

TOWN OF VIKING
Consolidated Financial Statements
Year Ended December 31, 2016



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 of the statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net financial assets 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta
April 25, 2017

Chartered Accountants

TOWN OF VIKING
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents (Note 3)	\$ 1,759,304	\$ 2,098,445
Receivables		
Taxes and grants in lieu of taxes receivables (Note 4)	240,519	206,961
Due from governments	491,195	106,253
Trade and other receivables	311,767	255,873
Land held for resale	226,826	226,826
	<u>3,029,611</u>	<u>2,894,358</u>
LIABILITIES		
Callable debt (Note 5)	-	187,562
Accounts payable and accrued liabilities (Note 6)	462,626	212,598
Deposit liabilities	2,305	2,405
Deferred revenue (Note 7)	10,340	246,705
Long term debt (Note 8)	858,555	911,318
	<u>1,333,826</u>	<u>1,560,588</u>
NET FINANCIAL ASSETS	<u>1,695,785</u>	<u>1,333,770</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	<u>17,738,648</u>	<u>17,931,169</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 19,434,433</u>	<u>\$ 19,264,939</u>

Commitments and contingencies - see Notes 15 and 16.

On behalf of the Members of Council

 Mayor

 Deputy Mayor *Councilor*

TOWN OF VIKING
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2016

	Budget 2016 <i>(Unaudited)</i>	2016	2015
REVENUE			
Net taxes available for municipal purposes <i>(Schedule 3)</i>	\$ 1,316,164	\$ 1,279,945	\$ 1,303,547
User fees and sales of goods	861,250	741,456	750,232
Government transfers for operating <i>(Schedule 4)</i>	360,442	346,578	421,989
Transfers from local boards and agencies	-	275,111	453,933
Rentals	174,600	186,162	175,571
Franchise revenues	130,000	157,934	133,831
Penalties and costs on taxes	15,750	57,149	44,144
Investment income	5,000	15,879	11,231
Other revenue	5,300	15,572	38,926
Gain on sale of tangible capital assets	-	13,900	1,225
Licenses, permits and fines	2,200	7,434	6,904
Drawn from allowances	-	-	14,445
	<u>2,870,706</u>	<u>3,097,120</u>	<u>3,355,978</u>
EXPENSES			
Administration and legislative	589,996	494,395	434,076
Fire protection and safety services	109,899	135,822	82,513
Bylaw enforcement	12,500	942	4,417
Roads, streets, walks, lighting	517,450	779,008	758,281
Airport	9,400	10,074	15,956
Storm sewers and drainage	-	1,652	24,467
Water supply and distribution	751,166	567,740	571,767
Wastewater treatment and disposal	223,928	379,849	161,145
Waste management	53,000	52,356	54,483
Family and community support services	167,235	199,715	168,754
Land use planning, zoning and development	45,500	17,628	23,721
Economic and agricultural development	800	1,972	1,969
Subdivision land and development	-	705	16,810
Parks and recreation	535,223	978,053	782,919
Culture	41,000	25,530	34,065
	<u>3,057,097</u>	<u>3,645,441</u>	<u>3,135,343</u>
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	(186,391)	(548,321)	220,635
OTHER			
Government transfers for capital <i>(Schedule 4)</i>	-	717,815	209,566
EXCESS OF REVENUE OVER EXPENSES	(186,391)	169,494	430,201
ACCUMULATED SURPLUS - BEGINNING OF YEAR	19,264,939	19,264,939	18,834,738
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ 19,078,548</u>	<u>\$ 19,434,433</u>	<u>\$ 19,264,939</u>

TOWN OF VIKING
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2016

	Budget 2016 <i>(Unaudited)</i>	2016	2015
Excess of revenue over expenses	\$ (186,391)	\$ 169,494	\$ 430,201
Acquisition of tangible capital assets	-	(567,440)	(600,626)
Proceeds on disposal of tangible capital assets	-	13,900	33,339
Amortization of tangible capital assets	-	759,961	745,211
Gain on sale of tangible capital assets	-	(13,900)	(1,225)
	-	192,521	176,699
INCREASE IN NET ASSETS	(186,391)	362,015	606,900
NET FINANCIAL ASSETS - BEGINNING OF YEAR	1,333,770	1,333,770	726,870
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,147,379	\$ 1,695,785	\$ 1,333,770

TOWN OF VIKING
Consolidated Statement of Cash Flows
Year Ended December 31, 2016

	2016	2015
Operating activities		
Cash receipts from taxes	\$ 1,583,179	\$ 1,536,887
Cash receipts from government	443,086	983,220
Cash receipts from others	1,341,675	1,546,461
Cash paid to suppliers and employees	(2,635,552)	(2,368,113)
Cash paid for requisitions	(293,543)	(286,382)
Investment income received	15,879	11,231
	<u>454,724</u>	<u>1,423,304</u>
Financing activities		
Proceeds from callable debt financing	-	200,000
Repayment of callable debt	(187,562)	(12,438)
Repayment of long term debt	(52,763)	(50,441)
	<u>(240,325)</u>	<u>137,121</u>
Capital activity		
Acquisition of tangible capital assets	(567,440)	(600,626)
Sale of tangible capital assets	13,900	33,339
	<u>(553,540)</u>	<u>(567,287)</u>
Increase (decrease) in cash and cash equivalents	(339,141)	993,138
Cash and cash equivalents - beginning of year	<u>2,098,445</u>	<u>1,105,307</u>
Cash and cash equivalents - end of year (Note 3)	\$ 1,759,304	\$ 2,098,445

TOWN OF VIKING
Consolidated Schedule of Changes in Accumulated Surplus (Schedule 1)
Year Ended December 31, 2016

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Tangible Capital Asset	2016	2015
BALANCE, BEGINNING OF YEAR	\$ 1,948,909	\$ 65,953	\$ 230,226	\$ 17,019,851	\$ 19,264,939	\$ 18,834,738
Excess of revenue over expenses	169,494	-	-	-	169,494	430,201
Current year funds used for tangible capital assets	(567,440)	-	-	567,440	-	-
Disposal of tangible capital assets	-	-	-	-	-	-
Annual amortization expense	759,961	-	-	(759,961)	-	-
Long term debt repaid	(52,763)	-	-	52,763	-	-
Change in accumulated surplus	309,252	-	-	(139,758)	169,494	430,201
BALANCE, END OF YEAR	\$ 2,258,161	\$ 65,953	\$ 230,226	\$ 16,880,093	\$ 19,434,433	\$ 19,264,939

TOWN OF VIKING
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2016
(Schedule 2)

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicle	2016	2015
COST								
BALANCE, BEGINNING OF YEAR	\$ 735,497	\$ 673,522	\$ 12,857,343	\$ 18,185,591	\$ 1,393,577	\$ 187,338	\$ 34,032,868	\$ 33,464,356
Acquisition of tangible capital assets	-	-	-	554,590	12,850	-	567,440	600,626
Disposal of tangible capital assets	-	-	-	-	(19,995)	-	(19,995)	(32,114)
BALANCE, END OF YEAR	735,497	673,522	12,857,343	18,740,181	1,386,432	187,338	34,580,313	34,032,868
ACCUMULATED AMORTIZATION								
BALANCE, BEGINNING OF YEAR	-	505,271	2,274,679	12,827,994	385,923	107,832	16,101,699	15,356,488
Annual amortization	-	11,674	254,161	400,999	74,806	18,321	759,961	745,211
Accumulated amortization on disposals	-	-	-	-	(19,995)	-	(19,995)	-
BALANCE, END OF YEAR	-	516,945	2,528,840	13,228,993	440,734	126,153	16,841,665	16,101,699
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 735,497	\$ 156,577	\$ 10,328,503	\$ 5,511,188	\$ 945,698	\$ 61,186	\$ 17,738,648	\$ 17,931,169
2015 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	\$ 17,931,169

TOWN OF VIKING
Consolidated Schedule of Property and Other Taxes
Year Ended December 31, 2016

(Schedule 3)

	Budget 2016 <i>(Unaudited)</i>	2016	2015
TAXATION			
Real property taxes	\$ 1,577,451	\$ 1,480,763	\$ 1,493,866
Linear property	-	44,554	47,327
Special assessments and local improvement taxes	32,256	32,400	32,527
Government grants in place of property taxes	-	15,771	16,209
	<u>1,609,707</u>	<u>1,573,488</u>	<u>1,589,929</u>
REQUISITIONS			
Alberta School Foundation Fund	261,439	261,439	254,908
Beaver Seniors Foundation	32,104	32,104	31,474
	<u>293,543</u>	<u>293,543</u>	<u>286,382</u>
NET MUNICIPAL TAXES	<u>\$ 1,316,164</u>	<u>\$ 1,279,945</u>	<u>\$ 1,303,547</u>

TOWN OF VIKING
Consolidated Schedule of Government Transfers
Year Ended December 31, 2016

(Schedule 4)

	Budget 2016 <i>(Unaudited)</i>	2016	2015
TRANSFERS FOR OPERATING			
Provincial government	\$ 61,407	\$ 61,407	\$ 67,942
Other local government	299,035	285,171	354,047
	<u>360,442</u>	<u>346,578</u>	<u>421,989</u>
TRANSFERS FOR CAPITAL			
Provincial government	-	717,815	209,566
	<u>-</u>	<u>717,815</u>	<u>209,566</u>
TOTAL GOVERNMENT TRANSFERS	\$ 360,442	\$ 1,064,393	\$ 631,555

TOWN OF VIKING
Consolidated Schedule of Consolidated Expenses by Object
Year Ended December 31, 2016

(Schedule 5)

	Budget 2016 <i>(Unaudited)</i>	2016	2015
Materials, goods and utilities	\$ 895,238	\$ 1,040,547	\$ 873,808
Salaries, wages and benefits	781,666	729,994	703,252
Contracted and general services	655,015	641,357	435,506
Transfers to local boards and agencies	349,434	416,003	306,493
Interest on long term debt	93,644	40,177	42,529
Bank charges and short term interest	7,600	10,322	12,045
Provision for allowances	8,000	6,686	-
Other expenditures	266,500	394	16,499
Amortization of tangible capital assets	-	759,961	745,211
	\$ 3,057,097	\$ 3,645,441	\$ 3,135,343

TOWN OF VIKING
Consolidated Schedule of Segmented Disclosure
Year Ended December 31, 2016
(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health and Welfare	Planning and Development	Recreation and Culture	2016 Total
REVENUE								
Net municipal taxes	\$ 1,249,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,624	\$ 1,279,945
User fees and sales of goods	6,064	-	-	694,780	3,755	-	36,857	741,456
Transfers from local boards and agencies	275,111	-	-	-	-	-	-	275,111
Government transfers	10,000	-	20,000	733,690	158,211	25,174	117,318	1,064,393
Rentals	27,274	-	600	15,960	-	-	142,328	186,162
Franchise revenues	157,934	-	-	-	-	-	-	157,934
Penalties and costs on taxes	57,149	-	-	-	-	-	-	57,149
Other revenue	12,119	-	3,292	-	-	-	162	15,572
Drawn from allowances	-	-	-	-	-	-	-	-
Investment income	15,879	-	-	-	-	-	-	15,879
Licenses, permits and fines	4,768	2,666	-	-	-	-	-	7,434
Gain on sale of tangible capital assets	-	-	13,900	-	-	-	-	13,900
	1,815,619	2,666	37,792	1,444,430	161,966	25,174	327,288	3,814,935
EXPENSES								
Salaries, wages and benefits	182,762	-	198,054	91,934	(1,069)	8,846	249,467	729,994
Contracted and general services	233,100	942	84,836	177,515	7,735	9,704	127,525	641,357
Materials, goods and utilities	57,055	-	173,351	605,492	-	1,050	203,599	1,040,547
Transfers to local boards and agencies	-	135,822	-	-	193,049	-	87,132	416,003
Provision for allowances	6,686	-	-	-	-	-	-	6,686
Bank charges and short term interest	10,322	-	-	-	-	-	-	10,322
Interest on long term debt	-	-	-	-	-	-	40,177	40,177
Other expenses	-	-	-	-	-	394	-	394
	489,925	136,764	456,241	874,941	199,715	19,994	707,900	2,885,480
NET REVENUE BEFORE AMORTIZATION	1,325,694	(134,098)	(418,449)	569,489	(37,749)	5,180	(380,612)	929,455
Amortization of tangible capital assets	4,470	-	334,493	125,004	-	311	295,683	799,961
NET REVENUE	\$ 1,321,224	\$ (134,098)	\$ (752,942)	\$ 444,485	\$ (37,749)	\$ 4,869	\$ (676,296)	\$ 169,494

Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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)

Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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.

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TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

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
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

3. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
Cash on hand and in bank	\$ 1,759,304	\$ 2,098,445
Externally restricted	(10,340)	(246,705)
Internally restricted	<u>(230,226)</u>	<u>(230,226)</u>
Unrestricted	<u>\$ 1,518,738</u>	<u>\$ 1,621,514</u>

Amounts externally restricted:

Prepaid facility memberships	\$ 7,190	\$ 9,089
Prepaid business licenses	3,050	2,150
Lot deposit	100	100
MSI Capital and Gas Tax Fund - to fund eligible capital projects, as approved under the funding agreements	-	235,366
	<u>\$ 10,340</u>	<u>\$ 246,705</u>

Amounts internally restricted:

Designated by Council for capital projects and equipment replacement	<u>\$ 230,226</u>	<u>\$ 230,226</u>
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4. Taxes and grants in lieu of taxes receivable

	<u>2016</u>	<u>2015</u>
Current taxes and grants in lieu	\$ 98,496	\$ 97,546
Tax arrears	<u>169,109</u>	<u>129,815</u>
	<u>267,605</u>	<u>227,361</u>
Less: allowance for doubtful accounts	<u>(27,086)</u>	<u>(20,400)</u>
	<u>\$ 240,519</u>	<u>\$ 206,961</u>

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2016

5. Callable Debt

	2016	2015
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. The loan was repaid in the year.	\$ -	\$ 187,562

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 \$40,789 (2015 - \$27,930) are included in accounts payable and accrued liabilities.

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

7. Deferred revenue

Prepaid facility memberships	\$ 7,190	\$ 9,089
Prepaid business licenses	3,050	2,150
Lot deposit	100	100
Municipal Sustainability Initiative - capital	-	172,532
Gas Tax Fund	-	62,834
	\$ 10,340	\$ 246,705

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, 2016

8. Long term debt

	2016	2015
Debentures payable	\$ 858,555	\$ 911,318

	Principal	Interest	Total
2017	\$ 55,191	\$ 38,452	\$ 93,643
2018	57,732	35,911	93,643
2019	60,389	33,254	93,643
2020	63,169	30,474	93,643
2021	66,076	27,567	93,643
Thereafter	555,998	99,506	655,504

The current portion of the long term debts amounts to \$55,191 (2015 - \$52,763).

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 \$40,177 (2015 - \$42,529).

The Town's total cash payment for long term interest in 2016 was \$40,881 (2015 - \$43,202).

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:

	2016	2015
Total debt limit	\$ 4,645,680	\$ 5,033,967
Total long term debt	(858,555)	(911,318)
Amount of debt limit unused	\$ 3,787,125	\$ 4,122,649
Debt servicing limit	\$ 774,280	\$ 838,995
Debt services	(93,643)	(93,643)
Amount of debt servicing limit unused	\$ 680,637	\$ 745,352

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, 2016

10. Equity in tangible capital assets

	<u>2016</u>	<u>2015</u>
Tangible capital assets (<i>Schedule 2</i>)	\$ 34,580,313	\$ 34,032,868
Accumulated amortization (<i>Schedule 2</i>)	(16,841,665)	(16,101,699)
Long term debt - capital (<i>Note 8</i>)	(858,555)	(911,318)
	<u>\$ 16,880,093</u>	<u>\$ 17,019,851</u>

11. Accumulated surplus

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 2,258,161	\$ 1,948,909
Restricted surplus		
Operating reserves	65,953	65,953
Capital reserves	230,226	230,226
Equity in tangible capital assets	<u>16,880,093</u>	<u>17,019,851</u>
	<u>\$ 19,434,433</u>	<u>\$ 19,264,939</u>

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.

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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)	2016	2015
Mayor	\$ 10,100	\$ 456	\$ 10,556	\$ 9,667
Councillors				
J. Acres	8,050	302	8,352	6,945
T. Hartl	6,850	130	6,980	6,793
R. Hunter	7,100	295	7,395	8,272
E. Lefsrud	6,950	120	7,070	6,280
J. Ritchie	7,000	177	7,177	6,155
L. Weisgerber	7,700	431	8,131	11,799
Chief administrative officer	14,548	1,870	16,418	104,705
	<u>\$ 68,298</u>	<u>\$ 3,781</u>	<u>\$ 72,079</u>	<u>\$ 160,616</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.
- In 2016, there was a total of \$66,179 paid for fee for service including expense reimbursements to the interim chief administrative officer.

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 \$43,412 (2015 – \$48,691). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan were \$39,814 (2015 - \$48,729).

At December 31, 2015, the LAPP disclosed an actuarial deficiency of \$2.18 billion.

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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. Approval of financial statements

Council and management have approved these financial statements.
