	<u>\$ 297,455</u>	<u>\$ 6,963</u>	<u>\$ 171,702</u>	<u>\$ 831,851</u>	<u>\$ 2,519,322</u>
EXPENSES							
Contracted and general services	\$ 157,373	\$ 115,665	\$ 94,752	\$ 4,017	\$ 32,860	\$ 275,659	\$ 680,326
Salaries, wages and benefits	302,218	1,906	258,075	-	203,836	98,354	864,389
Materials, goods and utilities	33,425	46,925	119,938	-	135,888	63,464	399,640
Transfers to local boards and agencies	-	-	-	14,895	24,111	-	39,006
Interest on long-term debt	-	306	346	-	7,365	10,134	18,151
Other expenses	7,072	-	-	-	-	-	7,072
	<u>\$ 500,088</u>	<u>\$ 164,802</u>	<u>\$ 473,111</u>	<u>\$ 18,912</u>	<u>\$ 404,060</u>	<u>\$ 447,611</u>	<u>\$ 2,008,584</u>
NET REVENUE BEFORE AMORTIZATION	\$ 644,371	\$ (97,910)	\$ (175,656)	\$ (11,949)	\$ (232,358)	\$ 384,240	\$ 510,738
Amortization expense	4,613	18,184	450,814	-	54,072	145,171	672,854
NET REVENUE	<u>\$ 639,758</u>	<u>\$ (116,094)</u>	<u>\$ (626,470)</u>	<u>\$ (11,949)</u>	<u>\$ (286,430)</u>	<u>\$ 239,069</u>	<u>\$ (162,116)</u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2019

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 Chartered Professional Accountants of Canada. 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, 2019

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, 2019

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

	2019	2018
	\$	\$
Cash on hand	225	225
Bank account (Current)	800,243	1,144,950
Bank account (Agency)	<u>104,584</u>	<u>62,989</u>
	<u>905,052</u>	<u>1,208,164</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

	2019	2018
	\$	\$
Current taxes and grants in place of taxes	89,794	59,816
Arrears taxes	<u>24,111</u>	<u>16,301</u>
	<u>113,905</u>	<u>76,117</u>

4. Deferred Revenue

	2019	2018
	\$	\$
Government of Alberta:		
- Alberta Communities Partnership Grant	-	97,847
- Federal Gas Tax Fund Grant	69,902	-
- Senior's Grant	25,000	-
- Municipal Sustainability Initiative - Capital Grant	<u>110,279</u>	<u>316,272</u>
	<u>205,181</u>	<u>414,119</u>

Municipal Sustainability Initiative

Funding in the amount of \$388,827 was receivable in the current year from the Municipal Sustainability Initiative. Of the \$388,827, \$255,876 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 2019. The remaining \$132,951 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 2019.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2019

5. Long-Term Debt

	2019 \$	2018 \$
Self-supported debentures	<u>677,676</u>	<u>444,892</u>

The current portion of long-term debt amounts to \$55,657 (2018 - \$39,297).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2020	55,657	24,018	79,675
2021	57,879	21,796	79,675
2022	60,193	19,481	79,674
2023	62,603	17,071	79,674
2024	65,114	14,561	79,675
Thereafter	<u>376,230</u>	<u>51,049</u>	<u>427,279</u>
	<u>677,676</u>	<u>147,976</u>	<u>825,652</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:

	2019 \$	2018 \$
Total debt limit	3,323,223	2,761,499
Total debt	<u>677,676</u>	<u>444,892</u>
Total unused debt limit	<u>2,645,547</u>	<u>2,316,607</u>
Service on debt limit	553,871	460,250
Service on debt	<u>79,675</u>	<u>57,054</u>
Amount of unused service on debt	<u>474,196</u>	<u>403,196</u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2019

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

	2019	2018
	\$	\$
Tangible capital assets (Schedule 2)	17,720,363	16,759,035
Accumulated amortization (Schedule 2)	(7,782,836)	(7,122,869)
Long-term debt (Note 5)	<u>(677,676)</u>	<u>(444,892)</u>
	<u>9,259,851</u>	<u>9,191,274</u>

8. Accumulated Surplus

	2019	2018
	\$	\$
Unrestricted surplus	620,416	851,109
Restricted surplus:		
Operating reserves - library	13,898	13,898
Capital reserves	37,954	37,954
Equity in tangible capital assets	<u>9,259,851</u>	<u>9,191,274</u>
	<u>9,932,119</u>	<u>10,094,235</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, 2019

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)	2019 Total	2018 Total
	\$	\$	\$	\$
Mayor - Trevor Lewington	4,420	-	4,420	3,600
Councilor - Robert Edwards	4,020	-	4,020	2,400
- Matthew Foss	2,925	-	2,925	2,959
- Kevin Nelson	2,200	-	2,200	2,400
- Larry Nilsson	4,675	-	4,675	4,920
Designated officer - CAO	116,544	19,395	135,939	110,755
Designated officer - Assessor	-	12,420	12,420	12,447

- (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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

The total current service contributions by the village to the LAPP in 2019 were \$42,088 (2018 - \$45,510). Total current year service contributions by the employees of the village to the LAPP were \$38,009 (2018 - \$41,423).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.913 billion.

VILLAGE OF STIRLING
Notes to Financial Statements
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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. Subsequent Events

Since December 31, 2019 the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Government and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the organization.

15. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

16. Approval of Financial Statements

Council and Management have approved these financial statements.