

# VILLAGE OF STIRLING

## Financial Statements

December 31, 2020

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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.



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Mr. Scott Donselaar, 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, 2020, and the consolidated 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, 2020, 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  
April 21, 2021

Chartered Professional Accountants



**VILLAGE OF STIRLING**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2020**

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	960,957	905,052
Receivables		
Taxes and grants in place of taxes (Note 3)	152,339	113,905
Trade and other	384,439	247,353
Land held for resale	<u>89,977</u>	<u>134,965</u>
	<u>1,587,712</u>	<u>1,401,275</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	273,014	536,834
Deferred revenue (Note 4)	133,498	205,181
Long-term debt (Note 5)	<u>985,984</u>	<u>677,676</u>
	<u>1,392,496</u>	<u>1,419,691</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>195,216</u>	<u>(18,416)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	10,084,983	9,937,527
Inventory for consumption	<u>15,755</u>	<u>13,008</u>
	<u>10,100,738</u>	<u>9,950,535</u>
<b>ACCUMULATED SURPLUS (Note 8 and Schedule 1)</b>	<u><b>10,295,954</b></u>	<u><b>9,932,119</b></u>

**CONTINGENCIES (Note 12)**

**Approved on behalf of Council:**

  
 \_\_\_\_\_ Councilor

  
 \_\_\_\_\_ Councilor

**VILLAGE OF STIRLING**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2020**

	Budget (Unaudited) \$	2020 \$	2019 \$
<b>REVENUES</b>			
Net municipal property taxes (Schedule 3)	705,591	807,358	772,248
User fees and sales of goods	756,180	880,031	909,394
Government transfers (Schedule 4)	389,383	435,296	389,640
Investment income	15,000	8,791	24,354
Penalties and costs of taxes	30,000	24,978	32,526
Franchise and concession contracts	61,000	76,133	71,621
Gain on disposal of tangible capital assets	-	-	15,699
	<u>1,957,154</u>	<u>2,232,587</u>	<u>2,215,482</u>
<b>EXPENSES</b>			
Legislative	28,980	35,364	42,117
Administration	543,005	505,945	462,584
Police, fire, ambulance and bylaw enforcement	101,251	192,710	182,987
Roads, streets, walks, lighting	728,210	864,212	923,924
Water, wastewater and waste management	443,179	613,655	592,782
Land use planning, zoning and development	54,363	64,473	18,912
Parks and recreation	360,070	252,659	437,755
Other	20,008	19,824	20,377
	<u>2,279,066</u>	<u>2,548,842</u>	<u>2,681,438</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	(321,912)	(316,255)	(465,956)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>950,089</u>	<u>680,090</u>	<u>303,840</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	628,177	363,835	(162,116)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>9,932,119</u>	<u>9,932,119</u>	<u>10,094,235</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>10,560,296</u></u>	<u><u>10,295,954</u></u>	<u><u>9,932,119</u></u>

## VILLAGE OF STIRLING

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

For the year ended December 31, 2020

	Budget (Unaudited) \$	2020 \$	2019 \$
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	628,177	363,835	(162,116)
Acquisition of tangible capital assets	(667,561)	(858,006)	(987,103)
Proceeds on disposal of tangible capital assets	-	-	28,587
Amortization of tangible capital assets	-	710,550	672,854
(Gain) on disposal of tangible capital assets	-	-	(15,699)
	<u>(667,561)</u>	<u>(147,456)</u>	<u>(301,361)</u>
(Acquisition) use of inventory for consumption	<u>-</u>	<u>(2,747)</u>	<u>1,860</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(39,384)	213,632	(461,617)
<b>NET FINANCIAL (DEBT) ASSETS, BEGINNING OF YEAR</b>	<u>(18,416)</u>	<u>(18,416)</u>	<u>443,201</u>
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<u><b>(57,800)</b></u>	<u><b>195,216</b></u>	<u><b>(18,416)</b></u>

**VILLAGE OF STIRLING**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2020**

	2020	2019
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	363,835	(162,116)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	710,550	672,854
(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	(38,434)	(37,788)
(Increase) decrease in trade and other receivables	(137,086)	(17,599)
(Increase) in land held for resale	44,988	(33,810)
Decrease in inventory for consumption	(2,747)	1,860
Increase in accounts payable and accrued liabilities	(263,820)	223,856
(Decrease) increase in deferred revenue	<u>(71,683)</u>	<u>(208,938)</u>
	<u>605,603</u>	<u>422,620</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(858,006)	(987,103)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>28,587</u>
	<u>(858,006)</u>	<u>(958,516)</u>
<b>FINANCING</b>		
Long-term debt issued	390,000	264,966
Long-term debt repaid	<u>(81,692)</u>	<u>(32,182)</u>
	<u>308,308</u>	<u>232,784</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	55,905	(303,112)
<b>CASH, BEGINNING OF YEAR</b>	<u>905,052</u>	<u>1,208,164</u>
<b>CASH, END OF YEAR (Note 2)</b>	<u><b>960,957</b></u>	<u><b>905,052</b></u>



**VILLAGE OF STIRLING**  
**Schedule of Changes in Accumulated Surplus**  
**For the year ended December 31, 2020**

**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2020	2019
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 620,416	\$ 51,852	\$ 9,259,851	\$ 9,932,119	\$ 10,094,235
Excess (deficiency) of revenues over expenses	363,835	-	-	363,835	(162,116)
Current year funds used for tangible capital assets	(858,006)	-	858,006	-	-
Annual amortization expense	710,550	-	(710,550)	-	-
New long-term debt issued	390,000	-	(390,000)	-	-
Long-term debt repaid	<u>(81,692)</u>	<u>-</u>	<u>81,692</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	\$ <u>524,687</u>	\$ <u>-</u>	\$ <u>(160,852)</u>	\$ <u>363,835</u>	\$ <u>(162,116)</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 1,145,103</u></b>	<b><u>\$ 51,852</u></b>	<b><u>\$ 9,098,999</u></b>	<b><u>\$ 10,295,954</u></b>	<b><u>\$ 9,932,119</u></b>

**VILLAGE OF STIRLING**  
**Schedule of Tangible Capital Assets**  
**For the year ended December 31, 2020**

**SCHEDULE 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2020 \$	2019 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,122,132	11,109,758	2,198,585	174,808	17,720,363	16,759,035
Acquisition of tangible capital assets	-	-	54,813	660,508	142,685	-	858,006	987,103
Disposal of tangible capital assets	-	-	-	-	-	-	-	(25,775)
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>4,176,945</u>	<u>11,770,266</u>	<u>2,341,270</u>	<u>174,808</u>	<u>18,578,369</u>	<u>17,720,363</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	22,216	2,060,238	4,881,649	743,706	75,027	7,782,836	7,122,869
Annual amortization	-	2,252	101,909	468,290	125,507	12,592	710,550	672,854
Accumulated amortization on disposals	-	-	-	-	-	-	-	(12,887)
BALANCE, END OF YEAR	<u>-</u>	<u>24,468</u>	<u>2,162,147</u>	<u>5,349,939</u>	<u>869,213</u>	<u>87,619</u>	<u>8,493,386</u>	<u>7,782,836</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b><u>24,780</u></b>	<b><u>65,832</u></b>	<b><u>2,014,798</u></b>	<b><u>6,420,327</u></b>	<b><u>1,472,057</u></b>	<b><u>87,189</u></b>	<b><u>10,084,983</u></b>	<b><u>9,937,527</u></b>
2019 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>	

**VILLAGE OF STIRLING**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2020**

**SCHEDULE 3**

	Budget (Unaudited) \$	2020 \$	2019 \$
<b>TAXATION</b>			
Real property taxes	967,236	1,058,695	1,025,251
Linear property taxes	<u>11,767</u>	<u>14,442</u>	<u>15,194</u>
	<u>979,003</u>	<u>1,073,137</u>	<u>1,040,445</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	233,401	226,044	227,779
Separate school	6,444	6,243	6,297
Designated Industrial Property	75	-	74
Seniors foundation	<u>33,492</u>	<u>33,492</u>	<u>34,047</u>
	<u>273,412</u>	<u>265,779</u>	<u>268,197</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<b><u>705,591</u></b>	<b><u>807,358</u></b>	<b><u>772,248</u></b>

**VILLAGE OF STIRLING**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2020**

**SCHEDULE 4**

	Budget (Unaudited) \$	2020 \$	2019 \$
<b>TRANSFERS FOR OPERATIONS</b>			
Federal Government	10,000	33,545	12,948
Provincial Government	354,783	369,333	338,158
Other Local Governments	<u>24,600</u>	<u>32,418</u>	<u>38,534</u>
	<u>389,383</u>	<u>435,296</u>	<u>389,640</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	288,435	-	-
Provincial Government	<u>661,654</u>	<u>680,090</u>	<u>303,840</u>
	<u>1,339,472</u>	<u>1,115,386</u>	<u>693,480</u>

**VILLAGE OF STIRLING**  
**Schedule of Consolidated Expenditures by Object**  
**For the Year Ended December 31, 2020**

**SCHEDULE 5**

	Budget (Unaudited) \$	2020 \$	2019 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	796,140	722,447	864,389
Contracted and general services	701,518	787,369	680,326
Materials, goods and utilities	684,486	253,223	399,640
Transfers to local boards and agencies	38,735	38,806	39,006
Bank charges and short-term interest	10,500	9,935	7,072
Interest on long-term debt	47,688	26,512	18,151
Amortization	-	710,550	672,854
	<u>2,279,067</u>	<u>2,548,842</u>	<u>2,681,438</u>

**VILLAGE OF STIRLING**  
**Schedule of Segmented Disclosure**  
**For the year ended December 31, 2020**

**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	<b>Total</b>
<b>REVENUE</b>							
Net municipal taxes	\$ 807,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 807,358
Government transfers	352,889	138,435	190,390	-	115,258	318,414	1,115,386
User fees and sales of goods	83,342	45,747	-	46,319	66,983	637,640	880,031
Investment income	8,791	-	-	-	-	-	8,791
Other revenue	<u>101,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,111</u>
	<u>\$ 1,353,491</u>	<u>\$ 184,182</u>	<u>\$ 190,390</u>	<u>\$ 46,319</u>	<u>\$ 182,241</u>	<u>\$ 956,054</u>	<u>\$ 2,912,677</u>
<b>EXPENSES</b>							
Contracted and general services	\$ 215,166	\$ 118,330	\$ 72,523	\$ 50,255	\$ 13,458	\$ 317,637	\$ 787,369
Salaries, wages and benefits	273,966	1,021	215,494	-	119,005	112,961	722,447
Materials, goods and utilities	27,249	42,416	104,208	-	52,419	26,931	253,223
Transfers to local boards and agencies	-	-	-	14,218	24,588	-	38,806
Interest on long-term debt	10,380	3,140	820	-	6,065	6,107	26,512
Other expenses	<u>9,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,935</u>
	<u>\$ 536,696</u>	<u>\$ 164,907</u>	<u>\$ 393,045</u>	<u>\$ 64,473</u>	<u>\$ 215,535</u>	<u>\$ 463,636</u>	<u>\$ 1,838,292</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>							
	\$ 816,795	\$ 19,275	\$ (202,655)	\$ (18,154)	\$ (33,294)	\$ 492,418	\$ 1,074,385
Amortization expense	<u>4,613</u>	<u>27,803</u>	<u>471,167</u>	<u>-</u>	<u>56,948</u>	<u>150,019</u>	<u>710,550</u>
<b>NET REVENUE</b>	<u>\$ 812,182</u>	<u>\$ (8,528)</u>	<u>\$ (673,822)</u>	<u>\$ (18,154)</u>	<u>\$ (90,242)</u>	<u>\$ 342,399</u>	<u>\$ 363,835</u>

# VILLAGE OF STIRLING

## Notes to Financial Statements

### For the Year Ended December 31, 2020

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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 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, 2020**

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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, 2020**

**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**

	2020	2019
	\$	\$
Cash on hand	225	225
Bank account (Current)	564,640	800,243
Bank account (Agency & Savings)	<u>396,092</u>	<u>104,584</u>
	<u>960,957</u>	<u>905,052</u>

The line of credit has a limit of \$500,000 and bears interest at 2.2% per annum.

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

	2020	2019
	\$	\$
Current taxes and grants in place of taxes	100,285	89,794
Arrears taxes	<u>52,054</u>	<u>24,111</u>
	<u>152,339</u>	<u>113,905</u>

**4. Deferred Revenue**

	2020	2019
	\$	\$
Government of Alberta:		
- Alberta Municipal Operating Stimulus Grant	133,498	-
- Federal Gas Tax Fund Grant	-	69,902
- Senior's Grant	-	25,000
- Municipal Sustainability Initiative - Capital Grant	<u>-</u>	<u>110,279</u>
	<u>133,498</u>	<u>205,181</u>

**Municipal Sustainability Initiative**

Funding in the amount of \$463,328 was receivable in the current year from the Municipal Sustainability Initiative. Of the \$463,328, \$323,545 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 2020. The remaining \$139,783 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 2020.

**VILLAGE OF STIRLING**  
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**5. Long-Term Debt**

	2020 \$	2019 \$
Self-supported debentures	<u>985,984</u>	<u>677,676</u>

The current portion of long-term debt amounts to \$110,295 (2019 - \$55,657).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2021	110,295	27,468	137,763
2022	113,586	24,176	137,762
2023	116,993	20,770	137,763
2024	114,669	17,251	131,920
2025	92,532	14,042	106,574
Thereafter	<u>437,909</u>	<u>44,195</u>	<u>482,104</u>
	<u>985,984</u>	<u>147,902</u>	<u>1,133,886</u>

Debenture debt includes debt repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.416% to 4.569%, before provincial subsidy and matures in periods 2025 to 2030. Debenture debt is issued on the credit and security of the village at large.

Debenture debt includes debt repayable to ATB Financial and bears interest at 2.200% per annum and is repaid monthly at \$2,599.00 and matures in 2024.

Debenture debt includes debt repayable to Enmax Corp and bears interest at 3% per annum and is repaid monthly at \$2,801.60 and matures in 2034.

**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:

	2020 \$	2019 \$
Total debt limit	3,348,881	3,323,223
Total debt	<u>985,984</u>	<u>677,676</u>
Total unused debt limit	<u>2,362,897</u>	<u>2,645,547</u>
Service on debt limit	558,147	553,871
Service on debt	<u>137,763</u>	<u>79,675</u>
Amount of unused service on debt	<u>420,384</u>	<u>474,196</u>

**VILLAGE OF STIRLING**  
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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**

	2020	2019
	\$	\$
Tangible capital assets (Schedule 2)	18,578,369	17,720,363
Accumulated amortization (Schedule 2)	(8,493,386)	(7,782,836)
Long-term debt (Note 4)	<u>(985,984)</u>	<u>(677,676)</u>
	<u>9,098,999</u>	<u>9,259,851</u>

**8. Accumulated Surplus**

	2020	2019
	\$	\$
Unrestricted surplus	1,145,103	620,416
Restricted surplus:		
Operating reserves - library	13,898	13,898
Capital reserves	37,954	37,954
Equity in tangible capital assets	<u>9,098,999</u>	<u>9,259,851</u>
	<u>10,295,954</u>	<u>9,932,119</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).

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**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)	2020 Total	2019 Total
	\$	\$	\$	\$
Mayor - Trevor Lewington	6,035	-	6,035	4,420
Councilor - Robert Edwards	2,600	-	2,600	4,020
- Matthew Foss	2,600	-	2,600	2,925
- Kevin Nelson	2,600	-	2,600	2,200
- Larry Nilsson	4,400	-	4,400	4,675
Designated officer - CAO	98,913	17,201	116,114	135,939
Designated officer - Assessor	-	13,069	13,069	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 2020 were \$42,643 (2019 - \$42,088). Total current year service contributions by the employees of the village to the LAPP were \$38,458 (2019 - \$38,009).

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

**VILLAGE OF STIRLING**  
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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**

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.