

TOWN OF BENTLEY

**Financial Statements and
Auditors' Report**

December 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Town of Bentley is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Town's financial position as of December 31, 2023 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS), except for the possible effects related to the Town's adoption of the new accounting standard, PS3280, Asset Retirement Obligations.

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized, and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Town council carries out its responsibilities for review of the consolidated financial statements. The external auditors have full access to the council with and without the presence of management. The Town council has approved the consolidated financial statements.

The consolidated financial statements have been audited by RSM Canada LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



A handwritten signature in blue ink, consisting of a series of loops and flourishes, positioned above a horizontal line.

Chief Administrative Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Council of Town of Bentley

Qualified 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, 2023 and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town of Bentley as at December 31, 2023, and its result of operations, its changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As described in Note 2 to the consolidated financial statements, the Town of Bentley was required to adopt the new accounting standard, PS 3280, Asset Retirement Obligations effective January 1, 2023. The asset retirement obligation liability has not been sufficiently analyzed and therefore cannot be reasonably estimated and recorded which constitutes a departure from the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. We were unable to obtain sufficient appropriate audit evidence about the possible effect of the Town of Bentley's asset retirement obligations on tangible capital assets and asset retirement obligation liability as at December 31, 2023 and on amortization of tangible capital assets and accretion expense for the year ended December 31, 2023 because the information was not readily available. Consequently, the effects on the consolidated financial statements have not been determined.

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 qualified 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.

INDEPENDENT AUDITOR'S REPORT continued

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.

TOWN OF BENTLEY

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TOWN OF BENTLEY
Consolidated Statement of Financial Position
December 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 972,544	\$ 818,624
Trade and other receivables	167,343	266,474
Taxes receivable (note 4)	<u>144,743</u>	<u>221,946</u>
	<u>1,284,630</u>	<u>1,307,044</u>
LIABILITIES		
Accounts payable and accruals (note 6)	219,342	224,515
Deferred revenue (note 7)	8,318	142,343
Long-term debt (note 8)	82,117	333,486
Trust liabilities	<u>62,988</u>	<u>62,988</u>
	<u>372,765</u>	<u>763,332</u>
Contingent liability (note 10)		
NET FINANCIAL ASSETS	<u>911,865</u>	<u>543,712</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (page 6)	13,933,821	14,095,794
Prepaid expenses	63,410	59,283
Inventory for consumption	10,000	10,000
Land for resale inventory (note 11)	<u>511,000</u>	<u>511,000</u>
	<u>14,518,231</u>	<u>14,676,077</u>
ACCUMULATED SURPLUS (note 12)	<u>\$15,430,096</u>	<u>\$15,219,789</u>
Commitments (note 13)		

Approved by Council:

Mayor

Chief Administrative Officer

TOWN OF BENTLEY

Consolidated Statement of Operations and Accumulated Surplus Year Ended December 31, 2023

	Budget	2023	2022
Revenue			
Net municipal taxes (page 7)	\$ 1,188,690	\$ 1,183,113	\$ 1,169,197
User fees and sales of goods	714,950	706,120	655,031
Government transfers for operating (page 8)	618,541	374,822	243,293
Other	393,705	335,864	131,285
Franchise fees (note 15)	130,000	118,138	122,927
Penalties and cost of taxes	21,500	53,549	70,279
Investment income	20,000	30,913	20,164
Fines	3,000	10,285	5,700
Licenses and permits	9,550	6,433	8,860
	<u>3,099,936</u>	<u>2,819,237</u>	<u>2,426,736</u>
Expenses (page 9)			
Administrative	436,512	472,943	442,174
Roads, streets, walks and lighting	258,723	464,618	437,367
Parks and recreation	331,808	445,963	397,047
Wastewater treatment and disposal	148,936	269,779	268,432
Waste management	225,426	207,590	246,557
Water supply and distribution	132,635	184,986	265,767
Common services	159,995	178,145	175,112
Municipal planning and zoning	222,130	167,567	148,467
Fire	81,104	147,492	143,191
Disaster services and bylaws enforcement	128,145	123,251	100,117
Library	54,335	105,930	115,447
Family and community support	83,013	93,030	86,043
Legislative	90,936	78,956	81,602
Oxford school (heritage)	1,551	1,293	100,403
	<u>2,355,249</u>	<u>2,941,543</u>	<u>3,007,726</u>
Deficiency of revenue over expenses before the following	744,687	(122,306)	(580,990)
Other income (expenses)			
Government transfers for capital (page 8)	2,670,327	342,223	330,326
Impairment of land for resale inventory (note 11)	-	-	(154,857)
Loss on disposal of tangible capital assets	-	(9,610)	-
Surplus (deficiency) excess of revenue over expenses	3,415,014	210,307	(405,521)
Accumulated surplus, beginning of year	<u>15,219,789</u>	<u>15,219,789</u>	<u>15,625,310</u>
Accumulated surplus, end of year	<u>\$ 18,634,803</u>	<u>\$ 15,430,096</u>	<u>\$ 15,219,789</u>

TOWN OF BENTLEY

Consolidated Statement of Changes in Net Financial Assets Year Ended December 31, 2023

	Budget	2023	2022
Surplus (deficiency) excess of revenue over expenses	\$ 3,415,014	\$ 210,307	\$ (405,521)
Acquisition of tangible capital assets	(9,300)	(390,266)	(355,035)
Disposal of tangible capital assets	-	12,925	-
Amortization of tangible capital assets	-	539,314	566,234
Change in prepaid expenses	-	(4,127)	1,638
Change in land for resale inventory	<u>-</u>	<u>-</u>	<u>153,000</u>
Increase (decrease) in net financial assets	3,405,714	368,153	(39,684)
Net financial assets, beginning of year	<u>543,712</u>	<u>543,712</u>	<u>583,396</u>
Net financial assets, end of year	<u>\$ 3,949,426</u>	<u>\$ 911,865</u>	<u>\$ 543,712</u>

TOWN OF BENTLEY
Consolidated Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
CASH PROVIDED BY (USED FOR)		
Operating activities		
Cash receipts from ratepayers, services and agencies	\$ 2,887,169	\$ 2,314,195
Cash paid to suppliers, employees and agencies	(2,366,095)	(2,405,143)
Interest received	30,913	20,164
Interest paid	<u>(45,435)</u>	<u>(36,306)</u>
	<u>506,552</u>	<u>(107,090)</u>
Capital activities		
Purchase of tangible capital assets	(390,266)	(355,035)
Government transfers for capital	285,688	335,391
Proceeds on disposal of tangible capital assets	3,315	-
Land for resale inventory	<u>-</u>	<u>(1,857)</u>
	<u>(101,263)</u>	<u>(21,501)</u>
Financing activities		
Repayment of long-term debt	<u>(251,369)</u>	<u>(242,947)</u>
Increase (decrease) in cash	153,920	(371,538)
Cash, beginning of year	<u>818,624</u>	<u>1,190,162</u>
Cash, end of year	<u>\$ 972,544</u>	<u>\$ 818,624</u>

Excluded from the consolidated statement of cash flows is the impairment of land for resale inventory in the amount of nil (2022 - \$154,857), as this is a non-cash transaction.

TOWN OF BENTLEY

Consolidated Schedule of Changes in Accumulated Surplus Year Ended December 31, 2023

	Unrestricted	Reserves	Equity in Library	Equity in Tangible Capital Assets	2023	2022
Balance, beginning of year	\$ (51,193)	\$ 1,330,861	\$ 33,385	\$13,906,736	\$15,219,789	\$15,625,310
Surplus (deficiency) excess of revenue over expenses	210,307	-	-	-	210,307	(405,521)
Transfer to reserves	(212,550)	212,550	-	-	-	-
Current year funds used for tangible capital assets	(390,266)	-	-	390,266	-	-
Disposal of tangible capital assets	12,925	-	-	(12,925)	-	-
Annual amortization expense	539,314	-	-	(539,314)	-	-
Long-term debt repaid related to tangible capital assets	(106,941)	-	-	106,941	-	-
Bentley Fire Department deficiency of revenue over expenses	3,167	(3,167)	-	-	-	-
Bentley Municipal Library excess of revenues over expenses	(6,811)	-	6,811	-	-	-
Balance, end of year (Note 12)	<u>\$ (2,048)</u>	<u>\$ 1,540,244</u>	<u>\$ 40,196</u>	<u>\$13,851,704</u>	<u>\$15,430,096</u>	<u>\$15,219,789</u>

TOWN OF BENTLEY

Consolidated Schedule of Tangible Capital Assets Year Ended December 31, 2023

	Land	Buildings	Water distribution systems	Wastewater distribution systems	Engineering structures	Machinery and equipment	Vehicles	2023	2022
Cost									
Beginning balance	\$ 422,061	\$ 3,818,876	\$ 4,363,404	\$ 8,491,012	\$ 9,866,909	\$ 1,196,093	\$ 713,348	\$ 28,871,703	\$ 28,516,668
Additions	-	22,231	123,359	12,583	217,297	14,796	-	390,266	355,035
Disposals	-	-	-	-	-	(10,300)	(13,000)	(23,300)	-
Ending balance	<u>422,061</u>	<u>3,841,107</u>	<u>4,486,763</u>	<u>8,503,595</u>	<u>10,084,206</u>	<u>1,200,589</u>	<u>700,348</u>	<u>29,238,669</u>	<u>28,871,703</u>
Accumulated amortization									
Beginning balance	-	1,583,367	3,179,223	5,054,884	3,704,765	797,805	455,865	14,775,909	14,209,675
Amortization	-	78,886	48,909	126,292	198,535	60,033	26,659	539,314	566,234
Disposals	-	-	-	-	-	(2,575)	(7,800)	(10,375)	-
Ending balance	-	<u>1,662,253</u>	<u>3,228,132</u>	<u>5,181,176</u>	<u>3,903,300</u>	<u>855,263</u>	<u>474,724</u>	<u>15,304,848</u>	<u>14,775,909</u>
Net book value	<u>\$ 422,061</u>	<u>\$ 2,178,854</u>	<u>\$ 1,258,631</u>	<u>\$ 3,322,419</u>	<u>\$ 6,180,906</u>	<u>\$ 345,326</u>	<u>\$ 225,624</u>	<u>\$ 13,933,821</u>	<u>\$ 14,095,794</u>
2022 net book value	<u>\$ 422,061</u>	<u>\$ 2,235,509</u>	<u>\$ 1,184,181</u>	<u>\$ 3,436,128</u>	<u>\$ 6,162,145</u>	<u>\$ 398,287</u>	<u>\$ 257,483</u>	<u>\$ 14,095,794</u>	

TOWN OF BENTLEY

Consolidated Schedule of Property and Other Taxes Year Ended December 31, 2023

	Budget	2023	2022
Taxation			
Real property taxes	\$ 1,469,661	\$ 1,451,226	\$ 1,449,178
Linear property taxes	<u>24,917</u>	<u>25,763</u>	<u>25,907</u>
	<u>1,494,578</u>	<u>1,476,989</u>	<u>1,475,085</u>
Requisitions			
Alberta School Foundation Fund	299,330	285,971	299,330
Lacombe Foundation	<u>6,558</u>	<u>7,905</u>	<u>6,558</u>
	<u>305,888</u>	<u>293,876</u>	<u>305,888</u>
Net municipal taxes	\$ <u>1,188,690</u>	\$ <u>1,183,113</u>	\$ <u>1,169,197</u>

TOWN OF BENTLEY
Consolidated Schedule of Government Transfers
Year Ended December 31, 2023

	Budget	2023	2022
Operating transfers			
Provincial Government	\$ 125,151	\$ 215,475	\$ 103,964
Other Local Governments	<u>493,390</u>	<u>159,347</u>	<u>139,329</u>
	<u>618,541</u>	<u>374,822</u>	<u>243,293</u>
Capital transfers			
Provincial Government	<u>2,670,327</u>	<u>342,223</u>	<u>330,326</u>
	<u>\$ 3,288,868</u>	<u>\$ 717,045</u>	<u>\$ 573,619</u>

TOWN OF BENTLEY
Consolidated Schedule of Expenses by Object
Year Ended December 31, 2023

	Budget	2023	2022
Contracted and general services	\$ 992,900	\$ 887,331	\$ 1,052,673
Salaries, wages and benefits	855,848	977,509	892,960
Amortization	-	539,314	566,234
Materials, goods and utilities	331,100	368,141	321,774
Transfers to local boards and agencies	149,771	123,813	137,783
Bank charges and short-term interest	18,000	37,798	20,049
Interest on long-term debt	<u>7,630</u>	<u>7,637</u>	<u>16,253</u>
	<u>\$ 2,355,249</u>	<u>\$ 2,941,543</u>	<u>\$ 3,007,726</u>

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2023

1. Nature of Activities

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

2. New Accounting Standards

Effective January 1, 2023, the Town was required to adopt the new accounting standard PS 3280 Asset Retirement Obligations.

This standard deals with obligations to retire tangible capital assets of a public sector entity that are predictable and avoidable which includes legal obligations that occur due to the acquisition, construction, development, or normal use of a tangible capital asset that is controlled by the entity. An asset retirement obligation is recognized when there is a legal obligation to incur costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. When measuring asset retirement obligations, the Town includes costs that are based on requirements and are directly attributable to asset retirement activities, uses a present value technique, and applies a discount rate to reflect the time value of money and the risks specific to the obligation for which future cash flow estimates have not been adjusted. On initial recognition of an asset retirement obligation, the Town will recognize an asset retirement cost by increasing the carrying amount of the related tangible capital asset by the same amount as the obligation liability. Over time, the cost will be expensed in a rational and systematic manner and the obligation liability will be accreted. Depending on its nature, a subsequent re-measurement of the liability could result in a change in the carrying amount of the related tangible capital asset or an expense.

The Town has not sufficiently analyzed its potential asset retirement obligations and, as such, is unable to record a reasonable estimate which constitutes a departure from the requirements of the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

3. 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:

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2023

3. Significant Accounting Policies (Continued)

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, 2023

3. Significant Accounting Policies (Continued)

Basis of accounting (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. Areas requiring the use of estimates include: estimated useful lives of tangible capital assets. Areas requiring the use of significant estimates include valuation of land for resale inventory and asset retirement obligation. 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 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, 2023

3. Significant Accounting Policies (Continued)

Non-financial assets (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 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	30 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. Tangible capital assets are written down when conditions indicate that they no longer contribute to the Town's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. Net write-downs are accounted for as expenses in the Consolidated Statement of Operations and Accumulated Surplus.

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, 2023

4. Taxes Receivable

Included in taxes receivable are current taxes and grants in lieu of taxes receivable of \$102,662 (2022 - \$146,845) and taxes in arrears of \$42,081 (2022 - \$75,101).

5. Line of Credit

The Town has an undrawn \$500,000 operating line of credit, bearing interest at the bank prime rate (currently 7.2%). Collateral is provided by a general security agreement providing a first charge and security interest in and to all the Borrower's present and after-acquired personal property.

6. Employee Benefit Obligation

Included in accounts payable is \$15,259 (2022 - \$21,120) 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.

7. Deferred Revenue

	2023	2022
Prepayment for ice rentals	\$ 8,318	\$ 10,074
Canada Community-Building Fund	<u>-</u>	<u>132,269</u>
	<u>\$ 8,318</u>	<u>\$ 142,343</u>

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2023

8. Long-Term Debt	2023	2022
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.	\$ 82,117	\$ 189,059
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. During the year this demand bank loan was fully repaid.	<u>-</u>	<u>144,427</u>
Current portion	<u>82,117</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 333,486</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:

	2023	2022
Total debt limit	\$ 4,228,855	\$ 3,640,103
Total debt	<u>82,117</u>	<u>333,486</u>
Amount of debt limit unused	<u>\$ 4,146,738</u>	<u>\$ 3,306,617</u>
Service limit of debt	\$ 704,809	\$ 606,684
Service on debt	<u>259,200</u>	<u>259,332</u>
Amount of debt servicing limit unused	<u>\$ 445,609</u>	<u>\$ 347,352</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 consolidated financial statements must be interpreted as a whole.

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2023

10. Contingent Liability

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. Land for Resale Inventory

The Town owns a subdivision with 30 lots held for resale. The lots are listed with a realtor and are ready to be sold. The lots are 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 to \$154,857 to its estimated net realizable value.

TOWN OF BENTLEY

Notes to the Consolidated Financial Statements December 31, 2023

12. Accumulated Surplus (Deficit)	2023	2022
Unrestricted deficit	\$ <u>(2,048)</u>	\$ <u>(51,193)</u>
Reserves		
Operating		
Operating contingencies	48,199	48,199
Recreation and parks	47,985	47,985
Community services	31,205	31,205
Fire department	19,335	17,650
Administration	6,780	6,780
Bike path	3,214	3,214
Bentley Centennial (2015)	<u>1,266</u>	<u>1,266</u>
	<u>157,984</u>	<u>156,299</u>
Capital		
General	339,188	372,887
Wastewater	248,000	248,000
Water and wastewater	185,195	185,195
Equipment replacement - public works	157,406	157,406
Arena upgrades	72,365	80,968
Fleet replacement - fire	59,541	59,541
Garbage collection equipment	36,000	36,000
Roads, streets and sidewalks	29,000	29,000
Administration	5,565	5,565
Soccer field	<u>250,000</u>	<u>-</u>
	<u>1,382,260</u>	<u>1,174,562</u>
Total reserves	<u>1,540,244</u>	<u>1,330,861</u>
Equity in tangible capital assets		
Tangible capital assets (page 6)	13,933,821	14,095,794
Related long-term debt	<u>(82,117)</u>	<u>(189,058)</u>
	<u>13,851,704</u>	<u>13,906,736</u>
Equity in Bentley Municipal Library	<u>40,196</u>	<u>33,385</u>
	<u>\$ 15,430,096</u>	<u>\$ 15,219,789</u>

TOWN OF BENTLEY
Notes to the Consolidated Financial Statements
December 31, 2023

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, 2024 is \$67,410 (2023 - \$70,070).

14. 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)	2023 Total	2022 Total
Councilors				
Greg Rathjen, Mayor	\$ 14,350	\$ -	\$ 14,350	\$ 14,538
Pam Hansen, Councilor	7,927	-	7,927	9,475
Lenore Eastman, Councilor	6,660	-	6,660	9,075
Dale Grimsdale, Councilor	8,512	-	8,512	8,827
Brenda Valiquette, Councilor	6,894	-	6,894	8,465
Marc Fortais, CAO	<u>145,703</u>	<u>14,679</u>	<u>160,382</u>	<u>146,798</u>
	<u>\$ 190,046</u>	<u>\$ 14,679</u>	<u>\$ 204,725</u>	<u>\$ 197,178</u>

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honorarium 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.

15. 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, 2023

16. 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:

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.

17. Budget Amounts

Council and management approved the 2023 budget for the Town of Bentley on December 13, 2022.

18. Approval of Financial Statements

Council and management have approved these financial statements.

TOWN OF BENTLEY
Supplementary Financial Information
Year Ended December 31, 2023

Reconciliation of 2023 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	2023	2022
Surplus (deficiency) excess of revenue over expenses per financial statements	\$ 3,415,014	\$ 210,307	\$ (405,521)
Capital expenditures			
Add: amortization expense	-	539,314	566,234
Deduct: tangible capital assets acquired	(9,300)	(390,266)	(355,035)
Deduct: disposal of tangible capital assets	<u>-</u>	<u>12,925</u>	<u>-</u>
Surplus (deficiency) excess of operating and capital revenues over expenditures	3,405,714	372,280	(194,322)
Capital financing			
Add: interest on long-term capital debt	7,630	7,637	16,253
Deduct: repayment of capital debt, including interest	<u>-</u>	<u>(114,578)</u>	<u>(119,532)</u>
Net (deficiency) surplus before the following	3,413,344	265,339	(297,601)
Other			
Add: transfer from operating reserves	-	3,167	10,490
Add (deduct): transfer to (from) capital reserves	(3,084,327)	(212,550)	145,673
Add (deduct): Bentley Municipal Library excess (deficiency) of revenues over expenses	-	(6,811)	5,865
Deduct: repayment of Subdivision loan	<u>(251,290)</u>	<u>-</u>	<u>-</u>
Surplus (decrease) increase in unrestricted surplus	\$ <u>77,727</u>	\$ <u>49,145</u>	\$ <u>(135,573)</u>