

TOWN OF VIKING
Consolidated Financial Statements
Year Ended December 31, 2019



Donnelly & Co. LLP
Chartered 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, 2019, 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 8.

- 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 12.

Edmonton, Alberta
March 16, 2020


Chartered Accountants

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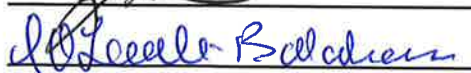
Consolidated Statement of Financial Position
As at December 31, 2019

	2019	2018 <i>(Restated - Note 16)</i>
FINANCIAL ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 626,880	\$ 182,575
Investments <i>(Note 3)</i>	-	707,000
Receivables		
Taxes and grants in lieu of taxes receivables <i>(Note 4)</i>	368,671	357,268
Due from governments	469,486	769,813
Trade and other receivables	524,448	158,328
Inventories held for resale		
Land	233,540	226,826
Other - concession	6,949	5,806
	<u>2,229,974</u>	<u>2,407,616</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5)</i>	191,810	288,159
Deposit liabilities	2,005	2,305
Deferred revenue <i>(Notes 6, 16)</i>	494,822	155,666
Long term debt <i>(Note 7)</i>	2,445,814	1,495,632
	<u>3,134,451</u>	<u>1,941,762</u>
NET FINANCIAL ASSETS (DEBT)	<u>(904,477)</u>	<u>465,854</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	19,411,687	18,903,071
Prepaid expenses	37,766	54,581
	<u>19,449,453</u>	<u>18,957,652</u>
ACCUMULATED SURPLUS <i>(Note 10)</i>	<u>\$ 18,544,976</u>	<u>\$ 19,423,506</u>

Commitments and contingencies - see Notes 14 and 15.

On behalf of the Members of Council

 Mayor

 Deputy Mayor

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Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2019

	Budget 2019 <i>(Unaudited)</i>	2019	2018 <i>(Restated - Note 16)</i>
REVENUE			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 1,493,768	\$ 1,497,636	\$ 1,484,413
User fees and sales of goods	1,237,951	1,168,617	901,852
Government transfers for operating <i>(Schedule 4)</i>	1,089,757	538,020	361,963
Transfers from local boards and agencies	279,000	279,156	279,417
Rentals	228,450	226,011	167,949
Franchise revenues	170,000	164,218	150,526
Other revenue	11,100	9,812	32,451
Penalties and costs on taxes	50,725	24,965	81,312
Investment income	5,000	17,270	12,376
Licenses, permits and fines	3,500	8,178	6,500
Gain on sale of tangible capital assets	15,000	-	-
	<u>4,584,251</u>	<u>3,933,883</u>	<u>3,478,759</u>
EXPENSES			
Legislative	126,250	105,394	88,804
Administration	638,550	644,777	576,758
Fire protection and safety services	157,525	155,827	155,827
Bylaw enforcement	16,000	9,915	9,217
Roads, streets, walks, lighting	712,750	1,024,898	753,265
Airport	12,798	12,657	6,134
Storm sewers and drainage	100,000	-	1,444
Water supply and distribution	715,788	709,476	713,585
Wastewater treatment and disposal	251,950	490,640	274,318
Waste management	61,000	55,010	54,048
Family and community support services	210,898	211,348	189,360
Land use planning, zoning and development	87,000	95,888	10,208
Subdivision land and development	525,000	311	3,475
Parks and recreation	1,094,387	1,292,874	1,341,278
Culture	23,000	39,271	29,087
Loss on disposal of tangible capital assets	-	20,538	-
	<u>4,732,896</u>	<u>4,868,824</u>	<u>4,206,808</u>
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER	(148,645)	(934,941)	(728,049)
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	122,000	56,411	282,018
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(26,645)	(878,530)	(446,031)
ACCUMULATED SURPLUS - BEGINNING OF YEAR	19,423,506	19,423,506	19,869,537
ACCUMULATED SURPLUS - END OF YEAR	\$ 19,396,861	\$ 18,544,976	\$ 19,423,506

TOWN OF VIKING
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2019

	Budget 2019 <i>(Unaudited)</i>	2019	2018
Excess (deficiency) of revenue over expenses	\$ (26,645)	\$ (878,530)	\$ (446,032)
Acquisition of tangible capital assets	-	(1,417,845)	(714,761)
Proceeds on disposal of tangible capital assets	-	58,700	-
Amortization of tangible capital assets	-	829,991	825,324
Loss on sale of tangible capital assets	-	20,538	-
Reduction of prepaid expense	-	16,815	-
Acquisition of prepaid expense	-	-	(43,848)
	-	(491,801)	66,715
INCREASE (DECREASE) IN NET ASSETS	(26,645)	(1,370,331)	(379,317)
NET FINANCIAL ASSETS - BEGINNING OF YEAR	465,854	465,854	845,171
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 439,209	\$ (904,477)	\$ 465,854

TOWN OF VIKING
Consolidated Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
Operating activities		
Cash receipts from taxes	\$ 1,835,380	\$ 1,816,535
Cash receipts from government	1,235,695	2,203,611
Cash receipts from others	1,488,091	1,590,578
Cash paid to suppliers and employees	(4,105,986)	(4,260,770)
Cash paid for requisitions	(324,182)	(313,188)
Investment income received	17,270	12,376
	<u>146,268</u>	<u>1,049,142</u>
Financing activities		
Repayment of temporary loans	-	(160,000)
Proceeds from long term debt	1,092,242	750,000
Repayment of long term debt	(142,060)	(57,732)
	<u>950,182</u>	<u>532,268</u>
Capital activity		
Acquisition of tangible capital assets	(1,417,845)	(714,761)
Sale of tangible capital assets	58,700	-
	<u>(1,359,145)</u>	<u>(714,761)</u>
Increase (decrease) in cash and cash equivalents	(262,695)	866,649
Cash and cash equivalents - beginning of year	<u>889,575</u>	<u>22,926</u>
Cash and cash equivalents - end of year (Note 3)	\$ 626,880	\$ 889,575
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 626,880	\$ 182,575
Investments	-	707,000
	<u>\$ 626,880</u>	<u>\$ 889,575</u>

TOWN OF VIKING

Consolidated Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2019

(Schedule 1)

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Asset	2019	2018
BALANCE, BEGINNING OF YEAR	\$ 1,235,949	\$ 73,118	\$ 707,000	\$ 17,407,439	\$ 19,423,506	\$ 19,869,537
Excess (deficiency) of revenue over expenses	(878,530)	-	-	-	(878,530)	(466,031)
Restricted funds used for operations	162,911	-	(162,911)	-	-	-
Restricted funds used for tangible capital assets	-	-	(325,603)	325,603	-	-
Annual amortization expense	829,991	-	-	(829,991)	-	-
Proceeds from disposal of assets	58,700	-	-	(58,700)	-	-
Loss on sale of assets	20,538	-	-	(20,538)	-	-
Long term debt repaid	(142,060)	-	-	142,060	-	-
BALANCE, END OF YEAR	\$ 1,287,499	\$ 73,118	\$ 218,486	\$ 16,965,873	\$ 18,544,976	\$ 19,403,506

(Restated - Note 16)

TOWN OF VIKING

Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2019

(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicle	2019	2018
COST								
BALANCE, BEGINNING OF YEAR	\$ 735,498	\$ 887,706	\$ 12,887,129	\$ 21,045,911	\$ 1,586,789	\$ 218,767	\$ 37,361,800	\$ 36,647,039
Acquisition of tangible capital assets	-	-	-	1,283,647	127,549	6,649	1,417,845	714,761
Disposal of tangible capital assets	-	-	-	-	(157,316)	-	(157,316)	-
BALANCE, END OF YEAR	735,498	887,706	12,887,129	22,329,558	1,557,022	225,416	38,622,329	37,361,800
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	580,931	3,038,354	14,061,743	619,148	158,553	18,458,729	17,633,405
Annual amortization	-	31,993	254,757	431,897	97,206	14,138	829,991	825,324
Accumulated amortization on disposals	-	-	-	-	(78,078)	-	(78,078)	-
BALANCE, END OF YEAR	-	612,924	3,293,111	14,493,640	638,276	172,691	19,210,642	18,458,729
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 735,498	\$ 274,782	\$ 9,594,018	\$ 7,835,918	\$ 918,746	\$ 52,725	\$ 19,411,687	\$ 18,903,071
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 735,498	\$ 306,775	\$ 9,848,775	\$ 6,984,168	\$ 967,641	\$ 60,214	\$ 18,903,071	\$ 18,903,071

TOWN OF VIKING
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2019

(Schedule 3)

	Budget 2019 <i>(Unaudited)</i>	2019	2018
TAXATION			
Real property taxes	\$ 1,790,008	\$ 1,719,377	\$ 1,702,702
Linear property	-	54,038	44,897
Special assessments and local improvement taxes	32,256	31,302	32,256
Government grants in place of property taxes	-	17,101	17,746
	<u>1,822,264</u>	<u>1,821,818</u>	<u>1,797,601</u>
REQUISITIONS			
Alberta School Foundation Fund	280,000	275,521	273,443
Beaver Seniors Foundation	48,496	48,496	39,745
Provincial Designated Industrial and Linear Property	-	165	-
	<u>328,496</u>	<u>324,182</u>	<u>313,188</u>
NET MUNICIPAL TAXES	<u>\$ 1,493,768</u>	<u>\$ 1,497,636</u>	<u>\$ 1,484,413</u>

TOWN OF VIKING
Consolidated Schedule of Government Transfers
Year Ended December 31, 2019

(Schedule 4)

	Budget 2019 <i>(Unaudited)</i>	2019	2018 <i>(Restated - Note 16)</i>
TRANSFERS FOR OPERATING			
Provincial government	\$ 83,722	\$ 75,008	\$ 74,397
Other local government	1,006,035	463,012	287,566
	<u>1,089,757</u>	538,020	<u>361,963</u>
TRANSFERS FOR CAPITAL			
Provincial government <i>(Note 16)</i>	122,000	56,411	282,018
	<u>122,000</u>	56,411	<u>282,018</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 1,211,757</u>	\$ 594,431	<u>\$ 643,981</u>

TOWN OF VIKING
Consolidated Schedule of Consolidated Expenses by Object
Year Ended December 31, 2019

(Schedule 5)

	Budget 2019 <i>(Unaudited)</i>	2019	2018
Salaries, wages and benefits	\$ 1,021,578	\$ 1,043,457	\$ 1,043,512
Materials, goods and utilities	1,637,648	1,693,200	1,102,063
Amortization of tangible capital assets	-	829,991	825,324
Contracted and general services	1,030,015	754,924	740,165
Transfers to local boards and agencies <i>(Note 17)</i>	413,511	420,065	398,889
Interest on long term debt	93,644	60,323	54,648
Provision for allowances	-	43,769	26,736
Bank charges and short term interest	11,500	2,557	11,036
Other expenditures	525,000	-	4,435
Loss on disposal of tangible capital assets	-	20,538	-
	\$ 4,732,896	\$ 4,868,824	\$ 4,206,808

TOWN OF VIKING

Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2019

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	2019 Total
REVENUE								
Net municipal taxes	\$ 1,467,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,192	\$ 1,497,636
User fees and sales of goods	95,303	-	-	824,477	17,950	-	230,887	1,168,617
Transfers from local boards and agencies	279,156	-	-	-	-	-	-	279,156
Government transfers	13,183	-	60,886	33,777	163,211	28,549	294,825	594,431
Rentals	10,507	-	-	14,680	-	-	200,824	226,011
Franchise revenues	164,218	-	-	-	-	-	-	164,218
Penalties and costs on taxes	24,965	-	-	-	-	-	-	24,965
Other revenue	5,787	-	-	-	-	-	4,025	9,812
Investment income	17,270	-	-	-	-	-	-	17,270
Licenses, permits and fines	5,965	2,213	-	-	-	-	-	8,178
	2,083,798	2,213	60,886	872,934	181,161	28,549	760,753	3,990,294
EXPENSES								
Salaries, wages and benefits	345,225	-	109,385	213,041	-	-	375,806	1,043,457
Contracted and general services	226,197	9,915	87,337	154,925	14,000	94,188	168,362	754,924
Materials, goods and utilities	119,978	-	502,862	711,423	14,472	-	344,465	1,693,200
Transfers to local boards and agencies	-	155,827	-	-	182,876	-	81,362	420,065
Provision for allowances	43,769	-	-	-	-	-	-	43,769
Bank charges and short term interest	2,557	-	-	-	-	-	-	2,557
Interest on long term debt	-	-	-	27,875	-	-	32,448	60,323
Loss on sale of tangible capital assets	-	-	20,538	-	-	-	-	20,538
	737,726	165,742	720,122	1,107,264	211,348	94,188	1,002,443	4,038,833
NET REVENUE BEFORE AMORTIZATION	1,346,072	(163,529)	(659,236)	(234,330)	(30,187)	(65,639)	(241,690)	(48,539)
Amortization of tangible capital assets	12,445	-	337,971	147,862	-	311	331,402	829,991
NET REVENUE	\$ 1,333,627	\$ (163,529)	\$ (997,207)	\$ (382,192)	\$ (30,187)	\$ (65,950)	\$ (573,092)	\$ (878,530)

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

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, 2019

1. Summary of significant accounting policies (continued)

Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

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, 2019

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.

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Notes to Consolidated Financial Statements
Year Ended December 31, 2019

3. Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
Cash on hand and in bank	\$ 626,880	\$ 182,575
Non-redeemable Guaranteed Investment Certificates matured October 10, 2019, interest ranging from 2.34% to 2.76% per annum	-	707,000
	<u>626,880</u>	<u>889,575</u>
Externally restricted	(133,722)	(12,525)
Internally restricted	<u>(291,604)</u>	<u>(780,118)</u>
Unrestricted	<u>\$ 201,554</u>	<u>\$ 96,932</u>

Amounts externally restricted:

Prepaid facility memberships	\$ 8,944	\$ 9,725
Prepaid business licenses	1,800	2,800
Municipal Sustainability Initiative Capital and Gas Tax Fund - to fund eligible capital projects, as approved under the funding agreements	120,507	143,141
Municipal Sustainability Initiative Operating	<u>2,471</u>	<u>-</u>
	<u>\$ 133,722</u>	<u>\$ 155,666</u>

Amounts internally restricted:

Designated by Council for capital projects and equipment replacement	\$ 218,486	\$ 707,000
Designated by Council for operating reserves	<u>73,118</u>	<u>73,118</u>
	<u>\$ 291,604</u>	<u>\$ 780,118</u>

4. Taxes and grants in lieu of taxes receivable

	<u>2019</u>	<u>2018</u>
Current taxes and grants in lieu	\$ 175,601	\$ 89,985
Tax arrears	<u>234,700</u>	<u>324,028</u>
	410,301	414,013
Less: allowance for doubtful accounts	<u>(41,630)</u>	<u>(56,745)</u>
	<u>\$ 368,671</u>	<u>\$ 357,268</u>

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Notes to Consolidated Financial Statements
Year Ended December 31, 2019

5. 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 \$43,580 (2018 - \$49,507) are included in accounts payable and accrued liabilities.

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

6. Deferred revenue

Prepaid business licenses	\$ 1,800	\$ 2,800
Prepaid facility memberships	8,944	9,725
Municipal Sustainability Initiative - capital	380,130	141,409
Municipal Sustainability Initiative - operating	2,471	-
Gas Tax fund	<u>101,477</u>	<u>1,732</u>
	<u>\$ 494,822</u>	<u>\$ 155,666</u>

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 \$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, 2019

7. Long term debt

	2019	2018
Debenture debt	\$ 1,724,121	\$ 745,632
Non-revolving loan	675,000	750,000
Equipment loan	46,693	-
	\$ 2,445,814	\$ 1,495,632

The current portion of the long term debts amounts to \$222,498 (2018 - \$135,389). Principal and interest repayments are as follows:

	Principal	Interest	Total
2020	\$ 222,498	\$ 81,763	\$ 304,261
2021	220,215	74,494	294,709
2022	204,764	67,121	271,885
2023	209,503	59,570	269,073
2024	214,428	51,871	266,299
Thereafter	1,374,406	165,279	1,539,685

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 minus 0.25% per annum, due on demand, and is with 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 \$60,323 (2018 - \$54,648).

The Town's total cash payment for long term interest in 2019 was \$60,039 (2018 - \$55,419).

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 0.26% per annum and payable on the last day of each month. There is no balance outstanding in 2019 nor 2018.

The Town entered into an agreement for an additional revolving line of credit with a limit of \$1,700,000 to be used for capital projects. Interest is calculated from the date funds are advanced on the daily outstanding principal at prime minus 0.25% per annum and payable on the last day of each month. There is no balance outstanding for 2019.

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Notes to Consolidated Financial Statements
Year Ended December 31, 2019

8. 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>2019</u>	<u>2018</u>
Total debt limit	\$ 5,900,825	\$ 5,116,322
Total long term debt	<u>(2,445,814)</u>	<u>(1,495,632)</u>
Amount of debt limit unused	<u>\$ 3,455,011</u>	<u>\$ 3,620,690</u>
Debt servicing limit	\$ 983,471	\$ 852,720
Debt services	<u>(304,261)</u>	<u>(196,529)</u>
Amount of debt servicing limit unused	<u>\$ 679,210</u>	<u>\$ 656,191</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.

9. Equity in tangible capital assets

	<u>2019</u>	<u>2018</u>
Tangible capital assets (<i>Schedule 2</i>)	\$ 38,622,329	\$ 37,361,800
Accumulated amortization (<i>Schedule 2</i>)	<u>(19,210,642)</u>	<u>(18,458,729)</u>
Long term debt - capital (<i>Note 7</i>)	<u>(2,445,814)</u>	<u>(1,495,632)</u>
	<u>\$ 16,965,873</u>	<u>\$ 17,407,439</u>

10. Accumulated surplus

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

	<u>2019</u>	<u>2018</u>
Unrestricted surplus	\$ 1,287,499	\$ 1,235,949
Restricted surplus		
Operating reserves	73,118	73,118
Capital reserves	218,486	707,000
Equity in tangible capital assets	<u>16,965,873</u>	<u>17,407,439</u>
	<u>\$ 18,544,976</u>	<u>\$ 19,423,506</u>

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2019

11. 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).

12. 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)	2019	2018
Mayor				
J. Ritchie	\$ 15,498	\$ 710	\$ 16,208	\$ 12,405
Councillors				
J. Acres	14,140	656	14,796	11,705
D. O' Toole-Balaban	11,360	514	11,874	7,641
G. Hafso	10,395	465	10,860	8,078
D. Ewashko	10,310	460	10,770	9,185
C. Nearing	9,805	435	10,240	8,706
L. Weisgerber	7,800	333	8,133	9,290
Chief administrative officer	106,539	15,981	122,520	75,979
	<u>\$ 185,847</u>	<u>\$ 19,554</u>	<u>\$ 205,401</u>	<u>\$ 142,989</u>

- 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.
- Total fees for service including expense reimbursement \$0 (2018 - \$57,287) was paid to the interim chief administrative officer.
- 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 \$14,960 (2018 - \$14,733).

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Notes to Consolidated Financial Statements
Year Ended December 31, 2019

13. 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% (2018 - 10.39%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% (2018- 14.84%) on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 8.39% (2018 - 9.39%) of pensionable salary up to the year's maximum pensionable salary and 12.84% (2018- 13.84%) on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$64,002 (2018 - \$56,125). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$57,633 (2018 - \$50,934).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.47 billion.

14. 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. In addition, the Town is committed to purchase solar assets of \$1.73 million, with remaining balance due in 2020 of \$518,100 and is included in the payments below. The minimum payments as required are as follows:

2020	\$	558,018
2021		39,928
2022		39,928
2023		39,928
2024		8,299
		686,101
	\$	686,101

15. 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.

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**Notes to Consolidated Financial Statements
Year Ended December 31, 2019**

16. Capital grants adjustment

The Town recognized the full amount of the Municipal Sustainability Initiative Capital and Gas Tax Fund as capital revenue when received in 2018. Based on the reporting to the Alberta Government on these capital grants, a portion of the capital grants was deferred to 2019. As such, adjustments were made in the current year to restate the 2018 figures by decreasing government transfers for capital by \$143,141 and increasing deferred revenue by the same amount to conform's with the Town accounting policies.

17. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

18. Approval of financial statements

Council and management have approved these financial statements.
