

Village of Nampa

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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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, 2020, and the consolidated statements of financial activities, accumulated operating surplus, changes in net financial assets (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, 2020, 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

April 20, 2021

MNP LLP


Chartered Professional Accountants

**VILLAGE OF NAMP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	<u>2,843,431</u>	<u>2,062,117</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	258,582	307,173
Receivable from other governments	394,091	489,513
Trade and other receivables	134,030	177,204
Land inventory held for resale	80,511	80,511
	<u>3,710,645</u>	<u>3,116,518</u>
LIABILITIES		
Accounts payable and accrued liabilities	197,567	294,312
Deposit liabilities	6,460	5,960
Deferred revenue (Note 4)	688,140	493,713
Due to related party (Note 7)	347,268	72,397
Post closure liability (Note 8)	888,626	852,110
Long term debt (Note 5)	<u>1,560,255</u>	<u>1,694,152</u>
	<u>3,688,316</u>	<u>3,412,644</u>
NET FINANCIAL DEBT	<u>22,329</u>	<u>(296,126)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	4,090,417	4,255,573
Tangible capital assets of Peace Regional Waste Management Company (Note 9)	953,150	870,772
Tangible capital assets of NEW Water Ltd. (Note 9)	11,814,676	18,042,065
Inventory for consumption	57,062	36,942
Prepaid expenses	36,084	33,106
	<u>16,951,389</u>	<u>23,238,458</u>
ACCUMULATED SURPLUS (Note 11)	<u>16,973,718</u>	<u>22,942,332</u>

Commitments and contingencies - See Note 14

Approved by



Mayor



Chief Administrative Officer

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget \$	2020 \$	2019 \$
REVENUE			
Net municipal property taxes (Schedule 3)	456,354	420,964	447,921
User fees and sale of goods	254,995	254,897	240,938
Government transfers for operating (Schedule 4)	655,713	647,366	899,999
Peace Regional Waste Management Company	592,007	309,088	516,977
NEW Water Ltd.	412,333	266,644	353,258
Investment income	12,000	16,684	36,194
Penalties and costs on taxes	-	18,981	20,196
Gain on disposal of capital assets	-	-	10,110
Other revenues	53,195	52,117	57,035
Total Revenues	<u>2,436,597</u>	<u>1,986,741</u>	<u>2,582,628</u>
EXPENSES			
Operating			
Legislative	59,000	75,244	67,425
Administration	325,875	339,807	304,627
Family and community support	17,115	14,260	17,113
Fire and bylaws enforcement	40,100	39,006	43,013
Roads, streets, walks lighting	338,702	458,087	486,604
Peace Regional Waste Management Company	670,114	560,743	685,855
Water supply and distribution	183,577	195,826	282,222
Waste management	30,000	33,409	46,315
Subdivision land development	25,000	25,600	29,185
Recreation and parks	173,165	138,978	152,185
NEW Water Ltd.	656,100	434,252	650,267
Culture, library and other	124,500	64,432	53,018
Total Expenses	<u>2,643,248</u>	<u>2,379,644</u>	<u>2,817,829</u>
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER	(206,651)	(392,903)	(235,201)
OTHER			
NEW Water share purchase	-	396,546	-
Loss on disposal of assets	-	-	(1,500)
Government transfers for capital (Schedule 4)	129,525	37,899	372,599
EXCESS OF REVENUE OVER EXPENSES	<u>(77,126)</u>	<u>41,542</u>	<u>135,898</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	22,942,332	22,942,332	22,806,434
Change in partner equity (Note 19)	-	(6,010,156)	-
ACCUMULATED SURPLUS, AS ADJUSTED	22,942,332	16,932,176	22,806,434
ACCUMULATED SURPLUS, END OF YEAR	<u>22,865,207</u>	<u>16,973,718</u>	<u>22,942,332</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budget \$	2020 \$	2019 \$
EXCESS OF REVENUES OVER EXPENSES	<u>(77,126)</u>	<u>41,542</u>	<u>135,898</u>
Acquisition of tangible capital assets	(77,286)	(353,565)	(712,241)
Proceeds on disposal of tangible capital assets	-	10,214	20,962
Contributed assets	-	-	-
Amortization of tangible capital assets	500,000	646,531	799,473
Gain on sale of tangible capital assets	-	(7,035)	(8,610)
	<u>422,714</u>	<u>296,145</u>	<u>99,584</u>
Acquisition of supplies inventories	-	(57,062)	(36,942)
Acquisition of prepaid assets	-	(36,084)	(33,106)
Use of supplies inventories	-	36,942	1,604
Use of prepaid assets	-	33,106	29,760
	<u>-</u>	<u>(23,098)</u>	<u>(38,684)</u>
INCREASE IN NET FINANCIAL ASSETS	<u>345,589</u>	<u>314,589</u>	<u>196,798</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR	(296,126)	(296,126)	(492,924)
Change in partner equity (Note 19)	<u>3,866</u>	<u>3,866</u>	<u>-</u>
NET FINANCIAL DEBT, AS ADJUSTED	(292,260)	(292,260)	(492,924)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	<u>53,329</u>	<u>22,329</u>	<u>(296,126)</u>

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 \$	2019 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	41,542	135,898
Gain on sale of capital assets	(7,035)	(8,610)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	646,531	799,473
Recovery of contributed assets	-	-
Contributed assets	-	-
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	48,591	46,738
Decrease (increase) in trade and other receivables	43,174	237,375
Decrease (increase) in receivable from other governments	95,422	(469,621)
Decrease (increase) in land held for resale	-	(4,000)
Increase in inventory for consumption	(20,120)	(35,338)
Decrease (increase) in prepaid expenses	(2,978)	(3,346)
Decrease in accounts payable and accrued liabilities	(96,745)	(137,972)
Decrease in deposit liabilities	500	200
Increase (decrease) in deferred revenue	194,427	381,597
Increase in post closure liability	36,516	73,190
Cash provided by operating transactions	<u>979,825</u>	<u>1,015,584</u>
CAPITAL		
Acquisition of tangible capital assets	(353,565)	(712,241)
Sale of tangible capital assets	10,214	20,962
Cash applied to capital transactions	<u>(343,351)</u>	<u>(691,279)</u>
FINANCING		
Long-term debt repaid	(133,897)	(149,949)
Debt proceeds	-	-
Increase in due to related party	274,871	(319,941)
Cash provided by (applied to) financing transactions	<u>140,974</u>	<u>(469,890)</u>
INVESTING		
Change in partner equity (Note 19)	<u>3,866</u>	<u>-</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	781,314	(145,585)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,062,117</u>	<u>2,207,702</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>2,843,431</u>	<u>2,062,117</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 1**

	2020	2019			
	\$	\$			
	Unrestricted Surplus	Restricted Surplus			
	Equity in Tangible Capital Assets	Equity in Tangible Capital Assets			
BALANCE, BEGINNING OF YEAR	957,093	510,988	21,474,251	22,942,332	22,806,434
Change in partner equity (Note 19)	27,422	(23,556)	(6,014,022)	(6,010,156)	-
BALANCE, AS ADJUSTED	984,515	487,432	15,460,229	16,932,176	22,806,434
Excess of revenues over expenses	41,542	-	-	41,542	135,898
Current year funds used for tangible capital assets	(353,565)	-	353,565	-	-
Contributed assets	-	-	-	-	-
Disposals of TCA	3,179	-	(3,179)	-	-
Debt proceeds	-	-	-	-	-
Annual amortization expense	646,531	-	(646,531)	-	-
Long term debt repaid related to TCA	(133,897)	-	133,897	-	-
Change in accumulated surplus	203,790	-	(162,248)	41,542	135,898
BALANCE, END OF YEAR	1,188,305	487,432	15,297,981	16,973,718	22,942,332

See accompanying notes to the financial statements

VILLAGE OF NAMPA
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2020 \$	2019 \$
COST:								
BALANCE, BEGINNING OF YEAR	589,854	168,790	1,044,431	5,426,910	530,395	249,545	8,009,925	7,489,534
Acquisition of tangible capital assets	-	5,917	1,082	42,180	44,738	-	93,917	554,325
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	(33,934)
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	589,854	174,707	1,045,513	5,469,090	575,133	249,545	8,103,842	8,009,925
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	94,492	278,220	2,900,163	321,684	159,793	3,754,352	3,508,819
Annual amortization	-	6,479	20,274	178,028	40,525	13,767	259,073	268,614
Accumulated amortization on disposals	-	-	-	-	-	-	-	(23,081)
BALANCE, END OF YEAR	-	100,971	298,494	3,078,191	362,209	173,560	4,013,425	3,754,352
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	73,736	747,019	2,390,899	212,924	75,985	4,090,417	4,255,573
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	74,298	766,211	2,526,747	208,711	89,752	4,255,573	

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 3**

	Budget \$	2020 \$	2019 \$
TAXATION			
Real property taxes	598,749	562,695	592,325
Linear property taxes	30,100	32,568	33,024
Grants in lieu of taxes	-	-	-
Business taxes	-	-	-
Local Improvement taxes	4,505	-	-
Early payment tax discounts	(8,000)	(18,330)	(7,500)
Tax cancellations	-	-	-
	<u>625,354</u>	<u>576,933</u>	<u>617,849</u>
REQUISITIONS			
Alberta School Foundation Fund	147,919	136,311	149,492
North Peace Housing Foundation	21,081	19,658	20,436
	<u>169,000</u>	<u>155,969</u>	<u>169,928</u>
NET MUNICIPAL TAXES	<u>456,354</u>	<u>420,964</u>	<u>447,921</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 4**

	Budget \$	2020 \$	2019 \$
	<hr/>	<hr/>	<hr/>
TRANSFERS FOR OPERATING:			
Provincial Government	40,713	32,366	34,999
Other Local Governments	615,000	615,000	865,000
	<hr/> 655,713	<hr/> 647,366	<hr/> 899,999
TRANSFERS FOR CAPITAL:			
Provincial Government	129,525	37,899	372,599
Other Local Governments	50,000	-	-
	<hr/> 179,525	<hr/> 37,899	<hr/> 372,599
TOTAL GOVERNMENT TRANSFERS	<hr/> 835,238	<hr/> 685,265	<hr/> 1,272,598

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE 5**

	Budget \$	2020 \$	2019 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	1,841,023	746,225	819,785
Contracted and general services	425,000	472,069	569,872
Materials, goods, supplies and utilities	127,460	294,404	362,391
Provision for allowances (recovery)	-	34	-
Provision for reclamation	-	37,134	77,154
Transfers to local boards and agencies	126,000	81,000	81,000
Interest on capital long-term debt	33,240	36,459	40,449
Amortization of tangible capital assets	-	646,531	799,473
Gain (loss) on disposal of tangible capital assets	-	-	1,500
Other expenses	90,525	65,788	67,705
	<u>2,643,248</u>	<u>2,379,644</u>	<u>2,819,329</u>

See accompanying notes to the financial statements

VILLAGE OF NAMPA
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020
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	420,964	-	-	-	-	-	-	420,964
Government transfers	615,000	-	-	-	-	55,425	14,840	685,265
User fees and sales of goods	306	-	4,246	285,435	258,777	250,345	-	799,109
Investment income	16,684	-	-	762	-	-	-	17,446
Gain on sale of capital assets	-	-	-	-	-	-	-	-
Other revenues	71,098	-	-	22,891	7,867	-	-	101,856
	<u>1,124,052</u>	<u>-</u>	<u>4,246</u>	<u>309,088</u>	<u>266,644</u>	<u>305,770</u>	<u>14,840</u>	<u>2,024,640</u>
EXPENSES								
Contract & general services	62,032	25,543	110,318	79,166	15,056	136,079	43,875	472,069
Salaries & wages	265,038	-	142,225	210,672	67,496	28,541	32,253	746,225
Goods & supplies	27,514	10,801	36,046	65,959	132,054	11,958	10,072	294,404
Provision for allowances	34	-	-	-	-	-	-	34
Provision for reclamation	-	-	-	37,134	-	-	-	37,134
Transfers to local boards	-	-	-	-	-	-	81,000	81,000
Long term debt interest	8,410	-	4,202	-	-	23,847	-	36,459
Other expenses	43,495	-	33	-	-	-	22,260	65,788
	<u>406,523</u>	<u>36,344</u>	<u>292,824</u>	<u>392,931</u>	<u>214,606</u>	<u>200,425</u>	<u>189,460</u>	<u>1,733,113</u>
NET REVENUE BEFORE AMORTIZATION	717,529	(36,344)	(288,578)	(83,843)	52,038	105,345	(174,620)	291,527
Share equity purchase	-	-	-	-	396,546	-	-	396,546
Amortization expense	(50,456)	(2,662)	(165,263)	(167,812)	(219,646)	(28,804)	(11,888)	(646,531)
NET REVENUE	<u>667,073</u>	<u>(39,006)</u>	<u>(453,841)</u>	<u>(251,655)</u>	<u>228,938</u>	<u>76,541</u>	<u>(186,508)</u>	<u>41,542</u>

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 CPA Canada. 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 18) and NEW Water Ltd (see note 19).

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, 2020**

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.

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.

VILLAGE OF NAMPA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the 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, 2020**

2. CASH AND TEMPORARY INVESTMENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash	628,704	760,439
Temporary investments with interest from 1.2% - 1.32%	1,647,084	1,106,534
Cash held by Peace Regional Waste Management Company	139,972	178,274
Cash held by NEW Water Ltd.	432,671	21,870
Less: restricted cash	(5,000)	(5,000)
	<u>2,843,431</u>	<u>2,062,117</u>

Included in cash and temporary investments is \$487,432 cash internally restricted for various purposes (2019 - \$510,988). Also included are balances held for future projects and included in deferred revenue in the amount of \$688,140 (2019 - \$493,713). Excluded from the cash balances is \$5,000 held in trust for the Nampa cemetery (2019 - \$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

	<u>2020</u>	<u>2019</u>
	\$	\$
Current taxes and grants in lieu of taxes	22,730	104,433
Local improvement taxes receivable	167,091	177,867
Underlevy on school tax and North Peace Housing	-	-
Arrears taxes	68,761	24,873
	<u>258,582</u>	<u>307,173</u>
Less: allowance for doubtful accounts	-	-
	<u>258,582</u>	<u>307,173</u>

4. DEFERRED REVENUE

	<u>2020</u>	<u>2019</u>
	\$	\$
Municipal Sustainability Initiative	394,648	250,771
Federal Gas Tax	293,492	242,942
Proportionate share of deferred revenue in NEW Water Ltd.	-	-
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
	<u>688,140</u>	<u>493,713</u>

Municipal Sustainability Initiative

Funding in the amount of \$196,796 was allocated in the current year from the Municipal Sustainability Initiative. Of the \$196,796 allocated, \$179,270 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 2021. The remaining \$17,526 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 2020.

VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. LONG-TERM DEBT

	2020 \$	2019 \$
Tax supported debentures	-	-
Self supported debentures	136,599	144,374
Owing to Northern Sunrise County - tax supported	1,423,656	1,549,778
	<u>1,560,255</u>	<u>1,694,152</u>

Principal and interest repayments are as follows:

	Principal \$	Interest \$	Total \$
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
2025	139,320	21,820	161,140
Thereafter	874,823	80,318	955,141
	<u>1,560,255</u>	<u>220,635</u>	<u>1,780,890</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 \$27,199 (2019 - \$30,369).

The Village's total cash payments for interest in 2020 were \$37,280 (2019 - \$41,356).

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:

	2020 \$	2019 \$
Total debt limit	2,980,112	3,873,942
Total debt	1,560,255	1,694,152
Amount of debt limit unused	<u>1,419,857</u>	<u>2,179,790</u>
Total debt servicing limit	496,685	645,657
Total debt servicing	169,132	171,177
Amount of debt servicing limit unused	<u>327,553</u>	<u>474,480</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, 2020

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. POST CLOSURE LIABILITY

The post closure liability reflects the Village's proportionate share in the total post closure liability of Peace Regional Waste Management Company. For 2020 an amount of \$3.70 per tonne of waste (2019 - \$3.70 per tonne) was used as the post-closure liability expense. In 2020, this rate was applied against 69,085 tonnes of waste (2019 - 145,965). Omni-McCann Engineering Consultants have reviewed this calculation and advise that the total year end accrual adequately covers the closure and post-closure costs associated with the landfill.

9. TANGIBLE CAPITAL ASSETS OF CONSOLIDATED ENTITIES

	Cost	Accumulated Amortization	Net Book Value 2020	Net Book Value 2019
Peace Regional Waste Management Company				
Land	\$ 9,286	\$ -	\$ 9,286	\$ 9,286
Land Improvements	127,978	55,822	72,156	77,179
Buildings	475,019	174,560	300,459	229,420
Engineered Structures	2,639,352	2,254,603	384,750	339,488
Machinery and Equipment	597,582	445,179	152,403	179,542
Vehicles	77,524	43,428	34,096	35,857
	<u>\$ 3,926,741</u>	<u>\$ 2,973,592</u>	<u>\$ 953,150</u>	<u>\$ 870,772</u>
NEW Water Ltd.				
Land	\$ 107,818	\$ -	\$ 107,818	\$ 161,728
Land Improvements	5,163	918	4,246	6,541
Engineered Structures	13,474,858	1,774,144	11,700,714	17,871,067
Vehicles & Machinery	13,975	12,077	1,898	2,729
	<u>\$ 13,601,815</u>	<u>\$ 1,787,139</u>	<u>\$ 11,814,676</u>	<u>\$ 18,042,065</u>

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020 \$	2019 \$
Tangible capital assets (Schedule 2)	<u>8,103,842</u>	<u>8,009,925</u>
Tangible capital assets of Peace Regional Waste Management Company	<u>3,926,741</u>	<u>3,684,693</u>
Tangible capital assets of NEW Water Ltd.	<u>13,601,808</u>	<u>20,405,824</u>
Accumulated amortization (Schedule 2)	<u>(4,013,425)</u>	<u>(3,754,352)</u>
Accumulated amortization of Peace Regional Waste Management Company	<u>(2,973,592)</u>	<u>(2,813,921)</u>
Accumulated amortization of NEW Water Ltd.	<u>(1,787,139)</u>	<u>(2,363,766)</u>
Long-term debt (Note 5)	<u>(1,560,255)</u>	<u>(1,694,152)</u>
	<u>15,297,981</u>	<u>21,474,251</u>

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

11. ACCUMULATED SURPLUS

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

	2020 \$	2019 \$
Unrestricted surplus	1,188,305	957,093
Restricted surplus		
General operating	34,075	34,075
Roads	104,637	104,637
General equipment replacement	135,871	135,871
NEW Water Ltd.	47,111	70,667
Peace Regional Waste Management Company	84,738	84,738
Water	81,000	81,000
Equity in tangible capital assets	15,297,981	21,474,251
	<u>16,973,718</u>	<u>22,942,332</u>

12. 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:

	2020 \$		2019 \$	
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Mayor C. Butz	7,700	942	8,642	10,807
Councillor P. Skrlík	7,675	-	7,675	8,553
Councillor C. Novak	8,850	203	9,053	10,363
Councillor Q. Bulford	7,900	701	8,601	8,196
Councillor E. Matiasiewich	8,425	158	8,583	8,275
CAO	84,181	14,293 ³	98,474	95,705

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, 2020**

13. 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 274,000 people and 420 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 2020 were \$30,254 (2019 - \$25,094). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2020 were \$27,474 (2019 - \$22,620).

At December 31, 2019, the LAPP disclosed a surplus of \$7.913 billion.

14. COMMITMENTS AND CONTINGENT LIABILITIES

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.

15. 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.

16. IMPACT ON OPERATIONS

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on municipal government operations through the restrictions put in place by the Canadian and provincial governments regarding travel, isolation/quarantine orders closures of the Village's 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 inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of the Village facility closures, program and service disruptions, and quarantine/isolation measures that are 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, 2020**

17. 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).

18. 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:

	2020	2019
	\$	\$
Cash and cash equivalents	139,972	178,274
Trade and other receivables	53,110	70,346
Total Financial Assets	193,082	248,620
Accounts payable and accrued liabilities	60,953	175,883
Deferred revenue	-	-
Due to Northern Sunrise County	354,984	197
Post closure liability	888,626	852,110
	1,304,563	1,028,190
Tangible capital assets	953,150	870,772
Prepays	5,438	7,558
Total Non-Financial Assets	958,587	878,330
Municipal tippage	60,136	76,994
Recycling	8,454	8,013
Industrial tippage	216,846	428,568
Other	15,856	1,288
Return on investments	762	3,614
Total Revenues	302,053	518,477
Salaries, wages and benefits	210,672	239,537
Contracted services	79,166	96,661
Materials, goods and utilities	65,959	73,026
Provision for allowances (recovery)	-	-
Provision for reclamation	37,134	77,154
Amortization of tangible capital assets	167,812	200,987
Total Expenditures	560,742	687,365
Loss on sale of tangible capital assets	(7,035)	1,500

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

19. 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 (2019 - 3 out of 6) to the Board and this is used to determine the Village's proportionate share. The change in the Village's share resulted in changes to its accumulated surplus, net financial debt, and cash held in New Water.

The amounts consolidated into the Village's financial statements as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	432,671	21,870
Trade and other receivables	29,182	61,464
Total Financial Assets	<u>461,853</u>	<u>83,334</u>
Accounts payable and accrued liabilities	11,320	22,732
Deferred revenue	-	-
Due to Northern Sunrise County	(7,716)	72,200
	<u>3,603</u>	<u>94,932</u>
Tangible capital assets	11,814,676	18,042,064
Prepaid Expenses	5,453	-
Inventory for consumption	-	-
Total Non-Financial Assets	<u>11,820,129</u>	<u>18,042,064</u>
Sales of goods to NEW Water Ltd. Partners	203,663	274,339
Other user fees and sale of goods	55,113	75,849
Other revenues	7,867	3,070
Total Revenues	<u>266,643</u>	<u>353,258</u>
Salaries, wages and benefits	67,496	128,859
Contracted services	15,056	29,934
Materials, goods and utilities	132,054	161,601
Amortization of tangible capital assets	219,646	329,872
Total Expenditures	<u>434,252</u>	<u>650,266</u>
NEW Water share purchase	<u>396,546</u>	<u>-</u>

Eliminated from sales of goods to NEW Water Ltd. Partners is \$29,131 (2019 - \$40,503) in pro-rated sales to the Village of Nampa for water purchases. These have also been eliminated from the water expenses for the Village.

During the year, the ownership and control structure of NEW Water Ltd changed by bringing in a new partner. This resulted in the Village giving up one of their Board members, thereby reducing their proportionate control by 11%. The net effect was a reduction in the consolidated accumulated surplus by \$6,010,156, a reduction in the net financial assets of \$3,866, and a reduction in the tangible capital assets of \$6,006,290.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

20. FINANCIAL STATEMENT APPROVAL

Council and Management have approved these financial statements.