

# VILLAGE OF STIRLING

## Financial Statements

December 31, 2021

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

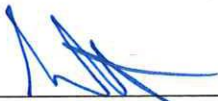
The consolidated financial statements are the responsibility of the management of the Village of Stirling (the Village).

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  
April 20, 2022



## **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, 2021, 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, 2021, 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 20, 2022

Chartered Professional Accountants

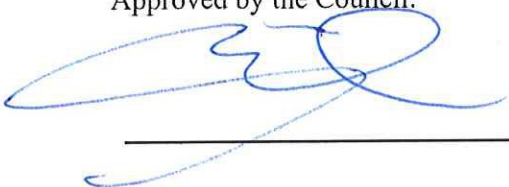


**VILLAGE OF STIRLING**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2021**


	2021 \$	2020 \$ <i>(Restated)</i>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	961,976	960,957
Receivables		
Taxes and grants in place of taxes (Note 3)	68,400	152,339
Trade and other	378,772	384,439
Land held for resale	<u>53,347</u>	<u>89,977</u>
	<u>1,462,495</u>	<u>1,587,712</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	320,563	273,012
Deferred revenue (Note 4)	233,360	347,483
Long-term debt (Note 5)	<u>876,231</u>	<u>985,984</u>
	<u>1,430,154</u>	<u>1,606,479</u>
<b>NET FINANCIAL ASSETS</b>	<u>32,341</u>	<u>(18,767)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	10,216,492	10,084,981
Inventory for consumption	<u>11,508</u>	<u>15,755</u>
	<u>10,228,000</u>	<u>10,100,736</u>
<b>ACCUMULATED SURPLUS (Note 8 and Schedule 1)</b>	<u><b>10,260,341</b></u>	<u><b>10,081,969</b></u>

**CONTINGENCIES (Note 12)**

Approved by the Council:




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**VILLAGE OF STIRLING**  
**Consolidated Statement of Operations**  
**For the year ended December 31, 2021**

	Budget (Unaudited) \$	2021 \$	2020 \$ <i>(Restated)</i>
<b>REVENUES</b>			
User fees and sales of goods	782,885	972,547	880,031
Net municipal property taxes (Schedule 3)	803,495	832,664	807,358
Government transfers (Schedule 4)	327,115	362,537	359,746
Franchise and concession contracts	61,000	75,317	76,133
Penalties and costs of taxes	30,000	29,661	24,978
Gain on disposal of tangible capital assets	-	10,998	-
Investment income	<u>15,000</u>	<u>7,130</u>	<u>8,791</u>
	<u>2,019,495</u>	<u>2,290,854</u>	<u>2,157,037</u>
<b>EXPENSES</b>			
Roads, streets, walks, lighting	416,112	898,902	864,212
Water, wastewater and waste management	443,224	626,248	613,655
Administration	476,763	455,040	505,945
Parks and recreation	331,045	310,097	252,659
Land use planning, zoning and development	179,500	138,284	64,473
Police, fire, ambulance and bylaw enforcement	132,230	174,400	192,710
Legislative	33,980	22,466	35,364
Other	<u>19,750</u>	<u>15,156</u>	<u>19,824</u>
	<u>2,032,604</u>	<u>2,640,593</u>	<u>2,548,842</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER</b>	(13,109)	(349,739)	(391,805)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	<u>819,597</u>	<u>528,111</u>	<u>541,655</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>806,488</u>	<u>178,372</u>	<u>149,850</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>			
As previously reported	10,081,969	10,295,954	9,932,119
Prior period adjustment (Note 16)	<u>-</u>	<u>(213,985)</u>	<u>-</u>
As restated	<u>10,081,969</u>	<u>10,081,969</u>	<u>9,932,119</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u>10,888,457</u></u>	<u><u>10,260,341</u></u>	<u><u>10,081,969</u></u>

# VILLAGE OF STIRLING

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

For the year ended December 31, 2021

	Budget (Unaudited) \$	2021 \$	2020 \$ <i>(Restated)</i>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	806,488	178,372	149,850
Acquisition of tangible capital assets	(807,941)	(971,783)	(858,006)
Proceeds on disposal of tangible capital assets	-	70,640	-
Amortization of tangible capital assets	-	780,631	710,550
(Gain) on disposal of tangible capital assets	-	(10,998)	-
	<u>(807,941)</u>	<u>(131,510)</u>	<u>(147,456)</u>
(Acquisition) use of inventory for consumption	<u>-</u>	<u>4,246</u>	<u>(2,745)</u>
<b>INCREASE IN NET ASSETS</b>	(1,453)	51,108	(351)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>(18,767)</u>	<u>(18,767)</u>	<u>(18,416)</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><b>(20,220)</b></u>	<u><b>32,341</b></u>	<u><b>(18,767)</b></u>

**VILLAGE OF STIRLING**  
**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2021**

	2021 \$	2020 \$ <i>(Restated)</i>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess of revenues over expenses	178,372	149,850
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	780,631	710,550
(Gain) on disposal of tangible capital assets	(10,998)	-
Non-cash charges to operations (net changes)		
(Increase) decrease in taxes and grants in lieu receivable	83,939	(38,434)
Increase in trade and other receivables	5,667	(137,086)
Decrease in land held for resale	36,630	44,988
(Increase) decrease in inventory for consumption	4,246	(2,745)
Increase (decrease) in accounts payable	47,551	(263,822)
Decrease in deferred revenue	<u>(114,123)</u>	<u>142,302</u>
	<u>1,011,915</u>	<u>605,603</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(971,783)	(858,006)
Proceeds on disposal of tangible capital assets	<u>70,640</u>	<u>-</u>
	<u>(901,143)</u>	<u>(858,006)</u>
<b>FINANCING</b>		
Long-term debt issued	-	390,000
Long-term debt repaid	<u>(109,753)</u>	<u>(81,692)</u>
	<u>(109,753)</u>	<u>308,308</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	1,019	55,905
<b>CASH, BEGINNING OF YEAR</b>	<u>960,957</u>	<u>905,052</u>
<b>CASH, END OF YEAR (Note 2)</b>	<u><u>961,976</u></u>	<u><u>960,957</u></u>



**VILLAGE OF STIRLING**  
**Schedule of Changes in Accumulated Surplus**  
**For the year ended December 31, 2021**

**SCHEDULE 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020 <i>(Restated)</i>
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 586,880	\$ 396,092	\$ 9,098,997	\$ 10,081,969	\$ 9,932,119
Excess (deficiency) of revenues over expenses	178,372	-	-	178,372	149,850
Unrestricted funds designated for future use	(38,539)	38,539	-	-	-
Current year funds used for tangible capital assets	(971,783)	-	971,783	-	-
Disposal of tangible capital assets	59,642	-	(59,642)	-	-
Annual amortization expense	780,631	-	(780,631)	-	-
Long-term debt repaid	<u>(109,753)</u>	<u>-</u>	<u>109,753</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	\$ <u>(101,430)</u>	\$ <u>38,539</u>	\$ <u>241,263</u>	\$ <u>178,372</u>	\$ <u>149,850</u>
<b>BALANCE, END OF YEAR</b>	\$ <u><b>485,450</b></u>	\$ <u><b>434,631</b></u>	\$ <u><b>9,340,260</b></u>	\$ <u><b>10,260,341</b></u>	\$ <u><b>10,081,969</b></u>

**VILLAGE OF STIRLING**  
**Schedule of Tangible Capital Assets**  
**For the year ended December 31, 2021**

**SCHEDULE 2**

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2021 \$	2020 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,176,944	11,770,265	2,341,270	174,808	18,578,367	17,720,361
Acquisition of tangible capital assets	-	-	292,020	503,788	83,040	92,935	971,783	858,006
Disposal of tangible capital assets	-	-	-	-	-	(74,553)	(74,553)	-
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>4,468,964</u>	<u>12,274,053</u>	<u>2,424,310</u>	<u>193,190</u>	<u>19,475,597</u>	<u>18,578,367</u>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	24,468	2,162,147	5,349,939	869,213	87,619	8,493,386	7,782,836
Annual amortization	-	2,251	109,098	522,806	132,044	14,431	780,630	710,550
Accumulated amortization on disposals	-	-	-	-	-	(14,911)	(14,911)	-
BALANCE, END OF YEAR	<u>-</u>	<u>26,719</u>	<u>2,271,245</u>	<u>5,872,745</u>	<u>1,001,257</u>	<u>87,139</u>	<u>9,259,105</u>	<u>8,493,386</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b><u>24,780</u></b>	<b><u>63,581</u></b>	<b><u>2,197,719</u></b>	<b><u>6,401,308</u></b>	<b><u>1,423,053</u></b>	<b><u>106,051</u></b>	<b><u>10,216,492</u></b>	<b><u>10,084,981</u></b>
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>65,832</u>	<u>2,014,797</u>	<u>6,420,326</u>	<u>1,472,057</u>	<u>87,189</u>	<u>10,084,981</u>	

**VILLAGE OF STIRLING**  
**Schedule of Property Taxes Levied**  
**For the Year Ended December 31, 2021**

**SCHEDULE 3**

	Budget (Unaudited) \$	2021 \$	2020 \$
<b>TAXATION</b>			
Real property taxes	1,076,888	1,103,189	1,058,695
Linear property taxes	<u>12,073</u>	<u>14,847</u>	<u>14,442</u>
	<u>1,088,961</u>	<u>1,118,036</u>	<u>1,073,137</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	244,051	244,051	226,044
Separate school	6,753	6,753	6,243
Designated Industrial Property	76	-	-
Seniors foundation	<u>34,586</u>	<u>34,568</u>	<u>33,492</u>
	<u>285,466</u>	<u>285,372</u>	<u>265,779</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<b><u>803,495</u></b>	<b><u>832,664</u></b>	<b><u>807,358</u></b>

**VILLAGE OF STIRLING**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2021**

**SCHEDULE 4**

	Budget (Unaudited) \$	2021 \$	2020 \$ <i>(Restated)</i>
<b>TRANSFERS FOR OPERATIONS</b>			
Federal Government	10,000	32,174	33,545
Provincial Government	292,515	294,463	293,783
Other Local Governments	<u>24,600</u>	<u>35,900</u>	<u>32,418</u>
	<u>327,115</u>	<u>362,537</u>	<u>359,746</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	196,471	-	190,390
Provincial Government	<u>623,126</u>	<u>528,111</u>	<u>351,265</u>
	<u>819,597</u>	<u>528,111</u>	<u>541,655</u>
	<u><b>1,146,712</b></u>	<u><b>890,648</b></u>	<u><b>901,401</b></u>

**VILLAGE OF STIRLING****Schedule of Consolidated Expenditures by Object****For the Year Ended December 31, 2021****SCHEDULE 5**

	Budget (Unaudited) \$	2021 \$	2020 \$
<b>EXPENDITURES</b>			
Salaries, wages and benefits	792,341	759,180	722,448
Contracted and general services	781,780	720,947	787,368
Materials, goods and utilities	340,849	292,602	253,223
Transfers to local boards and agencies	58,145	48,332	38,806
Interest on long-term debt	51,489	29,124	26,512
Bank charges and short-term interest	8,000	9,777	9,935
Amortization	-	780,631	710,550
	<u>2,032,604</u>	<u>2,640,593</u>	<u>2,548,842</u>

**VILLAGE OF STIRLING**  
**Schedule of Segmented Disclosure**  
**For the year ended December 31, 2021**

**SCHEDULE 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
<b>REVENUE</b>							
Net municipal taxes	\$ 832,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 832,664
Government transfers	52,538	60,000	509,375	-	258,635	10,100	890,648
User fees and sales of goods	49,193	73,923	385	93,226	80,763	675,057	972,547
Other revenue	104,978	-	10,998	-	-	-	115,976
Investment income	<u>7,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,130</u>
	<u>\$ 1,046,503</u>	<u>\$ 133,923</u>	<u>\$ 520,758</u>	<u>\$ 93,226</u>	<u>\$ 339,398</u>	<u>\$ 685,157</u>	<u>\$ 2,818,965</u>
<b>EXPENSES</b>							
Salaries, wages and benefits	279,442	4,334	240,417	-	129,072	105,911	759,176
Contracted and general services	\$ 124,085	\$ 90,172	\$ 39,038	\$ 114,063	\$ 39,916	\$ 313,671	\$ 720,945
Materials, goods and utilities	43,375	45,244	88,000	-	67,068	48,916	292,603
Transfers to local boards and agencies	-	-	-	24,221	24,112	-	48,333
Interest on long-term debt	11,153	3,312	4,065	-	5,450	5,146	29,126
Other expenses	<u>9,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,777</u>
	<u>\$ 467,832</u>	<u>\$ 143,062</u>	<u>\$ 371,520</u>	<u>\$ 138,284</u>	<u>\$ 265,618</u>	<u>\$ 473,644</u>	<u>\$ 1,859,960</u>
<b>NET REVENUE BEFORE AMORTIZATION</b>	\$ 578,671	\$ (9,139)	\$ 149,238	\$ (45,058)	\$ 73,780	\$ 211,513	\$ 959,005
Amortization expense	<u>\$ 9,674</u>	<u>\$ 31,336</u>	<u>\$ 527,382</u>	<u>\$ -</u>	<u>\$ 59,635</u>	<u>\$ 152,604</u>	<u>\$ 780,631</u>
<b>NET REVENUE</b>	<u>\$ 568,997</u>	<u>\$ (40,475)</u>	<u>\$ (378,144)</u>	<u>\$ (45,058)</u>	<u>\$ 14,145</u>	<u>\$ 58,909</u>	<u>\$ 178,374</u>

**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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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, 2021**

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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, 2021**

**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**

	2021 \$	2020 \$
Cash on hand	225	225
Bank account (Current)	527,120	564,640
Bank account (Agency & Savings)	<u>434,631</u>	<u>396,092</u>
	<u>961,976</u>	<u>960,957</u>

The village has a demand line of credit with ATB Financial with an authorized limit of \$500,000. This revolving loan bears interest at 3.45%. Security pledged consists of an assignment of property taxes. At year-end the balance on the line of credit was nil (2020 - nil).

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

	2021 \$	2020 \$
Current taxes and grants in place of taxes	41,489	100,285
Arrears taxes	<u>26,911</u>	<u>52,054</u>
	<u>68,400</u>	<u>152,339</u>

**4. Deferred Revenue**

	2021 \$	2020 \$ (Restated)
Government of Alberta:		
- Municipal Sustainability Initiative - Capital Grant	157,810	138,435
- Alberta Municipal Operating Stimulus Grant	-	133,498
- Municipal Sustainability Initiative - Operating Grant	<u>75,550</u>	<u>75,550</u>
	<u>233,360</u>	<u>347,483</u>

**Municipal Sustainability Initiative**

Funding in the amount of \$656,156 was received in the current year from the Municipal Sustainability Initiative. Of the \$656,156, \$376,641 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 2021. The remaining \$277,515 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 2021.

**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

**5. Long-Term Debt**

	2021 \$	2020 \$
Self-supported debentures	<u>876,231</u>	<u>985,984</u>

The current portion of long-term debt amounts to \$113,171 (2020 - \$110,295).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2022	113,171	24,591	137,762
2023	116,733	21,030	137,763
2024	115,886	17,345	133,231
2025	92,532	14,042	106,574
2026	68,418	11,273	79,691
Thereafter	<u>369,491</u>	<u>32,920</u>	<u>402,411</u>
	<u>876,231</u>	<u>121,201</u>	<u>997,432</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 2.750% 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:

	2021 \$	2020 \$ (Restated)
Total debt limit	3,436,281	3,235,556
Total debt	<u>876,231</u>	<u>985,984</u>
Total unused debt limit	<u>2,560,050</u>	<u>2,249,572</u>
Service on debt limit	572,714	539,259
Service on debt	<u>137,762</u>	<u>137,763</u>
Amount of unused service on debt	<u>434,952</u>	<u>401,496</u>

**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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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**

	2021	2020
	\$	\$
Tangible capital assets (Schedule 2)	19,475,597	18,578,367
Accumulated amortization (Schedule 2)	(9,259,105)	(8,493,386)
Long-term debt (Note 5)	<u>(876,231)</u>	<u>(985,984)</u>
	<u><u>9,340,261</u></u>	<u><u>9,098,997</u></u>

**8. Accumulated Surplus**

	2021	2020
	\$	\$ (Restated)
Unrestricted surplus	485,450	586,880
Restricted surplus:		
Operating reserves	70,091	70,091
Capital reserves	364,539	326,001
Equity in tangible capital assets	<u>9,340,261</u>	<u>9,098,997</u>
	<u><u>10,260,341</u></u>	<u><u>10,081,969</u></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, 2021**

**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)	2021 Total	2020 Total
	\$	\$	\$	\$
Mayor - Trevor Lewington	3,797	-	3,797	6,035
Councilor - Robert Edwards	2,000	-	2,000	2,600
- Bohn, Devynn	400	-	400	-
- Matthew Foss	2,400	-	2,400	2,600
- Bikman, Gary	400	-	400	-
- Kevin Nelson	2,000	-	2,000	2,600
- Larry Nilsson	3,700	-	3,700	4,400
Designated officer - CAO	91,862	16,529	108,391	116,114
Designated officer - Assessor	-	13,098	13,098	13,069

- (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 276,00 people and 433 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 2021 were \$42,643 (2020 - \$42,088). Total current year service contributions by the employees of the village to the LAPP were \$38,458 (2020 - \$38,009).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.961 billion.

**VILLAGE OF STIRLING**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2021**

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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. Prior Period Adjustment**

The prior period has been adjusted to reflect grants received and deferred by the Village in the prior period. The effect on the 2020 balances include an increase in the "Deferred revenues" of \$213,985 a decrease in the "Accumulated surplus" of \$213,985, a decrease in the "Government transfers for capital" of \$138,435, and a decrease in the "Government transfers for operating" of \$75,550.

**17. Approval of Financial Statements**

Council and Management have approved these financial statements.