

TOWN OF VIKING
Consolidated Financial Statements
Year Ended December 31, 2015



Donnelly & Co. LLP
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Viking

We have audited the accompanying consolidated financial statements of Town of Viking, which comprise the consolidated statements of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Viking as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The consolidated financial statements for the year ended December 31, 2014 were audited by another accounting firm.

Edmonton, Alberta
May 26, 2016



Chartered Accountants

TOWN OF VIKING

2


**Consolidated Statement of Financial Position
As at December 31, 2015**

	2015	2014
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 2,098,445	\$ 1,105,307
Receivables		
Taxes and grants in lieu of taxes receivables (Note 4)	206,961	111,000
Due from governments	106,253	341,898
Trade and other receivables	255,873	227,267
Land held for resale	226,826	226,826
	<u>2,894,358</u>	<u>2,012,298</u>
LIABILITIES		
Callable debt (Note 5)	187,562	-
Accounts payable and accrued liabilities (Note 6)	212,598	190,579
Deposit liabilities	2,405	2,405
Deferred revenue (Note 7)	246,705	125,909
Tax sale surplus	-	4,776
Long term debt (Note 8)	911,318	961,759
	<u>1,560,588</u>	<u>1,285,428</u>
NET FINANCIAL ASSETS	<u>1,333,770</u>	<u>726,870</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	17,931,169	18,107,868
ACCUMULATED SURPLUS (Note 11)	<u>\$ 19,264,939</u>	<u>\$ 18,834,738</u>

Commitments and contingencies - see Notes 15 and 16.

On behalf of the Members of Council

 _____ Mayor

 _____ Deputy Mayor

TOWN OF VIKING

3

Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2015

	Budget 2015 <i>(Unaudited)</i>	2015	2014
REVENUE			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 1,323,010	\$ 1,303,547	\$ 1,259,549
User fees and sales of goods	871,650	750,232	934,161
Transfers from local boards and agencies	5,000	453,933	137,555
Government transfers for operating <i>(Schedule 4)</i>	138,888	421,989	375,733
Rentals	192,000	175,571	188,637
Franchise revenues	130,000	133,831	150,665
Penalties and costs on taxes	15,750	44,144	32,167
Other revenue	2,300	38,926	20,480
Drawn from allowances	-	14,445	-
Investment income	5,500	11,231	10,192
Licenses, permits and fines	2,200	6,904	5,221
Gain on sale of tangible capital assets	-	1,225	-
	<u>2,686,298</u>	<u>3,355,978</u>	<u>3,114,360</u>
EXPENSES			
Administration and legislative	524,000	434,076	371,733
Fire protection and safety services	88,458	82,513	69,561
Bylaw enforcement	12,500	4,417	7,813
Roads, streets, walks, lighting	482,350	758,281	784,466
Airport	9,000	15,956	8,225
Storm sewers and drainage	-	24,467	-
Water supply and distribution	573,666	571,767	627,407
Wastewater treatment and disposal	116,228	161,145	148,096
Waste management	53,000	54,483	52,315
Family and community support services <i>(Note 17)</i>	148,938	168,754	144,884
Land use planning, zoning and development	45,500	23,721	37,684
Economic and agricultural development	800	1,969	1,268
Subdivision land and development	-	16,810	17,671
Parks and recreation	491,423	782,919	749,503
Culture	25,400	34,065	28,435
	<u>2,571,263</u>	<u>3,135,343</u>	<u>3,049,061</u>
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	115,035	220,635	65,299
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	-	209,566	27,236
EXCESS OF REVENUE OVER EXPENSES	115,035	430,201	92,535
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>18,834,738</u>	<u>18,834,738</u>	<u>18,742,203</u>
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 18,949,773</u>	<u>\$ 19,264,939</u>	<u>\$ 18,834,738</u>

TOWN OF VIKING

4

Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2015

	Budget 2015 <i>(Unaudited)</i>	2015	2014
Excess of revenue over expenses	\$ 115,035	\$ 430,201	\$ 92,535
Acquisition of tangible capital assets	-	(600,626)	(87,819)
Proceeds on disposal of tangible capital assets	-	33,339	28,695
Amortization of tangible capital assets	-	745,211	645,754
Loss (gain) on sale of tangible capital assets	-	(1,225)	1,350
	-	176,699	587,980
INCREASE IN NET ASSETS	115,035	606,900	680,515
NET FINANCIAL ASSETS - BEGINNING OF YEAR	726,870	726,870	46,355
NET FINANCIAL ASSETS, END OF YEAR	\$ 841,905	\$ 1,333,770	\$ 726,870

TOWN OF VIKING

5

Consolidated Statement of Cash Flows
Year Ended December 31, 2015

	2015	2014
Operating activities		
Cash receipts from taxes	\$ 1,536,887	\$ 1,575,010
Cash receipts from government	983,220	179,549
Cash receipts from others	1,546,461	1,396,720
Cash paid to suppliers and employees	(2,368,113)	(2,437,480)
Cash paid for requisitions	(286,382)	(286,213)
Investment income received	11,231	10,192
	<u>1,423,304</u>	<u>437,778</u>
Financing activities		
Proceeds from callable debt financing	200,000	-
Repayment of callable debt	(12,438)	-
Repayment of long term debt	(50,441)	(48,222)
	<u>137,121</u>	<u>(48,222)</u>
Capital activity		
Acquisition of tangible capital assets	(600,626)	(87,819)
Sale of tangible capital assets	33,339	28,695
	<u>(567,287)</u>	<u>(59,124)</u>
Increase in cash and cash equivalents	993,138	330,432
Cash and cash equivalents - beginning of year	<u>1,105,307</u>	<u>774,875</u>
Cash and cash equivalents - end of year (Note 3)	\$ 2,098,445	\$ 1,105,307

TOWN OF VIKING
Consolidated Schedule of Changes in Accumulated Surplus (Schedule 1)
Year Ended December 31, 2015

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Asset	2015	2014
BALANCE, BEGINNING OF YEAR	\$ 1,392,450	\$ 65,953	\$ 230,226	\$ 17,146,109	\$ 18,834,738	\$ 18,742,203
Excess of revenue over expenses	430,201	-	-	-	430,201	92,535
Current year funds used for tangible capital assets	(600,626)	-	-	600,626	-	-
Disposal of tangible capital assets	32,114	-	-	(92,114)	-	-
Annual amortization expense	745,211	-	-	(745,211)	-	-
Long term debt repaid	(50,441)	-	-	50,441	-	-
Change in accumulated surplus	556,459	-	-	(126,258)	430,201	92,535
BALANCE, END OF YEAR	\$ 1,948,909	\$ 65,953	\$ 230,226	\$ 17,019,851	\$ 19,264,939	\$ 18,834,738

TOWN OF VIKING
Consolidated Schedule of Tangible Capital Assets
(Schedule 2)
Year Ended December 31, 2015

COST	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment		Vehicle	2015	2014
					Equipment	and			
BALANCE, BEGINNING OF YEAR	\$ 375,997	\$ 673,522	\$ 12,847,343	\$ 18,185,591	\$ 1,194,565	\$ 187,338	\$ 33,464,356	\$ 33,406,582	
Acquisition of tangible capital assets	359,500	-	10,000	-	231,126	-	600,626	87,819	
Disposal of tangible capital assets	-	-	-	-	(32,114)	-	(32,114)	(30,045)	
BALANCE, END OF YEAR	735,497	673,522	12,857,343	18,185,591	1,393,577	187,338	34,032,868	33,464,356	
ACCUMULATED AMORTIZATION									
BALANCE, BEGINNING OF YEAR	-	493,597	2,020,718	12,426,977	325,685	89,511	15,356,488	14,710,734	
Annual amortization	-	11,674	253,961	401,017	60,238	18,321	745,211	645,754	
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	
BALANCE, END OF YEAR	-	505,271	2,274,679	12,827,994	385,923	107,832	16,101,699	15,356,488	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 735,497	\$ 168,251	\$ 10,582,664	\$ 5,357,597	\$ 1,007,654	\$ 79,506	\$ 17,931,169	\$ 18,107,868	
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 375,997	\$ 179,925	\$ 10,826,625	\$ 5,758,614	\$ 868,880	\$ 97,827	\$ 18,107,868	\$ 18,107,868	

TOWN OF VIKING
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2015

8

(Schedule 3)

	Budget 2015 <i>(Unaudited)</i>	2015	2014
TAXATION			
Real property taxes	\$ 1,576,451	\$ 1,493,866	\$ 1,451,654
Linear property	-	47,327	46,897
Special assessments and local improvement taxes	32,256	32,527	32,480
Government grants in place of property taxes	-	16,209	14,731
	<u>1,608,707</u>	<u>1,589,929</u>	<u>1,545,762</u>
REQUISITIONS			
Alberta School Foundation Fund	285,697	254,908	254,738
Beaver Seniors Foundation	-	31,474	31,475
	<u>285,697</u>	<u>286,382</u>	<u>286,213</u>
NET MUNICIPAL TAXES	<u>\$ 1,323,010</u>	<u>\$ 1,303,547</u>	<u>\$ 1,259,549</u>

TOWN OF VIKING

9

Consolidated Schedule of Government Transfers
Year Ended December 31, 2015

(Schedule 4)

	Budget 2015 <i>(Unaudited)</i>	2015	2014
TRANSFERS FOR OPERATING			
Provincial government	\$ 45,550	\$ 67,942	\$ 193,560
Other local government	93,338	354,047	182,173
	<u>138,888</u>	<u>421,989</u>	<u>375,733</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	209,566	27,236
	<u>-</u>	<u>209,566</u>	<u>27,236</u>
TOTAL GOVERNMENT TRANSFERS	\$ 138,888	\$ 631,555	\$ 402,969

TOWN OF VIKING

10

Consolidated Schedule of Consolidated Expenses by Object
Year Ended December 31, 2015

(Schedule 5)

	Budget 2015 <i>(Unaudited)</i>	2015	2014
Salaries, wages and benefits	\$ 856,135	\$ 703,252	\$ 671,266
Contracted and general services	449,550	435,506	485,421
Materials, goods and utilities	863,338	873,808	898,875
Transfers to local boards and agencies (Note 17)	294,096	306,493	272,724
Provision for allowances	8,000	-	5,717
Bank charges and short term interest	6,500	12,045	7,167
Interest on long term debt	93,644	42,529	44,778
Other expenditures	-	16,499	17,359
Amortization of tangible capital assets	-	745,211	645,754
	\$ 2,571,263	\$ 3,135,343	\$ 3,049,061

**TOWN OF VIKING
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2015**

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	2015 Total
REVENUE								
Net municipal taxes	\$ 1,271,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,527	1,303,547
User fees and sales of goods	4,065	-	-	-	3,145	-	20,377	750,232
Transfers from local boards and agencies	453,933	-	-	722,645	-	-	-	453,933
Government transfers	62,000	27,642	36,916	-	154,956	24,451	325,590	631,555
Rentals	26,211	-	-	16,200	-	-	133,160	175,571
Franchise revenues	133,831	-	-	-	-	-	-	133,831
Penalties and costs on taxes	44,144	-	-	-	-	-	-	44,144
Other revenue	18,773	-	100	4,000	-	-	16,053	38,926
Drawn from allowances	14,445	-	-	-	-	-	-	14,445
Investment income	11,231	-	-	-	-	-	-	11,231
Licenses, permits and fines	4,935	1,969	-	-	-	-	-	6,904
Gain on sale of tangible capital assets	-	-	1,225	-	-	-	-	1,225
	<u>2,044,588</u>	<u>29,611</u>	<u>38,241</u>	<u>742,845</u>	<u>158,101</u>	<u>24,451</u>	<u>527,707</u>	<u>3,565,544</u>
EXPENSES								
Salaries, wages and benefits	204,258	-	203,811	107,221	4,258	11,608	172,096	703,252
Contracted and general services	134,260	4,417	56,210	123,403	8,877	13,432	92,908	435,507
Materials, goods and utilities	80,310	-	205,181	431,749	-	1,050	155,517	873,808
Transfers to local boards and agencies	-	82,513	-	-	155,619	-	68,361	306,493
Bank charges and short term interest	12,045	-	-	-	-	-	-	12,045
Interest on long term debt	-	-	-	-	-	-	42,529	42,529
Other expenses	-	-	-	-	-	16,499	-	16,499
	<u>430,873</u>	<u>86,930</u>	<u>467,202</u>	<u>662,373</u>	<u>168,754</u>	<u>42,589</u>	<u>531,411</u>	<u>2,390,133</u>
NET REVENUE BEFORE AMORTIZATION	<u>1,613,715</u>	<u>(57,319)</u>	<u>(428,961)</u>	<u>80,472</u>	<u>(10,653)</u>	<u>(18,138)</u>	<u>(3,704)</u>	<u>1,175,411</u>
Amortization of tangible capital assets	3,203	-	331,502	125,022	-	311	285,173	745,211
NET REVENUE	<u>\$ 1,610,512</u>	<u>\$ (57,319)</u>	<u>\$ (760,463)</u>	<u>\$ (44,550)</u>	<u>\$ (10,653)</u>	<u>\$ (18,449)</u>	<u>\$ (288,877)</u>	<u>\$ 430,201</u>

Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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.

(continues)

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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.

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

(continues)

TOWN OF VIKING

14

Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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. 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

No amortization is charged in the year of acquisition, however, assets are amortized in the year of disposal.

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.

Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

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, callable debt, 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

15

Notes to Consolidated Financial Statements
Year Ended December 31, 2015

3. Cash and cash equivalents

	2015	2014
Cash on hand and in bank	\$ 2,098,445	\$ 1,105,307
Externally restricted	(246,705)	(130,685)
Internally restricted	(230,226)	(230,226)
	\$ 1,621,514	\$ 744,396

Amounts externally restricted:

MSI Capital and Gas Tax Fund - to fund eligible capital projects, as approved under the funding agreements	\$ 235,366	\$ 114,245
Prepaid facility memberships	9,089	8,614
Prepaid business licenses	2,150	2,950
Lot deposit	100	100
Tax recovery - to be held for a minimum of 10 years or until funds are paid out to previous owner	-	4,776
	\$ 246,705	\$ 130,685

Amounts internally restricted:

Designated by Council for capital projects and equipment replacement	\$ 230,226	\$ 230,226
--	------------	------------

4. Taxes and grants in lieu of taxes receivable

	2015	2014
Current taxes and grants in lieu	\$ 97,546	\$ 87,324
Tax arrears	129,815	58,521
	227,361	145,845
Less: allowance for doubtful accounts	(20,400)	(34,845)
	\$ 206,961	\$ 111,000

TOWN OF VIKING

16

Notes to Consolidated Financial Statements
Year Ended December 31, 2015

5. Callable Debt

	<u>2015</u>	<u>2014</u>
ATB Financial loan bearing interest at 2.7% per annum, repayable in semi-annual blended payments of \$8,400. The loan matures on December 31, 2029 and is secured by General security agreement. Loan is callable on demand.	\$ 187,562	\$ -

Principal repayment terms are approximately:

2016	\$ 11,814
2017	12,135
2018	12,465
2019	12,804
2020	13,152
Thereafter	<u>125,192</u>
	<u>\$ 187,562</u>

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 \$27,930 (2014 - \$32,954) are included in accounts payable and accrued liabilities.

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

7. Deferred revenue

Municipal Sustainability Initiative - capital	\$ 172,532	\$ 51,411
Gas Tax Fund	62,834	62,834
Prepaid facility memberships	9,089	8,614
Prepaid business licenses	2,150	2,950
Lot deposit	100	100
	<u>\$ 246,705</u>	<u>\$ 125,909</u>

Funding received from the various grant programs noted above are restricted to the eligible capital projects as approved under the funding agreements. Unexpended funds related to funding advances are supported by restricted cash and cash equivalents (see Note 3).

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

8. Long term debt

	2015	2014
Debentures payable	\$ 911,318	\$ 961,759

	Principal	Interest	Total
2016	\$ 52,763	\$ 40,881	\$ 93,644
2017	55,191	38,452	93,643
2018	57,732	35,912	93,644
2019	60,389	33,254	93,643
2020	63,169	30,475	93,644
Thereafter	622,074	127,073	749,147

The current portion of the long term debts amounts to \$52,763 (2014 - \$50,441).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 4.551% per annum and matures in 2028.

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

Interest on long term debt including accrued interest payable amounted to \$42,529 (2014 - \$44,778).

The Town's total cash payment for long term interest in 2015 was \$43,202 (2014 - \$45,422).

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:

	2015	2014
Total debt limit	\$ 5,033,967	\$ 4,473,775
Total long term debt	(911,318)	(961,759)
Amount of debt limit unused	\$ 4,122,649	\$ 3,512,016
Debt servicing limit	\$ 838,995	\$ 745,629
Debt services	(93,643)	(93,643)
Amount of debt servicing limit unused	\$ 745,352	\$ 651,986

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.

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

10. Equity in tangible capital assets

	<u>2015</u>	<u>2014</u>
Tangible capital assets (<i>Schedule 2</i>)	\$ 34,032,868	\$ 33,464,356
Accumulated amortization (<i>Schedule 2</i>)	(16,101,699)	(15,356,488)
Long term debt - capital (<i>Note 8</i>)	<u>(911,318)</u>	<u>(961,759)</u>
	\$ 17,019,851	\$ 17,146,109

11. Accumulated surplus

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

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 1,948,909	\$ 1,392,450
Restricted surplus		
Operating reserves	65,953	65,953
Capital reserves	230,226	230,226
Equity in tangible capital assets	<u>17,019,851</u>	<u>17,146,109</u>
	\$ 19,264,939	\$ 18,834,738

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.

TOWN OF VIKING

19

Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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)	2015	2014
Mayor	\$ 9,400	\$ 267	\$ 9,667	\$ 10,050
Councillors				
J. Acres	6,750	195	6,945	8,422
T. Hartl	6,550	243	6,793	6,000
R. Hunter	6,550	1,722	8,272	6,550
E. Lefsrud	6,150	130	6,280	7,450
J. Ritchie	6,000	155	6,155	7,000
L. Weisgerber	10,000	1,799	11,799	3,900
Chief administrative officer	88,580	16,125	104,705	84,366
	<u>\$ 139,980</u>	<u>\$ 20,636</u>	<u>\$ 160,616</u>	<u>\$ 133,738</u>

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, and 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, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

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 serves about 133,000 people and 389 employers. 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Town to the LAPP were \$48,691 (2014 – \$53,094). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$48,729 (2014 - \$57,426).

At December 31, 2014, the LAPP disclosed an actuarial deficiency of \$3.96 billion.

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

15. Commitments

The Town has the following contractual commitments:

1. Office equipment - an agreement to lease the office equipment starting February 15, 2012 for five and a half years. The current quarterly payment is \$1,476.63 plus Goods and Services Tax.
2. Destruction service - an agreement to secure destruction services starting May 23, 2015 for two years. The monthly payment is \$128.01 plus Goods and Services Tax.

The Town also 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.

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.

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.
