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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, 2012, 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, 2012, 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

*Wilde & Company*  
Chartered Accountants

**TOWN OF VIKING**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2012**

	2012 \$	2011 \$
<b>Financial Assets</b>		
Cash and temporary investments (Note 3)	1,020,686	724,658
Receivables		
Taxes and grants in place of taxes receivable (Note 4)	55,043	62,697
Due from governments	87,834	39,088
Trade and other receivables	234,964	199,357
Land held for resale	255,070	255,070
	<b>1,653,597</b>	1,280,870
<b>Liabilities</b>		
Accounts payable and accrued liabilities	404,377	256,083
Deposit liabilities	2,535	2,635
Deferred revenue (Note 6)	234,308	414,509
Tax sale surplus	4,776	4,776
Long term debt (Note 7)	1,056,081	1,152,908
	<b>1,702,077</b>	1,830,911
<b>Net Financial assets (debt)</b>	<b>(48,480)</b>	(550,041)
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 2)	19,083,243	19,529,317
Prepaid expenses	1,000	1,000
	<b>19,084,243</b>	19,530,317
<b>Accumulated surplus (Note 10)</b>	<b>19,035,763</b>	18,980,276
Contingent Liability (Note 15)		

**TOWN OF VIKING**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2012**

	<b>Budget \$ (Unaudited)</b>	<b>2012 \$</b>	<b>2011 \$</b>
<b>Revenue</b>			
Net municipal taxes (Schedule 3)	1,152,995	<b>1,128,463</b>	1,068,710
Special levies for specified municipal purposes	33,400	<b>30,624</b>	32,664
User fees and sales of goods	816,310	<b>739,469</b>	700,683
Government transfers for operating (Schedule 4)	462,605	<b>867,100</b>	537,152
Investment income	1,300	<b>7,546</b>	9,800
Penalties and costs on taxes	7,000	<b>21,373</b>	28,008
Rentals	210,700	<b>160,476</b>	178,805
Franchise revenues	94,300	<b>112,432</b>	98,763
Licenses, permits and fines	1,900	<b>5,230</b>	<b>5,210</b>
Other	19,000	<b>102,414</b>	<b>69,860</b>
<b>Total revenue</b>	<b>2,799,510</b>	<b>3,175,127</b>	2,729,655
<b>Expenses</b>			
Administration and legislative	689,333	<b>620,967</b>	<b>508,191</b>
Fire protection and safety services	50,900	<b>43,670</b>	<b>58,201</b>
Bylaw enforcement	13,200	<b>8,576</b>	<b>9,508</b>
Roads, streets, walks, lighting	492,300	<b>811,164</b>	<b>613,177</b>
Airport	9,000	<b>7,060</b>	<b>8,617</b>
Water supply and distribution	474,000	<b>555,316</b>	<b>550,337</b>
Wastewater treatment and disposal	114,300	<b>137,103</b>	<b>158,501</b>
Waste management	53,700	<b>50,762</b>	<b>50,442</b>
Family and community support	12,888	<b>12,428</b>	<b>12,428</b>
Cemetery	10,000	<b>1,500</b>	<b>500</b>
Land use planning, zoning and development	80,400	<b>35,182</b>	<b>64,566</b>
Economic and Agricultural development	207,482	<b>208,535</b>	<b>170,848</b>
Subdivision land and development	2,000	<b>1,385</b>	<b>4,091</b>
Parks & recreation	561,300	<b>703,734</b>	<b>755,116</b>
Culture	22,500	<b>30,707</b>	<b>26,925</b>
<b>Total expenses</b>	<b>2,793,303</b>	<b>3,228,089</b>	2,991,448
<b>Excess (deficiency) of revenue over expenses - before other</b>	6,207	<b>(52,962)</b>	(261,793)
<b>Other</b>			
Government transfers for capital (Schedule 4)	481,029	<b>108,449</b>	316,226
Contributed assets	-	-	<b>29,180</b>
<b>Excess (deficiency) of revenue over expenses</b>	487,236	55,487	83,613
Accumulated surplus - beginning of the year	18,980,276	<b>18,980,276</b>	18,896,663
Accumulated surplus - end of the year	19,467,512	<b>19,035,763</b>	18,980,276

**TOWN OF VIKING**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**  
**Year Ended December 31, 2012**

	Budget \$ (Unaudited)	2012 \$	2011 \$
Excess (deficiency) of revenue over expenses	487,236	<b>55,487</b>	83,613
Acquisition of tangible capital assets	(266,000)	<b>(186,808)</b>	<b>(395,522)</b>
Contributed tangible capital assets	-	-	<b>(29,180)</b>
Amortization of tangible capital assets	-	<b>632,884</b>	<b>613,765</b>
	(266,000)	<b>446,076</b>	189,063
Decrease in net debt	221,236	<b>501,563</b>	272,676
Net Financial assets (debt), beginning of year	(550,041)	<b>(550,041)</b>	(822,717)
Net Financial assets (debt), end of year	(328,805)	<b>(48,478)</b>	(550,041)

**TOWN OF VIKING**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2012**

	2012 \$	2011 \$
<b>Operating</b>		
Excess (deficiency) of revenue over expenses	55,487	83,613
Net changes in non-cash items included in excess of revenues over expenses		
Amortization of tangible capital assets	632,884	613,765
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	7,654	2,475
Decrease (increase) in government receivables	(48,746)	(2,339)
Decrease (increase) in trade and other receivables	(35,607)	14,261
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	148,294	(128,830)
Increase (decrease) in deposit liabilities and deferred revenues	(180,301)	(185,816)
<i>Cash provided by operating transactions</i>	<b>579,665</b>	<b>367,949</b>
<b>Capital</b>		
Acquisition of tangible capital assets	(186,808)	(395,522)
<i>Cash applied to capital transactions</i>	<b>(186,808)</b>	<b>(395,522)</b>
<b>Investing</b>		
Decrease (increase) in restricted cash or cash equivalents	180,199	185,216
<i>Cash provided by investing transactions</i>	<b>180,199</b>	<b>185,216</b>
<b>Financing</b>		
Term debt repaid	-	(8,753)
Long term debt repaid	(96,827)	(201,377)
<i>Cash used in financing transactions</i>	<b>(96,827)</b>	<b>(210,130)</b>
<b>Change in cash and cash equivalents during the year</b>	<b>476,229</b>	<b>(52,487)</b>
Cash and cash equivalents, beginning of year	305,373	357,860
<b>Cash and cash equivalents, end of year</b>	<b>781,602</b>	<b>305,373</b>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 3)	1,020,686	724,658
Less: restricted portion of cash and temporary investments (Note 3)	(239,084)	(419,285)
	<b>781,602</b>	<b>305,373</b>

See accompanying notes

**TOWN OF VIKING**  
**Schedule of Changes in Accumulated Surplus**  
**Year Ended December 31, 2012**  
**Schedule 1**

	Unrestricted Surplus	Restricted Operating Reserves	Restricted Capital Reserves	Equity in Capital Assets	2012 \$	2011 \$
Balance, beginning of year	304,442	69,199	230,226	18,376,409	18,980,276	18,896,663
Excess (deficiency) of revenues over expenses	55,487	-	-	-	55,487	83,613
Unrestricted funds designated for future use	(30,296)	22,400	7,896	-	-	-
Restricted funds used for operations	25,047	(25,047)	-	-	-	-
Current year funds used for tangible capital assets	(178,912)	-	(7,896)	186,808	-	-
Annual amortization expense	632,884	-	-	(632,884)	-	-
Tangible capital asset long term debt repaid	(96,827)	-	-	96,827	-	-
Change in accumulated surplus	407,383	(2,647)	-	(349,249)	55,487	83,613
Balance, end of year (Note 10)	711,825	66,552	230,226	18,027,160	19,035,763	18,980,276

**TOWN OF VIKING**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2012**  
**Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2012 \$	2011 \$
<b>Cost:</b>								
Balance, beginning of year	375,995	659,728	12,740,747	18,185,592	843,440	161,855	32,967,357	32,542,653
Acquisition of tangible capital assets	-	2,625	-	-	184,183	-	186,808	424,702
<u>Balance, end of year</u>	<u>375,995</u>	<u>662,353</u>	<u>12,740,747</u>	<u>18,185,592</u>	<u>1,027,623</u>	<u>161,855</u>	<u>33,154,165</u>	<u>32,967,355</u>
<b>Accumulated amortization:</b>								
Balance, beginning of year	-	459,955	1,263,098	11,498,643	175,387	40,955	13,438,038	12,824,273
Annual amortization	-	10,853	251,829	311,570	42,447	16,185	632,884	613,765
<u>Balance, end of year</u>	<u>-</u>	<u>470,808</u>	<u>1,514,927</u>	<u>11,810,213</u>	<u>217,834</u>	<u>57,140</u>	<u>14,070,922</u>	<u>13,438,038</u>
<b>Net Book Value of tangible capital assets</b>	<b>375,995</b>	<b>191,545</b>	<b>11,225,820</b>	<b>6,375,379</b>	<b>809,789</b>	<b>104,715</b>	<b>19,083,243</b>	<b>19,529,317</b>
2011 Net Book Value of tangible capital assets	375,995	199,773	11,477,649	6,686,949	668,051	120,900	19,529,317	

**TOWN OF VIKING**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2012**  
**Schedule 3**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	(Unaudited)		
<b>Taxation</b>			
Real property taxes	1,347,431	<b>1,322,899</b>	1,241,414
Linear property	44,428	<b>44,428</b>	42,449
Government grants in place of property taxes	13,104	<b>13,104</b>	12,689
Special assessments and local improvement taxes	33,400	<b>30,624</b>	32,664
	<b>1,438,363</b>	<b>1,411,055</b>	1,329,216
<b>Requisitions</b>			
Alberta School Foundation Fund	224,300	<b>224,303</b>	206,790
Beaver Seniors Foundation	27,668	<b>27,665</b>	21,052
	<b>251,968</b>	<b>251,968</b>	227,842
<b>Net municipal taxes</b>	<b>1,186,395</b>	<b>1,159,087</b>	1,101,374
<b>Less: Special levies and local improvements</b>	<b>(33,400)</b>	<b>(30,624)</b>	<b>(32,664)</b>
<b>Net municipal taxes for general purposes</b>	<b>1,152,995</b>	<b>1,128,463</b>	1,068,710



**TOWN OF VIKING**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2012**  
**Schedule 4**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>(Unaudited)</b>		
<b>Transfers for operating</b>			
Provincial Government	371,305	<b>620,249</b>	484,645
Other Local Governments	91,300	<b>246,851</b>	52,507
	<b>462,605</b>	<b>867,100</b>	537,152
<b>Transfers for Capital</b>			
Provincial Government	421,029	<b>108,449</b>	316,226
Federal Government	60,000	-	-
	<b>481,029</b>	<b>108,449</b>	316,226
<b>Total Government Transfers</b>	<b>943,634</b>	<b>975,549</b>	<b>853,378</b>

**TOWN OF VIKING**  
**Schedule of Consolidated Expenses by Object**  
**Year Ended December 31, 2012**  
**Schedule 5**

	<b>Budget</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>(Unaudited)</b>		
<b>Consolidated Expenses by Object</b>			
Salaries, wages and benefits	878,663	659,462	631,350
Contracted and general services	739,652	731,334	746,556
Materials, goods, supplies and utilities	877,200	990,500	813,437
Transfers to local boards and agencies	121,900	137,008	109,836
Provision for allowances	11,500	21,592	14,797
Bank charges and short term interest	5,300	5,661	6,662
Interest on long term debt	147,700	49,648	55,045
Amortization of tangible capital assets	-	632,884	613,765
	<b>2,781,915</b>	<b>3,228,089</b>	2,991,448

**TOWN OF VIKING**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2012**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Other	Total
									\$
<b>Revenue</b>									
Net municipal taxes							30,624	1,126,687	1,157,311
Government transfers	35,526	50,200	220,751	-	11,388	228,603	429,081	-	975,549
User fees and sales of goods	10,057	-	2,500	689,589	3,435	-	33,888	-	739,469
Rental revenues	15,879	-	300	14,420	-	-	129,877	-	160,476
Investment income								7,546	7,546
Penalties and costs on taxes								21,373	21,373
Franchise fees								112,432	112,432
Other revenues	650	180	-	-	-	-	91,181	17,409	109,420
	62,112	50,380	223,551	704,009	14,823	228,603	714,651	1,285,447	3,283,576
<b>Expenses</b>									
Salaries, wages and benefits	343,649	-	180,158	69,356	-	-	66,299	-	659,462
Contracted and general services	212,079	8,492	74,370	101,628	2,540	241,717	90,508	-	731,334
Materials, goods, supplies and utilities	33,283	(6,484)	332,174	449,665	-	-	181,862	-	990,500
Transfers to local boards and agencies	-	50,238	-	-	11,388	2,000	73,382	-	137,008
Interest on long term debt	-	-	-	-	-	1,074	48,574	-	49,648
Other expenses	27,253	-	-	-	-	-	-	-	27,253
	616,264	52,246	586,702	620,649	13,928	244,791	460,625	-	2,595,205
<b>Net revenue before amortization</b>	(554,152)	(1,866)	(363,151)	83,360	895	(16,188)	254,026	1,285,447	668,371
Amortization of tangible capital assets	4,703	-	231,522	122,532	-	311	273,816	-	632,884
<b>Net revenue (cost) - 2012</b>	(558,855)	(1,866)	(594,673)	(39,172)	895	(16,499)	(19,790)	1,285,447	55,487
Net revenue (cost) - 2011	(456,988)	(16,192)	(378,636)	19,681	1,872	(47,740)	(275,802)	1,237,418	83,613

**TOWN OF VIKING**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2012**

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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, 2012**

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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, 2012**

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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:

	<b>YEARS</b>
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

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**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2012**

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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 the 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, PS 3041 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

	2012	2011
Cash	\$ 1,020,686	\$ 724,658

Council has designated funds of \$230,226 (2011- \$230,226) included in the above amounts for capital purposes.

Also included in cash is a restricted amount of \$239,084 (2011 - \$419,285) 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**  
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4. Taxes and grants in place of taxes receivable

	2012		2011
Current taxes and grants in place of taxes	\$ 39,915	\$	43,605
Arrears taxes	38,204		35,400
	78,119		79,005
Less: allowance for doubtful accounts	(23,076)		(16,308)
	\$ 55,043	\$	62,697

5. Employee benefit obligations

	2012		2011
	\$ 53,733	\$	58,950

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.

6. Deferred revenue

	2012		2011
Federal Gas Tax Fund	\$ 4,367	\$	-
Municipal Internship Program	14,333		-
Municipal Sustainability Initiative - capital	198,045		160,254
Municipal Sustainability Initiative - operating	-		26,395
Rural Community Adaptation Grant	6,052		212,482
Business licenses	2,550		2,650
Facility memberships	8,861		10,128
Lot deposit	100		100
Prepaid building rental	-		2,500
	\$ 234,308	\$	414,509

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).



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7. Long term debt	2012	2011
Tax supported debentures	<b>\$ 1,056,081</b>	<b>\$ 1,152,908</b>

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 46,100	\$ 47,544	\$ 93,644
2014	48,222	45,422	93,643
2015	50,441	43,202	93,643
2016	52,763	40,881	93,644
2017	858,555	265,455	1,124,010
	<u>\$ 1,056,081</u>	<u>\$ 442,504</u>	<u>\$ 1,498,585</u>

The current portion of the long term debt amounts to \$46,100 (2011 - \$96,828).

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 4.551% per annum and matures in 2028. The average annual interest rate is 4.551% (2010- 4.63%).

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

Interest on long term debt amounted to \$48,574 (2011 - \$55,045).

The municipality's total cash payments for long term interest in 2012 was \$49,572 (2011 - \$56,664).

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8. Debt limits

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

	2012	2011
Total debt limit	\$ 4,762,690	\$ 4,094,483
Total debt - debenture debt (Note 7)	(1,056,081)	(1,152,908)
<b>Amount of debt limit unused</b>	<b>\$ 3,706,609</b>	<b>\$ 2,941,575</b>
Debt servicing limit	\$ 793,781	\$ 682,414
Debt servicing - debenture debt (Note 7)	(93,644)	(147,474)
<b>Amount of debt servicing limit unused</b>	<b>\$ 700,137</b>	<b>\$ 534,940</b>

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.

9. Equity in tangible capital assets

	2012	2011
Tangible capital assets (Schedule 2)	\$ 33,154,166	\$ 32,967,355
Accumulated amortization (Schedule 2)	(14,070,923)	(13,438,038)
Long term debt (Note 7)	(1,056,081)	(1,152,908)
<b></b>	<b>\$ 18,027,162</b>	<b>\$ 18,376,409</b>

10. Accumulated surplus

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

	2012	2011
Unrestricted surplus	\$ 711,825	\$ 304,442
Restricted surplus		
Operating reserves	66,552	69,199
Capital reserves	230,226	230,226
<b>Equity in tangible capital assets (Note 9)</b>	<b>18,027,160</b>	<b>18,376,409</b>
<b></b>	<b>\$ 19,035,763</b>	<b>\$ 18,980,276</b>

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11. 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)

12. 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:

	<b>2012</b>		<b>2011</b>	
	<b>Salary</b>	<b>(1) Benefits &amp; allowances (2)</b>		
Grandinetti, M. Mayor	\$ 11,800	\$ 114	\$ <b>11,914</b>	\$ 12,264
Acres, J.	7,350	114	<b>7,464</b>	7,864
Brissard, G.	6,000	57	<b>6,057</b>	6,457
Doering, T.	7,600	114	<b>7,714</b>	7,264
Ellingson, R.	7,850	57	<b>7,907</b>	8,557
McArthur, P.	7,100	57	<b>7,157</b>	7,307
Ruzicka, K.	6,400	114	<b>6,514</b>	6,364
Chief Administrative Officer	90,433	1,505	<b>91,938</b>	92,219

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.

**TOWN OF VIKING**  
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13. 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 214,000 people and 478 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 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.74% on pensionable earnings above this amount. Employees of the municipality are required to make current service contributions of 9.43% of pensionable salary up to the year's maximum pensionable salary and 13.47% on pensionable salary above this amount.

Total current service contributions by the municipality to the LAPP in 2012 were \$38,413 (2011 - \$38,851). Total current service contributions by the employees of the municipality to the Local Authorities Pension Plan in 2012 were \$34,728 (2011 - \$34,905).

At December 31, 2011, the LAPP disclosed an actuarial deficiency of \$5.4 billion.

14. 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, 2012 are \$256,297 (2011 - \$256,297). 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.

15. 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.

**TOWN OF VIKING**  
**Notes to Consolidated Financial Statements**  
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16. 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.

17. Budget amounts

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

18. Comparative figures

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