

Village of Champion

Financial Statements

For the Year Ended December 31, 2021

Village of Champion

December 31, 2021

CONTENTS

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITORS' REPORT	2 - 3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Schedule 1 - Schedule of Changes in Accumulated Surplus	8
Schedule 2 - Schedule of Tangible Capital Assets	9
Schedule 3 - Schedule of Property and Other Taxes	10
Schedule 4 - Schedule of Government Transfers	11
Schedule 5 - Schedule of Consolidated Expenses by Object	12
Schedule 6 - Schedule of Segmented Disclosure	13
Notes to Financial Statements	14 - 21

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Village of Champion is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Village's financial position as at December 31, 2021 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

Village Council meets annually with management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. Council is also responsible for the engagement or re-appointment of the external auditors. The Village Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Gregory, Harriman & Associates LLP, Chartered Professional Accountants, independent external auditors appointed by the Village. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

Chief Administrative Officer

April 19, 2022

INDEPENDENT AUDITORS' 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, 2021, 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, 2021, 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 Auditors' 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.

Emphasis of Matter – Prior Period Adjustment

We draw attention to Note 11 of the financial statements, which describes the effects of a building which was incorrectly included in the Tangible Capital Asset balance when it had been disposed of in 2016. Our opinion is not modified in respect of this matter.

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.

Auditors' 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 auditors' 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 auditors' 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 10.
- 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 9.

Strathmore, Alberta
April 19, 2022



Gregory, Harriman & Associates LLP
Chartered Professional Accountants

Village of Champion
Consolidated Statement of Financial Position
As at December 31, 2021

	2021	2020 <i>(Restated)</i>
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 2)</i>	\$ 732,980	\$ 825,785
Taxes and grants in place of taxes receivables <i>(Note 3)</i>	80,658	83,452
Trade and other receivables <i>(Note 4)</i>	119,265	88,093
Land inventory held for resale - available for sale	46,903	80,941
	<u>979,806</u>	<u>1,078,271</u>
 LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 5, 15)</i>	81,019	38,824
Deferred revenue <i>(Note 6)</i>	92,849	241,751
	<u>173,868</u>	<u>280,575</u>
 NET FINANCIAL ASSETS	<u>805,938</u>	<u>797,696</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Note 11)</i> (Schedule 2)	6,043,472	6,018,928
	<u>6,043,472</u>	<u>6,018,928</u>
 ACCUMULATED SURPLUS <i>(Note 8, 11)</i> (Schedule 1)	<u>\$ 6,849,410</u>	<u>\$ 6,816,624</u>
 DEBT LIMITS <i>(Note 10)</i>		
 PRIOR PERIOD ADJUSTMENT <i>(Note 11)</i>		
 SUBSEQUENT EVENTS <i>(Note 16)</i>		
 CONTINGENCIES <i>(Note 17)</i>		

Approved by: _____ Mayor _____ Chief Administrative Officer

Village of Champion
Consolidated Statement of Operations
For the Year Ended December 31, 2021

	<i>Budget (Unaudited)</i>	2021	2020 <i>(Restated)</i>
REVENUE			
Net municipal property taxes (Schedule 3)	\$ 330,559	\$ 320,768	\$ 301,727
Sale of goods and user charges	337,960	448,465	353,628
Government transfers (Schedule 4)	83,608	85,608	47,966
Franchise and concession contracts	47,000	46,796	47,495
Penalties and costs on taxes	8,500	7,806	10,947
Other revenue	-	5,590	159,702
Gain on disposal of tangible capital asset	-	-	584,000
Total Revenue	<u>807,627</u>	<u>915,033</u>	<u>1,505,465</u>
EXPENSES (Schedule 5)			
Legislative	500	19	-
Administration	176,549	278,853	245,306
Fire and emergency services	42,221	41,249	33,112
Public works	53,394	93,066	57,324
Roads, streets, walks and lighting	53,746	153,697	152,095
Water supply and distribution (Note 15)	176,229	212,199	212,646
Wastewater treatment and disposal	14,548	4,964	10,022
Waste management	78,872	78,872	73,185
Cemetery	-	9,000	882
Development	6,000	83,391	17,346
Recreation, parks and culture	70,594	137,631	178,158
Public health and welfare	33,308	40,389	53,548
Loss on disposal of tangible capital assets	-	52,468	-
Total Expenses	<u>705,961</u>	<u>1,185,798</u>	<u>1,033,624</u>
EXCESS OF REVENUE OVER EXPENSES - BEFORE OTHER	<u>101,666</u>	<u>(270,765)</u>	<u>471,841</u>
OTHER			
Contributed from others for capital	-	-	-
Government transfers for capital (Schedule 4)	386,000	303,551	30,108
	<u>386,000</u>	<u>303,551</u>	<u>30,108</u>
EXCESS OF REVENUE OVER EXPENSES	487,666	32,786	501,949
ACCUMULATED SURPLUS, BEGINNING OF YEAR (Note 8, 11)	<u>6,816,624</u>	<u>6,816,624</u>	<u>6,314,675</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 7,304,290</u>	<u>\$ 6,849,410</u>	<u>\$ 6,816,624</u>

Village of Champion
Consolidated Statement of Change in Net Financial Assets
For the Year Ended December 31, 2021

	<i>Budget</i> <i>(Unaudited)</i>	2021	2020 <i>(Restated)</i>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 487,666</u>	<u>\$ 32,786</u>	<u>\$ 501,949</u>
Acquisition of tangible capital assets (Schedule 2)	(451,870)	(333,590)	(139,604)
Amortization of tangible capital assets (Schedule 2)	-	209,028	203,770
Proceeds on disposal of tangible capital assets	-	47,550	584,000
(Gain)/Loss on sale of tangible capital assets	-	52,468	(584,000)
	<u>(451,870)</u>	<u>(24,544)</u>	<u>64,166</u>
INCREASE IN NET FINANCIAL ASSETS	35,796	8,242	566,115
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>797,696</u>	<u>797,696</u>	<u>231,582</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 833,492</u>	<u>\$ 805,938</u>	<u>\$ 797,696</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, 2021

	2021	2020 (Restated)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
Operating		
Excess (shortfall) of revenue over expenses	\$ 32,786	\$ 501,949
Non-cash items included in excess (shortfall) of revenue over expenses:		
Amortization of tangible capital assets	209,028	203,770
(Gain)/loss on disposal of tangible capital assets	52,468	(584,000)
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes receivables	2,794	37,402
Decrease (increase) in trade and other receivables	(31,172)	(13,653)
Decrease (increase) in land held for sale	34,038	(57,857)
Increase (decrease) in accounts payable and accrued liabilities	42,195	(3,330)
Increase (decrease) in deferred revenue	(148,902)	142,307
Net cash provided by operating transactions	<u>193,235</u>	<u>226,588</u>
Capital		
Acquisition of tangible capital assets	(333,590)	(139,604)
Sale of tangible capital assets	47,550	584,000
Cash applied to capital transactions	<u>(286,040)</u>	<u>444,396</u>
Investing		
Decrease (increase) in restricted cash or cash equivalents	148,902	(142,307)
Cash provided by (applied to) investing transactions	<u>148,902</u>	<u>(142,307)</u>
Change in cash and cash equivalents during the year	56,097	528,677
Cash and cash equivalents, beginning of year	584,034	55,357
Cash and cash equivalents, end of year	<u>\$ 640,131</u>	<u>\$ 584,034</u>
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	\$ 732,980	\$ 825,785
Less: restricted portion of cash and temporary investments (Note 2)	<u>(92,849)</u>	<u>(241,751)</u>
	<u>\$ 640,131</u>	<u>\$ 584,034</u>

Village of Champion
Schedule of Changes in Accumulated Surplus
For the Year Ended December 31, 2021
(Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020 (Restated)
BALANCE, BEGINNING OF YEAR (Restated) (Note 8, 11)	\$ 190,788	\$ 606,908	\$ 6,018,928	\$ 6,816,624	\$ 6,314,675
Excess (shortfall) of revenue over expenses	32,786	-	-	32,786	501,949
Unrestricted funds designated for future use	-	-	-	-	-
Restricted funds used for operations	-	-	-	-	-
Restricted funds used for tangible capital assets	-	-	-	-	-
Current year funds used for tangible capital assets	(333,590)	-	333,590	-	-
Disposal of tangible capital assets	100,018	-	(100,018)	-	-
Annual amortization expense	209,028	-	(209,028)	-	-
Change in accumulated surplus	8,242	-	24,544	32,786	501,949
BALANCE, END OF YEAR	\$ 199,030	\$ 606,908	\$ 6,043,472	\$ 6,849,410	\$ 6,816,624

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, 2021
(Schedule 2)

	Land	Land Improvements	Buildings (Restated)	Engineered Structures	Machinery and Equipment	Vehicles	2021	2020 (Restated)
COST:								
BALANCE, BEGINNING OF YEAR (Note 11)	\$ 710,171	\$ 349,164	\$ 3,877,550	\$ 3,854,332	\$ 440,783	\$ 43,495	\$ 9,275,495	\$ 9,661,898
Acquisition of tangible capital assets	1,125	-	5,906	306,743	19,816	-	333,590	138,044
Construction-in-progress	-	-	-	-	-	-	-	1,560
Disposal of tangible capital assets	(48,523)	-	-	(23,548)	(43,258)	-	(115,329)	(526,007)
BALANCE, END OF YEAR	662,773	349,164	3,883,456	4,137,527	417,341	43,495	9,493,756	9,275,495
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR (Note 11)	-	64,601	1,267,412	1,578,742	302,317	43,495	3,256,567	3,578,804
Annual amortization	-	6,983	82,232	93,210	26,603	-	209,028	203,770
Accumulated amortization on disposals	-	-	-	(1,177)	(14,134)	-	(15,311)	(526,007)
BALANCE, END OF YEAR	-	71,584	1,349,644	1,670,775	314,786	43,495	3,450,284	3,256,567
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 662,773	\$ 277,580	\$ 2,533,812	\$ 2,466,752	\$ 102,555	\$ -	\$ 6,043,472	\$ 6,018,928
2020 Net Book Value of Tangible Capital Assets (Note 11)	\$ 710,171	\$ 284,563	\$ 2,610,137	\$ 2,275,591	\$ 138,466	\$ -	\$ 6,018,928	

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, 2021
(Schedule 3)

	<i>Budget (Unaudited)</i>	2021	2020
TAXATION			
Real property taxes	\$ 397,469	\$ 388,714	\$ 366,790
	<u>397,469</u>	<u>388,714</u>	<u>366,790</u>
REQUISITIONS			
Alberta School Foundation Fund	59,428	60,464	59,379
Seniors Foundation	7,482	7,482	5,684
	<u>66,910</u>	<u>67,946</u>	<u>65,063</u>
NET MUNICIPAL PROPERTY TAXES	\$ 330,559	\$ 320,768	\$ 301,727

Village of Champion
Schedule of Government Transfers
For the Year Ended December 31, 2021
(Schedule 4)

	<i>Budget (Unaudited)</i>	2021	2020
TRANSFERS FOR OPERATING			
Provincial Government	\$ 83,608	\$ 85,608	\$ 47,966
	<u>83,608</u>	<u>85,608</u>	<u>47,966</u>
TRANSFERS FOR CAPITAL			
Provincial Government	386,000	303,551	30,108
	<u>386,000</u>	<u>303,551</u>	<u>30,108</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 469,608</u>	<u>\$ 389,159</u>	<u>\$ 78,074</u>

Village of Champion
Schedule of Consolidated Expenses by Object
For the Year Ended December 31, 2021
(Schedule 5)

	<i>Budget</i> <i>(Unaudited)</i>	2021	2020 <i>(Restated)</i>
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits <i>(Note 9)</i>	\$ 214,258	\$ 269,877	\$ 253,609
Contracted and general services <i>(Note 15)</i>	326,472	401,004	373,556
Materials, goods, supplies and utilities	89,652	161,165	119,827
Transfers to local boards and agencies	73,379	89,448	80,713
Interest and bank charges	2,200	2,808	2,149
Amortization of tangible capital assets	-	209,028	203,770
Loss on disposal of capital assets	-	52,468	-
	<u>\$ 705,961</u>	<u>\$ 1,185,798</u>	<u>\$ 1,033,624</u>

Village of Champion
Schedule of Segmented Disclosure
For the Year Ended December 31, 2021
(Schedule 6)

	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Total
REVENUE							
Net municipal taxes	\$ 320,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320,768
User fees and sales of goods	29,399	1,180	34,362	36,289	72,114	275,121	448,465
Other revenues	60,192	-	-	-	-	-	60,192
	<u>410,359</u>	<u>1,180</u>	<u>34,362</u>	<u>36,289</u>	<u>72,114</u>	<u>275,121</u>	<u>829,425</u>
EXPENSES							
Contract and general services (Note 15)	122,389	15,028	6,714	16,776	13,225	226,872	401,004
Salaries and wages (Note 9)	121,829	-	81,272	-	10,759	56,017	269,877
Goods and supplies	3,201	-	19,351	67,413	3,853	2,380	96,198
Utilities	7,964	-	30,566	-	15,671	10,766	64,967
Other expenses	44,090	26,221	-	-	74,413	-	144,724
	<u>299,473</u>	<u>41,249</u>	<u>137,903</u>	<u>84,189</u>	<u>117,921</u>	<u>296,035</u>	<u>976,770</u>
NET REVENUE (LOSS), BEFORE AMORTIZATION	110,886	(40,069)	(103,541)	(47,900)	(45,807)	(20,914)	(147,345)
Government transfers	85,608	-	303,551	-	-	-	389,159
Amortization expense	(18,054)	-	(93,921)	-	(82,913)	(14,140)	(209,028)
NET REVENUE (LOSS)	<u>\$ 178,440</u>	<u>\$ (40,069)</u>	<u>\$ 106,089</u>	<u>\$ (47,900)</u>	<u>\$ (128,720)</u>	<u>\$ (35,054)</u>	<u>\$ 32,786</u>

Segmented Disclosure (Note 12)

**Village of Champion
Notes to Financial Statements
December 31, 2021**

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.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

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.

(continues...)

**Village of Champion
Notes to Financial Statements
December 31, 2021**

1) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

(continues...)

Village of Champion
Notes to Financial Statements
December 31, 2021

1) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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	5 - 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. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

iv. Inventories

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

2) CASH AND TEMPORARY INVESTMENTS

	2021	2020
T-Bill Savings accounts	\$ 421,289	\$ 721,289
Cash	311,391	104,496
Petty Cash	300	-
	<u>\$ 732,980</u>	<u>\$ 825,785</u>

T-Bill Savings accounts are with the Alberta Treasury Branch that are redeemable at any time and have a variable interest rate between 0.25% and 0.55% depending on the balance in the account.

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, \$92,849 (2020 - \$241,751) of the T-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 1% with an effective rate of 3.45%, of which \$45,000 remains unused at December 31, 2021.

**Village of Champion
Notes to Financial Statements
December 31, 2021**

3) TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES	2021	2020
Current taxes and grants in place of taxes	\$ 36,693	29,133
Tax arrears	43,965	\$ 54,319
	<u>\$ 80,658</u>	<u>\$ 83,452</u>
Taxes and grants in place of taxes receivables consist of tax levies which remain outstanding at December 31.		
4) TRADE AND OTHER RECEIVABLES	2021	2020
Trade accounts receivable	\$ 44,239	26,862
Utilities receivable	43,592	\$ 39,867
Goods and Services Tax receivable	31,434	21,364
	<u>\$ 119,265</u>	<u>\$ 88,093</u>
5) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2021	2020
Grant funds repayable	\$ 40,728	\$ -
Trade accounts payable	15,718	18,651
Accrued liabilities	13,825	13,825
Employee benefits obligation	10,748	6,348
	<u>\$ 81,019</u>	<u>\$ 38,824</u>
6) DEFERRED REVENUE	2021	2020
Canada Community-Building fund	\$ 92,665	\$ -
Other Deferred Revenue	184	15,000
Municipal Stimulus Program grant	-	50,000
Alberta Municipal Sustainability Initiative - capital	-	176,751
	<u>\$ 92,849</u>	<u>\$ 241,751</u>
7) EQUITY IN TANGIBLE CAPITAL ASSETS	2021	2020 (Restated)
Tangible capital assets (Schedule 2)	\$ 9,493,756	\$ 9,275,495
Accumulated amortization (Schedule 2)	(3,450,284)	(3,256,567)
	<u>\$ 6,043,472</u>	<u>\$ 6,018,928</u>

Village of Champion
Notes to Financial Statements
December 31, 2021

8) ACCUMULATED SURPLUS

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

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 199,030	\$ 190,788
Restricted surplus		
Capital reserve	500,000	500,000
Old water line maintenance reserve	106,908	106,908
	606,908	606,908
Equity in tangible capital assets (Note 7)	6,043,472	6,018,928
	\$ 6,849,410	\$ 6,816,624

9) 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 2021	Total 2020
Mayor and Councillors				
Mayor Smith, J.	\$ -	\$ -	\$ -	\$ -
Councillor Wagenvoort, T.	-	-	-	-
Councillor Ellis, R.	-	-	-	-
Councillor Povey, C.	-	-	-	-
Councillor Matlock, A.	-	-	-	-
Councillor Schmeelke, N	-	-	-	-
Councillor Mason, M	605	11	616	-
Councillor Penney, T	495	5	500	-
Chief Administrative Officer				
Perley	46,969	8,973	55,942	28,664
Baran	19,384	474	19,858	-
Bergen	-	-	-	65,880
	\$ 67,453	\$ 9,463	\$ 76,916	\$ 94,544

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, 2021

10) 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:

	<u>2021</u>	<u>2020</u>
Total debt limit	\$ 1,372,549	\$ 2,226,114
Total debt	-	-
Amount of surplus debt limit	\$ 1,372,549	\$ 2,226,114
Debt servicing limit	\$ 228,758	\$ 371,019
Debt servicing	-	-
Amount of surplus debt servicing limit	\$ 228,758	\$ 371,019

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.

11) PRIOR PERIOD ADJUSTMENT

During the year it was determined that a building was included in the Tangible Capital Asset balance that had been disposed of in 2016. An adjustment was required to correct for this disposition. These adjustments are as follows:

	<u>2020</u>
Adjustments to Tangible capital assets:	
As previously reported	\$ 6,078,577
Adjustment to tangible capital assets	(59,649)
As restated	\$ 6,018,928
Adjustments to Excess of revenue over expenses:	
As previously reported	\$ 500,280
Adjustment to amortization expense	1,669
As restated	\$ 501,949
Adjustments to Accumulated surplus, beginning of year:	
As previously reported	\$ 6,375,993
Adjustment to accumulated surplus	(61,318)
As restated	\$ 6,314,675

12) 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).

General government includes council and other legislative, and general administration. Protective services includes bylaw enforcement, police, and fire. Transportation includes roads, streets, walks and lighting. Planning and development includes land use planning, zoning and subdivision land and development. Public health and welfare includes family and community support. Recreation and culture includes parks and recreation, libraries, museums and halls. Environmental use and protection includes water supply and distribution, wastewater treatment and disposal, and waste management.

**Village of Champion
Notes to Financial Statements
December 31, 2021**

13) 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 275,863 people and about 433 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 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 8.39% of pensionable salary up to the year's maximum pensionable salary and 12.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2021 were \$11,651 (2020 - \$17,456). Total current service contributions by the employees of the Village to the LAPP in 2021 were \$10,424 (2020 - \$15,666).

At December 31, 2020, the LAPP disclosed an actuarial surplus of \$4.9 billion.

14) 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 2021 (2020 - \$nil) as a result of this standard.

15) 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 2021 were \$96,962 (2020 - \$87,353) for water purchases and \$36,813 (2020 - \$36,813) for the Village of Champion's share of deficit.

Amount payable to the Commission at December 31, 2021 is \$0 (2020 - \$4,326).

16) SUBSEQUENT EVENTS

In March 2020, The World Health Organization declared a global pandemic due to the Novel Coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The full impact of the COVID-19 outbreak continues to evolve through the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Village will not be known with certainty for months to come.

Although the Village cannot estimate the length or the gravity or the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Village's results of future operations, financial position, and liquidity in fiscal year 2022.

17) CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Village 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.

**Village of Champion
Notes to Financial Statements
December 31, 2021**

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.