

Village of Nampa

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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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.

April 17, 2018

A handwritten signature in cursive script that reads "Dianne Roshuk". The signature is written in black ink and is positioned above the title "Chief Administrative Officer".

Chief Administrative Officer

Independent Auditors' Report

To the of Village of Nampa:

We have audited the accompanying consolidated financial statements of Village of Nampa, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of financial activities, accumulated operating surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Village of Nampa as at December 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Peace River, Alberta

April 17, 2018

MNP LLP

Chartered Professional Accountants

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	<u>1,737,503</u>	<u>1,670,650</u>
Receivables		
Taxes and grants in lieu of taxes (Note 3)	328,929	328,948
Receivable from other governments	17,272	54,690
Trade and other receivables	708,842	455,897
Land inventory held for resale	76,511	76,510
	<u>2,869,057</u>	<u>2,586,695</u>
LIABILITIES		
Accounts payable and accrued liabilities	647,621	362,318
Deposit liabilities	6,060	7,060
Deferred revenue (Note 4)	226,706	206,470
Due to related party (Note 7)	558,172	447,307
Post closure liability	698,625	623,047
Long term debt (Note 5)	<u>1,992,048</u>	<u>2,138,084</u>
	<u>4,129,232</u>	<u>3,784,286</u>
NET FINANCIAL DEBT	<u>(1,260,175)</u>	<u>(1,197,591)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	3,800,819	3,711,969
Tangible capital assets of Peace Regional Waste Management Company (Note 8)	1,078,211	722,283
Tangible capital assets of NEW Water Ltd. (Note 8)	18,498,498	17,074,099
Inventory for consumption	1,604	16,079
Prepaid expenses	35,778	32,751
	<u>23,414,910</u>	<u>21,557,181</u>
ACCUMULATED SURPLUS (Note 10)	<u>22,154,735</u>	<u>20,359,590</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, 2017**

	Budget \$	2017 \$	2016 \$
REVENUE			
Net municipal property taxes (Schedule 3)	491,765	463,641	493,324
User fees and sale of goods	244,109	253,271	252,746
Government transfers for operating (Schedule 4)	268,894	833,212	316,896
Peace Regional Waste Management Company	448,807	521,555	470,719
NEW Water Ltd.	334,333	315,321	268,179
Investment income	5,000	14,955	8,608
Penalties and costs on taxes	-	12,948	10,824
Other revenues	39,274	57,574	63,001
Total revenues	<u>1,832,182</u>	<u>2,472,477</u> <i>2,636,000</i>	<u>1,884,297</u>
EXPENSES			
Operating			
Legislative	34,300	48,715	35,195
Administration	213,375	290,609	314,815
Family and community support	3,424	16,043	17,113
Fire and bylaws enforcement	33,770	45,647	35,915
Roads, streets, walks lighting	187,873	391,166	311,258
Peace Regional Waste Management Company	709,986	676,066	719,289
Water supply and distribution	252,004	285,783	220,534
Waste management	36,880	35,428	33,674
Subdivision land development	24,000	24,556	24,600
Recreation and parks	52,520	226,588	46,513
NEW Water Ltd.	619,353	556,497	554,367
Culture, library and other	7,500	10,014	7,634
Total Expenses	<u>2,174,985</u>	<u>2,607,112</u>	<u>2,320,907</u>
DEFICIENCY OF REVENUE OVER EXPENSES - BEFORE OTHER	(342,803)	(134,635)	(436,610)
OTHER			
Contributed assets	-	59,460	72,011
Recovery of previously contributed assets	-	-	-
Other contributions	-	-	22,551
Government transfers for capital (Schedule 4)	-	1,870,320	44,418
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(342,803)	1,795,145	(297,630)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	20,359,590	20,359,590	20,657,220
ACCUMULATED SURPLUS, END OF YEAR	<u>20,016,788</u>	<u>22,154,735</u>	<u>20,359,590</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget \$	2017 \$	2016 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(342,803)</u>	<u>1,795,145</u>	<u>(297,630)</u>
Acquisition of tangible capital assets	(77,286)	(2,570,378)	(84,022)
Contributed assets	-	(59,460)	(72,011)
Amortization of tangible capital assets	585,714	760,661	778,607
Gain on sale of tangible capital assets	-	-	-
	<u>508,428</u>	<u>(1,869,177)</u>	<u>622,574</u>
Acquisition of supplies inventories	-	(1,604)	(16,079)
Acquisition of prepaid assets	-	(35,778)	(32,751)
Use of supplies inventories	-	16,079	16,405
Use of prepaid assets	-	32,751	25,114
	<u>-</u>	<u>11,448</u>	<u>(7,311)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	<u>165,626</u>	<u>(62,584)</u>	<u>317,633</u>
NET FINANCIAL DEBT, BEGINNING OF YEAR	(1,197,591)	(1,197,591)	(1,515,224)
NET FINANCIAL DEBT, END OF YEAR	<u>(1,031,966)</u>	<u>(1,260,175)</u>	<u>(1,197,591)</u>

**VILLAGE OF NAMPA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	2017 \$	2016 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess (deficiency) of revenues over expenses	1,795,145	(297,630)
Non-cash items included in excess of revenues over expenses:		
Amortization of tangible capital assets	760,661	778,607
Recovery of contributed assets	-	-
Contributed assets	(59,460)	(72,011)
Non-cash charges to operations (net change):		
Increase in taxes and grants in lieu receivable	19	76,392
Decrease (increase) in trade and other receivables	(252,945)	(55,083)
Decrease (increase) in receivable from other governments	37,418	(16,134)
Decrease (increase) in land held for resale	(1)	-
Decrease in inventory for consumption	14,475	326
Decrease (increase) in prepaid expenses	(3,027)	(7,637)
Increase in accounts payable and accrued liabilities	285,303	156,325
Decrease in deposit liabilities	(1,000)	(1,090)
Increase (Decrease) in deferred revenue	20,236	(393,091)
Increase in post closure liability	75,578	72,188
Cash provided by operating transactions	<u>2,672,402</u>	<u>241,162</u>
CAPITAL		
Acquisition of tangible capital assets	(2,570,378)	(84,022)
Sale of tangible capital assets	-	-
Cash applied to capital transactions	<u>(2,570,378)</u>	<u>(84,022)</u>
FINANCING		
Long-term debt repaid	(146,036)	(144,212)
Debt proceeds	-	-
Increase in due to related party	110,865	(139,510)
Cash provided by (applied to) financing transactions	<u>(35,171)</u>	<u>(283,722)</u>
CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR	66,853	(126,582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,670,650	1,797,232
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>1,737,503</u>	<u>1,670,650</u>
See accompanying notes to the financial statements		
	2017 \$	2016 \$
Cash and cash equivalents is made up of:		
Cash and temporary investments (Note 2)	1,742,503	1,675,650
Less: restricted portion of cash and temporary investments (Note 2)	(5,000)	(5,000)
Temporary bank indebtedness	-	-
	<u>1,737,503</u>	<u>1,670,650</u>

VILLAGE OF NAMPA
 SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 SCHEDULE 1

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2017 \$	2016 \$
BALANCE, BEGINNING OF YEAR	<u>478,335</u>	<u>510,988</u>	<u>19,370,267</u>	<u>20,359,590</u>	<u>20,657,220</u>
Excess of revenues over expenses	1,795,145	-	-	1,795,145	(297,630)
Current year funds used for tangible capital assets	(2,629,838)	-	2,629,838	-	-
Contributed assets	-	-	-	-	-
Recovery of contributed assets	-	-	-	-	-
Debt proceeds	-	-	-	-	-
Annual amortization expense	760,661	-	(760,661)	-	-
Long term debt repaid related to TCA	(146,036)	-	146,036	-	-
Change in accumulated surplus	<u>(220,068)</u>	<u>-</u>	<u>2,015,213</u>	<u>1,795,145</u>	<u>(297,630)</u>
BALANCE, END OF YEAR	<u>258,267</u>	<u>510,988</u>	<u>21,385,480</u>	<u>22,154,735</u>	<u>20,359,590</u>

See accompanying notes to the financial statements

VILLAGE OF NAMPA
 SCHEDULE OF TANGIBLE CAPITAL ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 SCHEDULE 2

	Land	Land Improvements	Buildings	Engineered Structures	Machinery and Equipment	Vehicles	2017 \$	2016 \$
COST:								
BALANCE, BEGINNING OF YEAR	589,854	135,099	1,021,391	4,392,561	452,167	146,845	6,737,917	6,660,445
Acquisition of tangible capital assets	-	-	-	310,773	12,409	-	323,182	77,472
Construction-in-progress	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-
Write down of tangible capital assets	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	589,854	135,099	1,021,391	4,703,334	464,576	146,845	7,061,099	6,737,917
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	78,637	218,383	2,341,713	261,857	125,358	3,025,948	2,799,677
Annual amortization	-	4,836	19,792	183,449	21,056	5,199	234,332	226,271
Accumulated amortization on disposals	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	-	83,473	238,175	2,525,162	282,913	130,557	3,260,280	3,025,948
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	51,626	783,216	2,178,172	181,663	16,288	3,800,819	3,711,969
2016 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	589,854	56,462	803,008	2,050,848	190,310	21,487	3,711,969	

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
SCHEDULE OF PROPERTY TAXES LEVIED
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 3**

	Budget \$	2017 \$	2016 \$
TAXATION			
Real property taxes	626,136	627,170	654,747
Linear property taxes	1,800	2,289	1,807
Grants in lieu of taxes	-	-	-
Business taxes	-	-	-
Local Improvement taxes	31,132	-	-
Early payment tax discounts	(10,000)	(8,513)	(8,973)
Tax cancellations	-	-	3,435
	<u>649,068</u>	<u>620,946</u>	<u>651,016</u>
REQUISITIONS			
Alberta School Foundation Fund	140,000	140,005	140,792
North Peace Housing Foundation	17,303	17,300	16,900
	<u>157,303</u>	<u>157,305</u>	<u>157,692</u>
NET MUNICIPAL TAXES	<u>491,765</u>	<u>463,641</u>	<u>493,324</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 4**

	Budget \$	2017 \$	2016 \$
TRANSFERS FOR OPERATING:			
Provincial Government	-	33,212	35,484
Other Local Governments	268,894	800,000	281,412
	<u>268,894</u>	<u>833,212</u>	<u>316,896</u>
TRANSFERS FOR CAPITAL:			
Provincial Government	-	1,870,320	44,418
	<u>-</u>	<u>1,870,320</u>	<u>44,418</u>
TOTAL GOVERNMENT TRANSFERS	<u>268,894</u>	<u>2,703,532</u>	<u>361,314</u>

See accompanying notes to the financial statements

**VILLAGE OF NAMPA
SCHEDULE OF CONSOLIDATED EXPENSES BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2017
SCHEDULE 5**

	Budget \$	2017 \$	2016 \$
CONSOLIDATED EXPENSES BY OBJECT			
Salaries, wages and benefits	653,941	649,325	626,388
Contracted and general services	425,982	486,554	388,338
Materials, goods, supplies and utilities	358,802	320,586	265,210
Provision for allowances (recovery)	-	-	74,355
Provision for reclamation	52,857	75,770	72,188
Transfers to local boards and agencies	15,423	181,000	23,080
Interest on capital long-term debt	39,589	47,842	54,679
Amortization of tangible capital assets	585,714	760,661	778,607
Gain (loss) on disposal of tangible capital assets	-	-	-
Other expenses	42,677	85,374	38,062
	<u>2,174,985</u>	<u>2,607,112</u>	<u>2,320,907</u>

See accompanying notes to the financial statements

VILLAGE OF NAMPA
 SCHEDULE OF SEGMENTED DISCLOSURE
 FOR THE YEAR ENDED DECEMBER 31, 2017
 SCHEDULE 6

	General Government	Protective Services	Transportation Services	Peace Waste Management	NEW Water Ltd.	Environmental Services	Recreation, Culture & Other	Total \$
REVENUE								
Net municipal taxes	463,641	-	-	-	-	-	-	463,641
Government transfers	800,000	-	362,624	900	1,566,257	14,440	18,771	2,762,992
User fees and sales of goods	575	-	2,469	517,174	312,398	250,229	-	1,082,845
Investment income	14,955	-	-	4,248	-	-	-	19,203
Other revenues	70,522	-	-	132	2,922	-	-	73,576
	<u>1,349,693</u>	<u>-</u>	<u>365,093</u>	<u>522,454</u>	<u>1,881,577</u>	<u>264,669</u>	<u>18,771</u>	<u>4,402,257</u>
EXPENSES								
Contract & general services	58,827	25,000	52,713	106,719	30,154	173,141	40,000	486,554
Salaries & wages	146,669	-	94,578	206,141	106,662	67,885	27,390	649,325
Goods & supplies	24,545	17,268	69,578	61,910	118,878	19,997	8,410	320,586
Provision for reclamation	-	-	-	75,770	-	-	-	75,770
Transfers to local boards	-	-	-	-	-	-	181,000	181,000
Long term debt interest	11,725	-	7,990	-	-	28,127	-	47,842
Other expenses	76,674	1,200	-	-	-	-	7,500	85,374
	<u>318,440</u>	<u>43,468</u>	<u>224,859</u>	<u>450,540</u>	<u>255,694</u>	<u>289,150</u>	<u>264,300</u>	<u>1,846,451</u>
NET REVENUE BEFORE AMORTIZATION	1,031,253	(43,468)	140,234	71,914	1,625,883	(24,481)	(245,529)	2,555,806
Amortization expense	(20,882)	(2,179)	(166,309)	(225,526)	(300,803)	(32,060)	(12,902)	(760,661)
NET REVENUE	<u>1,010,371</u>	<u>(45,647)</u>	<u>(26,075)</u>	<u>(153,612)</u>	<u>1,325,080</u>	<u>(56,541)</u>	<u>(258,431)</u>	<u>1,795,145</u>

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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, 2017

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, 2017

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, 2017**

2. CASH AND TEMPORARY INVESTMENTS

	2017	2016
	\$	\$
Cash	813,816	603,866
Temporary investments with interest from 1.2% - 1.32%	722,681	551,634
Cash held by Peace Regional Waste Management Company	153,669	294,064
Cash held by NEW Water Ltd.	52,337	226,086
Less: restricted cash	(5,000)	(5,000)
	<u>1,737,503</u>	<u>1,670,650</u>

Included in cash and temporary investments is \$510,988 cash internally restricted for various purposes (2016 - \$510,988). Excluded from the cash balances is \$5,000 held in trust for the Nampa cemetery (2016 - \$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

	2017	2016
	\$	\$
Current taxes and grants in lieu of taxes	53,198	67,659
Local improvement taxes receivable	209,485	228,261
Arrears taxes	66,246	33,028
	<u>328,929</u>	<u>328,948</u>
Less: allowance for doubtful accounts	-	-
	<u>328,929</u>	<u>328,948</u>

4. DEFERRED REVENUE

	2017	2016
	\$	\$
Deferred grants	<u>226,706</u>	206,470
Proportionate share of deferred revenue in NEW Water Ltd.	-	-
Proportionate share of deferred revenue in Peace Regional Waste Management Company	-	-
	<u>226,706</u>	<u>206,470</u>

Municipal Sustainability Initiative

Funding in the amount of \$202,663 was allocated in the current year from the Municipal Sustainability Initiative. Of the \$202,663 allocated, \$185,481 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 2018. The remaining \$17,182 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 2017.

Previously allocated amounts of \$183,074 MSI Capital and \$17,065 Operating were received in 2017. All amounts were applied to projects in 2017.

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

5. LONG-TERM DEBT

	2017	2016
	\$	\$
Tax supported debentures	-	-
Self supported debentures	192,301	214,447
Owing to Northern Sunrise County - tax supported	1,799,747	1,923,637
	<u>1,992,048</u>	<u>2,138,084</u>

Principal and interest repayments are as follows:

	Principal	Interest	Total
	\$	\$	\$
2018	147,947	45,359	193,306
2019	149,949	41,356	191,305
2020	133,897	37,280	171,177
2021	134,918	34,213	169,131
2022	135,970	31,184	167,154
Thereafter	1,289,367	142,160	1,431,527
	<u>1,992,048</u>	<u>331,552</u>	<u>2,323,600</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 2.957% to 6.5% per annum, and begins maturing in 2019. 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 \$47,842 (2016 - \$54,679).

The Village's total cash payments for interest in 2017 were \$49,239 (2016 - \$53,124).

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:

	2017	2016
	\$	\$
Total debt limit	3,708,716	2,826,446
Total debt	1,992,048	2,138,084
Amount of debt limit unused	<u>1,716,668</u>	<u>688,362</u>
Total debt servicing limit	618,119	471,074
Total debt servicing	193,306	199,160
Amount of debt servicing limit unused	<u>424,813</u>	<u>271,914</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, 2017

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 2017	Net Book Value 2016
Peace Regional Waste Management Company				
Land	\$ 9,286	\$ -	\$ 9,286	\$ 9,286
Land Improvements	119,773	40,952	78,821	80,522
Buildings	388,215	127,146	261,069	276,927
Engineered Structures	2,447,211	1,886,707	560,504	177,848
Machinery and Equipment	675,292	533,946	141,346	158,205
Vehicles	65,441	38,256	27,185	19,495
	<u>\$ 3,705,218</u>	<u>\$ 2,627,007</u>	<u>\$ 1,078,211</u>	<u>\$ 722,283</u>
NEW Water Ltd.				
Land	\$ 161,728	\$ -	\$ 161,728	\$ 161,727
Land Improvements	7,745	860	6,885	7,057
Engineered Structures	20,013,873	1,692,940	18,320,933	16,893,252
Vehicles & Machinery	31,371	22,419	8,952	12,063
	<u>\$ 20,214,717</u>	<u>\$ 1,716,219</u>	<u>\$ 18,498,498</u>	<u>\$ 17,074,099</u>

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017 \$	2016 \$
Tangible capital assets (Schedule 2)	<u>7,061,099</u>	<u>6,737,917</u>
Tangible capital assets of Peace Regional Waste Management Company	<u>3,705,218</u>	<u>3,123,764</u>
Tangible capital assets of NEW Water Ltd.	<u>20,214,717</u>	<u>18,489,515</u>
Accumulated amortization (Schedule 2)	<u>(3,260,280)</u>	<u>(3,025,948)</u>
Accumulated amortization of Peace Regional Waste Management Company	<u>(2,627,007)</u>	<u>(2,401,481)</u>
Accumulated amortization of NEW Water Ltd.	<u>(1,716,219)</u>	<u>(1,415,416)</u>
Long-term debt (Note 5)	<u>(1,992,048)</u>	<u>(2,138,084)</u>
	<u><u>21,385,480</u></u>	<u><u>19,370,267</u></u>

VILLAGE OF NAMPA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

10. ACCUMULATED SURPLUS

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

	2017	2016
	\$	\$
Unrestricted surplus	258,267	478,335
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	21,385,480	19,370,267
	<u>22,154,735</u>	<u>20,359,590</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:

	2017		2016	
	\$		\$	
	Salary ¹	Benefits & allowances ²	Total	Total
Councillors				
Mayor P. Skrlík	6,441	73	6,514	7,372
Councillor D. Gach	4,075	40	4,115	5,454
Councillor C. Butz	5,661	967	6,628	4,643
Councillor C. Novak	7,029	222	7,251	6,422
Councillor E. Skrlík	4,129	133	4,262	5,772
Councillor Q. Bulford	1,525	200	1,725	-
Councillor E. Matiasiewich	1,800	50	1,850	-
CAO	74,373	15,134 ³	89,507	87,853

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, 2017**

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 133,000 people and 389 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 11.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount.

Total current service contributions by the Village to the LAPP in 2017 were \$25,044 (2016 - \$20,383). Total current service contributions by the employees of the Village to the Local Authorities Pension Plan in 2017 were \$22,905 (2016 - \$12,747).

At December 31, 2016, the LAPP disclosed an unfunded liability of \$2.26 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. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

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).

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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:

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and cash equivalents	153,669	294,064
Trade and other receivables	85,886	267,047
Total Financial Assets	<u>239,555</u>	<u>561,111</u>
Accounts payable and accrued liabilities	264,513	148,910
Deferred revenue	-	-
Due to Northern Sunrise County	1,440	3,966
Post closure liability	698,625	623,047
	<u>964,578</u>	<u>775,923</u>
Tangible capital assets	1,078,211	722,283
Prepays	6,507	5,836
Total Non-Financial Assets	<u>1,084,718</u>	<u>728,119</u>
Municipal tippage	63,051	53,579
Recycling	18,955	12,154
Industrial tippage	435,168	397,439
Other	132	1,909
Return on investments	4,248	5,638
Total Revenues	<u>521,554</u>	<u>470,719</u>
Salaries, wages and benefits	206,141	223,436
Contracted services	106,719	111,042
Materials, goods and utilities	61,910	60,147
Provision for allowances (recovery)	-	-
Provision for reclamation	75,770	72,188
Amortization of tangible capital assets	225,526	252,476
Total Expenditures	<u>676,066</u>	<u>719,289</u>

**VILLAGE OF NAMPA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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:

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash and cash equivalents	52,337	226,086
Trade and other receivables	580,668	74,733
Total Financial Assets	<u>633,005</u>	<u>300,819</u>
Accounts payable and accrued liabilities	301,356	24,873
Deferred revenue	-	-
Due to Northern Sunrise County	556,733	443,341
	<u>858,089</u>	<u>468,214</u>
Tangible capital assets	18,498,498	17,074,099
Inventory for consumption	-	-
Total Non-Financial Assets	<u>18,498,498</u>	<u>17,074,099</u>
Sales of goods to NEW Water Ltd. Partners	265,503	237,028
Other user fees and sale of goods	88,941	67,402
Other revenues	2,922	717
Total Revenues	<u>357,366</u>	<u>305,147</u>
Salaries, wages and benefits	106,662	108,928
Contracted services	30,154	41,701
Materials, goods and utilities	118,878	103,877
Amortization of tangible capital assets	300,803	299,860
Total Expenditures	<u>556,497</u>	<u>554,366</u>

Elimated from sales of goods to NEW Water Ltd. Partners is \$42,047 (2016 - \$36,968) in pro-rated sales to the Village of Nampa for water purchases. These have also been eliminated from the water expenses for the Village.