

Village of Nampa

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

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Management's Responsibility

To the Mayor and Council of Village of Nampa:

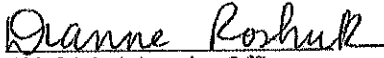
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed entirely of Councillors who are neither management nor employees of the Village. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. Council is responsible for the appointment of the Village's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 18, 2020


Chief Administrative Officer

Independent Auditor's Report

To the Mayor and Council Village of Nampa:

Opinion

We have audited the consolidated financial statements of the Village of Nampa (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of financial activities, accumulated operating surplus, changes in net debt, cash flows and the related schedules for the year 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 consolidated financial position of the Municipality as at December 31, 2019, and the results of its consolidated operations and its consolidated 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 Municipality in accordance with the 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 opinion.

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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Peace River, Alberta

August 18, 2020

MNP LLP

Chartered Professional Accountants


MNP

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019 \$	2018 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	<u>2,062,117</u>	<u>2,207,702</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	307,173	353,911
Receivable from other governments	489,513	19,892
Trade and other receivables	177,204	414,579
Land inventory held for resale	80,511	76,511
	<u>3,116,518</u>	<u>3,072,595</u>
LIABILITIES		
Accounts payable and accrued liabilities	294,312	432,284
Deposit liabilities	5,960	5,760
Deferred revenue (Note 4)	493,713	112,116
Due to related party (Note 7)	72,397	392,338
Post closure liability	852,110	778,920
Long term debt (Note 5)	1,694,152	1,844,101
	<u>3,412,644</u>	<u>3,565,519</u>
NET FINANCIAL DEBT	<u>(296,126)</u>	<u>(492,924)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	4,255,573	3,980,715
Tangible capital assets of Peace Regional Waste Management Company (Note 8)	870,772	994,131
Tangible capital assets of NEW Water Ltd. (Note 8)	18,042,065	18,293,148
Inventory for consumption	36,942	1,604
Prepaid expenses	33,106	29,760
	<u>23,238,458</u>	<u>23,299,358</u>
ACCUMULATED SURPLUS (Note 10)	<u>22,942,332</u>	<u>22,806,434</u>

Commitments and contingencies - See Note 13

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget \$	2019 \$	2018 \$
REVENUE			
Net municipal property taxes (Schedule 3)	494,479	447,921	467,302
User fees and sale of goods	254,650	240,938	243,706
Government transfers for operating (Schedule 4)	837,824	899,999	899,401
Peace Regional Waste Management Company	592,007	516,977	604,396
NEW Water Ltd.	412,333	353,258	351,294
Investment income	10,000	36,194	30,597
Penalties and costs on taxes	-	20,196	16,778
Gain on disposal of capital assets	-	10,110	-
Other revenues	56,663	57,035	49,096
Total revenues	2,657,956	2,582,628	2,662,570
EXPENSES			
Operating			
Legislative	64,500	67,425	68,293
Administration	249,884	304,627	293,288
Family and community support	17,114	17,113	17,113
Fire and bylaws enforcement	70,300	43,013	61,691
Roads, streets, walks lighting	233,740	486,604	414,922
Peace Regional Waste Management Company	670,114	685,855	694,709
Water supply and distribution	270,318	282,222	243,668
Waste management	40,051	46,315	35,404
Subdivision land development	64,000	29,185	28,783
Recreation and parks	191,885	152,185	124,245
NEW Water Ltd.	656,100	650,267	621,591
Culture, library and other	122,905	53,018	36,334
Total Expenses	2,650,911	2,817,829	2,640,041
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER	7,046	(235,201)	22,529
OTHER			
Contributed assets	-	-	-
Loss on disposal of assets	-	(1,500)	(236)
Government transfers for capital (Schedule 4)	470,000	372,599	547,547
EXCESS OF REVENUE OVER EXPENSES	477,046	135,898	569,840
ACCUMULATED SURPLUS, BEGINNING OF YEAR	22,806,434	22,806,434	22,236,594
ACCUMULATED SURPLUS, END OF YEAR	23,283,480	22,942,332	22,806,434

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget \$	2019 \$	2018 \$
EXCESS OF REVENUES OVER EXPENSES	<u>477,046</u>	<u>135,898</u>	<u>569,840</u>
Acquisition of tangible capital assets	(77,286)	(712,241)	(676,958)
Proceeds on disposal of tangible capital assets	-	20,962	11,248
Contributed assets	-	-	-
Amortization of tangible capital assets	500,000	799,473	775,244
Gain on sale of tangible capital assets	-	(8,610)	-
	<u>422,714</u>	<u>99,584</u>	<u>109,534</u>
Acquisition of supplies inventories	-	(36,942)	(1,604)
Acquisition of prepaid assets	-	(33,106)	(29,760)
Use of supplies inventories	-	1,604	1,604
Use of prepaid assets	-	29,760	35,778
	<u>-</u>	<u>(38,684)</u>	<u>6,018</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>899,760</u>	<u>196,798</u>	<u>685,392</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR	(492,924)	(492,924)	(1,178,316)
NET FINANCIAL DEBT, END OF YEAR	<u><u>406,836</u></u>	<u><u>(296,126)</u></u>	<u><u>(492,924)</u></u>

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019	2018
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	135,898	569,840
Gain on sale of capital assets	(8,610)	-
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	799,473	775,244
Recovery of contributed assets	-	-
Contributed assets	-	-
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	46,738	(24,982)
Decrease (increase) in trade and other receivables	237,375	294,263
Decrease (increase) in receivable from other governments	(469,621)	(2,620)
Decrease (increase) in land held for resale	(4,000)	-
Decrease in inventory for consumption	(35,338)	-
Decrease (increase) in prepaid expenses	(3,346)	6,018
Increase in accounts payable and accrued liabilities	(137,972)	(215,337)
Decrease in deposit liabilities	200	(300)
Increase (Decrease) in deferred revenue	381,597	(32,731)
Increase in post closure liability	73,190	80,295
Cash provided by operating transactions	<u>1,015,584</u>	<u>1,449,690</u>
CAPITAL		
Acquisition of tangible capital assets	(712,241)	(676,958)
Sale of tangible capital assets	20,962	11,248
Cash applied to capital transactions	<u>(691,279)</u>	<u>(665,710)</u>
FINANCING		
Long-term debt repaid	(149,949)	(147,947)
Debt proceeds	-	-
Increase in due to related party	(319,941)	(165,834)
Cash provided by (applied to) financing transactions	<u>(469,890)</u>	<u>(313,781)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	(145,585)	470,199
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,207,702</u>	<u>1,737,503</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>2,062,117</u></u>	<u><u>2,207,702</u></u>
See accompanying notes to the financial statements		
	2019	2018
	\$	\$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	2,067,117	2,212,702
Less: restricted portion of cash and temporary investments (Note 2)	(5,000)	(5,000)
Temporary bank indebtedness	-	-
	<u><u>2,062,117</u></u>	<u><u>2,207,702</u></u>

VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 1

	2019	2018			
	\$	\$			
	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
				\$	\$
BALANCE, BEGINNING OF YEAR	871,553	510,988	21,423,893	22,806,434	22,236,594
Excess of revenues over expenses	135,898	-	-	135,898	569,840
Current year funds used for tangible capital assets	(712,241)	-	712,241	-	-
Contributed assets	-	-	-	-	-
Disposals of TCA	12,359	-	(12,359)	-	-
Debt proceeds	-	-	-	-	-
Annual amortization expense	799,473	-	(799,473)	-	-
Long term debt repaid related to TCA	(149,949)	-	149,949	-	-
Change in accumulated surplus	85,540	-	50,358	135,898	569,840
BALANCE, END OF YEAR	957,093	510,988	21,474,251	22,942,332	22,806,434

See accompanying notes to the financial statements

VILLAGE OF NAMPA
SCHEDULE OF TANGIBLE CAPITAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2019 \$	2018 \$
COST:								
BALANCE, BEGINNING OF YEAR	589,854	135,099	1,021,391	5,004,298	489,347	249,545	7,489,534	7,061,099
Acquisition of tangible capital assets	-	33,691	23,040	422,612	74,982	-	554,325	428,435
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	(33,934)	-	(33,934)	-
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	589,854	168,790	1,044,431	5,426,910	530,395	249,545	8,009,925	7,489,534
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	88,309	257,967	2,711,166	305,351	146,026	3,508,819	3,260,280
Annual amortization	-	6,183	20,253	188,997	39,414	13,767	268,614	248,539
Accumulated amortization on disposals	-	-	-	-	(23,081)	-	(23,081)	-
BALANCE, END OF YEAR	-	94,492	278,220	2,900,163	321,684	159,793	3,754,352	3,508,819
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	74,298	766,211	2,526,747	208,711	89,752	4,255,573	3,980,715
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	46,790	763,424	2,293,132	183,996	103,519	3,980,715	

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 3**

	Budget \$	2019 \$	2018 \$
TAXATION			
Real property taxes	652,345	592,325	661,575
Linear property taxes	11,134	33,024	(6,437)
Grants in lieu of taxes	-	-	-
Business taxes	-	-	-
Local Improvement taxes	18,000	-	-
Early payment tax discounts	(22,000)	(7,500)	(21,189)
Tax cancellations	-	-	-
	<u>659,479</u>	<u>617,849</u>	<u>633,949</u>
REQUISITIONS			
Alberta School Foundation Fund	143,435	149,492	144,270
North Peace Housing Foundation	21,565	20,436	22,377
	<u>165,000</u>	<u>169,928</u>	<u>166,647</u>
NET MUNICIPAL TAXES	<u>494,479</u>	<u>447,921</u>	<u>467,302</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 4**

	Budget \$	2019 \$	2018 \$
	<u> </u>	<u> </u>	<u> </u>
TRANSFERS FOR OPERATING:			
Provincial Government	37,824	34,999	34,401
Other Local Governments	800,000	865,000	865,000
	<u>837,824</u>	<u>899,999</u>	<u>899,401</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	470,000	372,599	547,547
	<u>470,000</u>	<u>372,599</u>	<u>547,547</u>
TOTAL GOVERNMENT TRANSFERS	<u><u>1,307,824</u></u>	<u><u>1,272,598</u></u>	<u><u>1,446,948</u></u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 5**

	Budget \$	2019 \$	2018 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	871,456	819,785	786,125
Contracted and general services	537,182	569,872	455,805
Materials, goods, supplies and utilities	427,238	362,391	353,656
Provision for allowances (recovery)	-	-	(4,119)
Provision for reclamation	74,000	77,154	80,296
Transfers to local boards and agencies	126,000	81,000	81,000
Interest on capital long-term debt	32,050	40,449	44,568
Amortization of tangible capital assets	500,000	799,473	775,244
Gain (loss) on disposal of tangible capital assets	-	1,500	236
Other expenses	82,985	67,705	67,466
	<u>2,650,911</u>	<u>2,819,329</u>	<u>2,640,277</u>

See accompanying notes to the financial statements

VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2019
SCHEDULE 6

	General Government	Protective Services	Transportation Services	Peace Regional Waste Management	NEW Water Ltd.	Environmental Services	Recreation, Culture & Other	Total \$
REVENUE								
Net municipal taxes	447,921	-	-	-	-	-	-	447,921
Government transfers	886,309	-	372,599	-	-	-	13,690	1,272,598
User fees and sales of goods	4,085	-	3,152	513,575	345,656	236,733	-	1,103,201
Investment income	36,194	-	-	3,614	-	-	-	39,808
Gain on sale of capital assets	10,110	-	-	-	-	-	-	10,110
Other revenues	77,231	-	-	1,288	3,070	-	-	81,589
	<u>1,461,850</u>	<u>-</u>	<u>375,751</u>	<u>518,477</u>	<u>348,726</u>	<u>236,733</u>	<u>13,690</u>	<u>2,955,227</u>
EXPENSES								
Contract & general services	85,242	25,681	120,881	96,661	29,995	172,859	38,553	569,872
Salaries & wages	205,194	-	110,511	239,537	128,859	88,914	46,770	819,785
Goods & supplies	23,052	14,692	72,818	73,026	161,601	8,418	8,784	362,391
Provision for reclamation	-	-	-	77,154	-	-	-	77,154
Transfers to local boards	-	-	-	-	-	-	81,000	81,000
Long term debt interest	10,517	-	5,732	-	-	24,200	-	40,449
Other expenses	45,618	-	3,567	1,500	-	-	18,520	69,205
	<u>369,623</u>	<u>40,373</u>	<u>313,509</u>	<u>487,878</u>	<u>320,455</u>	<u>294,391</u>	<u>193,627</u>	<u>2,019,856</u>
NET REVENUE BEFORE AMORTIZATION	<u>1,092,227</u>	<u>(40,373)</u>	<u>62,242</u>	<u>30,599</u>	<u>28,271</u>	<u>(57,658)</u>	<u>(179,937)</u>	<u>935,371</u>
Amortization expense	<u>(50,173)</u>	<u>(2,640)</u>	<u>(173,282)</u>	<u>(200,987)</u>	<u>(329,872)</u>	<u>(29,614)</u>	<u>(12,905)</u>	<u>(799,473)</u>
NET REVENUE	<u>1,042,054</u>	<u>(43,013)</u>	<u>(111,040)</u>	<u>(170,388)</u>	<u>(301,601)</u>	<u>(87,272)</u>	<u>(192,842)</u>	<u>135,898</u>

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, changes in fund balances and change in financial position of the 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 Village Council for administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are part of the municipal reporting entity.

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

These financial statements include the Village's proportionate share of Peace Regional Waste Management Company (see Note 17) and NEW Water Ltd (see note 18).

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 expenses 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.

d) Investments

Investments 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.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Land Inventory Held for Resale

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

f) Tax Revenue

Tax revenues 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.

g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

h) Requisition Over-levies and Under-Levies

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.

VILLAGE OF NAMPA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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:

	YEARS
Land Improvements	15-20
Buildings	25-50
Engineered structures	
Roadway system	10-20
Water system	35-75
Wastewater system	35-75
Other engineered structures	15-40
Machinery and equipment	5-25
Vehicles	5-25

A full year of the annual amortization is charged in the year of acquisition and none in the year of disposal. 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 of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

iv. Inventories

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

v. Cultural and Historical Tangible Capital Assets

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

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

2. CASH AND TEMPORARY INVESTMENTS

	2019	2018
	\$	\$
Cash	760,439	779,528
Temporary investments with interest from 1.2% - 1.32%	1,106,534	1,034,866
Cash held by Peace Regional Waste Management Company	178,274	166,894
Cash held by NEW Water Ltd.	21,870	231,414
Less: restricted cash	(5,000)	(5,000)
	<u>2,062,117</u>	<u>2,207,702</u>

Included in cash and temporary investments is \$510,988 cash internally restricted for various purposes (2018 - \$510,988). Also included are balances held for future projects and included in deferred revenue in the amount of \$493,713 (2018 - \$112,116). Excluded from the cash balances is \$5,000 held in trust for the Nampa cemetery (2018 - \$5,000).

Temporary investments are short-term deposits with the ability to be cashed in at any time.

3. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2019	2018
	\$	\$
Current taxes and grants in lieu of taxes	104,433	50,799
Local improvement taxes receivable	177,867	190,659
Underlevy on school tax and North Peace Housing	-	27,614
Arrears taxes	24,873	84,839
	<u>307,173</u>	<u>353,911</u>
Less: allowance for doubtful accounts	-	-
	<u>307,173</u>	<u>353,911</u>

4. DEFERRED REVENUE

	2019	2018
	\$	\$
Municipal Sustainability Initiative	250,771	85,886
Federal Gas Tax	242,942	26,230
Proportionate share of deferred revenue in NEW Water Ltd.	-	-
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
	<u>493,713</u>	<u>112,116</u>

Municipal Sustainability Initiative

Funding in the amount of \$172,925 was allocated in the current year from the Municipal Sustainability Initiative. Of the \$172,925 allocated, \$151,616 is from the capital component of the program and is restricted to eligible capital projects, as approved under the funding agreement, which are expected to be completed in 2020. The remaining \$21,309 is from the operating component of the program and is restricted to eligible operating projects, as approved under the funding agreement, which were used in 2019.

Previously allocated amounts of \$302,581 MSI Capital were received in 2019. All amounts were applied to projects in 2019.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

5. LONG-TERM DEBT

	2019 \$	2018 \$
Tax supported debentures	-	-
Self supported debentures	144,374	168,967
Owing to Northern Sunrise County - tax supported	1,549,778	1,675,134
	<u>1,694,152</u>	<u>1,844,101</u>

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
2020	133,897	37,280	171,177
2021	134,918	34,214	169,132
2022	135,970	31,184	167,154
2023	137,054	28,100	165,154
2024	138,170	24,999	163,169
Thereafter	1,014,143	102,138	1,116,281
	<u>1,694,152</u>	<u>257,915</u>	<u>1,952,067</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.957% per annum, and matures in 2034. Debenture debt is issued on the credit and security of the Village at large.

Amounts owing to Northern Sunrise County have an annual interest rate that is equal to the higher of the average of the Government of Canada ten (10) year benchmark bond yield rate both in effect minus one point five percent (1.5%) per annum and two (2%) percent per annum. This debt is issued on the credit and security of the Village at large.

Interest on long-term debt amounted to \$30,369 (2018 - \$43,044).

The Village's total cash payments for interest in 2019 were \$41,356 (2018 - \$45,359).

6. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Nampa be disclosed as follows:

	2019 \$	2018 \$
Total debt limit	3,873,942	3,993,855
Total debt	1,694,152	1,844,101
Amount of debt limit unused	<u>2,179,790</u>	<u>2,149,754</u>
Total debt servicing limit	645,657	665,643
Total debt servicing	171,177	191,305
Amount of debt servicing limit unused	<u>474,480</u>	<u>474,338</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

7. DUE TO RELATED PARTY

Amounts due to related party are the Village's proportionate share of amounts owed by Peace Regional Waste Management Company and NEW Water Ltd. to Northern Sunrise County for payments made on their behalf and administration fees for management positions.

8. TANGIBLE CAPITAL ASSETS OF CONSOLIDATED ENTITIES

	Cost	Accumulated Amortization	Net Book Value 2019	Net Book Value 2018
Peace Regional Waste Management Company				
Land	\$ 9,286	\$ -	\$ 9,286	\$ 9,286
Land Improvements	127,978	50,799	77,179	82,203
Buildings	388,215	158,795	229,420	245,211
Engineered Structures	2,483,073	2,143,585	339,488	432,070
Machinery and Equipment	599,323	419,781	179,542	214,146
Vehicles	76,818	40,961	35,857	11,215
	<u>\$ 3,684,693</u>	<u>\$ 2,813,921</u>	<u>\$ 870,772</u>	<u>\$ 994,131</u>
NEW Water Ltd.				
Land	\$ 161,728	\$ -	\$ 161,728	\$ 161,728
Land Improvements	7,745	1,204	6,541	6,712
Engineered Structures	20,204,987	2,333,920	17,871,067	18,118,867
Vehicles & Machinery	31,371	28,642	2,729	5,841
	<u>\$ 20,405,831</u>	<u>\$ 2,363,766</u>	<u>\$ 18,042,065</u>	<u>\$ 18,293,148</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2019 \$	2018 \$
Tangible capital assets (Schedule 2)	<u>8,009,925</u>	7,489,534
Tangible capital assets of Peace Regional Waste Management Company	<u>3,684,693</u>	3,674,190
Tangible capital assets of NEW Water Ltd.	<u>20,405,824</u>	20,327,042
Accumulated amortization (Schedule 2)	<u>(3,754,352)</u>	(3,508,819)
Accumulated amortization of Peace Regional Waste Management Company	<u>(2,813,921)</u>	(2,680,059)
Accumulated amortization of NEW Water Ltd.	<u>(2,363,766)</u>	(2,033,895)
Long-term debt (Note 5)	<u>(1,694,152)</u>	(1,844,101)
	<u><u>21,474,251</u></u>	<u><u>21,423,892</u></u>

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

10. ACCUMULATED SURPLUS

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

	2019 \$	2018 \$
Unrestricted surplus	<u>957,093</u>	871,554
Restricted surplus		
General operating	34,075	34,075
Roads	104,637	104,637
General equipment replacement	135,871	135,871
NEW Water Ltd.	70,667	70,667
Peace Regional Waste Management Company	84,738	84,738
Water	81,000	81,000
Equity in tangible capital assets	<u>21,474,251</u>	21,423,892
	<u><u>22,942,332</u></u>	<u><u>22,806,434</u></u>

11. SALARY AND BENEFITS DISCLOSURE

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

	2019 \$		2018 \$	
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Mayor P. Skrlík	8,475	78	8,553	9,937
Councillor C. Butz	9,375	1,432	10,807	9,462
Councillor C. Novak	9,975	388	10,363	11,396
Councillor Q. Bulford	8,000	196	8,196	9,083
Councillor E. Matiasiewich	8,025	250	8,275	8,685
CAO	81,738	13,967 ³	95,705	93,367

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.

3 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.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

12. 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 serves about 266,000 people and 421 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due. The 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 2019 were \$25,094 (2018 - \$28,149). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2019 were \$22,620 (2018 - \$25,670).

At December 31, 2018, the LAPP disclosed a surplus of \$3.469 billion.

13. 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.

14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, debt charges recoverable, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities, requisition over-levy, and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

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.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value. Accounts Receivable is carried at amortized cost.

15. SUBSEQUENT EVENT

Subsequent to year end, there was a global outbreak of COVID-19, which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments, as well as municipal governments regarding travel, isolation/quarantine orders, closures of Village facilities, cancellation/postponement of programs and tax and utility deferral programs. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Village as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the ability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of Village facility closures, program and service disruptions, and isolation/quarantine measures that currently, or may be put, in place by Canada and other countries to fight the virus.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

16. SEGMENTED DISCLOSURE

The Village of Nampa provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

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

17. CONSOLIDATION OF PEACE REGIONAL WASTE MANAGEMENT COMPANY

Consolidated into the Village's financial statements are their proportionate share of the assets, liabilities and financial activity of Peace Regional Waste Management Company (formerly the East Peace Regional Landfill Authority). Ownership is determined by the number of shares issued to the Directors of the Company. The Village of Nampa contributes 1 of the 7 Directors to the Board and this is used to determine the Village's proportionate share. The amounts consolidated into the Village's financial statements are as follows:

	2019	2018
	\$	\$
Cash and cash equivalents	178,274	166,894
Trade and other receivables	70,346	113,699
Total Financial Assets	248,620	280,593
Accounts payable and accrued liabilities	175,883	175,610
Deferred revenue	-	-
Due to Northern Sunrise County	197	57,289
Post closure liability	852,110	778,920
	1,028,190	1,011,819
Tangible capital assets	870,772	994,131
Prepays	7,558	6,243
Total Non-Financial Assets	878,330	1,000,374
Municipal tippage	76,994	82,363
Recycling	8,013	12,812
Industrial tippage	428,568	493,654
Other	1,288	12,958
Return on investments	3,614	2,845
Total Revenues	518,477	604,632
Salaries, wages and benefits	239,537	228,769
Contracted services	96,661	106,981
Materials, goods and utilities	73,026	69,878
Provision for allowances (recovery)	-	-
Provision for reclamation	77,154	80,296
Amortization of tangible capital assets	200,987	209,021
Total Expenditures	687,365	694,945
Loss on sale of tangible capital assets	1,500	236

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

18. CONSOLIDATION OF NEW WATER LTD.

Consolidated into the Village's financial statements are their proportionate share of the assets, liabilities and financial activity of NEW Water Ltd. Ownership is determined by the number of shares issued to the Directors of the Company. The Village of Nampa contributes 2 of the 6 Directors to the Board and this is used to determine the Village's proportionate share. The amounts consolidated into the Village's financial statements as follows:

	2019 \$	2018 \$
Cash and cash equivalents	21,870	231,414
Trade and other receivables	61,464	252,271
Total Financial Assets	83,334	483,685
Accounts payable and accrued liabilities	22,732	156,216
Deferred revenue	-	-
Due to Northern Sunrise County	72,200	335,049
	94,932	491,265
Tangible capital assets	18,042,064	18,293,148
Prepaid Expenses	-	1,405
Inventory for consumption	-	-
Total Non-Financial Assets	18,042,064	18,294,553
Sales of goods to NEW Water Ltd. Partners	314,841	303,792
Other user fees and sale of goods	75,849	89,166
Other revenues	3,070	3,371
Total Revenues	393,761	396,329
Salaries, wages and benefits	128,859	124,347
Contracted services	29,934	31,237
Materials, goods and utilities	161,601	148,331
Amortization of tangible capital assets	329,872	317,676
Total Expenditures	650,267	621,591

Elimated from sales of goods to NEW Water Ltd. Partners is \$40,503 (2018 - \$45,035) in pro-rated sales to the Village of Nampa for water purchases. These have also been eliminated from the water expenses for the Village.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation. Loss on disposal of capital assets in the amount of \$236 was moved to a separate line item.

19. FINANCIAL STATEMENT APPROVAL

Council and Management have approved these financial statements.