

**TOWN OF TURNER VALLEY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Management's Responsibility

To the Members of Council of the Town of Turner Valley:

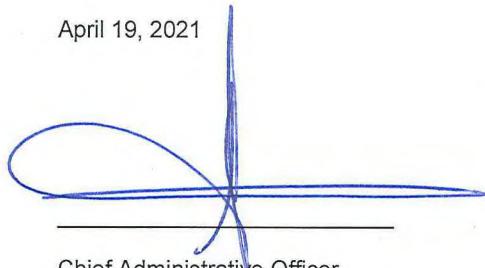
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 consolidated financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

MNP LLP is appointed by 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 Council and management to discuss their audit findings.

April 19, 2021

A handwritten signature in blue ink, consisting of a stylized 'X' or a large '8' shape, followed by a horizontal line.

Chief Administrative Officer

Independent Auditor's Report

To the Members of Council of the Town of Turner Valley:

Opinion

We have audited the consolidated financial statements of the Town of Turner Valley (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets, cash flows, and the related schedules I to VI for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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.

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- 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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 8.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 13.

Calgary, Alberta
April 19, 2021

MNP LLP
Chartered Professional Accountants

Town of Turner Valley
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	2,796,757	173,636
Receivables		
Taxes and grants in place of taxes receivable (Note 3)	318,992	301,180
Trade and other receivables (Note 4)	2,480,117	2,365,210
Investments (Note 5)	5,748,511	8,450,316
	11,344,377	11,290,342
LIABILITIES		
Accounts payable and accrued liabilities	378,916	593,744
Deposit liabilities	740,715	975,045
Deferred revenue (Note 6)	3,252,801	3,186,289
Long-term debt (Note 7)	1,447,438	1,594,268
	5,819,870	6,349,346
NET FINANCIAL ASSETS	5,524,507	4,940,996
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	42,650,405	43,990,270
Land held for resale inventory	48,414	48,414
Inventory for consumption	2,362	24,037
Prepaid expenses	32,525	77,742
	42,733,706	44,140,463
ACCUMULATED SURPLUS (Schedule I, Note 10)	48,258,213	49,081,459

Contingencies - Note 14

Significant event - Note 16

Approved on behalf of Council


 Mayor


 Councillor

Town of Turner Valley
Consolidated Statement of Operations
For the year ended December 31, 2020

	2020 Budget (Note 15)	2020	2019
REVENUE			
Net municipal taxes (Schedule III)	3,046,441	2,995,103	3,049,249
User fees and sales of goods	2,041,680	1,928,153	2,052,520
Government transfers for operating (Schedule IV)	137,134	332,628	180,327
Investment income	150,000	156,291	189,830
Penalties and costs of taxes	127,680	108,902	142,359
Fines, rentals, licenses and permits	87,800	69,332	85,985
Franchise, concession contracts and other revenue	448,629	438,221	357,566
	6,039,364	6,028,630	6,057,836
EXPENSES			
Administration	1,173,468	1,236,640	1,046,451
Bylaw enforcement	305,907	328,530	354,427
Cemeteries and crematoriums	56,000	56,000	56,000
Culture - libraries, museums, halls	211,405	259,832	295,815
Disaster services	59,943	94,024	62,950
Economic and agricultural development	144,569	73,777	139,429
Family and community support services	59,230	59,192	62,085
Fire	294,541	301,641	334,706
Land use planning, zoning and development	272,680	397,082	363,240
Legislative	264,487	201,926	201,229
Parks and recreation	606,462	674,695	990,569
Transportation services	730,797	1,788,490	1,736,140
Waste management	300,910	318,234	349,231
Wastewater treatment and disposal	1,085,502	1,047,793	1,151,470
Sheep River Regional Utility Corporation ("SRRUC")	370,402	404,364	382,779
	5,936,303	7,242,220	7,526,521
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
BEFORE OTHER	103,061	(1,213,590)	(1,468,685)
OTHER			
Government transfers for capital (Schedule IV)	-	390,344	1,471,869
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	103,061	(823,246)	3,184
ACCUMULATED SURPLUS, BEGINNING OF YEAR	49,081,459	49,081,459	49,078,275
ACCUMULATED SURPLUS, END OF YEAR	49,184,520	48,258,213	49,081,459

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2020

	2020 Budget (Note 15)	2020	2019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	103,061	(823,246)	3,184
Acquisition of tangible capital assets	(463,300)	(270,607)	(1,603,243)
Transfer of tangible capital assets to other organizations	-	-	73,138
Amortization of tangible capital assets	90,303	1,597,759	1,657,026
(Gain) Loss on disposal of tangible capital assets	-	12,713	19,954
Acquisition of inventory for consumption	-	21,675	(9,930)
(Acquisition) use of prepaid expenses	-	45,217	(51,960)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(269,936)	583,511	88,169
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,940,996	4,940,996	4,852,827
NET FINANCIAL ASSETS, END OF YEAR	4,671,060	5,524,507	4,940,996

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
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 revenue over expenses	(823,246)	3,184
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,597,759	1,657,026
Loss on disposal of tangible capital assets	12,713	19,954
Contributions of tangible capital assets to other organizations	-	73,138
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(17,812)	34,240
Increase in trade and other accounts receivable	(114,907)	(311,050)
Increase in inventory for consumption	21,675	(9,930)
(Accrual) decrease in prepaid expenses	45,217	(51,960)
Decrease in accounts payable and accrued liabilities	529,953	62,881
Increase (decrease) in deposit liabilities	(234,330)	187,425
Decrease in deferred revenue	66,512	(695,073)
Cash provided by operating transactions	1,083,534	969,835
CAPITAL		
Acquisition of tangible capital assets (Schedule II)	(1,019,865)	(2,205,473)
Proceeds on disposal of tangible capital assets	4,477	-
Cash applied to capital transactions	(1,015,388)	(2,205,473)
INVESTING		
Decrease in investments	2,701,805	1,299,423
FINANCING		
Repayment of long-term debt	(146,830)	(177,622)
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	2,623,121	(113,837)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	173,636	287,473
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	2,796,757	173,636

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Schedule I - Consolidated Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2020

	Unrestricted Surplus (Note 12)	Restricted Surplus	Equity in Tangible Capital Assets (Note 9)	2020	2019
BALANCE, BEGINNING OF YEAR	629,341	6,056,116	42,396,002	49,081,459	49,078,275
Excess (deficiency) of revenue over expenses	(823,246)	-	-	(823,246)	3,184
Transfers from operating reserve (Note 12)	(50,813)	50,813	-	-	-
Transfers to capital reserves (Note 12)	(58,873)	58,873	-	-	-
Acquisition of tangible capital assets	(270,607)	-	270,607	-	-
Disposal of tangible capital assets	12,713	-	(12,713)	-	-
Annual amortization expense	1,597,759	-	(1,597,759)	-	-
Long-term debt repaid	(146,830)	-	146,830	-	-
Change in accumulated surplus	260,103	109,686	(1,193,035)	(823,246)	3,184
BALANCE, END OF YEAR	889,444	6,165,802	41,202,967	48,258,213	49,081,459

Town of Turner Valley
Schedule II - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2020

	Land & Land Improvements	Vehicles	Buildings	Engineered Structures	Machinery & Equipment	Assets Under Construction	2020	2019
COST:								
BALANCE, BEGINNING OF YEAR	622,596	1,801,475	8,956,596	51,120,515	3,693,465	2,990,998	69,185,645	67,845,279
Acquisition of tangible capital assets	97,223	-	-	133,151	40,233	-	270,607	1,603,243
Transfers of assets	-	-	-	313,212	-	(313,212)	-	-
Disposal of tangible capital assets	-	(25,450)	-	-	-	(12,713)	(38,163)	(262,877)
BALANCE, END OF YEAR	719,819	1,776,025	8,956,596	51,566,878	3,733,698	2,665,073	69,418,089	69,185,645
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	966,326	3,088,046	19,491,136	1,649,867	-	25,195,375	23,708,134
Annual amortization	-	134,482	179,345	1,026,376	257,556	-	1,597,759	1,657,026
Accumulated amortization on disposals	-	(25,450)	-	-	-	-	(25,450)	(169,785)
BALANCE, END OF YEAR	-	1,075,358	3,267,391	20,517,512	1,907,423	-	26,767,684	25,195,375
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	719,819	700,667	5,689,205	31,049,366	1,826,275	2,665,073	42,650,405	43,990,270
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	622,596	835,149	5,868,550	31,629,379	2,043,598	2,990,998	43,990,270	

During the year, tangible capital assets were acquired at an aggregate cost of \$270,607 (2019 - \$1,603,243), of which \$17,939 (2019 - \$767,197) is included in accounts payable at year end, consequently, \$1,019,865 (2019 - \$2,205,473) was paid in cash to acquire tangible capital assets during the year.

During the year, assets with a net book value of \$17,190 (2019 - \$93,092) were disposed of for proceeds of \$4,477 (2019 - \$nil proceeds and \$73,138 of cost transferred to other organizations), resulting in a loss on disposal of tangible capital assets of \$12,713 (2019 - \$19,954).

Town of Turner Valley
Schedule III - Consolidated Schedule of Property and Other Taxes
For the year ended December 31, 2020

	2020 Budget	2020	2019
TAXATION			
Real property taxes	2,970,941	4,001,244	4,051,810
Linear property taxes	75,500	72,683	74,782
Government grants in lieu of property taxes	-	25,982	22,372
	3,046,441	4,099,909	4,148,964
REQUISITIONS			
Alberta School Foundation Fund	-	988,623	987,040
Christ the Redeemer School Division	-	67,257	65,132
Westwinds Communities	-	48,628	47,245
Designated Industrial Property	-	298	298
	-	1,104,806	1,099,715
NET MUNICIPAL PROPERTY TAXES	3,046,441	2,995,103	3,049,249

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Schedule IV - Consolidated Schedule of Government Transfers
For the year ended December 31, 2020

	2020 Budget	2020	2019
TRANSFERS FOR OPERATING			
Provincial government	118,812	304,196	162,005
Federal government	-	10,110	-
Other local governments	18,322	18,322	18,322
	137,134	332,628	180,327
TRANSFERS FOR CAPITAL			
Provincial government	-	278,269	1,471,869
Federal government	-	112,075	-
	-	390,344	1,471,869
TOTAL GOVERNMENT TRANSFERS	137,134	722,972	1,652,196

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Schedule V - Consolidated Schedule of Expenses by Object
For the year ended December 31, 2020

	2020 Budget	2020	2019
EXPENSES BY OBJECT			
Amortization of tangible capital assets	90,303	1,597,759	1,657,026
Bank charges and short-term interest	3,320	4,383	4,777
Contracted and general services	1,647,440	1,490,063	1,648,740
Interest on long-term debt	68,710	55,174	60,192
Loss on disposal of tangible capital assets (net)	-	12,713	19,954
Materials, goods and utilities	535,134	524,290	599,521
Other expenses	31,900	42,784	60,837
Salaries, wages and benefits	2,624,763	2,580,628	2,654,721
Transfers to local boards and agencies	934,733	934,426	820,753
	5,936,303	7,242,220	7,526,521

Town of Turner Valley
Schedule VI - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2020

	SRRUC	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Public Health Services	Total
REVENUE									
Net municipal taxes	-	2,995,103	-	-	-	-	-	-	2,995,103
User fees and sales of goods	197,920	5,605	128,133	656,198	5,500	64,194	870,603	-	1,928,153
Government transfer	-	346,995	-	100,839	30,000	30,454	158,502	56,182	722,972
Investment income	362	155,915	-	-	-	-	14	-	156,291
Penalties and costs of taxes	-	62,910	45,992	-	-	-	-	-	108,902
Fines, rentals, and licenses	-	2,572	12,090	-	42,670	12,000	-	-	69,332
Franchise, concession contracts and other revenue	33,245	281,420	77,238	20,476	217	21,147	4,478	-	438,221
	231,527	3,850,520	263,453	777,513	78,387	127,795	1,033,597	56,182	6,418,974
EXPENSES									
Bank charges and short-term interest	153	2,200	-	-	-	2,030	-	-	4,383
Contracted and general services	182,089	303,280	167,428	254,411	213,039	134,516	234,498	802	1,490,063
Interest on long-term debt	-	11,639	7,538	2,223	-	22,824	10,950	-	55,174
(Gain) loss on disposal of tangible capital assets	17,190	(4,477)	-	-	-	-	-	-	12,713
Materials, goods and utilities	-	49,208	60,318	258,131	9,212	85,712	61,657	52	524,290
Other expenses	-	513	21,513	-	15,168	5,449	141	-	42,784
Salaries, wages and benefits	109,047	986,437	399,040	295,664	233,440	347,095	186,846	23,059	2,580,628
Transfers to (from) local boards and agencies	-	-	19,858	-	-	132,899	690,390	91,279	934,426
	308,479	1,348,800	675,695	810,429	470,859	730,525	1,184,482	115,192	5,644,461
NET REVENUE,									
BEFORE AMORTIZATION	(76,952)	2,501,720	(412,242)	(32,916)	(392,472)	(602,730)	(150,885)	(59,010)	774,513
Amortization expense	95,885	89,766	48,500	978,061	-	204,002	181,545	-	1,597,759
NET REVENUE	(172,837)	2,411,954	(460,742)	(1,010,977)	(392,472)	(806,732)	(332,430)	(59,010)	(823,246)

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Turner Valley (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town for the administration of their financial affairs and resources. The consolidated financial statements also include the Town's 45% ownership of the assets, liabilities, revenue and expenses of the Sheep River Regional Utility Corporation ("SRRUC") after the inter-entity transactions have been eliminated.

The Town is a member of various other boards, commissions and other organizations that are not part of the municipal reporting entity, including the Westend Regional Sewage Services Commission.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

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

b) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

c) Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The area which requires management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i) Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives. Management reviews useful lives and residual values of the depreciable assets at each reporting date, based on the expected utilization of the assets by the company. Significant judgement is involved in the determination of useful life and residual values will not differ significantly from current assumptions.

ii) Allowance for doubtful accounts

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

d) Investments

Investments are recorded at amortized cost. 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.

e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual 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.

f) Land held for resale inventory

Land 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 leveling charges. Related development costs incurred to provide infrastructure such as roads, sidewalks and street lighting are recorded as physical assets under the respective function. Proceeds from sales of land held for resale are recorded as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

g) Revenue recognition

i) Tax revenue

The Town recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at Management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Town evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

ii) Government transfers

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

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recorded as a liability. In such circumstances, the Town recognizes revenue as a liability is settled.

iii) Other revenue

The Town accounts for all other revenue in the period in which the transactions or events giving rise to the revenue occurred and collectibility is reasonably assured.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

h) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town is directly responsible or accepts responsibility;
- it is expected that the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

It is management's assessment that no contaminated sites exist for the Town.

i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the 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 over the estimated useful life as follows:

	<u>Years</u>
Buildings	50
Engineered structures	30 - 65
Machinery and equipment	10 - 25
Vehicles	10 - 25

One-half of the annual amortization is charged in the year of acquisition and 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.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

i) Non-financial assets (continued from previous page)

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) Inventory for consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost.

v) Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

j) Segmented information

The Town conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Town's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in the segments are consistent with those followed in the preparation of the consolidated financial statements. For additional information, see the consolidated schedule of segmented disclosure (Schedule VI).

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

2. CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash	2,796,757	173,636

Temporary investments are short-term deposits with maturities of three months or less.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2020	2019
Current taxes and grants in place of taxes	257,068	248,548
Arrears	61,924	52,632
	318,992	301,180

4. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade and other receivables	465,237	431,840
Local improvement levies	271,718	289,376
Goods and services tax	65,719	61,379
Capital grants receivable	1,677,443	1,582,615
	2,480,117	2,365,210

5. INVESTMENTS

	2020	2019
Short-term notes and deposits	5,748,511	8,450,316

Short-term notes and deposits have effective interest rates of 0.25% to 2.60% (2019 - 1.00% to 2.35%) and mature in less than one year.

The Town also administers \$62,095 (2019 - \$61,478) of short-term notes and deposits that represent funds held in trust for the benefit of external parties.

6. DEFERRED REVENUE

	2020	2019
Flood Recovery Erosion Control	2,655,547	2,684,705
Municipal Sustainability Initiative - Capital	103,090	293,105
Resident donations	26,277	26,277
Southern Alberta Flood Response Program	53,767	-
Municipal Stimulus Program	270,948	-
Other deferred revenue	143,172	182,202
	3,252,801	3,186,289

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

7. LONG-TERM DEBT

	2020	2019
Self supported debentures	1,447,438	1,594,268

The current portion of the long-term debt amounts to \$116,449 (2019 - \$146,830).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	116,449	51,767	168,216
2022	120,199	48,017	168,216
2023	124,089	44,127	168,216
2024	114,707	40,145	154,852
2025	118,679	36,174	154,853
Thereafter	853,315	166,711	1,020,026
	1,447,438	386,941	1,834,379

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.497% to 4.950% (2019 - 1.497% to 4.950%) per annum, before Provincial subsidy, and matures in periods from 2020 through 2035. The average annual interest rate is 3.387% (2019 - 3.387%). Debenture debt is issued on the credit and security of the Town at large.

The Town of Turner Valley's total cash payments for interest on long-term debt is \$55,174 (2019 - \$60,192).

8. 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 Town of Turner Valley be disclosed as follows:

	2020	2019
Total debt limit	9,042,945	9,086,754
Total debt (Note 7)	(1,447,438)	(1,594,268)
Amount debt limit remaining	7,595,507	7,492,486
Debt servicing limit	1,507,158	1,514,459
Debt servicing	(168,216)	(238,656)
Service on debt limit remaining	1,338,942	1,275,803

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedule II)	42,650,405	43,990,270
Long-term debt issued for capital purposes (Note 7)	(1,447,438)	(1,594,268)
	41,202,967	42,396,002

10. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	889,444	629,341
Restricted surplus (Note 12)	6,165,802	6,056,116
Equity in tangible capital assets (Note 9)	41,202,967	42,396,002
	48,258,213	49,081,459

11. SEGMENTED DISCLOSURE

The Town of Turner Valley provides a range of services to its ratepayers. For each reported segment, revenue 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 consolidated financial statements as disclosed in Note 1.

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

12. RESERVES

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	Balance Beginning	Net Change	Balance Closing
Operating			
Election/Census	-	5,000	5,000
Rate stabilization	-	22,629	22,629
Snow removal	50,252	-	50,252
Land use bylaw	-	70,000	70,000
Tax stabilization	334,007	-	334,007
Unallocated	662,470	(46,816)	615,654
Utility stabilization	240,279	-	240,279
	1,287,008	50,813	1,337,821
Capital			
Offsite levies	1,474,611	(4,700)	1,469,911
Capital reserves - asset replacement	2,790,234	93,572	2,883,806
Capital reserves - unallocated	504,263	(29,999)	474,264
	4,769,108	58,873	4,827,981
	6,056,116	109,686	6,165,802

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

13. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & allowances ²	2020	2019
Mayor	28,313	3,499	31,812	23,123
Councillors:				
Councillor 1	19,134	5,016	24,150	20,435
Councillor 2	16,834	5,020	21,854	16,385
Councillor 3	18,634	840	19,474	17,274
Councillor 4	17,984	840	18,824	17,524
Councillor 5	16,734	5,020	21,754	18,935
Councillor 6	15,134	840	15,974	12,444
Administrator (12 months) (2019 - 12 months)	124,726	18,241	142,967	145,409
Designated officers (3 positions) (2019 - 3)	180,026	5,494	185,520	196,504

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, mileage allowances and any other direct cash remuneration.
2. Benefits and allowances include the 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. 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, and travel allowances.

14. CONTINGENCIES

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

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

15. BUDGET INFORMATION

The disclosed budget information has been approved by Council on December 16, 2019. The following is a reconciliation between the budget approved and that showing in the consolidated financial statements. Adjustments represent required changes for items that do not meet the criteria for recognition within the financial statements prepared in accordance with public sector accounting standards.

	Approved Budget	Adjustment	Financial Statements
Approved operating revenue budget (Town)	5,700,140	-	5,700,140
SRRUC (Town's 45% ownership)	371,449	-	371,449
Operating draw from reserves	-	(32,225)	(32,225)
 Operating revenue budget on the Statement of Operations	 6,071,589	 (32,225)	 6,039,364
<hr/>			
Approved operating expense budget	5,700,140	-	5,700,140
SRRUC (Town's 45% ownership)	370,402	-	370,402
Repayment of long-term debt	(134,239)	-	(134,239)
 Operating expense budget on the Statement of Operations	 5,936,303	 -	 5,936,303
<hr/>			
Excess of Revenue over Expenses on the Statement of Operations	135,286	(32,225)	103,061
Amortization of tangible capital assets	90,303	-	90,303
Acquisition of tangible capital assets	(463,300)	-	(463,300)
 Increase in Net Financial Assets on the Statement of Change in Net Financial Assets	 (237,711)	 (32,225)	 (269,936)
<hr/>			

16. SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and governments through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The impact of COVID-19 on the Town has been limited during 2020. There was decreased user fee revenue from concession sales, rentals, etc. The Town received stimulus funding from the Provincial Government to offset incremental costs and reduced revenue associated with COVID-19. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town going forward 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 travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**TOWN OF TURNER VALLEY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Management's Responsibility

To the Members of Council of the Town of Turner Valley:

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 consolidated financial statements.

Council is composed entirely of individuals who are neither management nor employees of the Town. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Town's external auditors.

MNP LLP is appointed by 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 Council and management to discuss their audit findings.

April 19, 2021

A handwritten signature in blue ink, appearing to be a stylized 'T' or 'A', is written over a horizontal line. The line is slightly irregular and ends with a small vertical tick mark at the right end.

Chief Administrative Officer

Independent Auditor's Report

To the Members of Council of the Town of Turner Valley:

Opinion

We have audited the consolidated financial statements of the Town of Turner Valley (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets, cash flows, and the related schedules I to VI for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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.

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- 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 Town'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 Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

- Debt Limit Regulation:
In accordance with Alberta Regulation 255/2000, we confirm that the Town is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in note 8.
- Supplementary Accounting Principles and Standards Regulation:
In accordance with Alberta Regulation 313/2000, we confirm that the Town is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in note 13.

Calgary, Alberta
April 19, 2021

MNP LLP
Chartered Professional Accountants

Town of Turner Valley
Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and temporary investments (Note 2)	2,796,757	173,636
Receivables		
Taxes and grants in place of taxes receivable (Note 3)	318,992	301,180
Trade and other receivables (Note 4)	2,480,117	2,365,210
Investments (Note 5)	5,748,511	8,450,316
	11,344,377	11,290,342
LIABILITIES		
Accounts payable and accrued liabilities	378,916	593,744
Deposit liabilities	740,715	975,045
Deferred revenue (Note 6)	3,252,801	3,186,289
Long-term debt (Note 7)	1,447,438	1,594,268
	5,819,870	6,349,346
NET FINANCIAL ASSETS	5,524,507	4,940,996
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule II)	42,650,405	43,990,270
Land held for resale inventory	48,414	48,414
Inventory for consumption	2,362	24,037
Prepaid expenses	32,525	77,742
	42,733,706	44,140,463
ACCUMULATED SURPLUS (Schedule I, Note 10)	48,258,213	49,081,459

Contingencies - Note 14

Significant event - Note 16

Approved on behalf of Council



Mayor



Councillor

Town of Turner Valley
Consolidated Statement of Operations
For the year ended December 31, 2020

	2020 Budget (Note 15)	2020	2019
REVENUE			
Net municipal taxes (Schedule III)	3,046,441	2,995,103	3,049,249
User fees and sales of goods	2,041,680	1,928,153	2,052,520
Government transfers for operating (Schedule IV)	137,134	332,628	180,327
Investment income	150,000	156,291	189,830
Penalties and costs of taxes	127,680	108,902	142,359
Fines, rentals, licenses and permits	87,800	69,332	85,985
Franchise, concession contracts and other revenue	448,629	438,221	357,566
	6,039,364	6,028,630	6,057,836
EXPENSES			
Administration	1,173,468	1,236,640	1,046,451
Bylaw enforcement	305,907	328,530	354,427
Cemeteries and crematoriums	56,000	56,000	56,000
Culture - libraries, museums, halls	211,405	259,832	295,815
Disaster services	59,943	94,024	62,950
Economic and agricultural development	144,569	73,777	139,429
Family and community support services	59,230	59,192	62,085
Fire	294,541	301,641	334,706
Land use planning, zoning and development	272,680	397,082	363,240
Legislative	264,487	201,926	201,229
Parks and recreation	606,462	674,695	990,569
Transportation services	730,797	1,788,490	1,736,140
Waste management	300,910	318,234	349,231
Wastewater treatment and disposal	1,085,502	1,047,793	1,151,470
Sheep River Regional Utility Corporation ("SRRUC")	370,402	404,364	382,779
	5,936,303	7,242,220	7,526,521
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
BEFORE OTHER	103,061	(1,213,590)	(1,468,685)
OTHER			
Government transfers for capital (Schedule IV)	-	390,344	1,471,869
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	103,061	(823,246)	3,184
ACCUMULATED SURPLUS, BEGINNING OF YEAR	49,081,459	49,081,459	49,078,275
ACCUMULATED SURPLUS, END OF YEAR	49,184,520	48,258,213	49,081,459

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2020

	2020 Budget (Note 15)	2020	2019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	103,061	(823,246)	3,184
Acquisition of tangible capital assets	(463,300)	(270,607)	(1,603,243)
Transfer of tangible capital assets to other organizations	-	-	73,138
Amortization of tangible capital assets	90,303	1,597,759	1,657,026
(Gain) Loss on disposal of tangible capital assets	-	12,713	19,954
Acquisition of inventory for consumption	-	21,675	(9,930)
(Acquisition) use of prepaid expenses	-	45,217	(51,960)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(269,936)	583,511	88,169
NET FINANCIAL ASSETS, BEGINNING OF YEAR	4,940,996	4,940,996	4,852,827
NET FINANCIAL ASSETS, END OF YEAR	4,671,060	5,524,507	4,940,996

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
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 revenue over expenses	(823,246)	3,184
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,597,759	1,657,026
Loss on disposal of tangible capital assets	12,713	19,954
Contributions of tangible capital assets to other organizations	-	73,138
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in lieu receivable	(17,812)	34,240
Increase in trade and other accounts receivable	(114,907)	(311,050)
Increase in inventory for consumption	21,675	(9,930)
(Accrual) decrease in prepaid expenses	45,217	(51,960)
Decrease in accounts payable and accrued liabilities	529,953	62,881
Increase (decrease) in deposit liabilities	(234,330)	187,425
Decrease in deferred revenue	66,512	(695,073)
Cash provided by operating transactions	1,083,534	969,835
CAPITAL		
Acquisition of tangible capital assets (Schedule II)	(1,019,865)	(2,205,473)
Proceeds on disposal of tangible capital assets	4,477	-
Cash applied to capital transactions	(1,015,388)	(2,205,473)
INVESTING		
Decrease in investments	2,701,805	1,299,423
FINANCING		
Repayment of long-term debt	(146,830)	(177,622)
CHANGE IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	2,623,121	(113,837)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	173,636	287,473
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	2,796,757	173,636

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Schedule I - Consolidated Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2020

	Unrestricted Surplus (Note 12)	Restricted Surplus (Note 9)	Equity in Tangible Capital Assets	2020	2019
BALANCE, BEGINNING OF YEAR	629,341	6,056,116	42,396,002	49,081,459	49,078,275
Excess (deficiency) of revenue over expenses	(823,246)	-	-	(823,246)	3,184
Transfers from operating reserve (Note 12)	(50,813)	50,813	-	-	-
Transfers to capital reserves (Note 12)	(58,873)	58,873	-	-	-
Acquisition of tangible capital assets	(270,607)	-	270,607	-	-
Disposal of tangible capital assets	12,713	-	(12,713)	-	-
Annual amortization expense	1,597,759	-	(1,597,759)	-	-
Long-term debt repaid	(146,830)	-	146,830	-	-
Change in accumulated surplus	260,103	109,686	(1,193,035)	(823,246)	3,184
BALANCE, END OF YEAR	889,444	6,165,802	41,202,967	48,258,213	49,081,459

Town of Turner Valley
Schedule II - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2020

	Land & Land Improvements	Vehicles	Buildings	Engineered Structures	Machinery & Equipment	Assets Under Construction	2020	2019
COST:								
BALANCE, BEGINNING OF YEAR	622,596	1,801,475	8,956,596	51,120,515	3,693,465	2,990,998	69,185,645	67,845,279
Acquisition of tangible capital assets	97,223	-	-	133,151	40,233	-	270,607	1,603,243
Transfers of assets	-	-	-	313,212	-	(313,212)	-	-
Disposal of tangible capital assets	-	(25,450)	-	-	-	(12,713)	(38,163)	(262,877)
BALANCE, END OF YEAR	719,819	1,776,025	8,956,596	51,566,878	3,733,698	2,665,073	69,418,089	69,185,645
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	-	966,326	3,088,046	19,491,136	1,649,867	-	25,195,375	23,708,134
Annual amortization	-	134,482	179,345	1,026,376	257,556	-	1,597,759	1,657,026
Accumulated amortization on disposals	-	(25,450)	-	-	-	-	(25,450)	(169,785)
BALANCE, END OF YEAR	-	1,075,358	3,267,391	20,517,512	1,907,423	-	26,767,684	25,195,375
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	719,819	700,667	5,689,205	31,049,366	1,826,275	2,665,073	42,650,405	43,990,270
2019 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	622,596	835,149	5,868,550	31,629,379	2,043,598	2,990,998	43,990,270	

During the year, tangible capital assets were acquired at an aggregate cost of \$270,607 (2019 - \$1,603,243), of which \$17,939 (2019 - \$767,197) is included in accounts payable at year end, consequently, \$1,019,865 (2019 - \$2,205,473) was paid in cash to acquire tangible capital assets during the year.

During the year, assets with a net book value of \$17,190 (2019 - \$93,092) were disposed of for proceeds of \$4,477 (2019 - \$nil proceeds and \$73,138 of cost transferred to other organizations), resulting in a loss on disposal of tangible capital assets of \$12,713 (2019 - \$19,954).

Town of Turner Valley
Schedule III - Consolidated Schedule of Property and Other Taxes
For the year ended December 31, 2020

	2020 Budget	2020	2019
TAXATION			
Real property taxes	2,970,941	4,001,244	4,051,810
Linear property taxes	75,500	72,683	74,782
Government grants in lieu of property taxes	-	25,982	22,372
	3,046,441	4,099,909	4,148,964
REQUISITIONS			
Alberta School Foundation Fund	-	988,623	987,040
Christ the Redeemer School Division	-	67,257	65,132
Westwinds Communities	-	48,628	47,245
Designated Industrial Property	-	298	298
	-	1,104,806	1,099,715
NET MUNICIPAL PROPERTY TAXES	3,046,441	2,995,103	3,049,249

Town of Turner Valley
Schedule IV - Consolidated Schedule of Government Transfers
For the year ended December 31, 2020

	2020 Budget	2020	2019
TRANSFERS FOR OPERATING			
Provincial government	118,812	304,196	162,005
Federal government	-	10,110	-
Other local governments	18,322	18,322	18,322
	137,134	332,628	180,327
TRANSFERS FOR CAPITAL			
Provincial government	-	278,269	1,471,869
Federal government	-	112,075	-
	-	390,344	1,471,869
TOTAL GOVERNMENT TRANSFERS	137,134	722,972	1,652,196

The accompanying notes are an integral part of these financial statements

Town of Turner Valley
Schedule V - Consolidated Schedule of Expenses by Object
For the year ended December 31, 2020

	2020 Budget	2020	2019
EXPENSES BY OBJECT			
Amortization of tangible capital assets	90,303	1,597,759	1,657,026
Bank charges and short-term interest	3,320	4,383	4,777
Contracted and general services	1,647,440	1,490,063	1,648,740
Interest on long-term debt	68,710	55,174	60,192
Loss on disposal of tangible capital assets (net)	-	12,713	19,954
Materials, goods and utilities	535,134	524,290	599,521
Other expenses	31,900	42,784	60,837
Salaries, wages and benefits	2,624,763	2,580,628	2,654,721
Transfers to local boards and agencies	934,733	934,426	820,753
	5,936,303	7,242,220	7,526,521

Town of Turner Valley
Schedule VI - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2020

	SRRUC	General Government	Protective Services	Transportation Services	Planning & Development	Recreation & Culture	Environmental Services	Public Health Services	Total
REVENUE									
Net municipal taxes	-	2,995,103	-	-	-	-	-	-	2,995,103
User fees and sales of goods	197,920	5,605	128,133	656,198	5,500	64,194	870,603	-	1,928,153
Government transfer	-	346,995	-	100,839	30,000	30,454	158,502	56,182	722,972
Investment income	362	155,915	-	-	-	-	14	-	156,291
Penalties and costs of taxes	-	62,910	45,992	-	-	-	-	-	108,902
Fines, rentals, and licenses	-	2,572	12,090	-	42,670	12,000	-	-	69,332
Franchise, concession contracts and other revenue	33,245	281,420	77,238	20,476	217	21,147	4,478	-	438,221
	231,527	3,850,520	263,453	777,513	78,387	127,795	1,033,597	56,182	6,418,974
EXPENSES									
Bank charges and short-term interest	153	2,200	-	-	-	2,030	-	-	4,383
Contracted and general services	182,089	303,280	167,428	254,411	213,039	134,516	234,498	802	1,490,063
Interest on long-term debt	-	11,639	7,538	2,223	-	22,824	10,950	-	55,174
(Gain) loss on disposal of tangible capital assets	17,190	(4,477)	-	-	-	-	-	-	12,713
Materials, goods and utilities	-	49,208	60,318	258,131	9,212	85,712	61,657	52	524,290
Other expenses	-	513	21,513	-	15,168	5,449	141	-	42,784
Salaries, wages and benefits	109,047	986,437	399,040	295,664	233,440	347,095	186,846	23,059	2,580,628
Transfers to (from) local boards and agencies	-	-	19,858	-	-	132,899	690,390	91,279	934,426
	308,479	1,348,800	675,695	810,429	470,859	730,525	1,184,482	115,192	5,644,461
NET REVENUE,									
BEFORE AMORTIZATION	(76,952)	2,501,720	(412,242)	(32,916)	(392,472)	(602,730)	(150,885)	(59,010)	774,513
Amortization expense	95,885	89,766	48,500	978,061	-	204,002	181,545	-	1,597,759
NET REVENUE	(172,837)	2,411,954	(460,742)	(1,010,977)	(392,472)	(806,732)	(332,430)	(59,010)	(823,246)

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town of Turner Valley (the "Town") are the representations of management prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the Town are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, and changes in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town for the administration of their financial affairs and resources. The consolidated financial statements also include the Town's 45% ownership of the assets, liabilities, revenue and expenses of the Sheep River Regional Utility Corporation ("SRRUC") after the inter-entity transactions have been eliminated.

The Town is a member of various other boards, commissions and other organizations that are not part of the municipal reporting entity, including the Westend Regional Sewage Services Commission.

Taxes levied also includes requisitions for educational, health care, social and other external organizations that are not part of the municipal reporting entity.

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

b) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

c) Measurement uncertainty (use of estimates)

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

The area which requires management to make significant judgements, estimates and assumptions in determining carrying values include, but are not limited to:

i) Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives. Management reviews useful lives and residual values of the depreciable assets at each reporting date, based on the expected utilization of the assets by the company. Significant judgement is involved in the determination of useful life and residual values will not differ significantly from current assumptions.

ii) Allowance for doubtful accounts

Trade and other accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

d) Investments

Investments are recorded at amortized cost. 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.

e) Requisition over-levy and under-levy

Over-levies and under-levies arise from the difference between the actual 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.

f) Land held for resale inventory

Land 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 leveling charges. Related development costs incurred to provide infrastructure such as roads, sidewalks and street lighting are recorded as physical assets under the respective function. Proceeds from sales of land held for resale are recorded as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, the eligibility criteria have been met and reasonable estimates of the amounts can be made.

g) Revenue recognition

i) Tax revenue

The Town recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Council, and the taxable event has occurred. Tax revenue is initially measured at Management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Town evaluates the tax receivable for collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

ii) Government transfers

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

The Town recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recorded as a liability. In such circumstances, the Town recognizes revenue as a liability is settled.

iii) Other revenue

The Town accounts for all other revenue in the period in which the transactions or events giving rise to the revenue occurred and collectibility is reasonably assured.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

h) Contaminated sites liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Town is directly responsible or accepts responsibility;
- it is expected that the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

It is management's assessment that no contaminated sites exist for the Town.

i) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the 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 over the estimated useful life as follows:

	<u>Years</u>
Buildings	50
Engineered structures	30 - 65
Machinery and equipment	10 - 25
Vehicles	10 - 25

One-half of the annual amortization is charged in the year of acquisition and 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.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

i) Non-financial assets (continued from previous page)

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) Inventory for consumption

Inventory held for consumption is recorded at the lower of cost and replacement cost.

v) Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following fiscal year.

j) Segmented information

The Town conducts its business through a number of reportable segments. These operating segments are established by senior management to facilitate the achievement of the Town's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent amounts that are directly attributable to the segments and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in the segments are consistent with those followed in the preparation of the consolidated financial statements. For additional information, see the consolidated schedule of segmented disclosure (Schedule VI).

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

2. CASH AND TEMPORARY INVESTMENTS

	2020	2019
Cash	2,796,757	173,636

Temporary investments are short-term deposits with maturities of three months or less.

3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE

	2020	2019
Current taxes and grants in place of taxes	257,068	248,548
Arrears	61,924	52,632
	318,992	301,180

4. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade and other receivables	465,237	431,840
Local improvement levies	271,718	289,376
Goods and services tax	65,719	61,379
Capital grants receivable	1,677,443	1,582,615
	2,480,117	2,365,210

5. INVESTMENTS

	2020	2019
Short-term notes and deposits	5,748,511	8,450,316

Short-term notes and deposits have effective interest rates of 0.25% to 2.60% (2019 - 1.00% to 2.35%) and mature in less than one year.

The Town also administers \$62,095 (2019 - \$61,478) of short-term notes and deposits that represent funds held in trust for the benefit of external parties.

6. DEFERRED REVENUE

	2020	2019
Flood Recovery Erosion Control	2,655,547	2,684,705
Municipal Sustainability Initiative - Capital	103,090	293,105
Resident donations	26,277	26,277
Southern Alberta Flood Response Program	53,767	-
Municipal Stimulus Program	270,948	-
Other deferred revenue	143,172	182,202
	3,252,801	3,186,289

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

7. LONG-TERM DEBT

	2020	2019
Self supported debentures	1,447,438	1,594,268

The current portion of the long-term debt amounts to \$116,449 (2019 - \$146,830).

Principal and interest repayments are as follows:

	Principal	Interest	Total
2021	116,449	51,767	168,216
2022	120,199	48,017	168,216
2023	124,089	44,127	168,216
2024	114,707	40,145	154,852
2025	118,679	36,174	154,853
Thereafter	853,315	166,711	1,020,026
	1,447,438	386,941	1,834,379

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at rates ranging from 1.497% to 4.950% (2019 - 1.497% to 4.950%) per annum, before Provincial subsidy, and matures in periods from 2020 through 2035. The average annual interest rate is 3.387% (2019 - 3.387%). Debenture debt is issued on the credit and security of the Town at large.

The Town of Turner Valley's total cash payments for interest on long-term debt is \$55,174 (2019 - \$60,192).

8. 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 Town of Turner Valley be disclosed as follows:

	2020	2019
Total debt limit	9,042,945	9,086,754
Total debt (Note 7)	(1,447,438)	(1,594,268)
Amount debt limit remaining	7,595,507	7,492,486
Debt servicing limit	1,507,158	1,514,459
Debt servicing	(168,216)	(238,656)
Service on debt limit remaining	1,338,942	1,275,803

The debt limit is calculated at 1.5 times revenue of the Town (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be a financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the consolidated financial statements must be interpreted as a whole.

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

9. EQUITY IN TANGIBLE CAPITAL ASSETS

	2020	2019
Tangible capital assets (Schedule II)	42,650,405	43,990,270
Long-term debt issued for capital purposes (Note 7)	(1,447,438)	(1,594,268)
	41,202,967	42,396,002

10. ACCUMULATED SURPLUS

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

	2020	2019
Unrestricted surplus	889,444	629,341
Restricted surplus (Note 12)	6,165,802	6,056,116
Equity in tangible capital assets (Note 9)	41,202,967	42,396,002
	48,258,213	49,081,459

11. SEGMENTED DISCLOSURE

The Town of Turner Valley provides a range of services to its ratepayers. For each reported segment, revenue 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 consolidated financial statements as disclosed in Note 1.

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

12. RESERVES

Council has set aside funds as an internal allocation of accumulated surplus as follows:

	Balance Beginning	Net Change	Balance Closing
Operating			
Election/Census	-	5,000	5,000
Rate stabilization	-	22,629	22,629
Snow removal	50,252	-	50,252
Land use bylaw	-	70,000	70,000
Tax stabilization	334,007	-	334,007
Unallocated	662,470	(46,816)	615,654
Utility stabilization	240,279	-	240,279
	1,287,008	50,813	1,337,821
Capital			
Offsite levies	1,474,611	(4,700)	1,469,911
Capital reserves - asset replacement	2,790,234	93,572	2,883,806
Capital reserves - unallocated	504,263	(29,999)	474,264
	4,769,108	58,873	4,827,981
	6,056,116	109,686	6,165,802

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

13. SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & allowances ²	2020	2019
Mayor	28,313	3,499	31,812	23,123
Councillors:				
Councillor 1	19,134	5,016	24,150	20,435
Councillor 2	16,834	5,020	21,854	16,385
Councillor 3	18,634	840	19,474	17,274
Councillor 4	17,984	840	18,824	17,524
Councillor 5	16,734	5,020	21,754	18,935
Councillor 6	15,134	840	15,974	12,444
Administrator (12 months) (2019 - 12 months)	124,726	18,241	142,967	145,409
Designated officers (3 positions) (2019 - 3)	180,026	5,494	185,520	196,504

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria, mileage allowances and any other direct cash remuneration.
2. Benefits and allowances include the 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. 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, and travel allowances.

14. CONTINGENCIES

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

Town of Turner Valley
Notes to the Consolidated Financial Statements
For the year ended December 31, 2020

15. BUDGET INFORMATION

The disclosed budget information has been approved by Council on December 16, 2019. The following is a reconciliation between the budget approved and that showing in the consolidated financial statements. Adjustments represent required changes for items that do not meet the criteria for recognition within the financial statements prepared in accordance with public sector accounting standards.

	Approved Budget	Adjustment	Financial Statements
Approved operating revenue budget (Town)	5,700,140	-	5,700,140
SRRUC (Town's 45% ownership)	371,449	-	371,449
Operating draw from reserves	-	(32,225)	(32,225)
 Operating revenue budget on the Statement of Operations	 6,071,589	 (32,225)	 6,039,364
 Approved operating expense budget	 5,700,140	 -	 5,700,140
SRRUC (Town's 45% ownership)	370,402	-	370,402
Repayment of long-term debt	(134,239)	-	(134,239)
 Operating expense budget on the Statement of Operations	 5,936,303	 -	 5,936,303
 Excess of Revenue over Expenses on the Statement of Operations	 135,286	 (32,225)	 103,061
Amortization of tangible capital assets	90,303	-	90,303
Acquisition of tangible capital assets	(463,300)	-	(463,300)
 Increase in Net Financial Assets on the Statement of Change in Net Financial Assets	 (237,711)	 (32,225)	 (269,936)

16. SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and governments through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The impact of COVID-19 on the Town has been limited during 2020. There was decreased user fee revenue from concession sales, rentals, etc. The Town received stimulus funding from the Provincial Government to offset incremental costs and reduced revenue associated with COVID-19. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town going forward 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 travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.