

R.M. OF REYNOLDS

**Consolidated Financial Statements
For the Year Ended December 31, 2017**

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the *Rural Municipality of Reynolds* and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Chartered Professional Accountants Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of the Municipality met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

KPMG LLP as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor/Reeve and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian public sector accounting standards.



Kim Furgala

Chief Administrative Officer



KPMG LLP
1900 - 360 Main
Street Winnipeg MB
R3C 3Z3

Telephone (204) 957-1770
Fax (204) 957-0808
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Reeve and Members of Council of the Rural Municipality of Reynolds

We have audited the accompanying consolidated financial statements of the Rural Municipality of Reynolds, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information including schedules 1 to 12.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Chartered Professional Accountants

Winnipeg, Canada

July 28, 2020

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

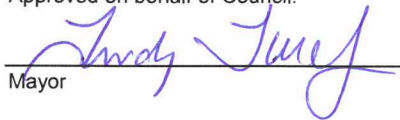
R.M. OF REYNOLDS
Consolidated Financial Statements
For the Year Ended December 31, 2017

Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Schedule 1 - Consolidated Schedule of Tangible Capital Assets	15
Schedule 2 - Consolidated Schedule of Revenues	16
Schedule 3 - Consolidated Schedule of Expenses	17
Schedule 4 - Consolidated Statement of Operations by Program	19
Schedule 5 - Consolidated Details and Reconciliation to Core Government Results	21
Schedule 6 - Schedule of Change in Reserve Fund Balances	22
Schedule 7 - Reconciliation of the Financial Plan to the Budget	23
Schedule 8 - Analysis of Taxes on Roll	24
Schedule 9 - Analysis of Tax Levy	25
Schedule 10 - Analysis of School Accounts	26
Schedule 11 - Schedule of General Operating Fund Expenses	27
Schedule 12 - Reconciliation of Annual Deficit	28

R.M. OF REYNOLDS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 3,472,292	\$ 2,070,222
Portfolio Investments	11,012	1,573,832
Amounts receivable (Note 4)	320,008	300,292
	<u>\$ 3,803,312</u>	<u>\$ 3,944,346</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	\$ 155,187	\$ 186,002
Deferred revenue (Note 6)	589,839	514,847
Landfill closure and post closure liabilities (Note 7)	723	642
	<u>745,749</u>	<u>701,491</u>
NET FINANCIAL ASSETS	<u>\$ 3,057,563</u>	<u>\$ 3,242,855</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	\$ 1,152,491	\$ 1,173,309
Prepaid expenses	6,225	4,985
	<u>1,158,716</u>	<u>1,178,304</u>
ACCUMULATED SURPLUS (Note 11)	<u>\$ 4,216,279</u>	<u>\$ 4,421,159</u>

Approved on behalf of Council:



 Mayor



 Councillor

The accompanying notes are an integral part of these financial statement.

R.M. OF REYNOLDS
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	2017 Budget (Note 10)	2017 Actual	2016 Actual
REVENUE			
Property taxes	\$ 601,767	\$ 657,695	\$ 640,669
Grants in lieu of taxation	250,762	57,761	58,838
User fees	79,660	94,596	86,932
Investment income	30,138	55,137	54,497
Other revenue	-	29,522	1,785
Grants - Province of Manitoba	398,879	294,738	295,106
Grants - other	161,050	137,421	139,215
Transfer in from own funds	-	-	-
Total revenue (Schedules 2, 4 and 5)	<u>1,522,256</u>	<u>1,326,870</u>	<u>1,277,042</u>
EXPENSES			
General government services	439,268	485,539	398,159
Protective services	271,307	234,073	201,896
Transportation services	678,751	530,230	474,459
Environmental health services	192,018	201,731	193,007
Public health and welfare services	20,497	15,497	20,497
Regional planning and development	37,573	47,697	53,006
Resource conservation and industrial	42,550	16,983	8,307
Recreation and cultural services	-	-	6,501
Total expenses (Schedules 3, 4 and 5)	<u>1,681,964</u>	<u>1,531,750</u>	<u>1,355,832</u>
ANNUAL SURPLUS (DEFICIT)	<u>(159,708)</u>	<u>(204,880)</u>	<u>(78,790)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>4,421,159</u>	<u>4,499,949</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 4,216,279</u>	<u>\$ 4,421,159</u>

The accompanying notes are an integral part of these financial statement.

R.M. OF REYNOLDS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2017

	<u>2017</u> <u>Budget</u> <u>(Note 11)</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
ANNUAL SURPLUS (DEFICIT)	\$ (96,661)	\$ (204,880)	\$ (78,790)
Acquisition of tangible capital assets	-	(73,492)	(110,884)
Amortization of tangible capital assets	94,310	94,310	82,694
Writedown of tangible capital assets			12,283
Decrease (increase) in inventories	-	-	-
Decrease (increase) in prepaid expense	-	(1,230)	(825)
	<u>94,310</u>	<u>19,588</u>	<u>(16,732)</u>
CHANGE IN NET FINANCIAL ASSETS	<u>(2,351)</u>	(185,292)	(95,522)
NET FINANCIAL ASSETS, BEGINNING OF YEAR		<u>3,242,855</u>	<u>3,338,377</u>
NET FINANCIAL ASSETS, END OF YEAR		<u>\$ 3,057,563</u>	<u>\$ 3,242,855</u>

The accompanying notes are an integral part of these financial statement.

R.M. OF REYNOLDS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (204,880)	\$ (78,790)
Changes in non-cash items:		
Amounts receivable	(19,716)	6,461
Prepays	(1,230)	(825)
Accounts payable and accrued liabilities	(30,815)	(547,806)
Deferred revenue	74,992	71,966
Landfill closure and post closure liabilities	81	74
Writedown of tangible capital assets	-	12,283
Amortization	<u>94,310</u>	<u>82,694</u>
Cash provided by operating transactions	<u>(87,258)</u>	<u>(453,943)</u>
CAPITAL TRANSACTIONS		
Cash used to acquire tangible capital assets	<u>(73,492)</u>	<u>(110,884)</u>
INVESTING TRANSACTIONS		
Cash provided by investing transactions	<u>1,562,820</u>	<u>(44,015)</u>
FINANCING TRANSACTIONS		
Cash applied to financing transactions	<u>-</u>	<u>-</u>
INCREASE IN CASH AND TEMPORARY INVESTMENTS	1,402,070	(608,842)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	<u>2,070,222</u>	<u>2,679,064</u>
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	<u><u>\$ 3,472,292</u></u>	<u><u>\$ 2,070,222</u></u>

The accompanying notes are an integral part of these financial statement.

R.M. OF REYNOLDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

1. Status of Rural Municipality of Reynolds

The incorporated Rural Municipality of Reynolds is a municipal government that was created as a local government district in January 1945 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The Municipality has several designated special purpose reserves and provides funding support for other financial entities involved in environmental health and regional planning and development.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the Municipality. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the Municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Whitemouth-Reynolds Planning District	55%
Whitemouth-Reynolds-North Whiteshell Waste Management Facility	27.62%

The taxation with respect to the operations of the school divisions are not reflected in the Municipal surplus of these financial statements.

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 the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition.

d) Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

e) 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 ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The Municipality does not capitalize internal finance charges as part of the cost of its tangible capital assets. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

General Tangible Capital Assets

Land	Indefinite
Land Improvements	10 to 30 years
Buildings and leasehold improvements	
Buildings	25 to 40 years
Leasehold improvements	Life of lease
Vehicles and Equipment	
Vehicles	5 years
Machinery, equipment and furniture	10 years
Maintenance and road construction equipment	15 years
Computer Hardware and Software	4 years

Infrastructure Assets

Transportation	
Land	Indefinite
Road surface	20 to 30 years
Road grade	40 years
Bridges	25 to 50 years
Traffic lights and equipment	10 years
Water and Sewer	
Land	Indefinite
Land improvements	30 to 50 years
Buildings	25 to 40 years
Underground networks	40 to 60 years
Machinery and equipment	10 to 20 years
Dams and other surface water structures	40 to 60 years

Assets under construction includes direct costs and is stated at the lower of cost and net recoverable amount. Costs associated with the construction of these assets are capitalized until the asset is placed in use. No amortization is taken on assets under construction until that date.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

g) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

h) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of the landfill closure and post closure liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

	<u>2017</u>	<u>2016</u>
Cash	<u>\$ 3,472,292</u>	<u>\$ 2,070,222</u>

The Municipality has designated \$1,146,307 (2016 - \$1,073,487) to reserves for debt principal repayments and tangible capital asset acquisitions. See Schedule 6 - Schedule of Change in Reserve Fund Balances.

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

	<u>2017</u>	<u>2016</u>
Taxes on roll (Schedule 8)	\$ 154,115	\$ 159,569
Government grants	71,499	38,478
Organizations and individuals	<u>94,394</u>	<u>102,245</u>
	<u>320,008</u>	<u>300,292</u>
Less allowances for doubtful amounts		
	<u>\$ 320,008</u>	<u>\$ 300,292</u>

5. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
Accounts payable	\$ 66,047	\$ 64,442
Accrued expenses	(13,152)	14,281
School levies (Schedule 10)	<u>102,292</u>	<u>107,279</u>
	<u>\$ 155,187</u>	<u>\$ 186,002</u>

6. Deferred Revenue

Deferred revenue is comprised of the following:

	<u>2017</u>	<u>2016</u>
Gas Tax contribution	\$ 589,839	\$ 514,847
	<u>\$ 589,839</u>	<u>\$ 514,847</u>

Transactions related to Gas Tax contributions occurring during the year are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 514,847	\$ 442,034
Reclassified from Reserve (Schedule 6) at January 1, 2014	-	-
Funding received during the year	70,241	69,398
Interest earned	4,751	3,415
Recognized as revenue during the year	-	-
Balance, end of year	<u>\$ 589,839</u>	<u>\$ 514,847</u>

7. Landfill Closure and Post Closure Liabilities

Operating Landfill Site

The Municipality is currently operating a Class 1 landfill site. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	<u>2017</u>	<u>2016</u>
Estimated closure and post closure costs over the next 50 years	<u>\$ 54,350</u>	<u>\$ 54,350</u>
Discount rate	<u>7.00%</u>	<u>7.00%</u>
Discounted costs	<u>\$ 6,673</u>	<u>\$ 6,236</u>
Expected year capacity will be reached	2048	2048
Capacity (disclose in tonnes, volume, acreage, or years):		
Used to date	20	19
Remaining	<u>31</u>	<u>32</u>
Total	<u>51</u>	<u>51</u>
Percent utilized	<u>39.22%</u>	<u>37.25%</u>
Liability based on percentage	<u>\$ 2,617</u>	<u>\$ 2,323</u>
R.M. of Reynolds percentage of operations	27.62%	27.62%
R.M. of Reynolds Liability based on percentage of partnership	<u>\$ 723</u>	<u>\$ 642</u>

8. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Municipality on behalf of its employees amounted to \$5,349 (2016 - \$4,943) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2016 indicated the plan was 98.0% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2016.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

9. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

a) Credit risk

Credit risk is defined as the risk of loss to the Municipality from failure of a counterparty to discharge its contractual obligations. As at December 31, 2017, the Municipality's exposure to credit risk relates to its accounts receivable, portfolio investments and cash totaling \$3,861,528 (2016 - \$4,011,728). The Municipality limits credit risk exposure on portfolio investments by concentrating on high quality and low risk securities such as term deposits which are insured by the Deposit Guarantee Corporation of Manitoba (DGCM). The Municipality also limits its credit risk exposure on cash by holding deposits in insured institutions under DGCM.

The accounts receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Municipality's exposure to doubtful accounts is not significant as majority of the balances are due from provincial or related entities which are considered to have a low credit risk.

The accounts receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Municipality's exposure to doubtful accounts is not significant as majority of the balances are due from provincial or related entities which are considered to have a low credit risk.

b) Interest rate risk

Interest rate risk refers to the impact of the interest rate changes on the Municipality's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Municipality's assets and liabilities. The value of the Municipality's net assets is affected by short-term changes in nominal interest rates.

As at December 31, 2017, the Municipality is exposed to interest rate risk with respect to the portfolio investments held totaling \$11,012 (2015 - \$1,573,832). An increase or decrease of 1 % in interest rates, with all other variables held constant, will impact investment income by an estimated gain or loss of \$110 (2015 - \$15,730).

c) Liquidity risk

The Municipality's liquidity risk represents the risk that the Municipality could encounter difficulty in meeting obligations associated with its financial liabilities. The Municipality is exposed to liquidity risk with respect to all of its financial liabilities recognized in the statement of financial position which includes accounts payable and accrued liabilities.

The Municipality manages liquidity risk by maintaining sufficient amount of cash and short-term investments to ensure that it has financing sources for a sufficient authorized amount. The Municipality establishes a budget and cash estimates to ensure it has necessary funds to fulfill its obligations.

10. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the Municipality has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by council.

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in Schedule 7 - Reconciliation of the Financial Plan to the Budget.

11. Accumulated Surplus

	2017	2016
Accumulated surplus consists of the following:		
General operating fund - Nominal surplus	\$ 1,934,575	2,225,598
TCA net of related borrowings	1,058,090	1,047,076
Reserve funds	1,146,307	1,073,487
Accumulated surplus of municipality unconsolidated	4,138,972	4,346,161
Accumulated surpluses of consolidated entities	150,404	142,380
Accumulated surplus per Consolidated Statement of Financial Position	\$ 4,289,376	\$ 4,488,541

12. Public Sector Compensation Disclosure

It is a requirement of the Public Sector Compensation Disclosure Act that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount equal to or exceeding \$50,000 annually to any member of council, officer or employee of the Municipality. For the year ended December 31, 2017:

a) Compensation paid to members of council amounted to \$98,343 in aggregate.

b) There were no members of council receiving compensation equal to or in excess of \$50,000 individually.

Council Members:

	<u>Compensation</u>	<u>Expenses</u>	<u>Total</u>
Mayor/Reeve - David Turchyn	\$ 11,420	\$ 3,529	\$ 14,949
Councillor - Garry Gaetz	9,135	2,370	\$ 11,505
Councillor - Curtis Buley	8,368	2,600	\$ 10,968
Councillor - De-Ann Holmes	9,775	4,613	\$ 14,388
Councillor - Mike Turchyn	9,035	4,486	\$ 13,521
Councillor - Michael Huzel	8,170	641	\$ 8,811
Councillor - Robert Shendroski	8,910	947	\$ 9,857
Councillor - Alan Kelly	10,010	4,334	\$ 14,344
	<u>\$ 74,823</u>	<u>\$ 23,520</u>	<u>\$ 98,343</u>

No officers received compensation in excess of \$50,000.

13. Comparative Amounts

Certain of the comparative amounts presented have been restated to conform to the current year's consolidated financial statement presentation.

R.M. OF REYNOLDS
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year Ended December 31, 2017

SCHEDULE 1

	General Capital Assets				Infrastructure		Totals	
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Roads, Streets, and Bridges	Assets Under Construction	2017	2016
Cost								
Opening costs	191,676	448,519	373,071	80,297	1,347,949	49,987	2,491,499	2,433,489
Additions during the year	-	-	57,953	659	-	14,880	73,492	110,884
Disposals and write downs	-	-	-	-	-	-	-	(52,874)
Closing costs	191,676	448,519	431,024	80,956	1,347,949	64,867	2,564,991	2,491,499
Accumulated Amortization								
Opening accum'd amortization	37,939	229,451	163,712	48,729	838,359	-	1,318,190	1,276,087
Amortization	3,184	18,463	25,772	13,209	33,682	-	94,310	82,694
Disposals and write downs	-	-	-	-	-	-	-	(40,591)
Closing accum'd amortization	41,123	247,914	189,484	61,938	872,041	-	1,412,500	1,318,190
Net Book Value of Tangible Capital Assets	150,553	200,605	241,540	19,018	475,908	64,867	1,152,491	1,173,309

R.M. OF REYNOLDS
CONSOLIDATED SCHEDULE OF REVENUES
For the Year Ended December 31, 2017

SCHEDULE 2

	2017 <u>Actual</u>	2016 <u>Actual</u>
Property taxes:		
Municipal taxes levied (Schedule 9)	\$ 601,767	\$ 603,965
Taxes added	41,044	22,349
Penalties and interest	14,884	14,355
	<u>657,695</u>	<u>640,669</u>
Grants in lieu of taxation:		
Federal government	-	1,902
Provincial government	10,427	11,999
Other local governments	47,334	44,937
	<u>57,761</u>	<u>58,838</u>
User fees		
Sales of service	24,550	30,009
Sales of goods	48,050	37,210
Rentals	3,856	2,608
Development charges	18,140	17,105
	<u>94,596</u>	<u>86,932</u>
Investment income:		
Cash and temporary investments	55,137	54,497
	<u>55,137</u>	<u>54,497</u>
Other revenue:		
Miscellaneous	29,522	1,785
	<u>29,522</u>	<u>1,785</u>
Grants - Province of Manitoba		
General support grant	-	50,961
VLT revenues	73,616	23,612
Conditional grants	221,122	220,533
	<u>294,738</u>	<u>295,106</u>
Grants - other		
Other local governments	137,421	139,215
	<u>137,421</u>	<u>139,215</u>
Total revenue	<u>\$ 1,326,870</u>	<u>\$ 1,277,042</u>

R.M. OF REYNOLDS
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2017

SCHEDULE 3

	2017 Actual	2016 Actual
General government services:		
Legislative	\$ 70,676	\$ 60,035
General administrative	329,001	250,285
Other	85,862	87,839
	<u>485,539</u>	<u>398,159</u>
Protective services:		
Police	844	-
Fire	220,744	191,709
Emergency measures	4,095	3,727
Other	8,390	6,460
	<u>234,073</u>	<u>201,896</u>
Transportation services:		
Road transport		
Administration and engineering	46,133	34,055
Road and street maintenance	476,175	433,159
Street lighting	7,922	7,245
	<u>530,230</u>	<u>474,459</u>
Environmental health services:		
Waste collection and disposal	2,415	1,893
Recycling	129,922	36,228
Other	69,394	154,886
	<u>201,731</u>	<u>193,007</u>
Public health and welfare services:		
Public health	15,497	20,497
	<u>15,497</u>	<u>20,497</u>
Regional planning and development		
Planning and zoning	9,307	53,006
Other	38,390	-
	<u>47,697</u>	<u>53,006</u>
Resource conservation and industrial development		
Rural area weed control	2,860	-
Drainage of land	14,123	8,307
Veterinary services	-	-
Tourism	-	-
	<u>16,983</u>	<u>8,307</u>
Sub-totals forward	<u>1,531,750</u>	<u>1,349,331</u>

R.M. OF REYNOLDS
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended December 31, 2017

SCHEDULE 3

	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Sub-totals forward	<u>1,531,750</u>	<u>1,349,331</u>
Recreation and cultural services:		
Other recreational facilities	-	6,501
Total expenses	<u>\$ 1,531,750</u>	<u>\$ 1,355,832</u>

SCHEDULE 4

**R.M. OF REYNOLDS
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2017**

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
REVENUE										
Property taxes	\$ 657,695	\$ 640,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	57,761	58,838	-	-	-	-	-	-	-	-
User fees	12,319	10,233	15,851	18,846	-	-	48,050	40,573	-	-
Grants - other	109,911	114,029	-	-	-	-	23,247	22,711	-	-
Investment income	54,761	54,146	-	-	-	-	376	351	-	-
Other revenue	29,522	1,785	-	-	-	-	-	-	-	-
Prov of MB - Unconditional Grants	73,616	74,573	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	25,541	25,541	-	-	170,000	170,000	25,581	24,992	-	-
Total revenue	\$ 1,021,126	\$ 979,814	\$ 15,851	\$ 18,846	\$ 170,000	\$ 170,000	\$ 97,254	\$ 88,627	\$ -	\$ -
EXPENSES										
Personnel services	\$ 212,094	\$ 219,446	\$ 50,387	\$ 43,282	\$ 9,730	\$ 7,988	\$ 54,144	\$ 51,662	\$ -	\$ -
Contract services	182,260	117,338	108,345	78,178	232,652	210,472	64,076	59,840	-	-
Utilities	7,754	8,285	7,829	11,753	7,296	7,245	3,219	3,895	-	-
Maintenance materials and supplies	49,634	16,052	34,731	37,255	246,389	214,851	-	-	-	-
Grants and contributions	19,470	29,980	262	-	-	-	68,897	66,988	15,497	20,497
Amortization	14,327	7,058	32,519	31,428	34,163	33,903	11,395	10,622	-	-
Total expenses	\$ 485,539	\$ 398,159	\$ 234,073	\$ 201,896	\$ 530,230	\$ 474,459	\$ 201,731	\$ 193,007	\$ 15,497	\$ 20,497
Surplus (Deficit)	\$ 535,587	\$ 581,655	\$ (218,222)	\$ (183,050)	\$ (360,230)	\$ (304,459)	\$ (104,477)	\$ (104,380)	\$ (15,497)	\$ (20,497)

* The general government category includes revenues and expenses that cannot be attributed to a particular sector.

**R.M. OF REYNOLDS
CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM
For the Year Ended December 31, 2017**

SCHEDULE 4

	Regional Planning and Development		Resource Conservation and Industrial Dev		Recreation and Cultural Services		Transfers		Total
	2017	2016	2017	2016	2017	2016	2017	2016	
REVENUE									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640,669
Grants in lieu of taxation	-	-	-	-	-	-	-	-	58,838
User fees	18,376	17,280	-	-	-	-	-	-	94,596
Grants - other	4,263	2,475	-	-	-	-	-	-	137,421
Investment income	-	-	-	-	-	-	-	-	55,137
Other revenue	-	-	-	-	-	-	-	-	29,522
Prov of MB - Unconditional Grants	-	-	-	-	-	-	-	-	73,616
Prov of MB - Conditional Grants	-	-	-	-	-	-	-	-	221,122
Total revenue	\$ 22,639	\$ 19,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,326,870
EXPENSES									
Personnel services	\$ 19,849	\$ 35,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	346,204
Contract services	20,045	12,550	16,983	8,307	-	6,501	-	-	624,361
Utilities	-	-	-	-	-	-	-	-	26,098
Maintenance materials and supplies	50	20	-	-	-	-	-	-	31,178
Grants and contributions	7,750	4,500	-	-	-	-	-	-	330,804
Amortization	3	10	-	-	-	-	-	-	111,876
Total expenses	\$ 47,697	\$ 53,006	\$ 16,983	\$ 8,307	\$ -	\$ 6,501	\$ -	\$ -	\$ 1,531,750
Surplus (Deficit)	\$ (25,058)	\$ (33,251)	\$ (16,983)	\$ (8,307)	\$ -	\$ (6,501)	\$ -	\$ -	\$ (204,880)

SCHEDULE 5

R.M. OF REYNOLDS

CONSOLIDATED DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS

For the Year Ended December 31, 2017

	Core Government		Controlled Entities		Total
	2017	2016	2017	2016	
REVENUE					
Property taxes	\$ 657,695	\$ 640,669	\$ -	\$ -	\$ 657,695
Grants in lieu of taxation	57,761	58,838	-	-	57,761
User fees	46,310	46,331	48,286	40,601	94,596
Grants - other	109,911	114,029	27,510	25,186	137,421
Investment income	54,761	54,147	376	351	55,137
Other revenue	29,522	1,785	-	-	29,522
Prov of MB - Unconditional Grants	73,616	74,573	-	-	73,616
Prov of MB - Conditional Grants	195,541	195,540	25,581	24,992	221,122
Total revenue	\$ 1,225,117	\$ 1,185,912	\$ 101,753	\$ 91,130	\$ 1,326,870
EXPENSES					
Personnel services	\$ 291,587	\$ 306,378	\$ 54,620	\$ 51,725	\$ 346,207
Contract services	598,708	438,986	25,652	15,719	624,360
Utilities	22,879	27,283	3,219	3,895	26,098
Maintenance materials and supplies	330,754	292,973	50	20	330,804
Grants and contributions	110,439	128,097	1,437	1,081	111,876
Amortization	82,941	79,043	9,464	10,632	92,405
Total expenses	\$ 1,437,308	\$ 1,272,760	\$ 94,442	\$ 83,072	\$ 1,531,750
Surplus (Deficit)	\$ (212,191)	\$ (86,848)	\$ 7,311	\$ 8,058	\$ (204,880)

R.M. OF REYNOLDS
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
For the Year Ended December 31, 2017

SCHEDULE 6

	2017			2016	
	General Reserve	Fire Equip Reserve	Capital Improve Reserve	Total	Total
REVENUE					
Investment income	\$ 12,494	\$ 2,331	\$ 1,178	\$ 16,003	\$ 17,024
Other income	-	-	-	-	-
Total revenue	12,494	2,331	1,178	16,003	17,024
EXPENSES					
Total expenses	-	-	-	-	-
NET REVENUES	12,494	2,331	1,178	16,003	17,024
TRANSFERS					
Transfers from general operating fund	24,249	32,568	-	56,817	81,011
Transfers to general operating fund	-	-	-	-	(50,000)
CHANGE IN RESERVE FUND BALANCES	36,743	34,899	1,178	72,820	48,035
FUND SURPLUS, BEGINNING OF YEAR	728,822	279,578	65,087	1,073,487	1,025,452
FUND SURPLUS, END OF YEAR	\$ 765,565	\$ 314,477	\$ 66,265	\$ 1,146,307	\$ 1,073,487

SCHEDULE 7

R.M. OF REYNOLDS
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
For the Year Ended December 31, 2017

	Financial Plan General	Amortization (TCA)	Transfers	Consolidated Entities	PSAB Budget
REVENUE					
Property taxes	\$ 601,767	\$ -	\$ -	-	\$ 601,767
Grants in lieu of taxation	250,762	-	-	-	250,762
User fees	38,920	-	-	40,740	79,660
Investment income	30,000	-	-	138	30,138
Grants - Province of Manitoba	373,298	-	-	25,581	398,879
Grants - other	133,541	-	-	27,509	161,050
Other Revenue	-	-	-	-	-
Transfers from accumulated surplus	273,636	-	(273,636)	-	-
Transfers from reserves	797,000	-	(797,000)	-	-
Total revenue	\$ 2,498,924	\$ -	\$ (1,070,636)	\$ 93,968	\$ 1,522,256
EXPENSES					
General government services	\$ 426,058	\$ 13,210	\$ -	-	\$ 439,268
Protective services	223,889	47,418	-	-	271,307
Transportation services	645,069	33,682	-	-	678,751
Environmental health services	105,315	-	-	86,703	192,018
Public health and welfare services	20,497	-	-	-	20,497
Regional planning and development	33,585	-	-	3,988	37,573
Resource cons and industrial dev	42,550	-	-	-	42,550
Recreation and cultural services	-	-	-	-	-
Fiscal services:					
School payment	2,408,766	-	(2,408,766)	-	-
Transfer to capital	660,000	-	(660,000)	-	-
Transfer to reserves	139,398	-	(139,398)	-	-
Total expenses	\$ 4,705,127	\$ 94,310	\$ (3,208,164)	\$ 90,691	\$ 1,681,964
Surplus (Deficit)	\$ (2,206,203)	\$ (94,310)	\$ 2,137,528	\$ 3,277	\$ (159,708)

R.M. OF REYNOLDS
ANALYSIS OF TAXES ON ROLL
December 31, 2017

SCHEDULE 8

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 159,569	\$ 143,778
Add:		
Tax levy (Schedule 9)	2,815,620	2,747,647
Taxes added	43,560	22,349
Penalties or interest	18,124	14,355
Other accounts added	285,880	12,421
Tax Adjustments (specify)	-	-
Tax Adjustments (specify)	-	-
Sub-total	<u>3,163,184</u>	<u>2,796,772</u>
Deduct:		
Cash collections - current	2,718,764	2,351,404
Cash collections - arrears	132,450	119,679
Writeoffs	-	-
Title value of land sales	-	-
Title value of tax title acquired	-	-
Tax discounts	-	-
M.P.T.C. - cash advance	277,996	273,521
Other credits (specify)	39,428	36,377
Sub-total	<u>3,168,638</u>	<u>2,780,981</u>
Balance, end of year	<u>\$ 154,115</u>	<u>\$ 159,569</u>

**R.M. OF REYNOLDS
ANALYSIS OF TAX LEVY
For the Year Ended December 31, 2017**

SCHEDULE 9

	2017			2016
	Assessment	Mill Rate	Levy	Levy
Reserves:				
Machinery Replacement	\$ 119,802,220	0.381	<u>45,645</u>	<u>45,649</u>
sub-total- Reserves			<u>45,645</u>	<u>45,649</u>
General municipal	\$ 119,802,220	4.642	<u>556,122</u>	<u>558,316</u>
Total municipal taxes (Schedule 2)			<u>601,767</u>	<u>603,965</u>
Education support levy	\$ 62,057,450	10.500	<u>651,603</u>	<u>649,728</u>
Special levies:				
Sunrise School Division	\$ 88,541,660	13.718	<u>1,214,614</u>	<u>1,162,810</u>
Seine River School Division	\$ 24,051,190	14.454	<u>347,636</u>	<u>331,144</u>
sub-total- Special levies			<u>1,562,250</u>	<u>1,493,954</u>
Total education taxes			<u>2,213,853</u>	<u>2,143,682</u>
Total tax levy (Schedule 8)			<u>2,815,620</u>	<u>\$ 2,747,647</u>

R.M. OF REYNOLDS
ANALYSIS OF SCHOOL ACCOUNTS
December 31, 2017

SCHEDULE 10

	2017			2016	
	Opening Balance	Current Requirement	Current Payment	Ending Balance	Ending Balance
Education support levy	\$ 39,388	-	\$ 2,950	\$ 36,438	\$ 39,388
Special levies					
Sunrise School Division	52,857	-	\$ 1,580	51,277	52,857
Seine River School Division	15,034	-	\$ 457	14,577	15,034
Sub-total	67,891	-	2,037	65,854	67,891
Total	\$ 107,279	\$ -	\$ 4,987	\$ 102,292	\$ 107,279

SCHEDULE OF GENERAL OPERATING FUND EXPENSES
For the Year Ended December 31, 2017

	2017 Actual	2016 Actual
General government services:		
Legislative	\$ 70,676	\$ 60,035
General administrative	329,001	250,285
Other	85,862	87,839
	<u>485,539</u>	<u>398,159</u>
Protective services:		
Police	843	-
Fire	220,744	191,709
Emergency measures	4,095	3,727
Other	8,391	6,460
	<u>234,073</u>	<u>201,896</u>
Transportation services:		
Road transport		
Administration and engineering	46,133	34,055
Road and street maintenance	476,175	433,159
Street lighting	7,922	7,245
	<u>530,230</u>	<u>474,459</u>
Environmental health services:		
Waste collection and disposal	2,415	1,893
Recycling	37,037	36,228
Other	69,394	78,316
	<u>108,846</u>	<u>116,437</u>
Public health and welfare services:		
Public health	15,497	15,497
Medical care	-	5,000
	<u>15,497</u>	<u>20,497</u>
Regional planning and development		
Planning and zoning	7,750	53,006
Other	38,390	-
	<u>46,140</u>	<u>53,006</u>
Resource conservation and industrial development		
Rural area weed control		
Drainage of land	2,857	8,307
Tourism	14,126	-
	<u>16,983</u>	<u>8,307</u>
Total expenses	\$ 1,437,308	\$ 1,272,761

R.M. OF REYNOLDS
RECONCILIATION OF ANNUAL SURPLUS (DEFICIT)
December 31, 2017

SCHEDULE 12

	2017		2016	
	General	Total	General	Total
MUNICIPAL NET SURPLUS (DEFICIT) UNDER THE MUNICIPAL ACT	\$ (232,187)	(232,187)	\$ (182,741)	\$ (182,741)
Adjustments for reporting under public sector accounting standards				
Eliminate expense - transfers to reserves	-	-	-	-
Eliminate revenue - transfers from reserves	56,817	56,817	81,011	81,011
Increase revenue - reserve funds interest	-	-	-	-
Increase (Decrease) revenue - Net surplus (deficit) of consolidated entities	7,311	7,311	11,773	11,773
Eliminate revenue - transfer from nominal surplus(es)	(16,003)	(16,003)	(17,023)	(17,023)
Increase expense - amortization of tangible capital assets	(94,310)	(94,310)	(82,694)	(82,694)
Eliminate expense - acquisitions of tangible capital assets	73,492	73,492	110,884	110,884
NET SURPLUS (DEFICIT) PER CONSOLIDATED STATEMENT OF OPERATIONS	\$ (204,880)	\$ (204,880)	\$ (78,790)	\$ (78,790)