



WildeandCompany

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of Town of Viking

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Town of Viking, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, change in net financial assets (debt) 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, 2011, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Vegreville, AB
March 6, 2012

WildeandCompany

Chartered Accountants

TOWN OF VIKING
Consolidated Statement of Financial Position
As at December 31, 2011

	2011 \$	2010 \$
Financial Assets		
Cash and temporary investments (Note 3)	724,658	962,361
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	62,697	65,172
Due from governments	39,088	36,749
Trade and other receivables	199,357	213,618
Land held for resale	255,070	255,070
	1,280,870	1,532,970
Liabilities		
Accounts payable and accrued liabilities	256,083	384,913
Deposit liabilities	2,635	3,235
Deferred revenue (Note 7)	414,509	599,725
Tax sale surplus	4,776	4,776
Term debt (Note 8)	-	8,753
Long term debt (Note 9)	1,152,908	1,354,285
	1,830,911	2,355,687
Net Financial assets (debt)	(550,041)	(822,717)
Non-financial assets		
Tangible capital assets (Schedule 2)	19,529,317	19,718,380
Prepaid expenses	1,000	1,000
	19,530,317	19,719,380
Accumulated surplus (Note 12)	18,980,276	18,896,663
Contingent Liability (Note 17)		

TOWN OF VIKING
Consolidated Statement of Operations
Year Ended December 31, 2011

	Budget	2011	2010
	\$	\$	\$
	(Unaudited)		
Revenue			
Net municipal taxes (Schedule 3)	1,065,000	1,068,710	1,018,059
Special levies for specified municipal purposes	33,400	32,664	34,276
User fees and sales of goods	731,500	700,683	765,503
Government transfers for operating (Schedule 4)	642,600	537,152	421,250
Investment income	1,300	9,800	6,612
Penalties and costs on taxes	7,000	28,008	23,871
Rentals	209,700	178,805	48,110
Franchise revenues	90,100	98,763	99,947
Licenses, permits and fines	1,900	5,210	5,070
Other	6,400	69,860	86,789
Total revenue	2,788,900	2,729,655	2,509,487
Expenses			
Administration and legislative	556,800	508,191	506,626
Fire protection and safety services	60,300	58,201	184,091
Bylaw enforcement	12,600	9,508	10,039
Roads, streets, walks, lighting	619,100	613,177	681,705
Airport	9,400	8,617	7,859
Water supply and distribution	574,900	550,337	599,024
Wastewater treatment and disposal	178,800	158,501	243,922
Waste management	54,200	50,442	56,459
Family and community support	1,300	12,428	12,855
Cemetery	7,000	500	-
Land use planning, zoning and development	65,400	64,566	26,018
Economic and Agricultural development	212,600	170,848	69,857
Subdivision land and development	5,200	4,091	18,104
Parks and recreation	799,500	755,116	643,255
Culture	22,500	26,925	23,928
Total expenses	3,179,600	2,991,448	3,083,742
Excess (deficiency) of revenue over expenses - before other	(390,700)	(261,793)	(574,255)
Other			
Government transfers for capital (Schedule 4)	260,000	316,226	13,601
Contributed assets	-	29,180	-
Excess (deficiency) of revenue over expenses	(130,700)	83,613	(560,654)
Accumulated surplus - beginning of the year	18,896,663	18,896,663	19,457,317
Accumulated surplus - end of the year	18,765,963	18,980,276	18,896,663

TOWN OF VIKING
Consolidated Statement of Change in Net Financial Assets (Debt)
Year Ended December 31, 2011

	Budget \$ (Unaudited)	2011 \$	2010 \$
Excess (deficiency) of revenue over expenses	(130,700)	83,613	(560,654)
Acquisition of tangible capital assets	(260,000)	(395,522)	(81,030)
Contributed tangible capital assets	-	(29,180)	-
Proceeds on disposal of tangible capital assets	-	-	98,212
Amortization of tangible capital assets	607,300	613,765	618,661
	347,300	189,063	635,843
Net (acquisition) use of prepaid assets	-	-	1,000
(Increase) decrease in net debt	216,600	272,676	76,189
Net Financial assets (debt), beginning of year	(822,717)	(822,717)	(898,906)
Net Financial assets (debt), end of year	(606,117)	(550,041)	(822,717)

TOWN OF VIKING
Consolidated Statement of Cash Flows
Year Ended December 31, 2011

	2011 \$	2010 \$
Operating		
Excess (deficiency) of revenue over expenses	83,613	(560,654)
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	613,765	618,661
Tangible capital assets received as contributions	(29,180)	-
Net changes in non-cash charges to operation		
Decrease (increase) in taxes and grants in lieu receivable	2,475	(18,639)
Decrease (increase) in government receivables	(2,339)	(3,912)
Decrease (increase) in trade and other receivables	14,261	(28,243)
Decrease (increase) in prepaid expenses	-	1,000
Increase (decrease) in accounts payable and accrued liabilities	(128,830)	50,828
Increase (decrease) in deposit liabilities and deferred revenues	(185,816)	452,606
<i>Cash provided by operating transactions</i>	367,949	511,647
Capital		
Acquisition of tangible capital assets	(395,522)	(81,030)
Proceeds from sale of tangible capital assets	-	98,212
<i>Cash applied to capital transactions</i>	(395,522)	17,182
Investing		
Decrease (increase) in restricted cash or cash equivalents	185,216	(426,888)
<i>Cash provided by investing transactions</i>	185,216	(426,888)
Financing		
Term debt repaid	(8,753)	(109,751)
Long term debt repaid	(201,377)	(198,541)
<i>Cash used in financing transactions</i>	(210,130)	(308,292)
Change in cash and cash equivalents during the year	(52,487)	(206,351)
Cash and cash equivalents, beginning of year	357,860	564,211
Cash and cash equivalents, end of year	305,373	357,860
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	724,658	962,361
Less: restricted portion of cash and temporary investments (Note 3)	(419,285)	(604,501)
	305,373	357,860

See accompanying notes

TOWN OF VIKING
Schedule of Changes in Accumulated Surplus
Year Ended December 31, 2011
Schedule 1

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	2011 \$	2010 \$
Balance, beginning of year	222,059	42,879	259,952	18,371,773	18,896,663	19,457,317
Excess (deficiency) of revenues over expenses	83,613	-	-	-	83,613	(560,654)
Unrestricted funds designated for future use	(66,543)	27,243	39,300	-	-	-
Restricted funds used for operations	923	(923)	-	-	-	-
Restricted funds used for tangible capital assets			(69,026)	69,026	-	-
Current year funds used for tangible capital assets	(326,496)			326,496	-	-
Contributed tangible capital assets	(29,180)			29,180	-	-
Annual amortization expense	613,765			(613,765)	-	-
Tangible capital asset long term debt repaid	(193,699)			193,699	-	-
Change in accumulated surplus	82,383	26,320	(29,726)	4,636	83,613	(560,654)
Balance, end of year (Note 12)	304,442	69,199	230,226	18,376,409	18,980,276	18,896,663

TOWN OF VIKING
Schedule of Tangible Capital Assets
Year Ended December 31, 2011
Schedule 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2011 \$	2010 \$
Cost:								
Balance, beginning of year	375,995	653,451	12,740,747	18,032,614	637,991	101,855	32,542,653	32,661,178
Acquisition of tangible capital assets		6,277		152,978	205,447	60,000	424,702	68,245
Construction in progress							-	12,785
Disposal of tangible capital assets i)							-	(199,555)
Balance, end of year	375,995	659,728	12,740,747	18,185,592	843,438	161,855	32,967,355	32,542,653
Accumulated amortization:								
Balance, beginning of year	-	446,397	1,011,269	11,195,051	140,786	30,770	12,824,273	12,306,955
Annual amortization	-	13,558	251,829	303,592	34,601	10,185	613,765	618,661
Amortization on assets disposed of	-						-	(101,343)
Balance, end of year	-	459,955	1,263,098	11,498,643	175,387	40,955	13,438,038	12,824,273
Net Book Value of tangible capital assets	375,995	199,773	11,477,649	6,686,949	668,051	120,900	19,529,317	19,718,380
2010 Net Book Value of tangible capital assets	375,995	207,054	11,729,478	6,837,563	497,205	71,085	19,718,380	

Note:

i) Effective May 1, 2010 the Town of Viking, in compliance with a signed agreement, transferred all Town owned fire department assets to the Beaver Emergency Services Commission.

ii) 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.

TOWN OF VIKING
Schedule of Property and Other Taxes
Year Ended December 31, 2011
Schedule 3

	Budget	2011	2010
	\$	\$	\$
	(Unaudited)		
Taxation			
Real property taxes	1,238,162	1,241,414	1,180,317
Linear property	42,449	42,449	42,262
Government grants in place of property taxes	12,689	12,689	12,192
Special assessments and local improvement taxes	33,400	32,664	34,276
	1,326,700	1,329,216	1,269,047
Requisitions			
Alberta School Foundation Fund	206,800	206,790	199,528
Beaver Seniors Foundation	21,500	21,052	17,184
	228,300	227,842	216,712
Net municipal taxes	1,098,400	1,101,374	1,052,335
Less: Special levies and local improvements	(33,400)	(32,664)	(34,276)
Net municipal taxes for general purposes	1,065,000	1,068,710	1,018,059

TOWN OF VIKING
Schedule of Government Transfers
Year Ended December 31, 2011
Schedule 4

	Budget	2011	2010
	\$	\$	\$
	(Unaudited)		
Transfers for operating			
Provincial Government	521,000	484,645	374,510
Other Local Governments	121,600	52,507	46,740
	642,600	537,152	421,250
Transfers for Capital			
Provincial Government	260,000	316,226	11,800
Federal Government	-	-	1,801
	260,000	316,226	13,601
Total Government Transfers	902,600	853,378	434,851

TOWN OF VIKING
Schedule of Consolidated Expenses by Object
Year Ended December 31, 2011
Schedule 5

	Budget	2011	2010
	\$	\$	\$
	(Unaudited)		
Consolidated Expenses by Object			
Salaries, wages and benefits	736,600	631,350	582,559
Contracted and general services	786,100	746,556	575,016
Materials, goods, supplies and utilities	842,600	813,437	776,565
Transfers to local boards and agencies	136,700	109,836	418,199
Provision for allowances	9,000	14,797	45,834
Bank charges and short term interest	5,200	6,662	5,137
Interest on long term debt	56,100	55,045	61,771
Amortization of tangible capital assets	607,300	613,765	618,661
	3,179,600	2,991,448	3,083,742

TOWN OF VIKING
Schedule of Segmented Disclosure
Year Ended December 31, 2011
Schedule 6

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Other	Total \$
Revenue									
Net municipal taxes							30,888	1,068,710	1,099,598
Government transfers	22,762	50,700	235,190	111,377	12,000	187,955	212,342	21,052	853,378
User fees and sales of goods	10,396	637	3,030	653,219	2,800	3,810	26,791	-	700,683
Rental revenues	16,793	-	2,600	14,130	-	-	145,282	-	178,805
Investment income								9,800	9,800
Penalties and costs on taxes								28,008	28,008
Franchise fees								98,763	98,763
Other revenues	1,252	180	2,338	235	-	-	90,936	11,085	106,026
	51,203	51,517	243,158	778,961	14,800	191,765	506,239	1,237,418	3,075,061
Expenses									
Salaries, wages and benefits	268,379	-	188,844	66,037	-	-	108,090	-	631,350
Contracted and general services	196,796	9,458	66,753	112,777	1,540	233,414	125,818	-	746,556
Materials, goods, supplies and utilities	23,358	23	150,702	461,786	-	(316)	177,884	-	813,437
Transfers to local boards and agencies	-	58,228	-	-	11,388	2,000	38,220	-	109,836
Interest on long term debt	-	-	-	-	-	4,096	50,949	-	55,045
Other expenses	14,955	-	-	-	-	-	6,504	-	21,459
	503,488	67,709	406,299	640,600	12,928	239,194	507,465	-	2,377,683
Net revenue before amortization	(452,285)	(16,192)	(163,141)	138,361	1,872	(47,429)	(1,226)	1,237,418	697,378
Amortization of tangible capital assets	4,703	-	215,495	118,680	-	311	274,576	-	613,765
Net revenue (cost) - 2011	(456,988)	(16,192)	(378,636)	19,681	1,872	(47,740)	(275,802)	1,237,418	83,613
Net revenue (cost) - 2010	(473,580)	(142,976)	(622,449)	(59,343)	105	(40,220)	(406,772)	1,184,581	(560,654)

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

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 Canadian Institute of Chartered Accountants. 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 organizational 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 or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

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TOWN OF VIKING

Notes to Consolidated Financial Statements

Year Ended December 31, 2011

1. Summary of significant accounting policies *(continued)*

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.

Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

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.

Prepaid local improvement charges

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.

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.

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TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

1. Summary of significant accounting policies *(continued)*

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

a) Tangible capital assets

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

	YEARS
Land improvements	10-25
Buildings	25-50
Engineered structures	
Water system	35-75
Wastewater system	35-75
Other engineered structures	10-40
Machinery and equipment	5-25
Vehicles	10-25

No amortization is charged in the year of acquisition, however, assets are amortized in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

b) 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.

c) 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.

d) Inventories

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

e) Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

2. Recent accounting pronouncements published but not yet adopted

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective. The municipality is currently evaluating the effect of adopting these standards on their financial statements.

Section PS 3410 - Government Transfers

This section establishes standards on how to account for and report government transfers to individuals, organizations and other governments from both a transferring government and a recipient government perspective. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3510 - Tax Revenue

This section establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. This section is effective for fiscal periods beginning on or after April 1, 2012.

Section PS 3260 - Liability for Contaminated Sites

This section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook. This section is effective for fiscal periods beginning on or after April 1, 2014.

Section PS 3450 - Financial Instruments

This new section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. In conjunction with this new section, section PS 1201 and section PS 2601 have been amended as a consequence of the introduction of new financial instruments standards. These amendments were required to present the associated gains and losses with financial instruments recognized under the new section. The new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2015.

For government organizations, as defined in Section PS 1300, the new section and the related amendments are effective for fiscal periods beginning on or after April 1, 2012.

3. Cash and temporary investments

	2011	2010
Cash	\$ 724,658	\$ 962,361

Council has designated funds of \$230,226 (2010- \$259,952) included in the above amounts for capital purposes.

Also included in cash is a restricted amount of \$419,285 (2010 – \$604,501) received from various Provincial funding agencies and tax sale surplus proceeds. These funds are restricted in their use and must be expended to meet program objectives and approved projects. (Note 7)

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

4. Taxes and grants in place of taxes receivable

	2011	2010
Current taxes and grants in place of taxes	\$ 43,605	\$ 45,170
Arrears taxes	35,400	34,224
	79,005	79,394
Less: allowance for doubtful accounts	(16,308)	(14,222)
	\$ 62,697	\$ 65,172

5. Related party

The following is a summary of the Municipality's related party transactions:

	2011	2010
<u>Related party transactions</u>		
Viking Carena Corporation (Town is a member)		
Annual operating deficit	\$ -	\$ 182,355
Expenses paid by the Town on behalf of the Viking Carena Corporation	-	271,924
Recoveries received by the Town from the Viking Carena Corporation	-	(273,897)
	\$ -	\$ 180,382

Effective January 1, 2011, the assets, liabilities and operations of the Viking Carena Corporation were incorporated into the Town of Viking. All revenues and expenses relating to the operation of the Viking Carena are now reported as part of Recreation and Culture municipal services.

The Viking Carena Corporation was dissolved effective April 2, 2011.

6. Employee benefit obligations

	2011	2010
	\$ 58,950	\$ 59,716

Vacation and overtime

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 above amounts are included in accounts payable and accrued liabilities.

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

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

7. Deferred revenue

	2011	2010
Municipal Sponsorship	\$ -	\$ 16,790
Municipal Sustainability Initiative - operating	26,395	30,758
Municipal Sustainability Initiative - capital	160,254	117,493
New Deals	-	44,961
Rural Community Adaptation grant	212,482	381,330
Business licenses	2,650	3,050
Donations for recreation projects	-	5,243
Facility memberships	10,128	-
Lot deposit	100	100
Prepaid building rental	2,500	-
	\$ 414,509	\$ 599,725

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

8. Term debt

	2011	2010
Tax supported debt - Carena phase 2 construction costs	\$ -	\$ 8,753

The Battle River Credit Union loan was paid in full during the year.

Interest paid on term debt 2011 - \$469 (2010 - \$451).

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

9. Long term debt

	2011	2010
Tax supported debentures	\$ 1,152,908	\$ 1,354,285

Principal and interest repayments are as follows:

	Principal	Interest	Total
2012	\$ 96,828	\$ 50,646	\$ 147,474
2013	46,100	47,544	93,644
2014	48,221	45,422	93,643
2015	50,441	43,202	93,643
2016	52,763	40,881	93,644
Thereafter	858,555	265,455	1,124,010
	<u>\$ 1,152,908</u>	<u>\$ 493,150</u>	<u>\$ 1,646,058</u>

The current portion of the long term debt amounts to \$96,828 (2010 - \$201,377).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 0% to 4.63% per annum and matures in periods 2012 through 2028. The average annual interest rate is 4.63% (2010- 4.31%).

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

Interest on long term debt amounted to \$55,045 (2010 - \$61,771).

The municipality's total cash payments for long term interest in 2011 was \$56,664 (2010 - \$63,767).

TOWN OF VIKING**Notes to Consolidated Financial Statements****Year Ended December 31, 2011**

10. 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:

	2011	2010
Total debt limit	\$ 4,094,483	\$ 3,764,231
Total debt - term debt (Note 8)	-	(8,753)
Total debt - debenture debt (Note 9)	(1,152,908)	(1,354,285)
Amount of debt limit unused	\$ 2,941,575	\$ 2,401,193
Debt servicing limit	\$ 682,414	\$ 627,372
Debt servicing - term debt (Note 8)	-	(8,753)
Debt servicing - debenture debt (Note 9)	(147,474)	(258,042)
Amount of debt servicing limit unused	\$ 534,940	\$ 360,577

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) 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.

11. Equity in tangible capital assets

	2011	2010
Tangible capital assets (Schedule 2)	\$ 32,967,355	\$ 32,542,653
Accumulated amortization (Schedule 2)	(13,438,038)	(12,824,273)
Term debt (Note 8)	-	(8,753)
Long term debt (Note 9)	(1,152,908)	(1,354,285)
Long term debt related to operations	-	16,431
	\$ 18,376,409	\$ 18,371,773

TOWN OF VIKING**Notes to Consolidated Financial Statements****Year Ended December 31, 2011**

12. Accumulated surplus

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

	2011	2010
Unrestricted surplus	\$ 304,442	\$ 222,059
Restricted surplus		
Operating reserves	69,199	42,879
Capital reserves	230,226	259,952
Equity in tangible capital assets (Note 11)	18,376,409	18,371,773
	\$ 18,980,276	\$ 18,896,663

13. Segmented disclosure

The municipality 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 Schedule of Segmented Disclosure (Schedule 6)

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

14. Salary and benefits disclosure

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2011			2010
	Salary	(1) Benefits & allowances	(2) Total	Total
Grandinetti, M. Mayor	\$ 12,150	\$ 114	\$ 12,264	\$ 2,544
Lefsrud, C., past Mayor	-	-	-	8,120
Acres, J.	7,750	114	7,864	1,969
Brissard, G.	6,400	57	6,457	6,457
Doering, T.	7,150	114	7,264	7,363
Ellingson, R.	8,500	57	8,557	8,357
McArthur, P.	7,250	57	7,307	1,809
Ruzicka, K.	6,250	114	6,364	6,963
Lefsrud, E., past councillor	-	-	-	5,445
Chief Administrative Officer	90,433	1,786	92,219	92,160

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

15. Local Authorities Pension Plan

Employees of the municipality 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 206,000 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The municipality is required to make current service contributions to the LAPP of 9.49% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.13% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 8.49% of pensionable salary up to the year's maximum pensionable salary and 12.13% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2011 were \$38,851 (2010 - \$12,702). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2011 were \$34,905 (2010 - \$10,596).

At December 31, 2010, the LAPP disclosed an actuarial deficiency of \$4.635 billion.

TOWN OF VIKING
Notes to Consolidated Financial Statements
Year Ended December 31, 2011

16. Commitments

The municipality along with the County of Beaver, is committed to the joint development of an Industrial Park. All costs of the development are shared 50/50. Proceeds from future lot sales, property taxation and infrastructure maintenance costs will also be shared 50/50. The Town's share of costs to December 31, 2011 are \$259,297 (2010 - \$259,297). These costs relate to the purchase and development of land (\$103,453) and the cost of infrastructure development (\$152,844). No additional development is currently planned for the Industrial Park.

17. Contingent liability

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

ii) The municipality 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 municipality's liability to an applicable \$1,000 deductible.

18. Financial instruments

The municipality's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the municipality is not exposed to significant interest or currency risks arising from these financial instruments.

The municipality 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 municipality provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

19. Subsequent event

The Town continues to negotiate with the County of Beaver in regards to shared recreation services inclusive of the operations of the Carena facility. Should any funding be approved, any retroactive funding received will be recorded in the fiscal period in which it is received.

20. Budget amounts

Budget amounts are included for information purposes only are are not audited.

21. Comparative figures

Certain comparative figures have been restated to conform to the current year's presentation.