

**VILLAGE OF CHAMPION**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**VILLAGE OF CHAMPION**  
**Table of Contents**  
**Year Ended December 31, 2024**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Consolidated Schedule of Changes in Accumulated Surplus <i>(Schedule 1)</i>	9
Consolidated Schedule of Tangible Capital Assets <i>(Schedule 2)</i>	10
Consolidated Schedule of Property and Other Taxes <i>(Schedule 3)</i>	11
Consolidated Schedule of Government Transfers <i>(Schedule 4)</i>	12
Consolidated Schedule of Consolidated Expenses by Object <i>(Schedule 5)</i>	13
Consolidated Schedule of Segmented Disclosure <i>(Schedule 6)</i>	14
Notes to Consolidated Financial Statements	15 - 25

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the management of the Village of Champion (the "Village").

These consolidated financial statements have been prepared from information provided by management. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

The Village maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Village's assets are properly accounted for and adequately safeguarded.

The elected Council of the Village is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council meets periodically with management and the external auditors to review significant accounting, reporting and internal control matters. Following its review of the consolidated financial statements and discussions with the auditors, the Council approves of the consolidated financial statements. The Council approves the appointment of the external auditors and reviews the monthly financial reports.

The consolidated financial statements have been audited by Shawn Cook Professional Corporation, Chartered Professional Accountants, the external auditor, in accordance with Canadian generally accepted auditing standards on behalf of the Council, residents and ratepayers of the Village. Shawn Cook Professional Corporation has full and free access to the Council.

  
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CAO

Champion, Alberta



## **INDEPENDENT AUDITOR'S REPORT**

**To the Mayor and Members of Council of Village of Champion**

### **Qualified 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, 2024, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2024, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

Effective January 1, 2024, the Village was required to adopt *PS 3280 Asset Retirement Obligations* which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2024. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management had not completed its assessment of the tangible capital assets for potential asset retirement obligation. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31, 2024 and 2023.

The predecessor auditor's opinion on the consolidated financial statements for the year ended December 31, 2023 was modified because of the effects of this departure from Canadian public sector accounting standards.

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 ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

### **Other Matter**

The consolidated financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those consolidated financial statements on December 18, 2024 for the reasons described in the *Basis for Qualified Opinion* section.

(continues)

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 consolidated 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 liquidate the Village or 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 Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 omissions, 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.

*(continues)*

Independent Auditor's Report to the Mayor and Members of Council of Village of Champion *(continued)*

- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

Lethbridge, Alberta  
January 19, 2026

*Shawn Cook*  
*Professional Corporation*


Chartered Professional Accountants


**VILLAGE OF CHAMPION**  
**Consolidated Statement of Financial Position**  
**December 31, 2024**

	2024	2023
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 485,287	\$ 608,199
Taxes and grants in place of taxes receivable <i>(Note 4)</i>	82,447	66,551
Trade and other receivables <i>(Note 4)</i>	108,149	64,910
	<u>675,883</u>	<u>739,660</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	93,114	65,259
Deposits	-	500
Deferred revenue <i>(Note 5)</i>	145,667	147,812
	<u>238,781</u>	<u>213,571</u>
<b>NET FINANCIAL ASSETS</b>	<u>437,102</u>	<u>526,089</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Schedule 2)</i>	5,511,572	5,668,451
Land held for resale	16,298	16,298
	<u>5,527,870</u>	<u>5,684,749</u>
<b>ACCUMULATED SURPLUS <i>(Schedule 1 and Note 8)</i></b>	<u>\$ 5,964,972</u>	<u>\$ 6,210,838</u>

*Commitments and contingencies (Notes 12, 16)*

Approved on behalf of Council:

  
 \_\_\_\_\_ Chief Elected Officer

  
 \_\_\_\_\_ Councillor

**VILLAGE OF CHAMPION**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>REVENUE</b>			
Net municipal property taxes <i>(Schedule 3)</i>	\$ 477,070	\$ 496,486	\$ 384,579
User fees and sales of goods	374,909	338,400	411,598
Government transfers for operating <i>(Schedule 4)</i>	82,000	97,218	93,018
Franchise fees <i>(Note 14)</i>	51,000	57,458	53,782
Investment income	-	25,069	22,448
Penalties and costs of taxes	8,500	9,878	9,347
	993,479	1,024,509	974,772
<b>EXPENSES</b>			
Legislative	5,500	4,631	2,565
Administration	317,161	377,872	290,957
Police, fire, and emergency services	52,670	47,730	43,491
Public works	172,500	183,799	146,434
Roads, streets and walks lighting	57,500	111,603	103,866
Water supply and distribution	235,750	273,516	296,126
Waste water treatment and distribution	15,350	39,584	45,839
Waste management	98,178	97,068	99,308
Cemetery	-	4,232	-
Family and community support services	3,195	3,619	43,389
Landuse, planning, zoning, and development	12,000	18,051	34,374
Recreation, parks and culture	60,350	130,624	146,870
	1,030,154	1,292,329	1,253,219
<b>(DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	<b>(36,675)</b>	<b>(267,820)</b>	<b>(278,447)</b>
<b>OTHER</b>			
Government transfers for capital <i>(Schedule 4)</i>	7,200	21,954	3,601
Loss on disposal of tangible capital assets	-	-	(109,080)
	7,200	21,954	(105,479)
<b>ANNUAL (DEFICIT)</b>	<b>(29,475)</b>	<b>(245,866)</b>	<b>(383,926)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>6,210,838</b>	<b>6,210,838</b>	<b>6,594,764</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 6,181,363</b>	<b>\$ 5,964,972</b>	<b>\$ 6,210,838</b>

**VILLAGE OF CHAMPION****Consolidated Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget (Unaudited)	2024	2023
<b>ANNUAL (DEFICIT)</b>	\$ (29,475)	\$ (245,866)	\$ (383,926)
Acquisition of tangible capital assets	-	(46,326)	(16,267)
Amortization of tangible capital assets	-	203,205	200,947
Loss on disposal of tangible capital assets	-	-	109,080
	-	156,879	293,760
	-	156,879	293,760
<b>CHANGE IN NET FINANCIAL ASSETS</b>	(29,475)	(88,987)	(90,166)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	526,089	526,089	616,255
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 496,614	\$ 437,102	\$ 526,089

**VILLAGE OF CHAMPION**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2024**

	2024	2023
<b>OPERATING</b>		
Annual deficit	\$ (245,866)	\$ (383,926)
Non-cash items included in excess of revenue over expenses		
Amortization of tangible capital assets	203,205	200,947
Loss on disposal of tangible capital assets	-	109,080
	<u>(42,661)</u>	<u>(73,899)</u>
Changes in non-cash working capital:		
Taxes and grants in place of taxes receivable	(15,896)	20,554
Trade and other receivables	(43,239)	10,239
Land held for resale	-	22,105
Accounts payable and accrued liabilities	27,855	23,456
Deposits	(500)	(1,000)
Deferred revenue	(2,145)	589
	<u>(33,925)</u>	<u>75,943</u>
	<u>(76,586)</u>	<u>2,044</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(46,326)	(16,267)
	<u>(46,326)</u>	<u>(16,267)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		
<b>DURING THE YEAR</b>		
	(122,912)	(14,223)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>608,199</u>	<u>622,422</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b> <i>(Note 3)</i>	<u>\$ 485,287</u>	<u>\$ 608,199</u>

**VILLAGE OF CHAMPION**

**Schedule of Changes in Accumulated Surplus**

**(Schedule 1)**

**Year Ended December 31, 2024**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2024	2023
<b>BALANCE, BEGINNING OF THE YEAR</b>	\$ 155,479	\$ 386,908	\$ 5,668,451	\$ <b>6,210,838</b>	\$ 6,594,764
Annual deficit	(245,866)	-	-	<b>(245,866)</b>	(383,926)
Unrestricted funds designated for future use	(22,000)	22,000	-	-	-
Current year funds used for tangible capital assets	(46,326)	-	46,326	-	-
Amortization of tangible capital assets	203,205	-	(203,205)	-	-
Change in accumulated surplus	(110,987)	22,000	(156,879)	<b>(245,866)</b>	(383,926)
<b>BALANCE, END OF THE YEAR</b>	\$ 44,492	\$ 408,908	\$ 5,511,572	\$ <b>5,964,972</b>	\$ 6,210,838

**VILLAGE OF CHAMPION**  
**Schedule of Tangible Capital Assets**  
**Year Ended December 31, 2024**

**(Schedule 2)**

	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2024	2023
<b>COST</b>								
BALANCE, BEGINNING OF YEAR	\$ 560,360	\$ 343,337	\$ 3,883,456	\$ 4,245,012	\$ 416,618	\$ 43,495	\$ 9,492,278	\$ 9,585,091
Acquisition of tangible capital assets	-	-	-	7,908	30,918	7,500	46,326	16,267
Disposal of tangible capital assets	-	-	-	-	-	-	-	(109,080)
BALANCE, END OF YEAR	560,360	343,337	3,883,456	4,252,920	447,536	50,995	9,538,604	9,492,278
<b>ACCUMULATED AMORTIZATION</b>								
BALANCE, BEGINNING OF YEAR	-	83,277	1,514,107	1,860,775	322,173	43,495	3,823,827	3,622,880
Annual amortization	-	6,867	82,232	95,183	18,173	750	203,205	353,853
Accumulated amortization on disposals	-	-	-	-	-	-	-	(152,906)
BALANCE, END OF YEAR	-	90,144	1,596,339	1,955,958	340,346	44,245	4,027,032	3,823,827
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 560,360</b>	<b>\$ 253,193</b>	<b>\$ 2,287,117</b>	<b>\$ 2,296,962</b>	<b>\$ 107,190</b>	<b>\$ 6,750</b>	<b>\$ 5,511,572</b>	<b>\$ 5,668,451</b>
2023 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 560,360	\$ 260,060	\$ 2,369,349	\$ 2,384,237	\$ 94,445	\$ -	\$ 5,668,451	

**VILLAGE OF CHAMPION**  
**Schedule of Property and Other Taxes**  
**Year Ended December 31, 2024**

**(Schedule 3)**

	Budget (Unaudited)	2024	2023
<b>TAXATION</b>			
Real property taxes	\$ 440,578	\$ 450,652	\$ 454,894
Linear property taxes	108,000	128,846	-
	<u>548,578</u>	<u>579,498</u>	<u>454,894</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	62,112	73,616	62,112
Seniors' foundation	9,396	9,396	8,203
	<u>71,508</u>	<u>83,012</u>	<u>70,315</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 477,070</u>	<u>\$ 496,486</u>	<u>\$ 384,579</u>

**VILLAGE OF CHAMPION**  
**Schedule of Government Transfers**  
**Year Ended December 31, 2024**

**(Schedule 4)**

	Budget (Unaudited)	2024	2023
<b>TRANSFERS FOR OPERATING</b>			
Provincial Government	\$ 82,000	\$ <b>93,018</b>	\$ 93,018
<b>TRANSFERS FOR CAPITAL</b>			
Provincial Government	7,200	<b>21,954</b>	3,601
<b>TOTAL GOVERNMENT TRANSFERS</b>	\$ 89,200	\$ <b>114,972</b>	\$ 96,619

**VILLAGE OF CHAMPION****Schedule of Consolidated Expenses by Object  
Year Ended December 31, 2024****(Schedule 5)**

	Budget (Unaudited)	2024	2023
<b>CONSOLIDATED EXPENSES BY OBJECT</b>			
Contracted and general services	\$ 387,151	\$ 424,157	\$ 384,256
Salaries, wages and benefits	284,195	306,221	292,582
Materials, goods and utilities	191,920	212,766	216,927
Transfers to local boards and agencies	92,758	84,748	91,423
Transfers to other governments	68,130	53,735	61,409
Bank charges and short-term interest	6,000	7,497	5,675
Amortization of tangible capital assets	-	203,205	200,947
	\$ 1,030,154	\$ 1,292,329	\$ 1,253,219

**VILLAGE OF CHAMPION**  
**Schedule of Segmented Disclosure**  
**Year Ended December 31, 2024**

(Schedule 6)

	General Government	Protective Services	Transportation Services	Environmental Services	Planning and development	Recreation and culture	Total
<b>REVENUE</b>							
Net municipal property taxes	\$ 496,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,486
User fees and sales of goods	21,226	580	2,500	281,528	11,893	20,673	338,400
Government transfers	93,018	-	21,954	-	-	-	114,972
Franchise and concession contracts	57,458	-	-	-	-	-	57,458
Investment income	25,069	-	-	-	-	-	25,069
Other revenues	9,878	-	-	-	-	-	9,878
	703,135	580	24,454	281,528	11,893	20,673	1,042,263
<b>EXPENSES</b>							
Contracted and general services	154,991	-	2,943	237,430	22,268	6,525	424,157
Salaries, wages and benefits	177,898	-	117,518	-	2,002	8,803	306,221
Materials, goods, supplies and utilities	21,831	623	120,441	37,308	1,632	30,931	212,766
Transfers to local boards	-	-	-	79,308	-	5,440	84,748
Other expenses	6,628	47,107	-	-	-	-	53,735
Bank charges and short-term interest	7,497	-	-	-	-	-	7,497
	368,845	47,730	240,902	354,046	25,902	51,699	1,089,124
<b>NET REVENUE BEFORE AMORTIZATION</b>	334,290	(47,150)	(216,448)	(72,518)	(14,009)	(31,026)	(46,861)
Amortization expense	13,658	-	54,500	56,122	-	78,925	203,205
<b>NET REVENUE</b>	\$ 320,632	\$ (47,150)	\$ (270,948)	\$ (128,640)	\$ (14,009)	\$ (109,951)	\$ (250,066)

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Village of Champion (the "Village") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Village are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, and changes in financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of 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 operating requisitions for education and social organizations that are not part of the municipal reporting entity.

Basis of Accounting

The consolidated 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, other than government transfers, 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.

Revenue recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and the amounts to be received can be reasonably estimated and collection is reasonably assured.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payer. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered.

User charges for which the related services have yet to be performed are recognized when related expenses are incurred, benefits are achieved, or tangible capital assets are acquired. Revenue on investments, fines, and penalties are recognized when earned.

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**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition, or are redeemable, and are held for the purpose of meeting short-term cash commitments rather than for investing.

Use of Estimates

The preparation of consolidated 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant items subject to such estimates are the collectability of accounts receivable and the useful lives of tangible capital assets.

Contaminated Sites Liability

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Village is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

Tax Revenue

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Requisitions operate as a flow through and are excluded from municipal revenue.

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**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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

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 consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Requisitions Over-levy and Under-levy

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

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

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

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Village to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Village reviews the carrying amount of the liability. The Village recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Village continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

*(continues)*

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets 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 asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15 - 30
Buildings	50
Engineered structures	
Roadway system	10 - 40
Water system	45 - 75
Wastewater system	45 - 75
Machinery and equipment	10 - 15
Vehicles	10

Assets under construction are not amortized until the asset is available for productive use.

**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. Land inventory**

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

**v. Cultural and Historical Tangible Capital Assets**

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

*(continues)*

## VILLAGE OF CHAMPION

### Notes to Consolidated Financial Statements

Year Ended December 31, 2024

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

##### Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis 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 the loss. Investments are externally managed and consist of investments in guaranteed investment certificates with banks.

#### 2. ASSET RETIREMENT OBLIGATION

As of April 1, 2022, all public entities were required to adopt section PS 3280, Asset Retirement Obligations, that was issued by the Public Sector Accounting Standards Board in August 2018. For the 2024 fiscal year, the Village is unsure if they have any asset retirement obligations relating to its tangible capital assets, so it has not recorded any liabilities on its financial statements, and the assets listed in Schedule 2 may be understated by the amounts of any existing asset retirement obligations.

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**3. CASH AND CASH EQUIVALENTS**

	<u>2024</u>	<u>2023</u>
Savings account	\$ 252,345	\$ 457,426
Operating account	232,642	150,473
Petty cash	300	300
	<u>\$ 485,287</u>	<u>\$ 608,199</u>

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, \$136,109 (2023 - \$142,119) of the amounts on hand are not available for general use by the Village (Note 5).

The Village has access to overdraft funds to a maximum of \$45,000 in which the balance at year end was \$nil (2023 - \$nil), bearing interest at prime plus 1% per annum with an effective rate of 6.45%.

**4. RECEIVABLES**

	<u>2024</u>	<u>2023</u>
<b>Property taxes receivables</b>		
Current taxes and grants in place of taxes	\$ 60,762	\$ 57,500
Arrears taxes	21,685	9,051
	<u>82,447</u>	<u>66,551</u>
<b>Trade and other receivables</b>		
Utilities	59,052	48,100
Goods and Services Tax (GST)	30,820	14,860
Grant	15,944	-
Trade	2,333	1,950
	<u>108,149</u>	<u>64,910</u>

**5. DEFERRED REVENUE**

	<u>2024</u>	<u>2023</u>
Canada Community Building Fund	\$ 136,109	\$ 136,109
Prepaid utilities	5,313	3,178
Prepaid taxes	4,245	2,515
Municipal Sustainability Initiative Capital	-	6,010
	<u>\$ 145,667</u>	<u>\$ 147,812</u>

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

**6. DEBT LIMITS**

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

	<u>2024</u>	<u>2023</u>
Total debt limit	\$ 1,536,764	\$ 1,462,158
Total debt	-	-
Amount of debt limit unused	<u>1,536,764</u>	<u>1,462,158</u>
Debt servicing limit	256,127	243,693
Debt servicing	-	-
Amount of debt servicing limit unused	<u>256,127</u>	<u>243,693</u>

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 taken alone does not represent the financial stability of the Village. Rather, the consolidated financial statements must be interpreted as a whole.

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2024</u>	<u>2023</u>
Tangible capital assets (Schedule 2)	\$ 9,538,604	\$ 9,492,278
Accumulated amortization (Schedule 2)	<u>(4,027,032)</u>	<u>(3,823,827)</u>
	<u>\$ 5,511,572</u>	<u>\$ 5,668,451</u>

**8. ACCUMULATED SURPLUS**

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

	<u>2024</u>	<u>2023</u>
Unrestricted surplus	\$ 44,492	\$ 155,479
Restricted surplus		
Capital reserve	302,000	280,000
Old water line maintenance reserve	<u>106,908</u>	<u>106,908</u>
	<u>408,908</u>	<u>386,908</u>
Equity in tangible capital assets (Note 7)	<u>5,511,572</u>	<u>5,668,451</u>
	<u>\$ 5,964,972</u>	<u>\$ 6,210,838</u>

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**9. CONTAMINATED SITES LIABILITY**

The Village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities (2023 - nil) as a result of this standard.

**10. SEGMENTED INFORMATION**

The Village provides a range of services to its citizens. For management reporting purposes the Village's operations and activities are organized and reported by segment. Segments were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations.

Village services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**General Government**

Included in this segment are revenues and expenses associated with the legislation, administration and management.

**Protective Services**

Included in this segment are revenues and expenses associated with fire and municipal enforcement and disaster.

**Roads, Streets, Walks, Lighting Services**

Included in this segment are revenues and expenses associated with common services and roads, streets, walks and lighting.

**Planning & Development**

The Planning and Development department provides a diverse bundle of services. It manages municipal development for its citizens, environmental concerns, and heritage matters through municipal planning. It facilitates economic development by providing services for the approval of land development plans, the processing of building permit application and the provision of geometric services.

**Recreation & Culture**

Included in this segment are revenues and expenses associated with libraries, parks, recreation, and culture.

**Environmental Services**

Included in this segment are revenues and expenses associated with water supply and distribution, waste water treatment and disposal, waste management and recycling.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**11. SALARY AND BENEFITS DISCLOSURE**

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

	Salary (1)	Benefits & Allowances (2)	<b>2024</b>	2023
Councillor Nyberg	\$ 2,475	\$ -	<b>\$ 2,475</b>	\$ -
Councillor Penney	1,701	92	<b>1,793</b>	2,145
Chief Administrative Officer	77,678	7,247	<b>84,925</b>	82,873
Designated Officer - Assessor - (1)	8,764	-	<b>8,764</b>	13,183

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

Benefits and allowances figures also include the employer's share of the costs of additional taxable benefits including special leave with pay, financial and retirement planning services, concessionary loans, travel allowances, car allowances and club memberships, if any.

**12. COMMITMENTS**

Benchmark Assessments

The Village has entered into a five year contract with Benchmark Assessments to act as a tax assessor which expires December 31, 2027. The scheduled payments not including GST are as follows:

2025	\$30 per parcel plus GST
2026	\$31 per parcel plus GST
2027	\$32 per parcel plus GST

The parcel count will be based on current CAMA count each year and adjusted accordingly.

Twin Valley Water Commission

The Village entered into an agreement December 1, 2017 and is a continuing agreement unless notice is given that must be a 5 year notice. The agreement is to provide the Village's proportional share of the debenture debt of the Commission each year to the Commission. The portion of the debenture debt allocation by the Commission to the Village is 24.3%. This annual commitment is \$33,954 (2023 - \$33,954). There is also a required allocation of the administration costs by the Commission to the Village that amounts to 25%. This annual amount is \$22,182 (2023 - \$22,108). There will be a review every 5 years for any changes to the payment commitments by the Village.

**VILLAGE OF CHAMPION**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**13. BUDGET AMOUNTS**

Budgeted information was prepared under the modified accrual method. This note provides a reconciliation between the approved budget figures and the budget figures disclosed in these consolidated financial statements.

	<u>2024</u>
Budgeted deficit per consolidated financial statements equal approved budget	<u>\$ (29,475)</u>

**14. FRANCHISE AND CONCESSION CONTRACTS**

Disclosure of franchise fees under each utility franchise agreement entered into by the Village as required by Alberta Regulation 313/2000 is as follows:

	Budget (Unaudited)	2024	2023
Fortis electricity	\$ 34,900	\$ 39,344	\$ 36,827
ATCO natural gas	16,100	18,114	16,955
	<u>\$ 51,000</u>	<u>\$ 57,458</u>	<u>\$ 53,782</u>

**15. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

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

The Village is required to make current service contributions to the LAPP of 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 7.45% (2023 - 7.45%) of pensionable earnings up to the year's maximum pensionable earning and 10.65% (2023 - 11.23%) on pensionable earnings above this amount.

Total current service contributions by the Village to the LAPP in 2024 were \$13,848 (2023 - \$14,276). Total current service contributions by the employees of the Village to the LAPP in 2024 were \$12,252 (2023 - \$12,737).

At December 31, 2024, the LAPP disclosed an actuarial surplus of \$19.56 billion.

**16. 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 Consolidated Financial Statements**  
**Year Ended December 31, 2024**

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**17. FINANCIAL INSTRUMENTS**

The Village is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Village's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

There have not been any changes from the prior year in the Village's exposure to above risks or the policies, procedures, and methods it uses to manage and measure the risks.

***(a) Credit risk***

The Village manages its credit risk by a credit approval process and holding cash at provincially regulated banks in cash accounts insured up to 100% of all deposits. The Village is subject to credit risk with respect to taxes and grants in place of taxes and accounts receivable. 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. Management believes that the risk of default and the risk of concentration of credit risk is minimized by the fact that there is a large number and diversity of taxpayers and receivables comprise amounts receivable from property taxes and trade receivables, which are subject to normal trade credit risk which is not significant as the Village manages and analyzes the outstanding accounts receivable balances.

***(b) Liquidity risk***

Liquidity risk is the risk that the Village will encounter difficulty in meeting obligations associated with financial liabilities. The Village is exposed to liquidity risk through its accounts payable.

The Village manages this risk by monitoring cash activities and expected outflows through budgeting, and has the ability to increase tax rates per bylaw in order to increase cash. Also to help manage the risk, the Village has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Village measures its exposure to liquidity risk based on extensive budgeting and applying to applicable grants.

**18. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year earnings.

**19. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

Council and Management have approved these consolidated financial statements.