

TOWN OF VIKING
Consolidated Financial Statements
Year Ended December 31, 2020



Donnelly & Co. LLP

Chartered Professional Accountants



INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Viking

Opinion

We have audited the consolidated financial statements of Town of Viking (the Town), which comprise the consolidated statements of financial position, operations and accumulated surplus and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and the consolidated results of its operations and consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Town in accordance with ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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Independent Auditor's Report to the Members of Council of Town of Viking (continued)

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 consolidated 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 Town'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 Town'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 consolidated 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

Report on Other Legal and Regulatory Requirements

- **Debt Limit Regulation**

In accordance with the Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 9.

- **Supplementary Accounting Principles and Standards Regulation**

In accordance with the Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 13.

Edmonton, Alberta
April 29, 2021


Chartered Professional Accountants

TOWN OF VIKING
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 998,478	\$ 626,880
Receivables		
Taxes and grants in lieu of taxes receivables (Note 4)	192,253	368,671
Due from governments	531,822	469,486
Trade and other receivables	494,443	524,448
Inventories held for resale		
Land	226,826	233,540
Other - concession	5,654	6,949
	<u>2,449,476</u>	<u>2,229,974</u>
LIABILITIES		
Revolving loan (Notes 5, 3)	50,508	-
Accounts payable and accrued liabilities (Note 6)	298,483	191,810
Deposit liabilities	1,654	2,005
Deferred revenue (Note 7)	551,497	494,822
Long term debt (Note 8)	2,148,316	2,445,814
	<u>3,050,458</u>	<u>3,134,451</u>
NET FINANCIAL ASSETS (DEBT)	<u>(600,982)</u>	<u>(904,477)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	19,784,622	19,411,687
Prepaid expenses	31,951	37,766
	<u>19,816,573</u>	<u>19,449,453</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 19,215,591</u>	<u>\$ 18,544,976</u>

Commitments and contingencies - see Notes 15 and 16.

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 On Behalf of the Members of Council


 Mayor


 Deputy Mayor Councillor

TOWN OF VIKING
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2020

	Budget 2020 <i>(Unaudited)</i>	2020	2019
REVENUE			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 1,506,643	\$ 1,435,611	\$ 1,497,636
User fees and sales of goods	1,250,848	1,047,348	1,168,617
Government transfers for operating <i>(Schedule 4)</i>	268,259	528,514	538,020
Transfers from local boards and agencies	379,000	283,099	279,156
Rentals	221,250	157,303	226,011
Franchise revenues	170,000	146,085	164,218
Other revenue	23,000	7,010	9,812
Penalties and costs on taxes	50,000	22,748	24,965
Investment income	5,000	4,670	17,270
Licenses, permits and fines	4,500	6,835	8,178
Gain on sale of tangible capital assets	-	7,012	-
	<u>3,878,500</u>	<u>3,646,235</u>	<u>3,933,883</u>
EXPENSES			
Legislative	112,250	94,988	105,394
Administration	661,004	574,537	644,776
Fire protection and safety services	157,000	155,195	155,827
Bylaw enforcement	61,250	9,829	9,915
Roads, streets, walks, lighting	603,201	836,402	1,024,898
Airport	9,300	6,997	12,657
Storm sewers and drainage	210,000	172,667	-
Water supply and distribution	652,788	704,349	709,476
Wastewater treatment and disposal	180,214	308,938	490,640
Waste management	70,000	58,963	55,010
Family and community support services	125,640	203,482	211,348
Land use planning, zoning and development	-	11,565	95,888
Subdivision land and development	-	311	311
Parks and recreation	977,222	1,071,297	1,292,874
Culture	22,000	36,748	39,271
Other utilities	138,157	96,805	-
Loss on disposal of tangible capital assets	-	-	20,538
	<u>3,980,026</u>	<u>4,343,073</u>	<u>4,868,823</u>
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER	(101,526)	(696,838)	(934,940)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	-	1,367,453	56,411
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(101,526)	670,615	(878,529)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>18,544,976</u>	<u>18,544,976</u>	<u>19,423,505</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 18,443,450</u>	<u>\$ 19,215,591</u>	<u>\$ 18,544,976</u>

TOWN OF VIKING
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2020

	Budget 2020 <i>(Unaudited)</i>	2020	2019
Excess (deficiency) of revenue over expenses	\$ 92,973	\$ 670,615	\$ (878,530)
Acquisition of tangible capital assets	-	(1,279,489)	(1,417,845)
Proceeds on disposal of tangible capital assets	-	7,012	58,700
Amortization of tangible capital assets	-	906,554	829,991
(Gain) loss on sale of tangible capital assets	-	(7,012)	20,538
Reduction of prepaid expense	-	9,215	16,815
Acquisition of prepaid expense	-	(3,400)	-
	-	(367,120)	(491,801)
INCREASE (DECREASE) IN NET ASSETS	92,973	303,495	(1,370,331)
NET FINANCIAL ASSETS (DEBT) - BEGINNING OF YEAR	(904,477)	(904,477)	465,854
NET FINANCIAL ASSETS (DEBT) - END OF YEAR	\$ (811,504)	\$ (600,982)	\$ (904,477)

TOWN OF VIKING
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
Operating activities		
Cash receipts from taxes	\$ 1,957,517	\$ 1,835,380
Cash receipts from government	1,886,132	1,235,695
Cash receipts from others	1,681,859	1,488,091
Cash paid to suppliers and employees	(3,316,374)	(4,105,987)
Cash paid for requisitions	(322,740)	(324,182)
Investment income received	4,670	17,270
	<u>1,891,064</u>	<u>146,267</u>
Financing activities		
Advance from temporary loans	50,508	53,364
Repayment of temporary loans	-	(6,670)
Proceeds from long term debt	-	1,038,878
Repayment of long term debt	(297,498)	(135,389)
	<u>(246,990)</u>	<u>950,183</u>
Capital activity		
Acquisition of tangible capital assets	(1,279,489)	(1,417,845)
Sale of tangible capital assets	7,013	58,700
	<u>(1,272,476)</u>	<u>(1,359,145)</u>
Increase (decrease) in cash and cash equivalents	371,598	(262,695)
Cash and cash equivalents - beginning of year	<u>626,880</u>	<u>889,575</u>
Cash and cash equivalents - end of year (Note 3)	\$ 998,478	\$ 626,880

TOWN OF VIKING
 Consolidated Schedule of Changes in Accumulated Surplus
 Year Ended December 31, 2020

(Schedule 1)

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Asset	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 1,287,499	\$ 73,118	\$ 218,486	\$ 16,965,873	\$ 18,544,976	\$ 19,423,506
Excess (deficiency) of revenue over expenses	670,615	-	-	-	670,615	(878,530)
Current year funds used for tangible capital assets	(1,279,489)	-	-	1,279,489	-	-
Annual amortization expense	906,554	-	-	(906,554)	-	-
Long term debt repaid	(297,498)	-	-	297,498	-	-
BALANCE, END OF YEAR	\$ 1,287,681	\$ 73,118	\$ 218,486	\$ 17,636,306	\$ 19,215,591	\$ 18,544,976

TOWN OF VIKING
 Consolidated Schedule of Tangible Capital Assets
 Year Ended December 31, 2020

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicle	2020	2019
COST								
BALANCE, BEGINNING OF YEAR	\$ 735,498	\$ 887,706	\$ 12,887,129	\$ 22,329,558	\$ 1,557,022	\$ 225,416	\$ 38,822,329	\$ 37,361,600
Acquisition of tangible capital assets	-	-	71,992	1,163,694	43,803	-	1,279,489	1,417,845
Disposal of tangible capital assets	-	-	-	-	(13,850)	(45,089)	(58,939)	(157,316)
BALANCE, END OF YEAR	735,498	887,706	12,959,121	23,493,252	1,586,975	180,327	39,842,879	38,622,329
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	612,924	3,293,111	14,493,640	638,276	172,691	19,210,642	18,458,729
Annual amortization	-	31,993	256,197	506,586	99,422	12,356	906,554	829,991
Accumulated amortization on disposals	-	-	-	-	(13,850)	(45,089)	(58,939)	(78,078)
BALANCE, END OF YEAR	-	644,917	3,549,308	15,000,226	723,848	139,958	20,058,257	19,210,642
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 735,498	\$ 242,789	\$ 9,409,813	\$ 8,493,026	\$ 863,127	\$ 40,369	\$ 19,784,622	\$ 19,411,687
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 735,498	\$ 274,782	\$ 9,594,018	\$ 7,835,918	\$ 918,746	\$ 52,725		\$ 19,411,687

TOWN OF VIKING
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2020

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(Schedule 3)

	Budget 2020 <i>(Unaudited)</i>	2020	2019
TAXATION			
Real property taxes	\$ 1,802,883	\$ 1,658,038	\$ 1,719,377
Linear property	-	54,059	54,038
Special assessments and local improvement taxes	32,256	31,581	31,302
Government grants in place of property taxes	-	14,673	17,101
	<u>1,835,139</u>	<u>1,758,351</u>	<u>1,821,818</u>
REQUISITIONS			
Alberta School Foundation Fund	280,000	271,718	275,521
Beaver Seniors Foundation	48,496	51,022	48,496
Provincial Designated Industrial and Linear Property	-	-	165
	<u>328,496</u>	<u>322,740</u>	<u>324,182</u>
NET MUNICIPAL TAXES	<u>\$ 1,506,643</u>	<u>\$ 1,435,611</u>	<u>\$ 1,497,636</u>

TOWN OF VIKING
Consolidated Schedule of Government Transfers
Year Ended December 31, 2020

(Schedule 4)

	Budget 2020 <i>(Unaudited)</i>	2020	2019
TRANSFERS FOR OPERATING			
Federal government	\$ 2,500	\$ -	\$ -
Provincial government	67,224	187,292	75,008
Other local government	201,035	341,222	463,012
	<u>270,759</u>	<u>528,514</u>	<u>538,020</u>
TRANSFERS FOR CAPITAL			
Federal government	-	50,000	-
Provincial government	192,000	1,317,453	56,411
	<u>192,000</u>	<u>1,367,453</u>	<u>56,411</u>
	<u>192,000</u>	<u>1,367,453</u>	<u>56,411</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 462,759</u>	<u>\$ 1,895,967</u>	<u>\$ 594,431</u>

TOWN OF VIKING
Consolidated Schedule of Consolidated Expenses by Object
Year Ended December 31, 2020

(Schedule 5)

	Budget 2020 <i>(Unaudited)</i>	2020	2019
Materials, goods and utilities	\$ 1,755,975	\$ 1,359,996	\$ 1,693,200
Salaries, wages and benefits	1,047,406	993,811	1,043,456
Amortization of tangible capital assets	-	906,554	829,991
Contracted and general services	767,216	581,864	754,924
Transfers to local boards and agencies	340,391	422,094	420,065
Interest on long term debt	32,539	69,758	60,323
Provision for allowances	-	5,870	43,769
Bank charges and short term interest	36,500	3,126	2,557
Loss on disposal of tangible capital assets	-	-	20,538
	\$ 3,980,027	\$ 4,343,073	\$ 4,868,823

TOWN OF VIKING
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2020

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	2020 Total
REVENUE								
Net municipal taxes	\$ 1,404,030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,581	\$ 1,435,611
User fees and sales of goods	101,670	-	-	815,883	15,949	-	113,866	1,047,348
Transfers from local boards and agencies	283,099	-	-	-	-	-	-	283,099
Government transfers	1,497,116	-	7,082	54,828	180,488	28,781	128,884	1,895,987
Rentals	6,138	-	-	13,979	-	-	137,186	157,303
Franchise revenues	148,085	-	-	-	-	-	-	148,085
Penalties and costs on taxes	22,748	-	-	-	-	-	-	22,748
Other revenue	6,690	-	7,212	-	-	-	120	14,022
Investment income	4,670	-	-	-	-	-	-	4,670
Licenses, permits and fines	4,475	2,360	-	-	-	-	-	6,835
	<u>3,476,721</u>	<u>2,360</u>	<u>14,294</u>	<u>884,468</u>	<u>196,447</u>	<u>28,781</u>	<u>412,637</u>	<u>5,013,688</u>
EXPENSES								
Salaries, wages and benefits	346,169	-	112,237	216,108	(642)	-	319,938	993,811
Contracted and general services	197,718	9,829	108,228	117,578	14,800	11,565	122,346	581,864
Materials, goods and utilities	104,195	-	283,410	744,214	1,484	-	228,713	1,359,996
Transfers to local boards and agencies	-	155,196	-	-	188,060	-	78,838	422,094
Provision for allowances	5,870	-	-	-	-	-	-	5,870
Bank charges and short term interest	3,126	-	-	-	-	-	-	3,126
Interest on long term debt	-	-	-	41,270	-	-	28,488	69,758
	<u>657,078</u>	<u>165,025</u>	<u>503,875</u>	<u>1,119,170</u>	<u>203,483</u>	<u>11,565</u>	<u>776,323</u>	<u>3,436,519</u>
NET REVENUE BEFORE AMORTIZATION	2,819,643	(162,665)	(489,581)	(234,702)	(7,036)	15,196	(363,686)	1,577,169
Amortization of tangible capital assets	12,445	-	339,525	222,552	-	311	331,721	906,554
NET REVENUE	\$ 2,807,198	\$ (162,665)	\$ (829,106)	\$ (457,254)	\$ (7,036)	\$ 14,885	\$ (695,407)	\$ 670,515

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. Summary of significant accounting policies

The consolidated financial statements of the Town of Viking 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 municipality are as follows:

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. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to 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 organization transactions and balances are eliminated.

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 and 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, regulations 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.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Cash and cash equivalents

Cash includes cash and cash equivalents. Currently the municipality carries all of its cash in the current account which is valued at cost. The carrying amount of the current account approximates fair value.

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TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. Summary of significant accounting policies (continued)

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 the respective function.

Concession inventory

Concession inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Tax revenue

Tax revenue 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.

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.

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 (debt) during the year, together with the excess of revenue over expenses, provides the consolidated change in net financial assets (debt) for the year.

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TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

1. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, less accumulated amortization. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	10 - 25 years
Buildings	25 - 50 years
Engineering structures	10 - 75 years
Machinery and equipment	5 - 25 years
Vehicles	10 - 25 years

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.

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.

Cultural and historical tangible capital assets

The Town of Viking currently owns several cultural properties with an accumulated historical cost of \$428,424. In compliance with the Town's accounting policies, cultural and historical tangible capital assets are not recorded as tangible capital assets in the financial statements and are not amortized.

2. Financial instruments

The Town's financial instruments consist of cash and cash equivalents, accounts receivables, prepaid expenses, revolving loan, accounts payable and accrued liabilities, deposit liabilities and long term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivable, and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil 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.

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

3. Cash and cash equivalents

	2020	2019
Cash on hand and in bank	\$ 998,478	\$ 626,880
Externally restricted	(86,493)	(12,525)
Internally restricted	(291,604)	(780,118)
Unrestricted	<u>\$ 620,381</u>	<u>\$ (165,763)</u>

Amounts externally restricted:

Prepaid facility memberships	\$ 13,118	\$ 8,944
Prepaid business licenses	1,800	1,800
Alberta Community Partnership Intermunicipal Collaboration Component - to conduct a stormwater management study	34,785	-
Municipal Sustainability Initiative Capital and Gas Tax Fund - to fund eligible capital projects, as approved under the funding agreements	35,421	120,507
Municipal Sustainability Initiative Operating	1,369	2,471
	<u>\$ 86,493</u>	<u>\$ 133,722</u>

Amounts internally restricted:

Designated by Council for capital projects and equipment replacement	\$ 218,486	\$ 218,486
Designated by Council for operating reserves	73,118	73,118
	<u>\$ 291,604</u>	<u>\$ 291,604</u>

4. Taxes and grants in lieu of taxes receivable

	2020	2019
Current taxes and grants in lieu	\$ 62,307	\$ 175,601
Tax arrears	177,446	234,700
	<u>239,753</u>	<u>410,301</u>
Less: allowance for doubtful accounts	(47,500)	(41,630)
	<u>\$ 192,253</u>	<u>\$ 368,671</u>

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

5. Temporary loan payable

	2020	2019
Revolving loan	\$ 50,508	\$ -

The Town has a revolving line of credit with a limit of \$200,000 to be used for day-to-day expenses. Interest is calculated from the date funds are advanced on the daily outstanding principal at prime plus 1% per annum and payable on the last day of each month. The temporary loan is payable in full on demand.

6. Employee benefit obligations

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. The amounts of \$51,114 (2019 - \$43,580) are included in accounts payable and accrued liabilities.

The Town also has accumulating non-vesting sick leave benefits.

7. Deferred revenue

Prepaid business licenses	\$ 1,800	\$ 1,800
Prepaid facility memberships	13,118	8,944
Alberta Community Partnership Intermunicipal Collaboration Component	34,785	-
Municipal Sustainability Initiative - capital	336,999	380,130
Municipal Sustainability Initiative - operating	1,369	2,471
Gas Tax fund	163,426	101,477
	\$ 551,497	\$ 494,822

Funding received from the various grant programs noted above are restricted to the eligible capital projects as approved under the funding agreements. Revenue received in advance for services which have not yet been performed are shown as deferred. Unexpended funds related to funding advances are supported by restricted cash and cash equivalents (see Note 3). In the current year, capital Municipal Sustainability Initiative and Gas Tax Fund totaled \$485,906 (2019 - \$361,100) have been allocated to the Town, but yet to be received at year end. Therefore, this amount has not been included as part of restricted cash and cash equivalents under Note 3.

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Notes to Consolidated Financial Statements
Year Ended December 31, 2020

8. Long term debt

	2020	2019
Debenture debt	\$ 1,603,304	\$ 1,724,121
Non-revolving loan	525,000	675,000
Equipment loan	20,012	46,693
	\$ 2,148,316	\$ 2,445,814

The current portion of the long term debts amounts to \$209,921 (2019 - \$222,498). Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	\$ 209,921	\$ 65,854	\$ 275,775
2022	196,271	59,492	255,763
2023	202,863	52,901	255,764
2024	209,667	46,096	255,763
2025	216,767	38,996	255,763
Thereafter	1,112,827	111,561	1,224,388

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest ranging from 2.5519% to 4.551% per annum and matures in periods 2028 to 2034.

Debenture debt is issued on the credit and security of the Town at large.

The non-revolving loan is used on the overage of costs on Highway 619. It bears interest at prime plus 0.3% per annum (2019 - prime minus 0.25% per annum), and is with monthly blended payment of \$6,571.21 (2019 - an annual principal payments of \$75,000 due November 30 of each year).

The Town has entered into an equipment loan with 0% interest and the monthly payment of \$2,224 for 24 months starting October 1, 2019.

Interest on long term debt including accrued interest payable amounted to \$69,758 (2019 - \$60,323).

The Town's total cash payment for long term interest in 2020 was \$71,802 (2019 - \$60,039).

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Notes to Consolidated Financial Statements
Year Ended December 31, 2020

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9. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the municipality be disclosed as follows:

	<u>2020</u>	<u>2019</u>
Total debt limit	\$ 5,469,353	\$ 5,900,825
Total long term debt	<u>(2,148,316)</u>	<u>(2,445,814)</u>
Amount of debt limit unused	<u>\$ 3,321,037</u>	<u>\$ 3,455,011</u>
Debt servicing limit	\$ 911,559	\$ 983,471
Debt services	<u>(275,775)</u>	<u>(304,261)</u>
Amount of debt servicing limit unused	<u>\$ 635,784</u>	<u>\$ 679,210</u>

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town are to be disclosed.

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 25520/00) 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.

10. Equity in tangible capital assets

	<u>2020</u>	<u>2019</u>
Tangible capital assets (<i>Schedule 2</i>)	\$ 39,842,879	\$ 38,622,329
Accumulated amortization (<i>Schedule 2</i>)	<u>(20,058,257)</u>	<u>(19,210,642)</u>
Long term debt - capital (<i>Note 8</i>)	<u>(2,148,316)</u>	<u>(2,445,814)</u>
	<u>\$ 17,636,306</u>	<u>\$ 16,965,873</u>

11. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 1,287,681	\$ 1,287,499
Restricted surplus		
Operating reserves	73,118	73,118
Capital reserves	218,486	218,486
Equity in tangible capital assets	<u>17,636,306</u>	<u>16,965,873</u>
	<u>\$ 19,215,591</u>	<u>\$ 18,544,976</u>

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

12. Segmented disclosure

The Town 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).

13. Salaries and benefits disclosure

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by provincial regulation is as follows:

	Salary (1)	Benefits and allowances (2)	2020	2019
Mayor				
J. Ritchie	\$ 21,430	\$ 942	\$ 22,372	\$ 16,208
Councilors				
J. Acres	10,780	499	11,279	14,796
D. Ewashko	10,320	475	10,795	10,770
G. Hafso	9,975	456	10,431	10,860
D. O' Toole-Balaban	9,630	438	10,068	11,874
C. Nearing	8,595	384	8,979	10,240
L. Weisgerber	8,250	366	8,616	8,133
Chief administrative officer	110,000	17,539	127,539	122,520
	\$ 188,980	\$ 21,099	\$ 210,079	\$ 205,401

- Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and other direct cash remuneration.
- 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, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.
- The Town's assessor is a designated officer as established by the Town's bylaw. The position is contracted out to a third-party and the assessor is not considered as an employee of the Town. Total fees paid to the assessor amounted to \$15,060 (2019 - \$14,960).

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Notes to Consolidated Financial Statements
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14. Local Authorities Pension Plan

Employees of the Town 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 is financed by employer and employee contributions and by investment earnings of the LAPP Fund. Contributions for current services are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% (2019 - 9.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2019 - 13.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% (2019 - 8.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2019 - 12.84%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$72,038 (2019 - \$64,002). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$64,890 (2019 - \$57,633).

At December 31, 2019, the LAPP disclosed an actuarial surplus of \$7.91 billion.

15. Commitments

The Town has various cost sharing agreements with surrounding municipalities. The purpose of these agreements is to maintain or enhance regional services, assets and programs, thereby, improving the social, economic and environmental well-being of the region.

The Town has entered into various equipment and vehicle leases. The minimum payments as required are as follows:

2021	\$	45,964
2022		45,964
2023		45,964
2024		10,311
	<u>\$</u>	<u>148,203</u>

16. Contingent liability

The Town is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of membership, the municipality 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.

The Town as well as several Town employees are currently named as defendant's in a civil action. The Town has been advised that the matter, dependant on the final resolution, is an insurance claim limiting the Town's liability to an applicable deductible.

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2020

17. Other

Since March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments as well as municipal governments regarding, travel, isolation/quarantine orders, closure of public facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of public facility closures, program and service disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

18. Approval of financial statements

Council and management have approved these financial statements.
