

TOWN OF BENTLEY



Independent Auditor's Report and
Financial Statements
December 31, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Bentley

Opinion

We have audited the accompanying consolidated financial statements of Town of Bentley, which comprises of the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Bentley as at December 31, 2020, and its result of operations, its changes in its net financial assets (debt) 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 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 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 liquidate the Town or 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the 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.

Red Deer County, Alberta
April 14, 2021

RSM Alberta LLP

RSM ALBERTA LLP
Chartered Professional Accountants



TOWN OF BENTLEY

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TOWN OF BENTLEY
Consolidated Statement of Financial Position
December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 1,541,416	1,069,312
Trade and other receivables	140,911	231,888
Taxes receivable (note 3)	<u>218,744</u>	<u>222,197</u>
	<u>1,901,071</u>	<u>1,523,397</u>
LIABILITIES		
Accounts payable and accruals (note 6)	205,311	299,475
Deferred revenue (note 7)	346,418	16,381
Long-term debt (note 8)	953,459	1,322,422
Trust liabilities	<u>62,988</u>	<u>62,988</u>
	<u>1,568,176</u>	<u>1,701,266</u>
Contingency (note 10)		
NET FINANCIAL ASSETS (DEBT)	<u>332,895</u>	<u>(177,869)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (page 6)	13,871,884	14,132,909
Prepaid expenses	55,851	58,661
Inventory for consumption	10,000	10,000
Land for resale inventory (note 4)	<u>657,000</u>	<u>861,601</u>
	<u>14,594,735</u>	<u>15,063,171</u>
ACCUMULATED SURPLUS (note 11)	<u>\$14,927,630</u>	<u>14,885,302</u>
Commitments (note 13)		

Approved by Council:

 Mayor

 Chief Administrative Officer

See accompanying schedules and notes.

TOWN OF BENTLEY

Consolidated Statement of Changes in Net Financial Assets (Debt) Year Ended December 31, 2020

	Budget (unaudited)	2020	2019
Excess of revenue over expenses	\$ 912,391	42,328	198,401
Acquisition of tangible capital assets	(174,000)	(233,187)	(1,380,785)
Amortization of tangible capital assets	-	494,212	492,303
Change in prepaid expenses	-	2,810	(7,052)
Change in land for resale inventory	<u>-</u>	<u>204,601</u>	<u>(186,279)</u>
Increase (decrease) in net financial assets (debt)	738,391	510,764	(883,412)
Net financial assets (debt), beginning of year	<u>(177,869)</u>	<u>(177,869)</u>	<u>705,543</u>
Net financial assets (debt), end of year	\$ <u><u>560,522</u></u>	\$ <u><u>332,895</u></u>	<u><u>(177,869)</u></u>

See accompanying schedules and notes.

TOWN OF BENTLEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
CASH PROVIDED BY (USED FOR)		
Operating activities		
Cash receipts from ratepayers, services and agencies	\$ 2,962,175	2,372,256
Cash paid to suppliers, employees and agencies	(2,086,618)	(1,987,678)
Interest received	5,080	27,227
Interest paid	<u>(59,409)</u>	<u>(59,317)</u>
	<u>821,228</u>	<u>352,488</u>
Capital activities		
Purchase of tangible capital assets	(233,187)	(1,302,727)
Government transfers for capital	264,214	361,270
Land for resale inventory	<u>(11,188)</u>	<u>(186,279)</u>
	<u>19,839</u>	<u>(1,127,736)</u>
Financing activities		
Proceeds from long-term debt	-	512,000
Repayment of long-term debt	<u>(368,963)</u>	<u>(327,879)</u>
	<u>(368,963)</u>	<u>184,121</u>
Increase (decrease) in cash	472,104	(591,127)
Cash, beginning of year	<u>1,069,312</u>	<u>1,660,439</u>
Cash, end of year	<u>\$ 1,541,416</u>	<u>1,069,312</u>

Included in accounts payable are tangible capital asset purchases of \$Nil (2019 - \$84,649).

TOWN OF BENTLEY

Consolidated Schedule of Changes in Accumulated Surplus Year Ended December 31, 2020

	Unrestricted	Reserves	Equity in Library	Equity in Tangible Capital Assets	2020	2019
Balance, beginning of year	\$ 168,344	1,407,418	34,506	13,275,033	14,885,302	14,686,901
Excess of revenue over expenses	42,328	-	-	-	42,328	198,401
Transfer to reserves	(295,344)	295,344	-	-	-	-
Current year funds used for tangible capital assets	(168,970)	(148,864)	-	317,835	-	-
Annual amortization expense	494,212	-	-	(494,212)	-	-
Long-term debt repaid related to tangible capital assets	(238,748)	-	-	238,748	-	-
Bentley Fire Department excess of revenue over expenses	(328)	328	-	-	-	-
Bentley Municipal Library excess of revenues over expenses	(576)	-	576	-	-	-
Balance, end of year	\$ <u>918</u>	<u>1,554,226</u>	<u>35,082</u>	<u>13,337,404</u>	<u>14,927,630</u>	<u>14,885,302</u>

See accompanying schedules and notes.

TOWN OF BENTLEY
Consolidated Schedule of Tangible Capital Assets
Year Ended December 31, 2020

	Land	Buildings	Water distribution systems	Wastewater distribution systems	Engineering structures	Machinery and equipment	Vehicles	2020	2019
Cost									
Beginning balance	\$ 385,973	3,818,876	4,318,348	8,491,012	8,848,959	994,968	456,348	27,314,484	25,933,699
Additions	<u>19,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,700</u>	<u>38,777</u>	<u>145,000</u>	<u>233,187</u>	<u>1,380,785</u>
Ending balance	<u>405,683</u>	<u>3,818,876</u>	<u>4,318,348</u>	<u>8,491,012</u>	<u>8,878,659</u>	<u>1,033,745</u>	<u>601,348</u>	<u>27,547,671</u>	<u>27,314,484</u>
Accumulated amortization									
Beginning balance	-	1,342,179	2,978,484	4,624,837	3,198,446	646,202	391,427	13,181,575	12,689,272
Amortization	<u>-</u>	<u>80,918</u>	<u>66,599</u>	<u>142,996</u>	<u>152,040</u>	<u>35,249</u>	<u>16,410</u>	<u>494,212</u>	<u>492,303</u>
Ending balance	<u>-</u>	<u>1,423,097</u>	<u>3,045,083</u>	<u>4,767,833</u>	<u>3,350,486</u>	<u>681,451</u>	<u>407,837</u>	<u>13,675,787</u>	<u>13,181,575</u>
Net book value	\$ <u>405,683</u>	<u>2,395,779</u>	<u>1,273,265</u>	<u>3,723,179</u>	<u>5,528,173</u>	<u>352,294</u>	<u>193,511</u>	<u>13,871,884</u>	<u>14,132,909</u>
2019 net book value	\$ <u>385,973</u>	<u>2,476,697</u>	<u>1,339,864</u>	<u>3,866,175</u>	<u>5,650,513</u>	<u>348,766</u>	<u>64,921</u>	<u>14,132,909</u>	

Included in Engineering structures is \$35,203 (2019- \$12,640) of assets under construction at year end.

TOWN OF BENTLEY

Consolidated Schedule of Property and Other Taxes Year Ended December 31, 2020

	Budget (unaudited)	2020	2019
Taxation			
Real property taxes	\$ 1,420,952	1,420,128	1,430,466
Linear property taxes	25,479	25,479	25,856
Government grants in place of property taxes	<u>-</u>	<u>-</u>	<u>9,318</u>
	<u>1,446,431</u>	<u>1,445,607</u>	<u>1,465,640</u>
Requisitions			
Alberta School Foundation Fund	287,231	287,620	286,639
Lacombe Foundation	<u>6,284</u>	<u>6,496</u>	<u>6,371</u>
	<u>293,515</u>	<u>294,116</u>	<u>293,010</u>
Net municipal taxes	<u>\$ 1,152,916</u>	<u>1,151,491</u>	<u>1,172,630</u>

TOWN OF BENTLEY
Consolidated Schedule of Government Transfers
Year Ended December 31, 2020

	Budget (unaudited)	2020	2019
Operating transfers			
Provincial Government	\$ 97,298	257,299	179,758
Other Local Governments	<u>113,125</u>	<u>186,668</u>	<u>154,494</u>
	<u>210,423</u>	<u>443,967</u>	<u>334,252</u>
Capital transfers			
Federal Government	61,663	121,814	-
Provincial Government	<u>302,528</u>	<u>142,400</u>	<u>239,456</u>
	<u>364,191</u>	<u>264,214</u>	<u>239,456</u>
	<u>\$ 574,614</u>	<u>708,181</u>	<u>573,708</u>

TOWN OF BENTLEY

Consolidated Schedule of Expenses by Object Year Ended December 31, 2020

	Budget (unaudited)	2020	2019
Salaries, wages and benefits	\$ 741,201	872,144	796,572
Contracted and general services	652,038	612,578	650,186
Amortization	-	494,212	492,303
Materials, goods and utilities	333,075	367,818	408,489
Transfers to local boards and agencies	143,825	142,724	188,934
Interest on long-term debt	10,300	43,228	44,049
Bank charges and short-term interest	<u>15,000</u>	<u>16,181</u>	<u>15,317</u>
	<u>\$ 1,895,439</u>	<u>2,548,885</u>	<u>2,595,850</u>

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements December 31, 2020

1. Nature of Activities

The Town of Bentley is incorporated under the Municipal Government Act and carries out the administration and operation of the town.

2. Significant Accounting Policies

The consolidated financial statements of the Town of Bentley are the representations of management prepared in accordance with public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted are as follows:

Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial assets and cash flows of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town Council for the administration of their financial affairs and resources. Included with the municipality are the following:

- Bentley Volunteer Fire Department
- Bentley Municipal Library

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not 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.

Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

i. Revenue

Revenue is recognized as it is earned and measurable. Funds from external parties, and earnings thereon, restricted by agreement or legislation are accounted for as deferred revenue until the related expenses are incurred, services performed or tangible capital assets are acquired.

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements December 31, 2020

2. Significant Accounting Policies (Continued)

ii. 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.

iii. 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.

iv. Expenses

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or legal obligation to pay.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: inventory valuation, land for resale inventory, and estimated useful lives of tangible capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

Non-financial assets

Non-financial assets, except land for resale inventory, 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 consolidated changes in net financial assets (debt) for the year. Non-financial assets consist of the following:

i. Inventory for consumption

The cost of inventories of material and supplies for consumption is estimated by management.

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements December 31, 2020

2. Significant Accounting Policies (Continued)

ii. 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 assets. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Buildings	15 to 50 years
Wastewater distribution systems	50 to 83 years
Water distribution systems	15 to 80 years
Engineering structures	25 to 45 years
Machinery and equipment	5 to 45 years
Vehicles	10 to 20 years

One half the amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition. Assets under construction are not amortized until the asset is available for productive use.

iii. Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

iv. Prepaid expenses

Expenses paid in advance where services have not been performed or materials have not been received.

v. Land for resale inventory

Land for resale inventory is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements. Related development costs for infrastructure such as water and waste water services, roads, sidewalks and lighting are recorded as physical assets under their respective functions.

Trust liability - public reserve

Certain funds collected as a result of the development of land are held in trust for the purpose of developing a public park or public recreation area. The funds can also be transferred to a school board or to separate areas of land that are used for different purposes.

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2020

3. Taxes Receivable

Included in taxes receivable are current taxes and grants in lieu of taxes receivable of \$143,862 (2019 - \$153,091) and taxes in arrears of \$74,882 (2019 - \$69,107).

4. Land for resale inventory

The Town owns a subdivision with 30 lots held for resale. This is included in non-financial assets as it cannot be reasonably anticipated that all the lots will be sold within a one year period.

The purchase of the land for resale inventory and additional costs to get the land available for resale was funded by general operations. When the sale of these lots occur the money will replenish the cash balance held by the Town.

Land for resale inventory was written down in 2020 by \$215,789 to its estimated net realizable value. The write down is included in impairment of land for resale on the statement of operations.

5. Line of Credit

The Town has an undrawn \$500,000 operating line of credit, bearing interest at the bank prime rate (currently 2.45%). Collateral is provided by a general security agreement.

6. Employee Benefit Obligation

Included in accounts payable is \$35,732 (2019 - \$19,690) of accrued vacation benefits that are being deferred to future years. Employees have earned the benefit and are entitled to use the benefit within the next fiscal year.

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements December 31, 2020

7. Deferred Revenue	2020	2019
Municipal Sustainability Initiative	\$ 160,128	-
Municipal Stimulus Program	91,779	-
Federal Gas Tax Funding	61,663	-
Municipal Operating Support Transfer	17,933	-
Prepayment for animal and business licenses and ice rentals	<u>14,915</u>	<u>16,381</u>
	<u>\$ 346,418</u>	<u>16,381</u>

The Municipal Sustainability Initiative, Municipal Stimulus Program, and Federal Gas Tax Funding consist of grant funding designated for the 50th Street Rehabilitation capital project.

The Municipal Operating Support Transfer is restricted to COVID-19 related expenditures and loss of revenue.

8. Long-Term Debt	2020	2019
Demand bank loan repayable in monthly installments of \$12,280 including principal and interest at 3.49%, due December 2023. The loan was obtained to purchase the land for resale inventory. Collateral is provided by a general security agreement.	\$ 418,980	549,195
Demand bank loan repayable in annual principal installments of \$9,320 and interest of 3.49% paid monthly, due September 2024. Collateral is provided by a general security agreement.	392,079	488,427
Demand bank loan repayable in annual principal installments of \$142,000 and interest of 4.45% paid monthly, due August 2021. Collateral is provided by a general security agreement.	<u>142,400</u>	<u>284,800</u>
	<u>\$ 953,459</u>	<u>1,322,422</u>

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements

December 31, 2020

8. Long-Term Debt (Continued)

Notwithstanding the demand nature of the loans, the estimated principal and interest repayments for the next four years are as follows:

	Principal	Interest	Total
2021	\$ 376,834	31,318	408,152
2022	242,815	16,385	259,200
2023	251,496	7,704	259,200
2024	<u>82,314</u>	<u>1,198</u>	<u>83,512</u>
	<u>\$ 953,459</u>	<u>56,605</u>	<u>1,010,064</u>

9. 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 municipality as follows:

	2020	2019
Total debt limit	\$ 2,542,788	3,832,365
Total debt	<u>953,459</u>	<u>1,322,422</u>
Amount of debt limit unused	<u>1,589,329</u>	<u>2,509,943</u>
Service limit of debt	\$ 635,697	638,728
Service on debt	<u>408,152</u>	<u>414,661</u>
Amount of debt servicing limit unused	<u>\$ 227,545</u>	<u>224,067</u>

The debt limit is calculated at 1.5 times the 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.

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Notes to the Consolidated Financial Statements
December 31, 2020

10. Contingency

The Town of Bentley is a member of the Genesis Reciprocal Insurance Exchange. Under the terms of 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.

11. Accumulated Surplus	2020	2019
Unrestricted surplus	\$ 918	<u>168,344</u>
Reserves:		
Operating:		
Operating contingencies	48,199	48,199
Recreation and parks	47,985	37,985
Community services	31,205	31,205
Fire department	28,384	28,056
Administration	6,780	6,780
Bike path	3,214	4,085
Bentley Centennial (2015)	<u>1,266</u>	<u>1,266</u>
	<u>167,033</u>	<u>157,576</u>
Capital:		
General	562,003	393,659
Wastewater	228,000	208,000
Water and wastewater	198,963	178,963
Garbage collection equipment	148,000	148,000
Fleet replacement - fire	87,597	175,701
Equipment replacement - public works	67,097	86,986
Arena upgrades	60,968	35,968
Roads, streets and sidewalks	29,000	17,000
Administration	<u>5,565</u>	<u>5,565</u>
	<u>1,387,193</u>	<u>1,249,842</u>
Total reserves	<u>1,554,226</u>	<u>1,407,418</u>
Equity in tangible capital assets		
Tangible capital assets (page 6)	13,871,884	14,132,909
Related long-term debt	(534,480)	(773,227)
Capital asset in accounts payable	<u>-</u>	<u>(84,649)</u>
	<u>13,337,404</u>	<u>13,275,033</u>
Equity in Bentley Municipal Library	<u>35,082</u>	<u>34,506</u>
	<u>\$ 14,927,630</u>	<u>14,885,302</u>

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements December 31, 2020

12. Salary and Benefits Disclosure

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

	Salary (1)	Benefits and allowances (2)	2020 Total	2019 Total
Councillors				
Greg Rathjen, Mayor	\$ 10,184	-	10,184	11,425
Neil Maki, Councilor	6,053	-	6,053	7,797
Cora Knutson, Councilor	5,225	-	5,225	6,280
Joan Dickau, Councilor	5,053	-	5,053	1,631
Doug Talsma, Councilor	4,740	-	4,740	6,381
Lloyd Carefoot, Councilor	-	-	-	2,840
Marc Fortais, CAO	125,000	6,758	131,758	-
Elizabeth Smart, CAO	<u>20,070</u>	<u>1,377</u>	<u>21,447</u>	<u>108,585</u>
	<u>\$ 176,325</u>	<u>8,135</u>	<u>184,460</u>	<u>144,939</u>

(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 health care and RRSP contributions.

13. Commitments

The Town of Bentley is a member of the Lacombe Regional Solid Waste Services Commission (the "Commission"). Members of the Commission pay a quarterly requisition calculated on a per capita basis. The Commission's estimated budget for the Town of Bentley requisitions for the year-ended December 31, 2021 is \$70,070 (2020- \$74,177).

Subsequent to year end, the Town of Bentley entered into agreements to purchase vehicles in January 2021 which includes the purchase of a 2011 Freightliner for \$49,350 and a 2016 International Dump Truck for \$65,000.

14. Contractual Rights

The Town has contractual rights to franchise fees from ATCO Gas and Fortis Alberta for 12% of the gross usage charges for gas and 10% of the gross usage charges for electricity respectively each year.

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2020

15. Financial Instruments

The Town's financial instruments consist of cash, taxes receivable, trade and other receivables, accounts payable and accruals, and long-term debt. The fair value of these financial instruments approximates their carrying value, unless otherwise noted. It is management's opinion that the Town is not exposed to significant interest, currency, market, liquidity or credit risks arising from these financial instruments except as follows:

Interest rate risk

The Town is exposed to interest rate price risk as long-term debt bears interest at fixed interest rates.

Credit risk

The Town is exposed to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfil their obligations. The large number and diversity of taxpayers and certain rights granted to the town under the Municipal Government Act minimizes the credit risk.

16. Comparative Amounts

The presentation of certain amounts of the previous year has been changed to conform with the current year presentation.

17. Budget Amounts

Council and management approved the 2020 budget for the Town of Bentley on March 10, 2020 and the revised budget May 26, 2020.

18. Approval of Financial Statements

Council and management have approved these financial statements.

TOWN OF BENTLEY
Supplementary Financial Information
Year Ended December 31, 2020

Reconciliation of 2020 Budget to Operating Results

Effective January 1, 2009 the Town adopted the changes required under the Public Sector Accounting Board (PSAB) Handbook, including Section 1200, "Financial Statement Presentation". Under these requirements, the Town is required to use a full accrual reporting model for preparation of its consolidated financial statements. However, the Town continues to use a cash requirement basis in determining its annual budget. The reconciliation below is for information purposes only to provide users with supplementary comparative information. It should not be used as a replacement for the consolidated financial statements provided and users should note that this information may not be appropriate for their purposes.

	Budget (unaudited)	2020	2019
Excess of revenue over expenses per financial statements	\$ 912,391	42,328	198,401
Capital expenditures:			
Add: amortization expense	-	494,212	492,303
Deduct: tangible capital assets acquired	<u>(174,000)</u>	<u>(317,835)</u>	<u>(1,296,135)</u>
Excess (deficiency) of operating and capital revenues over expenditures	738,391	218,705	(605,431)
Capital financing:			
Add: interest on long-term capital debt	10,300	10,591	17,567
Add: loan proceeds	-	-	512,000
Deduct: repayment of capital debt, including interest	<u>(264,540)</u>	<u>(249,338)</u>	<u>(219,643)</u>
Net surplus (deficiency) before the following	484,151	(20,042)	(295,507)
Other:			
Add (Deduct): transfer from (to) operating reserves	26,000	(328)	(2,504)
Add (Deduct): transfer to(from) capital reserves	(362,791)	(146,480)	467,116
Deduct: Bentley Municipal Library excess of revenues over expenses	-	(576)	(761)
Deduct: repayment of Subdivision loan	<u>(147,360)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in unrestricted surplus	\$ <u>-</u>	<u>(167,426)</u>	<u>168,344</u>