

VILLAGE OF STIRLING

Financial Statements

December 31, 2022

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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.



Mr. Scott Donselaar, CAO

Stirling, Alberta
April 19, 2023



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, 2022, 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, 2022, 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 19, 2023

Chartered Professional Accountants



VILLAGE OF STIRLING
Consolidated Statement of Financial Position
As at December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	934,248	961,976
Receivables		
Taxes and grants in place of taxes (Note 3)	100,081	68,400
Trade and other (Note 4)	404,221	378,772
Land held for resale	<u>220,487</u>	<u>53,347</u>
	<u>1,659,037</u>	<u>1,462,495</u>
LIABILITIES		
Accounts payable and accrued liabilities	244,475	320,563
Deferred revenue (Note 5)	504,621	233,360
Long-term debt (Note 6)	<u>764,172</u>	<u>876,231</u>
	<u>1,513,268</u>	<u>1,430,154</u>
NET FINANCIAL ASSETS	<u>145,769</u>	<u>32,341</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	10,022,696	10,216,492
Inventory for consumption	<u>11,208</u>	<u>11,508</u>
	<u>10,033,904</u>	<u>10,228,000</u>
ACCUMULATED SURPLUS (Note 9 and Schedule 1)	<u><u>10,179,673</u></u>	<u><u>10,260,341</u></u>

CONTINGENCIES (Note 13)

Approved by the Council:




VILLAGE OF STIRLING
Consolidated Statement of Operations
For the year ended December 31, 2022

	Budget (Unaudited) \$	2022 \$	2021 \$
REVENUES			
User fees and sales of goods	868,869	921,104	972,547
Net municipal property taxes (Schedule 3)	886,705	920,184	832,664
Government transfers (Schedule 4)	227,923	235,968	362,537
Franchise and concession contracts	73,338	85,644	75,317
Investment income	8,000	29,869	7,130
Penalties and costs of taxes	30,000	28,180	29,661
Gain on disposal of tangible capital assets	-	-	10,998
	<u>2,094,835</u>	<u>2,220,949</u>	<u>2,290,854</u>
EXPENSES			
Roads, streets, walks, lighting	1,182,248	1,177,707	898,902
Administration	473,066	492,042	455,040
Water, wastewater and waste management	460,725	428,465	626,248
Parks and recreation	400,368	342,800	310,097
Police, fire, ambulance and bylaw enforcement	177,714	239,186	174,400
Land use planning, zoning and development	32,700	29,320	138,284
Legislative	34,500	23,425	22,466
Other	11,949	10,114	15,156
	<u>2,773,270</u>	<u>2,743,059</u>	<u>2,640,593</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	(678,435)	(522,110)	(349,739)
OTHER			
Government transfers for capital (Schedule 4)	<u>441,442</u>	<u>441,442</u>	<u>528,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(236,993)	(80,668)	178,372
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,260,341</u>	<u>10,260,341</u>	<u>10,081,969</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>(236,993)</u>	<u>10,179,673</u>	<u>10,260,341</u>

VILLAGE OF STIRLING

Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31, 2022

	Budget (Unaudited) \$	2022 \$	2021 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(236,993)	(80,668)	178,372
Acquisition of tangible capital assets	(572,486)	(572,486)	(971,783)
Proceeds on disposal of tangible capital assets	-	-	70,640
Amortization of tangible capital assets	766,282	766,282	780,631
(Gain) on disposal of tangible capital assets	-	-	(10,998)
	<u>193,796</u>	<u>193,796</u>	<u>(131,510)</u>
(Acquisition) use of inventory for consumption	-	300	4,246
INCREASE (DECREASE) IN NET ASSETS	(43,197)	113,428	51,108
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>32,341</u>	<u>32,341</u>	<u>(18,767)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>(10,856)</u>	<u>145,769</u>	<u>32,341</u>

VILLAGE OF STIRLING
Consolidated Statement of Cash Flows
For the year ended December 31, 2022

	2022	2021
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	(80,668)	178,372
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	766,282	780,631
(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	(31,681)	83,939
(Increase) decrease in trade and other receivables	(25,449)	5,667
(Increase) decrease in land held for resale	(167,140)	36,630
(Increase) decrease in inventory for consumption	300	4,246
Increase (decrease) in accounts payable	(76,088)	47,551
Increase (decrease) in deferred revenue	<u>271,261</u>	<u>(114,123)</u>
	<u>656,817</u>	<u>1,011,915</u>
CAPITAL		
Acquisition of tangible capital assets	(572,486)	(971,783)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>70,640</u>
	<u>(572,486)</u>	<u>(901,143)</u>
FINANCING		
Long-term debt repaid	<u>(112,059)</u>	<u>(109,753)</u>
	<u>(112,059)</u>	<u>(109,753)</u>
CHANGE IN CASH DURING THE YEAR	(27,728)	1,019
CASH, BEGINNING OF YEAR	<u>961,976</u>	<u>960,957</u>
CASH, END OF YEAR (Note 2)	<u><u>934,248</u></u>	<u><u>961,976</u></u>

VILLAGE OF STIRLING
Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2022

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
BALANCE, BEGINNING OF THE YEAR	\$ 485,450	\$ 434,631	\$ 9,340,260	\$ 10,260,341	\$ -
Excess (deficiency) of revenues over expenses	(80,668)	-	-	(80,668)	178,372
Unrestricted funds designated for future use	(43,140)	43,140	-	-	-
Current year funds used for tangible capital assets	(572,486)	-	572,486	-	-
Annual amortization expense	766,282	-	(766,282)	-	-
Long-term debt repaid	<u>(112,059)</u>	<u>-</u>	<u>112,059</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	\$ <u>(42,071)</u>	\$ <u>43,140</u>	\$ <u>(81,737)</u>	\$ <u>(80,668)</u>	\$ <u>178,372</u>
BALANCE, END OF YEAR	\$ <u>443,379</u>	\$ <u>477,771</u>	\$ <u>9,258,523</u>	\$ <u>10,179,673</u>	\$ <u>178,372</u>

VILLAGE OF STIRLING
Schedule of Tangible Capital Assets
For the year ended December 31, 2022

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2022 \$	2021 \$
COST:								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,468,964	12,274,053	2,424,310	193,190	19,475,597	18,578,367
Acquisition of tangible capital assets	-	-	442,757	105,726	24,003	-	572,486	971,783
Disposal of tangible capital assets	-	-	-	-	-	-	-	(74,553)
BALANCE, END OF YEAR	<u>24,780</u>	<u>90,300</u>	<u>4,911,721</u>	<u>12,379,779</u>	<u>2,448,313</u>	<u>193,190</u>	<u>20,048,083</u>	<u>19,475,597</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	26,719	2,271,245	5,872,745	1,001,257	87,139	9,259,105	8,493,386
Annual amortization	-	2,252	89,459	538,091	123,148	13,332	766,282	780,630
Accumulated amortization on disposals	-	-	-	-	-	-	-	(14,911)
BALANCE, END OF YEAR	<u>-</u>	<u>28,971</u>	<u>2,360,704</u>	<u>6,410,836</u>	<u>1,124,405</u>	<u>100,471</u>	<u>10,025,387</u>	<u>9,259,105</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>61,329</u>	<u>2,551,017</u>	<u>5,968,943</u>	<u>1,323,908</u>	<u>92,719</u>	<u>10,022,696</u>	<u>10,216,492</u>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>63,581</u>	<u>2,197,719</u>	<u>6,401,308</u>	<u>1,423,053</u>	<u>106,051</u>	<u>10,216,492</u>	

VILLAGE OF STIRLING
Schedule of Property Taxes Levied
For the Year Ended December 31, 2022

SCHEDULE 3

	Budget (Unaudited) \$	2022 \$	2021 \$
TAXATION			
Real property taxes	1,176,567	1,207,996	1,103,189
Linear property taxes	<u>12,943</u>	<u>14,915</u>	<u>14,847</u>
	<u>1,189,510</u>	<u>1,222,911</u>	<u>1,118,036</u>
REQUISITIONS			
Alberta School Foundation Fund	264,086	264,086	244,051
Separate school	7,079	7,078	6,753
Designated Industrial Property	77	-	-
Seniors foundation	<u>31,563</u>	<u>31,563</u>	<u>34,568</u>
	<u>302,805</u>	<u>302,727</u>	<u>285,372</u>
NET MUNICIPAL PROPERTY TAXES	<u>886,705</u>	<u>920,184</u>	<u>832,664</u>

VILLAGE OF STIRLING
Schedule of Government Transfers
For the Year Ended December 31, 2022

SCHEDULE 4

	Budget (Unaudited) \$	2022 \$	2021 \$
TRANSFERS FOR OPERATIONS			
Federal Government	54,426	54,426	32,174
Provincial Government	146,517	146,517	294,463
Other Local Governments	<u>26,980</u>	<u>35,025</u>	<u>35,900</u>
	<u>227,923</u>	<u>235,968</u>	<u>362,537</u>
TRANSFERS FOR CAPITAL			
Federal Government	343,943	343,943	-
Provincial Government	82,499	82,499	528,111
Other Local Governments	<u>15,000</u>	<u>15,000</u>	<u>-</u>
	<u>441,442</u>	<u>441,442</u>	<u>528,111</u>
	<u>669,365</u>	<u>677,410</u>	<u>890,648</u>

VILLAGE OF STIRLING
Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2022

SCHEDULE 5

	Budget (Unaudited) \$	2022 \$	2021 \$
EXPENDITURES			
Salaries, wages and benefits	975,230	901,327	759,180
Contracted and general services	642,177	668,214	720,947
Materials, goods and utilities	300,600	316,719	292,602
Transfers to local boards and agencies	54,403	51,052	48,332
Interest on long-term debt	25,628	25,397	29,124
Other	-	8,590	-
Bank charges and short-term interest	9,500	5,478	9,777
Amortization	<u>765,732</u>	<u>766,282</u>	<u>780,631</u>
	<u>2,773,270</u>	<u>2,743,059</u>	<u>2,640,593</u>

VILLAGE OF STIRLING
Schedule of Segmented Disclosure
For the year ended December 31, 2022

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total
REVENUE							
Net municipal taxes	\$ 920,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 920,184
Government transfers	146,517	3,000	128,295	-	393,098	6,500	677,410
User fees and sales of goods	44,827	108,100	-	5,357	160,483	602,337	921,104
Other revenue	113,824	-	-	-	-	-	113,824
Investment income	<u>29,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,869</u>
	<u>\$ 1,255,221</u>	<u>\$ 111,100</u>	<u>\$ 128,295</u>	<u>\$ 5,357</u>	<u>\$ 553,581</u>	<u>\$ 608,837</u>	<u>\$ 2,662,391</u>
EXPENSES							
Salaries, wages and benefits	311,223	3,757	469,751	-	116,596	-	901,327
Contracted and general services	\$ 133,565	\$ 149,368	\$ 52,539	\$ -	\$ 28,109	\$ 304,633	\$ 668,214
Materials, goods and utilities	37,820	53,946	114,368	-	113,212	(2,627)	316,719
Transfers to local boards and agencies	-	-	-	29,320	21,732	-	51,052
Interest on long-term debt	9,118	3,612	3,692	-	4,833	4,142	25,397
Other expenses	<u>14,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,068</u>
	<u>\$ 505,794</u>	<u>\$ 210,683</u>	<u>\$ 640,350</u>	<u>\$ 29,320</u>	<u>\$ 284,482</u>	<u>\$ 306,148</u>	<u>\$ 1,976,777</u>
NET REVENUE BEFORE AMORTIZATION							
	\$ 749,427	\$ (99,583)	\$ (512,055)	\$ (23,963)	\$ 269,099	\$ 302,689	\$ 685,614
Amortization expense	<u>\$ 9,673</u>	<u>\$ 28,503</u>	<u>\$ 537,357</u>	<u>\$ -</u>	<u>\$ 68,432</u>	<u>\$ 122,317</u>	<u>\$ 766,282</u>
NET REVENUE	<u>\$ 739,754</u>	<u>\$ (128,086)</u>	<u>\$ (1,049,412)</u>	<u>\$ (23,963)</u>	<u>\$ 200,667</u>	<u>\$ 180,372</u>	<u>\$ (80,668)</u>

VILLAGE OF STIRLING

Notes to Financial Statements

For the Year Ended December 31, 2022

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, 2022

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, 2022

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) Contributions of Tangible Capital Assets -
Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.
 - 3) Inventories -
Inventories held for consumption are recorded at the lower of cost or replacement cost.
 - 4) Leases -
Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.
 - 5) Cultural and Historical Tangible Capital Assets -
Works of art for display are not recorded as tangible capital assets but are disclosed.
- i) Contaminated Sites Liability -
Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when the village is either directly responsible or accepts responsibility and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2022

2. Cash and Temporary Investments

	2022	2021
	\$	\$
Cash on hand	225	225
Bank account (Current)	247,240	527,120
Bank account (Agency & Savings)	486,783	434,631
Guaranteed Investment Certificate	<u>200,000</u>	<u>-</u>
	<u>934,248</u>	<u>961,976</u>

The guaranteed income certificate has an interest rate of 4.76% and a maturity date of March 8, 2023.

The village has a demand line of credit with ATB Financial with an authorized limit of \$500,000. This revolving loan bears interest at 7.45%. Security pledged consists of an assignment of property taxes. At year-end the balance on the line of credit was nil (2021 - nil).

3. Taxes and Grants in Place of Taxes Receivables

	2022	2021
	\$	\$
Current taxes and grants in place of taxes	65,527	41,489
Arrears taxes	<u>34,554</u>	<u>26,911</u>
	<u>100,081</u>	<u>68,400</u>

4. Trade and Other Receivables

	2022	2021
	\$	\$
Grants	231,663	120,488
Trade	135,934	195,454
GST	<u>36,624</u>	<u>62,830</u>
	<u>404,221</u>	<u>378,772</u>

5. Deferred Revenue

	2022	2021
	\$	\$
Canada Community-Building Fund	320,130	-
Municipal Sustainability Initiative	159,491	233,360
New Horizons Capital Grant	<u>25,000</u>	<u>-</u>
	<u>504,621</u>	<u>233,360</u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2022

6. Long-Term Debt

	2022 \$	2021 \$
Self-supported debentures	<u>764,172</u>	<u>876,231</u>

The current portion of long-term debt amounts to \$114,889 (2021 - \$113,171).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2023	114,889	22,874	137,763
2024	118,841	18,059	136,900
2025	92,532	14,042	106,574
2026	68,418	11,273	79,691
2027	70,356	9,336	79,692
Thereafter	<u>299,136</u>	<u>23,584</u>	<u>322,720</u>
	<u>764,172</u>	<u>99,168</u>	<u>863,340</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 6.750% 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.

7. 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:

	2022 \$	2021 \$
Total debt limit	3,331,424	3,436,281
Total debt	<u>764,172</u>	<u>876,231</u>
Total unused debt limit	<u>2,567,252</u>	<u>2,560,050</u>
Service on debt limit	555,237	572,714
Service on debt	<u>137,763</u>	<u>137,763</u>
Amount of unused service on debt	<u>417,474</u>	<u>434,951</u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2022

7. 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.

8. Equity in Tangible Capital Assets

	2022	2021
	\$	\$
Tangible capital assets (Schedule 2)	20,048,083	19,475,597
Accumulated amortization (Schedule 2)	(10,025,387)	(9,259,105)
Long-term debt (Note 5)	<u>(764,172)</u>	<u>(876,231)</u>
	<u>9,258,524</u>	<u>9,340,261</u>

9. Accumulated Surplus

	2022	2021
	\$	\$
Unrestricted surplus	443,379	485,450
Restricted surplus:		
Operating reserves	70,091	70,091
Capital reserves	407,679	364,539
Equity in tangible capital assets	<u>9,258,524</u>	<u>9,340,261</u>
	<u>10,179,673</u>	<u>10,260,341</u>

10. 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, 2022

11. 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)	2022 Total	2021 Total
	\$	\$	\$	\$
Mayor - Lewington, Trevor	4,213	-	4,213	3,797
Councilor - Nilsson, Larry	3,525	-	3,525	3,700
- Bikman, Gary	2,200	-	2,200	400
- Bohn, Devynn	2,200	-	2,200	400
- Foss, Matthew	2,200	-	2,200	2,400
- Edwards, Robert	-	-	-	2,000
- Nelson, Kevin	-	-	-	2,000
Designated officer - CAO	102,961	19,410	122,371	108,391
Designated officer - Assessor	-	13,183	13,183	13,098

- (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.

12. 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 282,000 people and 435 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 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

The total current service contributions by the village to the LAPP in 2022 were \$41,343 (2021 - \$42,643). Total current year service contributions by the employees of the village to the LAPP were \$36,760 (2021 - \$38,458).

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 billion.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2022

13. 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.

14. 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.

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.