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HARRIMAN
& ASSOCIATES LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Village of Champion

Financial Statements

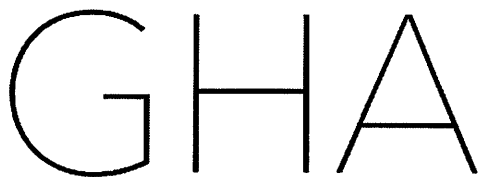
For the Year Ended December 31, 2018

Village of Champion

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of Village of Champion (the Village), which comprise the consolidated statement of financial position as at December 31, 2018, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Champion as at December 31, 2018, the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Village's debt limit can be found in Note 12.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 11.

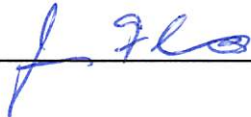
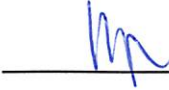
The engagement partner on the audit resulting in this independent auditor's report is Erin Gregory, CPA, CA.

Strathmore, Alberta
April 29, 2019

Gregory, Harriman & Assoc. LLP
Gregory, Harriman & Associates LLP
Chartered Professional Accountants
104, 331 3rd Avenue
Strathmore, AB, T1P 1T5

**Village of Champion
Consolidated Statement of Financial Position
As at December 31, 2018**

	<u>2018</u>	<u>2017 (Restated)</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	\$ 121,854	\$ 356,302
Taxes and grants in place of taxes receivables (Note 3)	96,034	73,752
Trade and other receivables (Note 4)	98,519	122,153
Land inventory held for resale - available for sale	63,079	23,084
	<u>379,486</u>	<u>575,291</u>
 LIABILITIES		
Accounts payable and accrued liabilities (Note 5, 17)	50,359	25,096
Deferred revenue (Note 6, 13)	1,498	134,728
	<u>51,857</u>	<u>159,824</u>
 NET FINANCIAL ASSETS		
	<u>327,629</u>	<u>415,467</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7) (Schedule 2)	6,100,375	5,618,944
Land inventory held for resale - work in progress (Note 9)	-	95,000
	<u>6,100,375</u>	<u>5,713,944</u>
 ACCUMULATED SURPLUS (Note 10, 13) (Schedule 1)		
	<u>\$ 6,428,004</u>	<u>\$ 6,129,411</u>
 DEBT LIMITS (Note 12)		
PRIOR PERIOD ADJUSTMENT (Note 13)		

Approved by:  Mayor  Chief Administrative Officer

**Village of Champion
Consolidated Statement of Operations
For the Year Ended December 31, 2018**

	<i>Budget (Unaudited)</i>	2018	2017 (Restated)
REVENUE			
Net municipal property taxes (Schedule 3)	\$ 342,701	\$ 350,476	\$ 320,496
Sale of goods and user charges	283,685	329,411	289,400
Government transfers (Schedule 4)	64,950	85,624	194,950
Franchise and concession contracts	56,394	54,926	52,580
Penalties and costs on taxes	8,000	4,645	12,548
Other revenue	-	5,408	252,148
Total Revenue	<u>755,730</u>	<u>830,490</u>	<u>1,122,122</u>
EXPENSES (Schedule 5)			
Legislative	500	-	630
Administration	185,365	229,935	215,051
Fire and emergency services	13,852	14,321	15,923
Public works	74,991	137,001	85,343
Roads, streets, walks and lighting	45,564	134,727	272,485
Water supply and distribution (Note 17)	226,733	186,955	261,373
Wastewater treatment and disposal	10,358	8,853	8,965
Waste management	79,712	78,160	78,410
Cemetery	2,143	4,828	9,144
Development	15,000	145,176	16,853
Recreation, parks and culture	54,359	135,790	165,137
Public health and welfare	19,158	33,899	12,597
Land held for sale write-down (Note 9)	-	45,664	107,679
Total Expenses	<u>727,735</u>	<u>1,155,309</u>	<u>1,249,590</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>27,995</u>	<u>(324,819)</u>	<u>(127,468)</u>
OTHER			
Government transfers for capital (Schedule 4)	696,981	623,412	646,393
	<u>696,981</u>	<u>623,412</u>	<u>646,393</u>
EXCESS OF REVENUE OVER EXPENSES	724,976	298,593	518,925
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 10, 13)	<u>6,129,411</u>	<u>6,129,411</u>	<u>5,610,486</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 6,854,387</u>	<u>\$ 6,428,004</u>	<u>\$ 6,129,411</u>

Village of Champion
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2018

	<i>Budget</i> <i>(Unaudited)</i>	2018	2017 <i>(Restated)</i>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 724,976</u>	<u>\$ 298,593</u>	<u>\$ 518,925</u>
Acquisition of tangible capital assets (Schedule 2)	(693,817)	(677,817)	(676,038)
Amortization of tangible capital assets (Schedule 2)	-	196,386	178,061
	<u>(693,817)</u>	<u>(481,431)</u>	<u>(497,977)</u>
Decrease in land inventory held for resale - work in progress	-	95,000	93,756
	<u>-</u>	<u>95,000</u>	<u>93,756</u>
INCREASE IN NET FINANCIAL ASSETS	31,159	(87,838)	114,704
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>415,467</u>	<u>415,467</u>	<u>349,862</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 446,626</u>	<u>\$ 327,629</u>	<u>\$ 415,467</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, 2018**

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:	2018	2017 <i>(Restated)</i>
Operating		
Excess of revenue over expenses	\$ 298,593	\$ 518,925
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	196,386	178,061
Non-cash charges to operations (net change):		
Decrease (Increase) in taxes and grants in place of taxes receivables	(22,282)	(15,112)
Decrease (Increase) in trade and other receivables	23,634	(57,428)
Increase (Decrease) in accounts payable and accrued liabilities	25,263	11,367
Increase (Decrease) in deferred revenue	(133,230)	(100,933)
Decrease (Increase) in land held for sale - work in progress	95,000	93,756
	443,369	628,636
Capital		
Acquisition of tangible capital assets	(677,817)	(676,038)
Cash applied to capital transactions	(677,817)	(676,038)
Investing		
Decrease (Increase) in restricted cash or cash equivalents	133,230	100,933
Cash provided by (applied to) investing transactions	133,230	100,933
Change in cash and cash equivalents during the year	(101,218)	53,531
Cash and Cash Equivalents, beginning of year	221,574	168,043
Cash and Cash Equivalents, end of year	\$ 120,356	\$ 221,574
Cash and cash equivalents is made up of:		
Cash and temporary investments <i>(Note 2)</i>	\$ 121,854	\$ 356,302
Less: restricted portion of cash and temporary investments <i>(Note 2)</i>	(1,498)	(134,728)
	\$ 120,356	\$ 221,574

Village of Champion
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2018
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2018	2017 (Restated)
BALANCE, BEGINNING OF YEAR <i>(Note 10, 13)</i>	\$ 460,467	\$ 50,000	\$ 5,618,944	\$ 6,129,411	\$ 5,610,486
Excess of revenue over expenses	298,593	-	-	298,593	518,925
Unrestricted funds designated for future use	-	-	-	-	-
Current year funds used for tangible capital assets	(677,817)	-	677,817	-	-
Disposal of tangible capital assets	-	-	-	-	-
Annual amortization expense	196,386	-	(196,386)	-	-
Change in accumulated surplus	(182,838)	-	481,431	298,593	518,925
BALANCE, END OF YEAR	\$ 277,629	\$ 50,000	\$ 6,100,375	\$ 6,428,004	\$ 6,129,411

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, 2018
(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2018	2017
COST:								
BALANCE, BEGINNING OF YEAR	\$ 707,211	\$ 345,480	\$ 3,937,123	\$ 3,994,043	\$ 322,301	\$ 43,495	\$ 9,349,653	\$ 8,673,615
Acquisition of tangible capital assets	-	3,684	426,038	210,991	37,104	-	677,817	633,163
Construction-in-progress	-	-	-	-	-	-	-	42,875
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	707,211	349,164	4,363,161	4,205,034	359,405	43,495	10,027,470	9,349,653
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	43,652	1,576,788	1,855,361	218,548	36,360	3,730,709	3,552,648
Annual amortization	-	6,983	81,141	80,715	23,662	3,885	196,386	178,061
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	50,635	1,657,929	1,936,076	242,210	40,245	3,927,095	3,730,709
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 707,211	\$ 298,529	\$ 2,705,232	\$ 2,268,958	\$ 117,195	\$ 3,250	\$ 6,100,375	\$ 5,618,944
2017 Net Book Value of Tangible Capital Assets	\$ 707,211	\$ 301,828	\$ 2,360,335	\$ 2,138,682	\$ 103,753	\$ 7,135	\$ 5,618,944	

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, 2018
(Schedule 3)**

	<i>Budget (Unaudited)</i>	2018	2017
TAXATION			
Real property taxes	\$ 400,437	\$ 408,212	\$ 373,148
	<u>400,437</u>	<u>408,212</u>	<u>373,148</u>
REQUISITIONS			
Alberta School Foundation Fund	54,447	54,447	49,740
Seniors Foundation	3,289	3,289	2,912
	<u>57,736</u>	<u>57,736</u>	<u>52,652</u>
NET MUNICIPAL PROPERTY TAXES	<u>\$ 342,701</u>	<u>\$ 350,476</u>	<u>\$ 320,496</u>

Village of Champion
Schedule of Government Transfers
For the Year Ended December 31, 2018
(Schedule 4)

	<i>Budget</i> <i>(Unaudited)</i>	2018	2017
TRANSFERS FOR OPERATING			
Provincial Government	\$ 64,950	\$ 85,624	\$ 194,950
	<u>64,950</u>	<u>85,624</u>	<u>194,950</u>
TRANSFERS FOR CAPITAL			
Provincial Government	653,431	579,667	646,393
Other Local Governments	43,550	43,745	-
	<u>696,981</u>	<u>623,412</u>	<u>646,393</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 761,931</u>	<u>\$ 709,036</u>	<u>\$ 841,343</u>

Village of Champion
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2018
(Schedule 5)

	<i>Budget</i> <i>(Unaudited)</i>	2018	2017
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits <i>(Note 11)</i>	\$ 242,970	\$ 251,614	\$ 258,148
Contracted and general services <i>(Note 17)</i>	356,995	383,293	564,649
Materials, goods, supplies and utilities	86,085	227,718	90,516
Transfers to local boards and agencies	40,320	48,448	48,328
Interest and bank charges	1,365	2,186	2,209
Land held for sale write-down <i>(Note 9)</i>	-	45,664	107,679
Amortization of tangible capital assets	-	196,386	178,061
	<u>\$ 727,735</u>	<u>\$ 1,155,309</u>	<u>\$ 1,249,590</u>

**Village of Champion
Schedule of Segmented Disclosure
For the Year Ended December 31, 2018
(Schedule 6)**

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
REVENUE							
Net municipal taxes	\$ 350,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,476
Government transfers	110,624	-	177,954	12,639	32,969	331,105	665,291
User fees and sales of goods	9,936	4,129	-	44,771	16,201	254,374	329,411
Investment income	579	-	-	-	-	-	579
Other revenues	108,145	-	-	-	-	-	108,145
	<u>579,760</u>	<u>4,129</u>	<u>177,954</u>	<u>57,410</u>	<u>49,170</u>	<u>585,479</u>	<u>1,453,902</u>
EXPENSES							
Contract and general services (Note 17)	86,086	5,594	54,605	7,161	13,077	216,770	383,293
Salaries and wages	116,184	-	56,556	-	30,848	48,026	251,614
Goods and supplies	2,897	-	33,754	138,015	401	649	175,716
Utilities	3,840	1,865	25,347	-	12,428	8,522	52,002
Other expenses	17,674	6,864	-	45,664	26,096	-	96,298
	<u>226,681</u>	<u>14,323</u>	<u>170,262</u>	<u>190,840</u>	<u>82,850</u>	<u>273,967</u>	<u>958,923</u>
NET REVENUE, BEFORE AMORTIZATION	353,079	(10,194)	7,692	(133,430)	(33,680)	311,512	494,979
Amortization expense	17,606	-	85,310	-	77,775	15,695	196,386
NET REVENUE	<u>\$ 335,473</u>	<u>\$ (10,194)</u>	<u>\$ (77,618)</u>	<u>\$ (133,430)</u>	<u>\$ (111,455)</u>	<u>\$ 295,817</u>	<u>\$ 298,593</u>

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, 2018**

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.

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, 2018**

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, 2018**

2) CASH AND TEMPORARY INVESTMENTS		2018	2017
Cash	\$	62,980	\$ 32,688
T-Bill Savings accounts		58,874	323,375
Petty cash		-	239
		\$ 121,854	\$ 356,302

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, \$1,498 (2017 - \$134,728) 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 4.20%, of which \$45,000 remains unused at December 31, 2018.

3) TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES		2018	2017
Tax arrears	\$	48,838	\$ 14,158
Current taxes and grants in place of taxes		47,196	59,594
		\$ 96,034	\$ 73,752

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

4) TRADE AND OTHER RECEIVABLES		2018	2017
Utilities receivable	\$	53,628	\$ 52,602
Goods and Services Tax receivable		44,841	68,570
Trade accounts receivable		50	981
		\$ 98,519	\$ 122,153

5) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		2018	2017
Employee benefits obligation	\$	27,904	\$ 11,271
Accrued liabilities		13,825	13,825
Trade accounts payable		8,630	-
		\$ 50,359	\$ 25,096

6) DEFERRED REVENUE		2018	2017 <i>(Restated)</i>
Other	\$	1,498	\$ 15,000
Alberta Municipal Sustainability Initiative - capital		-	111,412
Federal Gas Tax Fund		-	8,316
		\$ 1,498	\$ 134,728

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 2017 of \$111,412, plus funds received by the Village in 2018 of \$356,752, less \$468,164 recognized as revenue in 2018.

Federal Gas Tax Fund (FGTF)

The Federal Gas Tax Fund is a per capita grant to assist municipalities in addressing their sustainable municipal capital infrastructure needs. The program is supported through the allocation to Alberta Municipalities of a portion of the federal gasoline tax. Funding under this program is subject to the province receiving the funding from the federal government. The program provides conditional grants for capital-related projects which meet the program eligibility criteria. There is no requirement for a municipal funding contribution to projects accepted under this program. The balance represents funds brought forward from 2017 of \$8,316 plus additional funding received of \$100,000 in 2018 less funds spent of \$108,316.

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7) TANGIBLE CAPITAL ASSETS		2018	2017
Land	\$ 707,211	\$ 707,211	
Land improvements	298,529	301,828	
Buildings	2,705,232	2,360,335	
Engineered structures	2,268,958	2,138,682	
Machinery, equipment and furnishings	117,195	103,753	
Vehicles	3,250	7,135	
	\$ 6,100,375	\$ 5,618,944	
8) EQUITY IN TANGIBLE CAPITAL ASSETS		2018	2017
Tangible capital assets (Schedule 2)	\$ 10,027,470	\$ 9,349,653	
Accumulated amortization (Schedule 2)	(3,927,095)	(3,730,709)	
	\$ 6,100,375	\$ 5,618,944	
9) LAND INVENTORY HELD FOR RESALE - WORK IN PROGRESS		2018	2017
Land inventory held for resale - work in progress	\$ -	\$ 95,000	

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 2018, all work was completed to bring the asset to its intended condition for sale. A write down was completed to record land inventory at its net realizable value.

10) ACCUMULATED SURPLUS

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

	2018	2017 <i>(Restated)</i>
Unrestricted surplus	\$ 277,629	\$ 460,467
Restricted surplus		
Water line replacement	50,000	50,000
	50,000	50,000
Equity in tangible capital assets (Note 8)	6,100,375	5,618,944
	\$ 6,428,004	\$ 6,129,411

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 ¹	Benefits and Allowances ²	Total 2018	Total 2018
Mayor and Councillors				
Mayor Smith, J.	\$ -	\$ -	\$ -	\$ -
Councillor Wagenvoort, T.	-	-	-	-
Councillor Ellis, R.	-	-	-	-
Councillor Povey, C.	-	-	-	-
Councillor Matlock, A.	-	-	-	-
Chief Administrative Officer				
Bergen (Current)	68,609	14,286	82,895	77,190
	\$ 68,609	\$ 14,286	\$ 82,895	\$ 77,190

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.

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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:

	2018	2017
Total debt limit	\$ 1,245,735	\$ 1,683,183
Total debt	-	-
Amount of surplus debt limit	\$ 1,245,735	\$ 1,683,183
Debt servicing limit	\$ 207,623	\$ 280,531
Debt servicing	-	-
Amount of surplus debt servicing limit	\$ 207,623	\$ 280,531

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 2016 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 2016. The prior period has been adjusted to reconcile the deferred revenue and accumulated surplus balances to match the amounts reported and approved by the government in the prior year. These adjustments are as follows:

	2017
Adjustments to deferred revenue:	
As previously reported	\$ 85,629
Adjustment to deferred revenue	49,099
As restated	\$ 134,728
Adjustments to accumulated surplus, beginning of year:	
As previously reported	\$ 5,659,585
Adjustment to accumulated surplus	(49,099)
As restated	\$ 5,610,486

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).

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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 259,714 people and about 420 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 10.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 9.39% of pensionable salary up to the year's maximum pensionable salary and 13.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2018 were \$15,132 (2017 - \$18,245). Total current service contributions by the employees of the Village to the LAPP in 2018 were \$13,709 (2017 - \$16,708).

At December 31, 2017, the LAPP disclosed an actuarial surplus of \$4.84 billion.

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 2018 (2017 - \$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 2018 were \$85,901 (2017 - \$114,411) for water purchases and \$36,813 (2017 - \$85,312) for the Village of Champion's share of deficit.

Amount payable to the Commission at December 31, 2018 is \$3,528 (2017 - \$nil).

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.