



**GREGORY,  
HARRIMAN  
& ASSOCIATES LLP**

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**Village of Champion**

**Financial Statements**

**For the Year Ended December 31, 2017**

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# Village of Champion

December 31, 2017

## CONTENTS

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Change in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Schedule 1 - Schedule of Changes in Accumulated Surplus	6
Schedule 2 - Schedule of Tangible Capital Assets	7
Schedule 3 - Schedule of Property and Other Taxes	8
Schedule 4 - Schedule of Government Transfers	9
Schedule 5 - Schedule of Consolidated Expenses by Object	10
Schedule 6 - Schedule of Segmented Disclosure	11
Notes to Financial Statements	12 - 17



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**INDEPENDENT AUDITORS' REPORT**

To the Mayor and Council of the  
Village of Champion

We have audited the accompanying consolidated financial statements of the Village of Champion, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and change 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' 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 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 of material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 consolidated financial statement presentation.

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 the Village of Champion as at December 31, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Strathmore, Alberta  
April 16, 2018

*Gregory, Harriman & Assoc. LLP*  
Gregory, Harriman & Associates LLP

**Village of Champion  
Consolidated Statement of Financial Position  
As at December 31, 2017**

	2017	2016 <i>(Restated)</i>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 356,302	\$ 403,704
Taxes and grants in place of taxes receivables <i>(Note 3)</i>	73,752	58,640
Trade and other receivables <i>(Note 4)</i>	122,153	64,725
Land inventory held for resale - available for sale	23,084	23,084
	575,291	550,153
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities <i>(Note 5)</i>	25,096	13,729
Deferred revenue <i>(Note 6, 13)</i>	85,629	186,562
	110,725	200,291
 <b>NET FINANCIAL ASSETS</b>	464,566	349,862
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 7)</i> (Schedule 2)	5,618,944	5,120,967
Land inventory held for resale - work in progress <i>(Note 9)</i>	95,000	188,756
	5,713,944	5,309,723
 <b>ACCUMULATED SURPLUS</b> <i>(Note 10, 13)</i> (Schedule 1)	\$ 6,178,510	\$ 5,659,585
 <b>PRIOR PERIOD ADJUSTMENT</b> <i>(Note 13)</i>		

Approved by:  Mayor  Chief Administrative Officer

**Village of Champion  
Consolidated Statement of Operations  
For the Year Ended December 31, 2017**

	<i>Budget (Unaudited)</i>	<b>2017</b>	2016 <i>(Restated)</i>
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	\$ 321,000	\$ 320,496	\$ 308,780
Sale of goods and user charges	232,150	289,400	264,995
Government transfers (Schedule 4)	60,247	194,950	352,661
Franchise and concession contracts	50,450	52,580	50,633
Penalties and costs on taxes	12,000	12,548	8,694
Other revenue	250,000	252,148	410,180
<b>Total Revenue</b>	<u>925,847</u>	<u>1,122,122</u>	<u>1,395,943</u>
<b>EXPENSES (Schedule 5)</b>			
Legislative	7,850	630	944
Administration	183,906	215,051	199,714
Fire and emergency services	27,877	15,923	21,792
Public works	55,648	85,343	61,210
Roads, streets, walks and lighting	49,665	272,485	115,548
Water supply and distribution (Note 17)	240,858	261,373	197,202
Wastewater treatment and disposal	14,607	8,965	16,412
Waste management	73,467	78,410	70,278
Cemetery	4,049	9,144	5,432
Development	20,200	16,853	15,532
Recreation, parks and culture	64,195	165,137	164,241
Public health and welfare	23,200	12,597	9,819
Land held for sale write-down (Note 9)	-	107,679	-
<b>Total Expenses</b>	<u>765,522</u>	<u>1,249,590</u>	<u>878,124</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	<u>160,325</u>	<u>(127,468)</u>	<u>517,819</u>
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	129,000	646,393	205,438
	<u>129,000</u>	<u>646,393</u>	<u>205,438</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	289,325	518,925	723,257
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 13)</b>	<u>5,659,585</u>	<u>5,659,585</u>	<u>4,936,328</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 5,948,910</u>	<u>\$ 6,178,510</u>	<u>\$ 5,659,585</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Champion**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the Year Ended December 31, 2017**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2017</b>	2016 <i>(Restated)</i>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>\$ 289,325</u>	<u>\$ 518,925</u>	<u>\$ 723,257</u>
Acquisition of tangible capital assets (Schedule 2)	(129,000)	(676,038)	(362,690)
Amortization of tangible capital assets (Schedule 2)	-	178,061	149,455
	<u>(129,000)</u>	<u>(497,977)</u>	<u>(213,235)</u>
(Increase) Decrease in prepaid expenses	-	-	2,762
(Increase) Decrease in land inventory held for resale - work in progress	-	93,756	(188,756)
	<u>-</u>	<u>93,756</u>	<u>(185,994)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<i>160,325</i>	<b>114,704</b>	324,028
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>349,862</u>	<u>349,862</u>	<u>25,834</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 510,187</u>	<u>\$ 464,566</u>	<u>\$ 349,862</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Champion  
Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2017**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	2017	2016 <i>(Restated)</i>
<b>Operating</b>		
Excess of revenue over expenses	\$ 518,925	\$ 723,257
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	178,061	149,455
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in place of taxes receivables	(15,112)	20,049
Decrease (Increase) in trade and other receivables	(57,428)	37,499
Decrease (Increase) in prepaid expenses and deposits	-	2,762
Increase (Decrease) in accounts payable and accrued liabilities	11,367	(163,100)
Increase (Decrease) in deferred revenue	(100,933)	(68,994)
Decrease (Increase) in land held for sale - work in progress	93,756	(188,756)
	628,636	512,172
<b>Capital</b>		
Acquisition of tangible capital assets	(676,038)	(362,690)
Cash applied to capital transactions	(676,038)	(362,690)
<b>Investing</b>		
Decrease (Increase) in restricted cash or cash equivalents	100,933	68,994
Cash provided by (applied to) investing transactions	100,933	68,994
Change in cash and cash equivalents during the year	53,531	218,476
Cash and Cash Equivalents, beginning of year	217,142	(1,334)
<b>Cash and Cash Equivalents, end of year</b>	\$ 270,673	\$ 217,142
<b>Cash and cash equivalents is made up of:</b>		
Cash and temporary investments <i>(Note 2)</i>	\$ 356,302	\$ 403,704
Less: restricted portion of cash and temporary investments <i>(Note 2)</i>	(85,629)	(186,562)
	\$ 270,673	\$ 217,142

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Champion**  
**Schedule of Changes in Accumulated Surplus**  
**For the Year Ended December 31, 2017**  
**Schedule 1**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017	2016 <i>(Restated)</i>
<b>BALANCE, BEGINNING OF YEAR (Note 10, 13)</b>	\$ 538,618	\$ -	\$ 5,120,967	\$ 5,659,585	\$ 4,936,328
Excess of revenue over expenses	518,925	-	-	518,925	723,257
Unrestricted funds designated for future use	(50,000)	50,000	-	-	-
Current year funds used for tangible capital assets	(676,038)	-	676,038	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	178,061	-	(178,061)	-	-
Change in accumulated surplus	(29,052)	50,000	497,977	518,925	723,257
<b>BALANCE, END OF YEAR</b>	<b>\$ 509,566</b>	<b>\$ 50,000</b>	<b>\$ 5,618,944</b>	<b>\$ 6,178,510</b>	<b>\$ 5,659,585</b>

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP



**Village of Champion**  
**Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2017**  
**Schedule 2**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017	2016
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	\$ 707,211	\$ 225,849	\$ 3,867,954	\$ 3,544,324	\$ 284,782	\$ 43,495	\$ 8,673,615	\$ 8,310,925
Acquisition of tangible capital assets	-	119,631	69,169	406,844	37,519	-	633,163	362,690
Construction-in-progress	-	-	-	42,875	-	-	42,875	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>707,211</b>	<b>345,480</b>	<b>3,937,123</b>	<b>3,994,043</b>	<b>322,301</b>	<b>43,495</b>	<b>9,349,653</b>	<b>8,673,615</b>
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	-	36,743	1,504,167	1,779,920	199,343	32,475	3,552,648	3,403,193
Annual amortization	-	6,909	72,621	75,441	19,205	3,885	178,061	149,455
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>43,652</b>	<b>1,576,788</b>	<b>1,855,361</b>	<b>218,548</b>	<b>36,360</b>	<b>3,730,709</b>	<b>3,552,648</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 707,211</b>	<b>\$ 301,828</b>	<b>\$ 2,360,335</b>	<b>\$ 2,138,682</b>	<b>\$ 103,753</b>	<b>\$ 7,135</b>	<b>\$ 5,618,944</b>	<b>\$ 5,120,967</b>
2016 Net Book Value of Tangible Capital Assets	\$ 707,211	\$ 189,106	\$ 2,363,790	\$ 1,764,403	\$ 85,436	\$ 11,021	\$ 5,120,967	

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP

**Village of Champion**  
**Schedule of Property and Other Taxes**  
**For the Year Ended December 31, 2017**  
**Schedule 3**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2017</b>	2016
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>TAXATION</b>			
Real property taxes	\$ 375,650	\$ 373,148	\$ 374,653
	<u>375,650</u>	<u>373,148</u>	<u>374,653</u>
 <b>REQUISITIONS</b>			
Alberta School Foundation Fund	52,000	49,740	63,226
Seniors Foundation	2,650	2,912	2,647
	<u>54,650</u>	<u>52,652</u>	<u>65,873</u>
 <b>NET MUNICIPAL PROPERTY TAXES</b>			
	<u>\$ 321,000</u>	<u>\$ 320,496</u>	<u>\$ 308,780</u>

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Gregory, Harriman & Associates LLP

**Village of Champion**  
**Schedule of Government Transfers**  
**For the Year Ended December 31, 2017**  
**Schedule 4**

	<i>Budget</i> <i>(Unaudited)</i>	<b>2017</b>	2016 <i>(Restated)</i>
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government <i>(Note 13)</i>	\$ 60,247	\$ 194,950	\$ 352,661
	<u>60,247</u>	<u>194,950</u>	<u>352,661</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government <i>(Note 13)</i>	129,000	646,393	205,438
	<u>129,000</u>	<u>646,393</u>	<u>205,438</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 189,247</u>	<u>\$ 841,343</u>	<u>\$ 558,099</u>

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Champion**  
**Schedule of Consolidated Expenses by Object**  
**For the Year Ended December 31, 2017**  
**Schedule 5**

	<i>Budget</i> <i>(Unaudited)</i>	2017	2016
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Salaries, wages and benefits <i>(Note 11)</i>	\$ 219,653	\$ 258,148	\$ 221,556
Contracted and general services	405,892	564,649	384,723
Materials, goods, supplies and utilities	84,950	90,516	79,808
Transfers to local boards and agencies	53,727	48,328	39,649
Interest and bank charges	1,300	2,209	2,933
Land held for sale write-down <i>(Note 9)</i>	-	107,679	-
Amortization of tangible capital assets	-	178,061	149,455
	\$ 765,522	\$ 1,249,590	\$ 878,124

The accompanying notes form an integral part of these financial statements.  
Gregory, Harriman & Associates LLP

**Village of Champion**  
**Schedule of Segmented Disclosure**  
**For the Year Ended December 31, 2017**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
<b>REVENUE</b>							
Net municipal taxes	\$ 320,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,496
Government transfers	194,950	-	449,559	13,923	153,631	29,280	841,343
User fees and sales of goods	9,897	4,138	-	13,228	12,136	250,001	289,400
Investment income	783	-	-	-	-	-	783
Other revenues	316,493	-	-	-	-	-	316,493
	<u>842,619</u>	<u>4,138</u>	<u>449,559</u>	<u>27,151</u>	<u>165,767</u>	<u>279,281</u>	<u>1,768,515</u>
<b>EXPENSES</b>							
Contract and general services	197,755	9,756	22,446	16,853	7,190	310,649	564,649
Salaries and wages	126,773	-	49,714	-	44,001	37,660	258,148
Goods and supplies	2,669	-	29,199	-	1,225	6,264	39,357
Utilities	3,588	3,290	25,211	-	11,166	7,904	51,159
Other expenses	9,552	2,877	-	107,679	38,108	-	158,216
	<u>340,337</u>	<u>15,923</u>	<u>126,570</u>	<u>124,532</u>	<u>101,690</u>	<u>362,477</u>	<u>1,071,529</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	502,282	(11,785)	322,989	(97,381)	64,077	(83,196)	696,986
Amortization expense	13,690	-	80,036	-	77,904	6,431	178,061
<b>NET REVENUE</b>	\$ 488,592	\$ (11,785)	\$ 242,953	\$ (97,381)	\$ (13,827)	\$ (89,627)	\$ 518,925

*Segmented Disclosure (Note 14)*

The accompanying notes form an integral part of these financial statements.  
 Gregory, Harriman & Associates LLP

**Village of Champion**  
**Notes to Financial Statements**  
**December 31, 2017**

**1) SIGNIFICANT ACCOUNTING POLICIES**

The Village of Champion ("the Village") is a Municipality in the Province of Alberta. The consolidated financial statements are the representation of management and have been prepared in accordance with Canadian 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 Village of Champion are as follows:

**A. Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenue 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 the organizations that are owned or controlled by the Village and are, therefore, accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education and other external organizations that are not controlled by the municipal reporting entity.

These statements exclude trust assets that are administered for the benefit of external parties.

**B. 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.

**C. 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. The amounts recorded for valuation of tangible capital assets, the useful lives and related amortization of tangible capital assets is an area where management makes significant estimates and assumptions in determining the amounts to be recorded in the consolidated financial statements.

**D. Investments**

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

**E. Requisition Over-levy and Under-levy**

Over-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 excess collections or under-levies of the prior year.

**Village of Champion  
Notes to Financial Statements  
December 31, 2017**

**1) SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**F. Land Inventory Held for Resale**

Land inventory held for resale is recorded at the lower of cost or net realizable value. Cost includes the costs for land acquisition and improvements required to prepare the land for servicing, such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

**G. 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.

**H. 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 the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met by the Village, and reasonable estimates of the amounts can be determined.

**I. 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.

**i. 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 assets. The cost, less residual value of the tangible capital asset, is amortized on a straight-line basis over the estimated useful life as follows:

	YEARS
Land improvements	50
Buildings	25 - 50
Engineered structures	40 - 45
Machinery and equipment	10
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use. Amortization is charged in the year of acquisition and no amortization in the year of disposal.

**ii. 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.

**iii. Land inventory held for resale - work in progress:**

Land inventory held for resale is recorded at the lower of cost or net realizable value. Cost includes the costs for land acquisition and improvements required to prepare the land for servicing, such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as capital assets under their respective function. Land inventory held for resale is classified as a non-financial asset until it is in its intended condition for sale.

**Village of Champion**  
**Notes to Financial Statements**  
**December 31, 2017**

<b>2) CASH AND TEMPORARY INVESTMENTS</b>		<u>2017</u>	<u>2016</u>
T-Bill Savings accounts	\$	323,375	\$ 152,592
Cash		32,688	250,873
Petty cash		239	239
	\$	<u>356,302</u>	<u>\$ 403,704</u>

T-Bill Savings accounts are with the Alberta Treasury Branch that are redeemable at any time and have a variable interest rate.

The Village received Government grants and donations that are restricted in their use and are to be utilized as funding for capital projects. Since the projects have not been completed for which the funding was received, \$85,629 (2016 - \$186,562) of the treasury bill amounts on hand are not available for general use by the Village (Note 6).

The Village of Champion has an overdraft limit of \$45,000, bearing interest at prime plus 0.25% with an effective rate of 3.45%, of which \$45,000 remains unused at December 31, 2017.

<b>3) TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES</b>		<u>2017</u>	<u>2016</u>
Current taxes and grants in place of taxes	\$	59,594	\$ 37,342
Tax arrears		14,158	21,298
	\$	<u>73,752</u>	<u>\$ 58,640</u>

Taxes and grants in place of taxes receivables consist of tax levies which remain outstanding at December 31.

<b>4) TRADE AND OTHER RECEIVABLES</b>		<u>2017</u>	<u>2016</u>
Goods and Services Tax receivable	\$	68,570	\$ 22,029
Utilities receivable		52,602	42,696
Trade accounts receivable		981	-
	\$	<u>122,153</u>	<u>\$ 64,725</u>

<b>5) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>		<u>2017</u>	<u>2016</u>
Accrued liabilities	\$	13,825	\$ -
Employee benefits obligation		11,271	-
Trade accounts payable		-	13,729
	\$	<u>25,096</u>	<u>\$ 13,729</u>

<b>6) DEFERRED REVENUE</b>		<u>2017</u>	<u>2016</u> <i>(Restated)</i>
Alberta Municipal Sustainability Initiative - capital	\$	62,313	\$ 26,562
Other		15,000	10,000
Federal Gas Tax Fund		8,316	-
Alberta Community Partnerships		-	150,000
	\$	<u>85,629</u>	<u>\$ 186,562</u>

**Alberta Municipal Sustainability Initiative (MSI)**

This is a funding program from the Province of Alberta to assist municipalities in developing their infrastructure. The use of these funds is restricted to eligible capital projects, as approved under the funding agreement. The balance represents funds brought forward from 2016 of \$26,562, plus funds received by the Village in 2017 of \$540,609, less \$504,907 recognized as revenue in 2017.

**Federal Gas Tax Fund (FGTF)**

This is a federally funded program that provides support for capital municipal projects designed to maintain or enhance core municipal infrastructure. The balance represents the unexpended portion of grants received in 2017.

**Alberta Community Partnerships**

The Village of Champion received grant funding from Alberta Community Partnerships to be spent on a municipal infrastructure project audit. The Village of Champion received \$150,000 in 2016. The full amount was spent and recognized as revenue in 2017.



**Village of Champion  
Notes to Financial Statements  
December 31, 2017**

<b>7) TANGIBLE CAPITAL ASSETS</b>		<u>2017</u>	<u>2016</u>
Land	\$ 707,211		\$ 707,211
Land improvements	301,828		189,106
Buildings	2,360,335		2,363,790
Engineered structures	2,138,682		1,764,403
Machinery, equipment and furnishings	103,753		85,436
Vehicles	7,135		11,021
	<u>\$ 5,618,944</u>		<u>\$ 5,120,967</u>
<b>8) EQUITY IN TANGIBLE CAPITAL ASSETS</b>		<u>2017</u>	<u>2016</u>
Tangible capital assets (Schedule 2)	\$ 9,349,653		\$ 8,673,615
Accumulated amortization (Schedule 2)	<u>(3,730,709)</u>		<u>(3,552,648)</u>
	<u>\$ 5,618,944</u>		<u>\$ 5,120,967</u>
<b>9) LAND INVENTORY HELD FOR RESALE - WORK IN PROGRESS</b>		<u>2017</u>	<u>2016</u>
Land inventory held for resale - work in progress	<u>\$ 95,000</u>		<u>\$ 188,756</u>

Land inventory held for resale is classified as a non-financial asset until it is in its intended condition for sale and is recorded at the lower of cost or net realizable value. In the current year a write down was completed to record land at its net realizable value as the sale price for the lots was determined in 2017.

**10) ACCUMULATED SURPLUS**

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

		<u>2017</u>	<u>2016</u> <i>(Restated)</i>
Unrestricted surplus		<u>\$ 509,566</u>	<u>\$ 538,618</u>
Restricted surplus			
Water line replacement		<u>50,000</u>	-
		<u>50,000</u>	-
Equity in tangible capital assets (Note 8)		<u>5,618,944</u>	<u>5,120,967</u>
		<u>\$ 6,178,510</u>	<u>\$ 5,659,585</u>

**11) 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:

	Salary <sup>1</sup>	Benefits and Allowances <sup>2</sup>	Total 2017	Total 2016
Mayor and Councillors				
Mayor Smith, J.	\$ -	\$ -	\$ -	\$ -
Councillor Wagenvoort, T.	-	-	-	-
Councillor Ellis, R.	-	-	-	-
Councillor Povey, C.	-	-	-	880
Councillor Matlock, A.	-	-	-	-
Chief Administrative Officer				
Bergen (Current)	62,333	14,857	77,190	23,601
Coffman (Previous)	-	-	-	47,000
Schnell (Previous)	-	-	-	23,718
	<u>\$ 62,333</u>	<u>\$ 14,857</u>	<u>\$ 77,190</u>	<u>\$ 95,199</u>

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, RRSP contributions and travel allowance.

**Village of Champion**  
**Notes to Financial Statements**  
**December 31, 2017**

**12) DEBT LIMITS**

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

	2017	2016 <i>(Restated)</i>
Total debt limit	\$ 1,683,183	\$ 2,093,915
Total debt	-	-
Amount of surplus debt limit	\$ 1,683,183	\$ 2,093,915
Debt servicing limit	\$ 280,531	\$ 348,986
Debt servicing	-	-
Amount of surplus debt servicing limit	\$ 280,531	\$ 348,986

The debt limit is calculated at 1.5 times revenue of the Village, 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 alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**13) PRIOR PERIOD ADJUSTMENT**

During the year it was determined that the deferred revenue being reported in the prior year did not match amounts being reported to the government in the Annual Statement of Funding and Expenditures (SFE) and grant revenues were not correctly recognized in the prior year. The prior period has been adjusted to reconcile the deferred revenue and government grant revenue balances to match the amounts reported and approved by the government in the prior year. These adjustments are as follows:

	2016
<b>Adjustments to deferred revenue:</b>	
As previously reported	\$ 494,106
Adjustment to deferred revenue	(307,544)
<b>As restated</b>	\$ 186,562
<b>Adjustments to accumulated surplus:</b>	
As previously reported	\$ 5,352,041
Adjustment to accumulated surplus	307,544
<b>As restated</b>	\$ 5,659,585
<b>Adjustments to provincial government transfers for operating:</b>	
As previously reported	\$ 250,555
Adjustment to provincial government transfers for operating	102,106
<b>As restated</b>	\$ 352,661
<b>Adjustments to provincial government transfers for capital:</b>	
As previously reported	\$ -
Adjustment to provincial government transfers for capital	205,438
<b>As restated</b>	\$ 205,438

**14) SEGMENTED DISCLOSURE**

The Village of Champion 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 disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 6).

**Village of Champion**  
**Notes to Financial Statements**  
**December 31, 2017**

**15) LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village participate in the Local Authorities Pension Plan ("LAPP"), which is covered by the Alberta Public Sector Pension Plan Act. The Plan services around 253,862 people and about 417 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

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

The Village 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 Village 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 Village to the LAPP in 2017 were \$18,245 (2016 - \$14,008). Total current service contributions by the employees of the Village to the LAPP in 2017 were \$16,708 (2016 - \$12,931).

At December 31, 2016, the LAPP disclosed an actuarial deficiency of \$637 million.

**16) CONTAMINATED SITES LIABILITY**

The Village of Champion has adopted PS3260 Liability for Contaminated Sites. The Village of Champion did not identify any financial liabilities in 2017 (2016 - \$nil) as a result of this standard.

**17) RELATED PARTY TRANSACTIONS**

The Twin Valley Regional Water Commission has been identified as a related party. The Village of Champion has entered into an agreement with the Commission for a supply of water service.

Service fees are based on budgeted operating costs of the Commission. Water purchases are based on actual water consumption during the year. Fees and rates are reviewed by the Commission on an annual basis.

Service fees and water purchases paid to the Commission for 2017 were \$114,411 (2016 - \$82,978) for water purchases and \$85,312 (2016 - \$49,907) for the Village of Champion's share of deficit.

Amount payable to the Commission at December 31, 2017 is \$nil (2016 - \$13,729).

**18) FINANCIAL INSTRUMENTS**

The Village's financial instruments consist of cash and temporary investments, taxes and grants in place of taxes receivables, trade and other receivables and accounts payable and accrued liabilities. Unless otherwise noted, the fair value of these financial statements approximates their carrying value.

Credit Risk

The Village is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village 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.

**19) COMPARATIVE FIGURES**

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

**20) APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were approved by the Council and Management of the Village of Champion.