

VILLAGE OF STIRLING

Financial Statements

December 31, 2023

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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 17, 2024



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 , 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

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 PSAS, 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:

- 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.

(continues)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Lethbridge, Alberta
April 17, 2024

Shawn Cook
Professional Corporation

Chartered Professional Accountants




VILLAGE OF STIRLING
Consolidated Statement of Financial Position
As at December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	1,035,246	934,248
Receivables		
Taxes and grants in place of taxes (Note 3)	131,033	100,081
Trade and other (Note 4)	323,286	404,221
Land held for resale	<u>220,487</u>	<u>220,487</u>
	<u>1,710,052</u>	<u>1,659,037</u>
LIABILITIES		
Accounts payable and accrued liabilities	269,898	244,475
Deferred revenue (Note 5)	521,200	504,621
Long-term debt (Note 8)	<u>620,012</u>	<u>764,172</u>
	<u>1,411,110</u>	<u>1,513,268</u>
NET FINANCIAL ASSETS	<u>298,942</u>	<u>145,769</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	9,956,706	10,022,696
Inventory for consumption	11,208	11,208
Prepaid expenses and deposits	<u>20,000</u>	<u>-</u>
	<u>9,987,914</u>	<u>10,033,904</u>
ACCUMULATED SURPLUS (Note 11 and Schedule 1)	<u>10,286,856</u>	<u>10,179,673</u>

CONTINGENCIES (Note 15)

Approved by the Council:





VILLAGE OF STIRLING
Consolidated Statement of Operations
For the year ended December 31, 2023

	Budget (Unaudited) \$	2023 \$	2022 \$
REVENUES			
User fees and sales of goods	885,525	1,097,681	921,104
Net municipal property taxes (Schedule 3)	1,033,672	1,016,203	920,184
Government transfers (Schedule 4)	363,034	405,056	235,968
Franchise and concession contracts	85,158	83,575	85,644
Investment income	20,000	57,084	29,869
Penalties and costs of taxes	23,000	38,563	28,180
Gain on disposal of tangible capital assets	-	3,620	-
	<u>2,410,389</u>	<u>2,701,782</u>	<u>2,220,949</u>
EXPENSES			
Roads, streets, walks, lighting	683,321	1,250,054	1,177,707
Administration	486,205	569,201	492,042
Parks and recreation	290,972	525,461	342,800
Water, wastewater and waste management	319,305	473,721	428,465
Police, fire, ambulance and bylaw enforcement	170,911	279,051	239,186
Land use planning, zoning and development	32,000	30,516	29,320
Legislative	27,664	23,923	23,425
Other	12,152	11,004	10,114
	<u>2,022,530</u>	<u>3,162,931</u>	<u>2,743,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER	387,859	(461,149)	(522,110)
OTHER			
Government transfers for capital (Schedule 4)	<u>646,579</u>	<u>568,332</u>	<u>441,442</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	1,034,438	107,183	(80,668)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,179,673</u>	<u>10,179,673</u>	<u>10,260,341</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>11,214,111</u>	<u>10,286,856</u>	<u>10,179,673</u>

VILLAGE OF STIRLING

Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31, 2023

	Budget (Unaudited) \$	2023 \$	2022 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	1,034,438	107,183	(80,668)
Acquisition of tangible capital assets	-	(949,834)	(572,486)
Proceeds on disposal of tangible capital assets	-	212,241	-
Amortization of tangible capital assets	-	807,203	766,282
(Gain) loss on disposal of tangible capital assets	-	(3,620)	-
	<u>-</u>	<u>65,990</u>	<u>193,796</u>
Use (acquisition) of prepaid assets	-	(20,000)	-
(Acquisition) use of inventory for consumption	-	-	300
	<u>-</u>	<u>-</u>	<u>300</u>
INCREASE (DECREASE) IN NET ASSETS	1,034,438	153,173	113,428
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>145,769</u>	<u>145,769</u>	<u>32,341</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>1,180,207</u>	<u>298,942</u>	<u>145,769</u>

VILLAGE OF STIRLING
Consolidated Statement of Cash Flows
For the year ended December 31, 2023

	2023	2022
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenues over expenses	107,183	(80,668)
Non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	807,203	766,282
(Gain) loss on disposal of tangible capital assets	(3,620)	-
Non-cash charges to operations (net changes)		
(Increase) decrease in taxes and grants in lieu receivable	(30,952)	(31,681)
(Increase) decrease in trade and other receivables	80,935	(25,449)
(Increase) decrease in land held for resale	-	(167,140)
(Increase) decrease in inventory for consumption	-	300
(Increase) decrease in prepaid expenses	(20,000)	-
Increase (decrease) in accounts payable	25,423	(76,088)
Increase (decrease) in deferred revenue	<u>16,579</u>	<u>271,261</u>
	<u>982,751</u>	<u>656,817</u>
CAPITAL		
Acquisition of tangible capital assets	(949,834)	(572,486)
Proceeds on disposal of tangible capital assets	<u>212,241</u>	<u>-</u>
	<u>(737,593)</u>	<u>(572,486)</u>
FINANCING		
Long-term debt repaid	<u>(144,160)</u>	<u>(112,059)</u>
	<u>(144,160)</u>	<u>(112,059)</u>
CHANGE IN CASH DURING THE YEAR	100,998	(27,728)
CASH, BEGINNING OF YEAR	<u>934,248</u>	<u>961,976</u>
CASH, END OF YEAR (Note 2)	<u><u>1,035,246</u></u>	<u><u>934,248</u></u>

VILLAGE OF STIRLING
Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2023

SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2023	2022
BALANCE, BEGINNING OF THE YEAR	\$ 443,379	\$ 477,770	\$ 9,258,524	\$ 10,179,673	\$ 10,260,341
Excess (deficiency) of revenues over expenses	107,183	-	-	107,183	(80,668)
Current year funds used for tangible capital assets	(949,834)	-	949,834	-	-
Disposal of tangible capital assets	208,621	-	(208,621)	-	-
Annual amortization expense	807,203	-	(807,203)	-	-
Long-term debt repaid	<u>(144,160)</u>	<u>-</u>	<u>144,160</u>	<u>-</u>	<u>-</u>
Change in accumulated surplus	\$ <u>29,013</u>	\$ <u>-</u>	\$ <u>78,170</u>	\$ <u>107,183</u>	\$ <u>(80,668)</u>
BALANCE, END OF YEAR	<u>\$ 472,392</u>	<u>\$ 477,770</u>	<u>\$ 9,336,694</u>	<u>\$ 10,286,856</u>	<u>\$ 10,179,673</u>

VILLAGE OF STIRLING
Schedule of Tangible Capital Assets
For the year ended December 31, 2023

SCHEDULE 2

	Land \$	Land Improvements \$	Buildings \$	Engineered Structures \$	Machinery & Equipment \$	Vehicles \$	2023 \$	2022 \$
COST:								
BALANCE, BEGINNING OF YEAR	24,780	90,300	4,911,721	12,379,779	2,448,313	193,190	20,048,083	19,475,597
Acquisition of tangible capital assets	-	31,920	-	281,848	596,118	39,948	949,834	572,486
Disposal of tangible capital assets	-	-	-	(51,641)	(309,886)	-	(361,527)	-
BALANCE, END OF YEAR	<u>24,780</u>	<u>122,220</u>	<u>4,911,721</u>	<u>12,609,986</u>	<u>2,734,545</u>	<u>233,138</u>	<u>20,636,390</u>	<u>20,048,083</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	28,971	2,360,704	6,410,836	1,124,405	100,471	10,025,387	9,259,105
Annual amortization	-	3,847	89,459	546,903	149,669	17,325	807,203	766,282
Accumulated amortization on disposals	-	-	-	-	(152,906)	-	(152,906)	-
BALANCE, END OF YEAR	<u>-</u>	<u>32,818</u>	<u>2,450,163</u>	<u>6,957,739</u>	<u>1,121,168</u>	<u>117,796</u>	<u>10,679,684</u>	<u>10,025,387</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>24,780</u>	<u>89,402</u>	<u>2,461,558</u>	<u>5,652,247</u>	<u>1,613,377</u>	<u>115,342</u>	<u>9,956,706</u>	<u>10,022,696</u>
2022 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>	

VILLAGE OF STIRLING
Schedule of Property Taxes Levied
For the Year Ended December 31, 2023

SCHEDULE 3

	Budget (Unaudited) \$	2023 \$	2022 \$
TAXATION			
Real property taxes	1,315,059	1,294,482	1,207,996
Linear property taxes	<u>18,846</u>	<u>21,871</u>	<u>14,915</u>
	<u>1,333,905</u>	<u>1,316,353</u>	<u>1,222,911</u>
REQUISITIONS			
Alberta School Foundation Fund	261,674	261,674	264,086
Separate school	6,511	6,512	7,078
Designated Industrial Property	85	-	-
Seniors foundation	<u>31,964</u>	<u>31,964</u>	<u>31,563</u>
	<u>300,234</u>	<u>300,150</u>	<u>302,727</u>
NET MUNICIPAL PROPERTY TAXES	<u>1,033,671</u>	<u>1,016,203</u>	<u>920,184</u>

VILLAGE OF STIRLING
Schedule of Government Transfers
For the Year Ended December 31, 2023

SCHEDULE 4

	Budget (Unaudited) \$	2023 \$	2022 \$
TRANSFERS FOR OPERATIONS			
Federal Government	25,000	59,165	54,426
Provincial Government	288,034	299,245	146,517
Other Local Governments	<u>50,000</u>	<u>46,646</u>	<u>35,025</u>
	<u>363,034</u>	<u>405,056</u>	<u>235,968</u>
TRANSFERS FOR CAPITAL			
Federal Government	-	-	343,943
Provincial Government	646,579	568,332	82,499
Other Local Governments	<u>-</u>	<u>-</u>	<u>15,000</u>
	<u>646,579</u>	<u>568,332</u>	<u>441,442</u>
	<u>1,009,613</u>	<u>973,388</u>	<u>677,410</u>

VILLAGE OF STIRLING**Schedule of Consolidated Expenditures by Object
For the Year Ended December 31, 2023****SCHEDULE 5**

	Budget (Unaudited) \$	2023 \$	2022 \$
EXPENDITURES			
Salaries, wages and benefits	942,971	1,047,137	901,327
Contracted and general services	692,488	884,835	668,214
Materials, goods and utilities	287,150	330,797	316,719
Transfers to local boards and agencies	51,652	45,661	51,052
Interest on long-term debt	25,628	22,689	25,397
Bank charges and short-term interest	9,500	16,163	5,478
Other	3,780	8,446	8,590
Amortization	-	807,203	766,282
	<u>2,013,169</u>	<u>3,162,931</u>	<u>2,743,059</u>

VILLAGE OF STIRLING
Schedule of Segmented Disclosure
For the year ended December 31, 2023

SCHEDULE 6

	General Government \$	Protective Services \$	Transportation Services \$	Planning & Development \$	Recreation & Culture \$	Environmental Services \$	Total
REVENUE							
Net municipal taxes	\$ 1,016,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,016,203
Government transfers	338,034	268,854	59,165	-	33,370	273,965	973,388
User fees and sales of goods	43,483	180,662	3,757	4,645	186,712	678,422	1,097,681
Other revenue	122,138	-	3,620	-	-	-	125,758
Investment income	<u>57,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,084</u>
	<u>\$ 1,576,942</u>	<u>\$ 449,516</u>	<u>\$ 66,542</u>	<u>\$ 4,645</u>	<u>\$ 220,082</u>	<u>\$ 952,387</u>	<u>\$ 3,270,114</u>
EXPENSES							
Salaries, wages and benefits	316,843	39,580	507,602	-	183,112	-	1,047,137
Contracted and general services	\$ 185,279	\$ 157,912	\$ 70,947	\$ 6,972	\$ 88,977	\$ 374,748	\$ 884,835
Materials, goods and utilities	44,219	30,752	109,721	-	163,279	(17,174)	330,797
Transfers to local boards and agencies	-	-	-	23,544	22,117	-	45,661
Interest on long-term debt	8,483	3,629	3,313	-	4,173	3,091	22,689
Other expenses	<u>24,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,609</u>
	<u>\$ 579,433</u>	<u>\$ 231,873</u>	<u>\$ 691,583</u>	<u>\$ 30,516</u>	<u>\$ 461,658</u>	<u>\$ 360,665</u>	<u>\$ 2,355,728</u>
NET REVENUE BEFORE AMORTIZATION	\$ 997,509	\$ 217,643	\$ (625,041)	\$ (25,871)	\$ (241,576)	\$ 591,722	\$ 914,386
Amortization expense	<u>\$ 13,691</u>	<u>\$ 47,178</u>	<u>\$ 558,471</u>	<u>\$ -</u>	<u>\$ 74,807</u>	<u>\$ 113,056</u>	<u>\$ 807,203</u>
NET REVENUE	<u>\$ 983,818</u>	<u>\$ 170,465</u>	<u>\$ (1,183,512)</u>	<u>\$ (25,871)</u>	<u>\$ (316,383)</u>	<u>\$ 478,666</u>	<u>\$ 107,183</u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

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) Cash and Cash Equivalents -

Cash and cash equivalents include cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Significant Accounting Policies (continued)

e) 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.

f) 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.

g) 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.

h) 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.

i) Asset Retirement Obligation -
A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Town to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Significant Accounting Policies (continued)

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Village reviews the carrying amount of the liability. The Town recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Town continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

j) 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

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.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Significant Accounting Policies (continued)

- 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.

- k) 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.

2. Cash and Temporary Investments

	2023	2022
	\$	\$
Cash on hand	225	225
Bank account (Current)	277,199	247,240
Bank account (Agency & Savings)	548,307	486,783
Guaranteed Investment Certificate	<u>209,515</u>	<u>200,000</u>
	<u><u>1,035,246</u></u>	<u><u>934,248</u></u>

The guaranteed income certificate has an interest rate of 5.00% and a maturity date of March 2, 2024.

The village has a demand line of credit with ATB Financial with an authorized limit of \$500,000. This revolving loan bears interest at 8.20%. Security pledged consists of an assignment of property taxes. At year-end the balance on the line of credit was nil (2022 - nil).

3. Taxes and Grants in Place of Taxes Receivables

	2023	2022
	\$	\$
Current taxes and grants in place of taxes	85,687	65,527
Arrears taxes	<u>45,346</u>	<u>34,554</u>
	<u><u>131,033</u></u>	<u><u>100,081</u></u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

4. Trade and Other Receivables

	2023	2022
	\$	\$
Grants	152,735	231,663
Trade	123,301	135,934
GST	<u>47,250</u>	<u>36,624</u>
	<u><u>323,286</u></u>	<u><u>404,221</u></u>

5. Deferred Revenue

	2023	2022
	\$	\$
Canada Community-Building Fund	346,200	320,130
Alberta Municipal Wastewater Partnership	150,000	-
New Horizons Capital Grant	25,000	25,000
Municipal Sustainability Initiative	<u>-</u>	<u>159,491</u>
	<u><u>521,200</u></u>	<u><u>504,621</u></u>

6. Contaminated Sites Liability

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities (2022 - nil) as a result of this standard.

7. Asset Retirement Obligation

The Village has adopted PS3280 Asset Retirement Obligation in the year. The Village did not identify any financial liabilities as a result of this standard.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

8. Long-Term Debt

	2023 \$	2022 \$
Self-supported debentures	<u>620,012</u>	<u>764,172</u>

The current portion of long-term debt amounts to \$89,570 (2022 - \$114,889).

Principle and interest repayments are as follows:

	<u>Principal</u> \$	<u>Interest</u> \$	<u>Total</u> \$
2024	89,570	17,004	106,574
2025	92,532	14,042	106,574
2026	68,418	11,273	79,691
2027	70,356	9,335	79,691
2028	72,359	7,332	79,691
Thereafter	<u>226,777</u>	<u>16,251</u>	<u>243,028</u>
	<u>620,012</u>	<u>75,237</u>	<u>695,249</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 Enmax Corp and bears interest at 3% per annum and is repaid monthly at \$2,801.60 and matures in 2034.

9. 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:

	2023 \$	2022 \$
Total debt limit	4,052,673	3,331,424
Total debt	<u>620,012</u>	<u>764,172</u>
Total unused debt limit	<u>3,432,661</u>	<u>2,567,252</u>
Service on debt limit	675,446	555,237
Service on debt	<u>106,574</u>	<u>137,763</u>
Amount of unused service on debt	<u>568,872</u>	<u>417,474</u>

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.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

10. Equity in Tangible Capital Assets

	2023	2022
	\$	\$
Tangible capital assets (Schedule 2)	20,636,390	20,048,083
Accumulated amortization (Schedule 2)	(10,679,684)	(10,025,387)
Long-term debt (Note 5)	<u>(620,012)</u>	<u>(764,172)</u>
	<u>9,336,694</u>	<u>9,258,524</u>

11. Accumulated Surplus

	2023	2022
	\$	\$
Unrestricted surplus	472,392	443,379
Restricted surplus:		
Operating reserves	70,091	70,091
Capital reserves	407,679	407,679
Equity in tangible capital assets	<u>9,336,694</u>	<u>9,258,524</u>
	<u>10,286,856</u>	<u>10,179,673</u>

12. 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, 2023

13. 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)	2023 Total	2022 Total
	\$	\$	\$	\$
Mayor - Lewington, Trevor	4,644	51	4,695	4,213
Councilor - Nilsson, Larry	3,100	24	3,124	3,525
- Bikman, Gary	2,600	-	2,600	2,200
- Bohn, Devynn	3,038	21	3,059	2,200
- Foss, Matthew	2,600	-	2,600	2,200
Designated officer - CAO	109,100	25,717	134,817	122,371
Designated officer - Assessor	-	13,183	13,183	13,183

- (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.

14. Budget Amounts

The 2023 budget for the Village was approved by Council on May 3, 2023 and has been reported in the consolidated financial statements for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained reserve transfers and capital expenses. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in the financial statements.

	2023
	\$
Surplus per financial statements	<u>1,034,438</u>
Less:	
Capital expenses, net	(877,138)
Transfer to reserves	(13,140)
Principal debt repayments	<u>(144,160)</u>
Equals approved budget	<u><u>-</u></u>

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

15. Franchise and Concession Contracts

Disclosure of franchise fees under each utility franchise agreement entered into by the Village as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2023	2022
	\$	\$	\$
Fortis Electricity	54,739	57,444	59,759
ATCO Natural Gas	<u>30,419</u>	<u>26,131</u>	<u>25,886</u>
	<u>85,158</u>	<u>83,575</u>	<u>85,645</u>

16. 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 291,000 people and 437 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 12.23% 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 11.23% on pensionable salary above this amount.

The total current service contributions by the Village to the LAPP in 2023 were \$45,380 (2022 - \$41,343). Total current year service contributions by the employees of the Village to the LAPP were \$40,359 (2022 - \$36,760).

At December 31, 2022, the LAPP disclosed an actuarial surplus of \$12.7 billion.

17. 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.

VILLAGE OF STIRLING
Notes to Financial Statements
For the Year Ended December 31, 2023

18. 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.

19. 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.

20. Approval of Financial Statements

Council and Management have approved these financial statements.