



**MNP**

**Rural Municipality of Reynolds**

December 31, 2021

Wayne Lusk, CPA, CA  
T: 204.788.6074  
E: wayne.lusk@mnp.ca

**MNP**

Wherever business takes you

**MNP.ca**

March 12, 2024

Rural Municipality of Reynolds  
45030 Highway 11  
Box 46  
Hadashville, MB R0E 0X0

PRIVATE AND CONFIDENTIAL

Dear Ms. Kim Furgala, CMMA, CMML:

**RE: FISCAL YEAR-END DECEMBER 31, 2021**

We have completed our audit of the financial statements of Rural Municipality of Reynolds (the "Municipality") for the year ended December 31, 2021 and enclose the following:

**FINANCIAL STATEMENTS**

An electronic copy of the December 31, 2021 audited financial statements.

**OTHER ENCLOSURES**

1. An electronic copy of our Audit Findings report and Independence Letter.
2. An electronic copy of the Auditor's Report on Compliance with Agreement.
3. An electronic copy of the year-end journal entries and the closing trial balance for your records. Please ensure that these journal entries are posted to your general ledger, the general ledger is properly closed and your retained earnings balance agrees to the enclosed financial statements.

All records and documents should be retained in safekeeping for a minimum of seven years in the event that the Canada Revenue Agency demands them for audit purposes. This seven-year period is by Statute and, even after this time, the Canada Revenue Agency's permission to destroy records should be obtained.

We thank you for appointing our Firm as your auditors. Please contact us at any time if you have questions on accounting, finance, tax or other general business concerns. We would also be pleased to discuss our suite of services with your friends and business associates. We appreciate your business and any referrals you may make to our Firm.

If you have any questions or comments, or if we can be of additional assistance, please feel free to contact me at 204.788.6074.

Sincerely,



Wayne Lusk, CPA, CA  
Assurance Services

Encls.

# **Rural Municipality of Reynolds**

**Consolidated Financial Statements  
For the Year Ended December 31, 2021**

## 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.

*MNP LLP* as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the 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 Fugala*

Chief Administrative Officer

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of the Rural Municipality of Reynolds (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets, cash flows and supporting schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Rural Municipality of Reynolds as at December 31, 2021, and the results of its consolidated operations, change in net financial assets, cash flows and supporting schedules for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Rural Municipality of Reynolds in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Rural Municipality of Reynolds'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 Rural Municipality of Reynolds to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Rural Municipality of Reynolds's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Rural Municipality of Reynolds'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 Rural Municipality of Reynolds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Rural Municipality of Reynolds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Winnipeg, Manitoba  
March 12, 2024

**MNP LLP**  
Chartered Professional Accountants

# **Rural Municipality of Reynolds**

## **Consolidated Financial Statements**

### **For the Year Ended December 31, 2021**

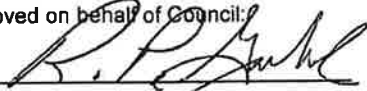
---

<b>Consolidated Statement of Financial Position</b>	<b>1</b>
<b>Consolidated Statement of Operations</b>	<b>2</b>
<b>Consolidated Statement of Change in Net Financial Assets</b>	<b>3</b>
<b>Consolidated Statement of Cash Flows</b>	<b>4</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>5</b>
<b>Schedule 1 - Consolidated Schedule of Tangible Capital Assets</b>	<b>12</b>
<b>Schedule 2 - Consolidated Schedule of Revenues</b>	<b>13</b>
<b>Schedule 3 - Consolidated Schedule of Expenses</b>	<b>14</b>
<b>Schedule 4 - Consolidated Statement of Operations by Program</b>	<b>15</b>
<b>Schedule 5 - Consolidated Details and Reconciliation to Core Government Results</b>	<b>17</b>
<b>Schedule 6 - Schedule of Change in Reserve Fund Balances</b>	<b>18</b>
<b>Schedule 7 - Reconciliation of the Financial Plan to the Budget</b>	<b>19</b>
<b>Schedule 8 - Analysis of Taxes on Roll</b>	<b>20</b>
<b>Schedule 9 - Analysis of Tax Levy</b>	<b>21</b>
<b>Schedule 10 - Analysis of School Accounts</b>	<b>22</b>
<b>Schedule 11 - Schedule of General Operating Fund Expenses</b>	<b>23</b>
<b>Schedule 12 - Reconciliation of Annual Surplus</b>	<b>24</b>

**Rural Municipality of Reynolds**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at December 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments (Note 3)	3,423,463	\$ 3,331,682
Amounts receivable (Note 4)	561,098	602,353
Portfolio investments	-	3,000
	<u>\$ 3,984,561</u>	<u>\$ 3,937,035</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 944,680	\$ 240,497
Landfill closure and post closure liabilities (Note 6)	884	1,727
	<u>945,564</u>	<u>242,224</u>
<b>NET FINANCIAL ASSETS</b>	<u>\$ 3,038,997</u>	<u>\$ 3,694,811</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	\$ 2,651,931	\$ 1,431,503
Prepaid expenses	870	6,916
	<u>2,652,801</u>	<u>1,438,419</u>
<b>ACCUMULATED SURPLUS (Note 10)</b>	<u>\$ 5,691,798</u>	<u>\$ 5,133,230</u>

Approved on behalf of Council:



Reeve



Councillor

*The accompanying notes are an integral part of this consolidated financial statement*

**Rural Municipality of Reynolds**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**For the Year Ended December 31, 2021**

	<b>2021 Budget (Note 9)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
<b>REVENUE</b>			
Property taxes	\$ 719,818	\$ 948,282	\$ 856,551
Grants in lieu of taxation	269,380	78,868	74,409
User fees	309,378	137,929	98,301
Permits, licences and fines	-	39,536	71,493
Investment income	30,000	39,428	47,063
Other revenue	54,057	462,181	47,862
Water and sewer	-	4,435	10,016
Grants - Province of Manitoba	356,298	567,112	681,464
Grants - other	151,641	-	-
<b>Total revenue (Schedules 2, 4 and 5)</b>	<b>1,890,572</b>	<b>2,277,771</b>	<b>1,887,159</b>
<b>EXPENSES</b>			
General government services	622,402	673,849	599,201
Protective services	237,637	205,161	195,766
Transportation services	556,386	558,871	521,353
Environmental health services	92,600	199,701	178,976
Public health and welfare services	25,497	15,497	15,497
Regional planning and development	87,462	-	-
Resource conservation and industrial development	82,042	9,014	52,919
Environment planning & community development	-	26,017	11,719
Economic development services	-	4,026	11,725
Recreational & cultural services	1,266	63	12
Water & sewer services	-	27,004	7,807
Fixed asset disposals	-	-	-
<b>Total expenses (Schedules 3, 4 and 5)</b>	<b>1,705,292</b>	<b>1,719,203</b>	<b>1,594,975</b>
<b>ANNUAL SURPLUS</b>	<b>185,280</b>	<b>558,568</b>	<b>292,184</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>5,133,230</b>	<b>4,841,046</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>\$ 5,691,798</b>	<b>\$ 5,133,230</b>

*The accompanying notes are an integral part of this consolidated financial statement*

**Rural Municipality of Reynolds**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the Year Ended December 31, 2021**

	<u>2021 Budget (Note 9)</u>	<u>2021 Actual</u>	<u>2020 Actual</u>
<b>ANNUAL SURPLUS</b>	<b>\$ 185,280</b>	<b>558,568</b>	<b>\$ 292,184</b>
Acquisition of tangible capital assets	-	<b>(1,362,907)</b>	(197,467)
Amortization of tangible capital assets	-	<b>97,979</b>	99,602
Proceeds on sale of tangible capital assets	-	<b>236</b>	-
Write down of capital assets	-	<b>44,264</b>	-
Decrease (increase) in prepaid expense	-	<b>6,046</b>	(4,994)
	<u>-</u>	<u><b>(1,214,382)</b></u>	<u>(102,859)</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<u><b>185,280</b></u>	<u><b>(655,814)</b></u>	<u>189,325</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<u><b>3,694,811</b></u>	<u>3,505,486</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<u><b>\$ 3,038,997</b></u>	<u><b>\$ 3,694,811</b></u>

*The accompanying notes are an integral part of this consolidated financial statement*

**Rural Municipality of Reynolds  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 558,568	\$ 292,184
Changes in non-cash items:		
Amounts receivable	41,255	25,484
Prepays	6,046	(4,994)
Accounts payable and accrued liabilities	704,183	126,360
Landfill closure and post closure liabilities	(843)	229
Gain on disposal of capital assets	(489)	-
Amortization	97,979	99,602
Write down of capital assets	44,264	-
	<u>1,450,963</u>	<u>538,865</u>
Cash provided by operating transactions		
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(1,362,907)	(197,467)
Cash received from disposal of tangible capital assets	725	-
	<u>(1,362,182)</u>	<u>(197,467)</u>
Cash applied to capital transactions		
<b>INVESTING TRANSACTIONS</b>		
Cash provided by investing transactions	<u>3,000</u>	<u>(65)</u>
<b>INCREASE IN CASH AND TEMPORARY INVESTMENTS</b>	<b>91,781</b>	<b>341,332</b>
<b>CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR</b>	<b><u>3,331,682</u></b>	<b><u>2,990,350</u></b>
<b>CASH AND TEMPORARY INVESTMENTS, END OF YEAR</b>	<b><u>\$ 3,423,463</u></b>	<b><u>\$ 3,331,682</u></b>

*The accompanying notes are an integral part of this consolidated financial statement*

**Rural Municipality of Reynolds**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

---

**1. Status of the Rural Municipality of Reynolds**

The incorporated Rural Municipality (the "Municipality") of Reynolds is a municipal government that was formed in 1945 pursuant to the Manitoba Municipal Act. The Municipality provides or funds municipal services such as police, fire, public works, planning, airport, parks and recreation, library and other general government operations. The Municipality has several designated special purpose reserves and provide 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. There are no controlled organizations.

The Municipality has partnership agreements in place with Whitemouth-Reynolds-North Whiteshell Waste Management Facility (the "Facility") and White Mouth-Reynolds Planning District (the "Planning District"), and as such, consistent with Canadian public sector accounting standards for government partnerships, the entities are accounted on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the consolidated financial statements. Inter-company balances and transactions have been eliminated. The percentage holding of the entities are as follows:

<i>WhiteMouth-Reynolds Planning District</i>	55%
<i>WhiteMouth-Reynolds-North WhiteShell Waste Management Facility</i>	12.90%

The taxation with respect to the operations of the school divisions are not reflected in the municipal surplus of these consolidated 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) Inventory**

Inventories held for sale are recorded at the lower of cost and net realizable value.

Inventories held for consumption are recorded at the lower of cost and replacement value.

**Rural Municipality of Reynolds**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

---

**2. Significant Accounting Policies (Continued)**

**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.

**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.

**Rural Municipality of Reynolds**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

---

**2. Significant Accounting Policies (Continued)**

**g) Revenue Recognition**

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the consolidated 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.

**h) Measurement Uncertainty**

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued amounts 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 consolidated 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.

Accounts receivable is stated after evaluation as to its collectability and an appropriate allowance for doubtful accounts where considered necessary. Measurement uncertainty in these consolidated financial statements exists in the accrual of the landfill closure and post closure liabilities. Amortization is based on the estimated useful lives of tangible capital assets. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the consolidated 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.

**i) Employee Future Benefits**

The Municipality pays the employer portion of a multi-employer defined benefit pension plan handled by the Municipal Employees' Pension Plan (MEPP) for its employees. Under this plan, specific fixed amounts are contributed by the Municipality each period for services rendered by the employees matching employee contributions.

For those defined benefit plans that accumulate but do not vest such as sick pay, the benefit costs are recognized and recorded only in the period when the employee is sick given that the liability for sick pay benefits has been determined to be insignificant at year end.

**Rural Municipality of Reynolds  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021**

**3. Cash and Temporary Investments**

Cash and temporary investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$ 3,423,463</u>	<u>\$ 3,331,682</u>

The Municipality has designated \$1,934,740 (2020 - \$2,257,904) 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>2021</u>	<u>2020</u>
Taxes on roll (Schedule 8)	\$ 236,977	\$ 305,446
Government grants	14,848	160,711
Organizations and individuals	309,273	136,196
	<u>\$ 561,098</u>	<u>\$ 602,353</u>

**5. Accounts Payable and Accrued Liabilities**

	<u>2021</u>	<u>2020</u>
Accounts payable	<u>\$ 944,680</u>	<u>\$ 240,497</u>

**6. Landfill Closure and Post Closure Liabilities**

**Operating Landfill Site**

The municipality is currently operating a Class 2 landfill site through a government partnership with Whitemouth-Reynolds-North Whiteshell Waste Management Facility. 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>2021</u>	<u>2020</u>
Estimated closure and post closure costs over the next 50 years	<u>\$ 54,350</u>	<u>\$ 54,350</u>
Discount rate	<u>5.00%</u>	<u>5.00%</u>
<b>Discounted costs</b>	<u>\$ 14,558</u>	<u>\$ 13,864</u>
Expected year capacity will be reached	<u>2048</u>	<u>2048</u>
Capacity (disclose in tonnes, volume, acreage, or years):		
Used to date	24	23
Remaining	27	28
Total	51	51
Percent utilized	<u>47.06%</u>	<u>45.10%</u>
<b>Liability based on percentage</b>	<u>\$ 6,851</u>	<u>\$ 6,253</u>
R.M. of Reynolds percentage of operations	12.90%	27.62%
R.M. of Reynolds Liability based on percentage of partnership	<u>\$ 884</u>	<u>\$ 1,727</u>

**Rural Municipality of Reynolds**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

**7. 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 2020 by the Municipality on behalf of its employees are expected to be \$12,325 (2020 - \$14,376) and are included in the consolidated 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, 2020 indicated the plan was 96.7% funded on a going concern basis and had an unfunded solvency liability of \$333.3 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, 2020.

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.

**8. 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.

**9. 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 consolidated 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.

**10. Accumulated Surplus**

	<u>2021</u>	<u>2020</u>
Accumulated surplus consists of the following:		
General operating fund - nominal surplus	\$ 1,045,639	\$ 1,367,649
TCA net of related borrowings	2,613,666	1,348,433
Reserve funds (Note 3)	<u>1,934,740</u>	<u>2,257,904</u>
Accumulated surplus of Municipality unconsolidated	5,594,045	4,973,987
Accumulated surpluses of consolidated entities	<u>97,753</u>	<u>159,243</u>
Accumulated surplus per Consolidated Statement of Financial Position	<u>\$ 5,691,798</u>	<u>\$ 5,133,230</u>

**Rural Municipality of Reynolds**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

**11. 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 exceeding \$75,000 annually to any member of council, officer or employee of the municipality. For the year ended December 31, 2021:

- a) There were no members of council receiving compensation in excess of \$75,000 individually.
- b) The following officer received compensation in excess of \$75,000:

Name	Position	Amount
Kim Furgala	Chief Administrative Officer	\$ 90,321

It is a requirement of The Municipal Act that the annual consolidated financial statement disclose the amount of compensation, expenses and any other payment made to council or committee members by the type of each payment and the total amount of payment to each member of council of the municipality. For the year ended December 31, 2021:

- c) Compensation paid to members of council amounted to \$65,512 in aggregate.

Council Members:

	Compensation	Expenses	Total
Councillor - Buley, Curtis J	\$ 8,450	\$ -	\$ 8,450
Councillor - Holmes, De-Ann	7,890	-	7,890
Councillor - Hazel, Michael	7,200	-	7,200
Councillor - Thurston, Jessica	7,725	-	7,725
Reeve - Turchyn, Trudy	8,650	-	8,650
Councillor/ Deputy Reeve - Webster, Blaine W.	8,460	-	8,460
Councillor - Yarmill, Harriet R.	8,757	-	8,757
Councillor/ Deputy Reeve - Zalitach, Kimberly	8,380	-	8,380
	<u>\$ 65,512</u>	<u>\$ -</u>	<u>\$ 65,512</u>

**12. Segmented Information**

The Rural Municipality of Reynolds provides a wide ranges of services to its residents.

Segment information has been provided in Schedule 4 for the following services:

- General Government
- Protective Services
- Transportation Services
- Environmental Health Services
- Public Health and Welfare Services
- Regional Planning and Development Services
- Resource Conservation and Industrial Development Services
- Recreation and Cultural Services
- Water and Sewer Services

Revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies of the segments are consistent with those followed in the preparation of the consolidated financial statements as described in the summary of significant accounting policies.

**Rural Municipality of Reynolds**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021**

---

**13. Government Partnerships**

The Municipality has several partnership agreements for municipal services. The consolidated financial statements include the Municipality's proportionate interest, as disclosed in note 2(a). The aggregate financial statements of the government partnerships, in condensed summary, are as follows:

	<u>2021</u>	<u>2020</u>
<b>Financial Position</b>		
Financial assets	\$ 65,363	\$ 89,619
Liabilities	<u>6,073</u>	<u>13,849</u>
Net financial debt	<u>59,290</u>	<u>75,770</u>
Non-financial assets	<u>38,463</u>	<u>83,473</u>
Accumulated surplus	<u><u>97,753</u></u>	<u><u>159,243</u></u>
<b>Result of Operations</b>		
Revenues	\$ 57,848	\$ 105,930
Expenses	<u>119,338</u>	<u>98,987</u>
Annual surplus / (deficit)	<u><u>(61,490)</u></u>	<u><u>6,943</u></u>

Rural Municipality of Reynolds  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
Year Ended December 31, 2021

**SCHEDULE 1**

	General Capital Assets				Infrastructure		Totals		
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Computer Hardware and Software	Assets Under Construction	Roads, Streets, and Bridges	Assets Under Construction	2021	2020
<b>Cost</b>									
Opening costs	198,765	465,561	607,655	87,902	381,316	1,391,470	290	3,132,959	2,935,492
Additions during the year	-	-	11,620	15,408	789,705	-	546,174	1,362,907	197,467
Transfer during the year	(39,647)	(50,103)	(62,814)	(311)	-	-	-	(152,875)	-
Disposals and write downs	-	-	(4,239)	-	-	-	-	(4,239)	-
Closing costs	<b>159,118</b>	<b>415,458</b>	<b>552,222</b>	<b>102,999</b>	<b>1,171,021</b>	<b>1,391,470</b>	<b>546,464</b>	<b>4,338,752</b>	<b>3,132,959</b>
<b>Accumulated Amortization</b>									
Opening accum'd amortization	50,676	303,596	292,271	83,901	-	971,012	-	1,701,456	1,601,854
Amortization	2,332	16,599	43,092	2,069	-	33,887	-	97,979	99,602
Transfer during the year	(16,074)	(39,174)	(53,053)	(310)	-	-	-	(108,611)	-
Disposals and write downs	-	-	(4,003)	-	-	-	-	(4,003)	-
Closing accum'd amortization	<b>36,934</b>	<b>281,021</b>	<b>278,310</b>	<b>85,660</b>	<b>-</b>	<b>1,004,899</b>	<b>-</b>	<b>1,686,821</b>	<b>1,701,456</b>
Net Book Value of Tangible Capital Assets	<b>122,184</b>	<b>134,437</b>	<b>273,912</b>	<b>17,339</b>	<b>1,171,021</b>	<b>386,571</b>	<b>546,464</b>	<b>2,651,931</b>	<b>1,431,503</b>

Rural Municipality of Reynolds  
**CONSOLIDATED SCHEDULE OF REVENUES**  
For the Year Ended December 31, 2021

**SCHEDULE 2**

	<u>2021</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>
<b>Property taxes:</b>		
Municipal taxes levied (Schedule 9)	\$ 872,397	815,623
Taxes added	45,620	18,922
Penalties and interest	30,265	22,006
	<u>948,282</u>	<u>856,551</u>
<b>Grants in lieu of taxation:</b>		
Other municipal governments	<u>78,868</u>	<u>74,409</u>
<b>User fees</b>		
Sales of service	134,339	96,973
Rentals	3,590	1,328
	<u>137,929</u>	<u>98,301</u>
<b>Investment income:</b>		
Cash and temporary investments	<u>39,428</u>	<u>47,063</u>
<b>Other revenue:</b>		
Water and sewer	4,435	10,016
Miscellaneous	462,181	47,862
	<u>466,616</u>	<u>57,878</u>
<b>Grants - Province of Manitoba</b>		
Income from govt business partnership	567,112	681,464
Permits, licences and fines	39,536	71,493
	<u>606,648</u>	<u>752,957</u>
<b>Total revenue</b>	<u><u>2,277,771</u></u>	<u><u>1,887,159</u></u>

Rural Municipality of Reynolds  
**CONSOLIDATED SCHEDULE OF EXPENSES**  
For the Year Ended December 31, 2021

**SCHEDULE 3**

	<u>2021 Actual</u>	<u>2020 Actual</u>
<b>General government services:</b>		
Legislative	\$ 130,519	\$ 168,216
General administrative	482,669	373,389
Other	60,661	57,596
	<u>673,849</u>	<u>599,201</u>
<b>Protective services:</b>		
Fire	194,299	157,058
Emergency measures	984	1,709
Other	9,878	36,999
	<u>205,161</u>	<u>195,766</u>
<b>Transportation services:</b>		
Road transport		
Administration and engineering	91,738	84,941
Road and street maintenance	457,127	422,519
Street lighting	10,006	13,893
	<u>558,871</u>	<u>521,353</u>
<b>Environmental health services:</b>		
Waste collection and disposal	77,491	18,566
Recycling	48,328	39,040
Other	73,882	121,370
	<u>199,701</u>	<u>178,976</u>
<b>Economic development services</b>	<u>9,014</u>	<u>52,919</u>
<b>Recreational &amp; cultural services</b>	<u>63</u>	<u>12</u>
<b>Public health and welfare services:</b>		
Public health	<u>15,497</u>	<u>15,497</u>
<b>Regional planning and development</b>		
Planning and zoning	26,017	11,719
Other	4,026	11,725
	<u>30,043</u>	<u>23,444</u>
<b>Water and sewer services</b>		
Municipal utility	<u>27,004</u>	<u>7,807</u>
<b>Total expenses</b>	<u><u>1,719,203</u></u>	<u><u>1,594,975</u></u>

**SCHEDULE 4**

**Rural Municipality of Reynolds  
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
 For the Year Ended December 31, 2021**

	General Government*		Protective Services		Transportation Services		Environmental Health Services		Public Health and Welfare Services	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>REVENUE</b>										
Property taxes	\$ 948,282	\$ 856,551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants in lieu of taxation	78,868	74,409	-	-	-	-	-	-	-	-
User fees	19,855	27,063	67,522	24,425	-	-	-	-	-	-
Grants - other	-	-	-	-	-	-	-	-	-	-
Investment income	38,965	45,972	-	-	-	-	-	-	-	-
Other revenue	461,692	-	-	-	-	-	-	-	-	-
Water and sewer	-	-	-	-	-	-	-	-	-	-
Prov of MB - Conditional Grants	567,112	681,464	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>\$ 2,114,774</b>	<b>\$ 1,685,459</b>	<b>\$ 67,522</b>	<b>\$ 24,425</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>										
Personnel services	\$ 332,366	\$ 341,211	\$ 50,308	\$ 35,671	\$ 138,931	\$ 130,528	\$ -	\$ -	\$ -	\$ -
Contract services	240,170	145,843	118,348	83,340	36,234	45,195	165,064	140,193	15,497	15,497
Utilities	33,997	29,689	14,885	13,080	8,776	14,185	-	-	-	-
Maintenance materials and supplies	7,080	11,972	20,620	61,737	352,888	303,248	-	4,342	-	-
Grants and contributions	14,325	20,000	1,000	1,938	-	-	750	450	-	-
Amortization	42,049	37,414	-	-	22,043	28,197	33,887	33,991	-	-
Bad debt	3,861	13,072	-	-	-	-	-	-	-	-
Interest on long term debt	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>\$ 673,848</b>	<b>\$ 599,201</b>	<b>\$ 205,161</b>	<b>\$ 195,766</b>	<b>\$ 558,872</b>	<b>\$ 521,353</b>	<b>\$ 199,701</b>	<b>\$ 178,976</b>	<b>\$ 15,497</b>	<b>\$ 15,497</b>
<b>Surplus (Deficit)</b>	<b>\$ 1,440,926</b>	<b>\$ 1,086,258</b>	<b>\$ (137,639)</b>	<b>\$ (171,341)</b>	<b>\$ (558,872)</b>	<b>\$ (521,353)</b>	<b>\$ (199,701)</b>	<b>\$ (178,976)</b>	<b>\$ (15,497)</b>	<b>\$ (15,497)</b>

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

**SCHEDULE 4**

**Rural Municipality of Reynolds  
 CONSOLIDATED STATEMENT OF OPERATIONS BY PROGRAM  
 For the Year Ended December 31, 2021**

	Regional Planning and Development		Resource Conservation and Industrial Development		Recreation and Cultural Services		Water and Sewer Services		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 948,282	\$ 856,551
Grants in lieu of taxation	-	-	-	-	-	-	-	-	78,868	74,409
User fees	37,626	23,483	-	-	12,926	23,330	-	-	137,929	98,301
Grants - other	3,850	3,850	-	-	35,686	67,643	-	-	39,536	71,493
Investment income	305	364	-	-	158	727	-	-	39,428	47,063
Other revenue	-	47,862	-	-	489	-	-	-	462,181	47,862
Water and sewer	-	-	-	-	4,435	10,016	-	-	4,435	10,016
Prov of MB - Conditional Grants	-	-	-	-	-	-	-	-	567,112	681,464
<b>Total revenue</b>	<b>\$ 41,781</b>	<b>\$ 75,559</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,694</b>	<b>\$ 101,716</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,277,771</b>	<b>\$ 1,887,159</b>
<b>EXPENSES</b>										
Personnel services	\$ 12,023	\$ 3,547	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 533,628	\$ 510,962
Contract services	13,595	7,905	2,096	13,471	-	-	27,004	7,807	618,008	459,251
Utilities	-	-	-	-	-	-	-	-	57,658	56,954
Maintenance materials and supplies	4,425	11,992	6,918	39,443	63	12	-	-	391,994	432,746
Grants and contributions	-	-	-	-	-	-	-	-	16,075	22,388
Amortization	-	-	-	-	-	-	-	-	97,979	99,602
Bad debt	-	-	-	-	-	-	-	-	3,861	13,072
<b>Total expenses</b>	<b>\$ 30,043</b>	<b>\$ 23,444</b>	<b>\$ 9,014</b>	<b>\$ 52,919</b>	<b>\$ 63</b>	<b>\$ 12</b>	<b>\$ 27,004</b>	<b>\$ 7,807</b>	<b>\$ 1,719,203</b>	<b>\$ 1,594,975</b>
<b>Surplus (Deficit)</b>	<b>\$ 11,738</b>	<b>\$ 52,115</b>	<b>\$ (9,014)</b>	<b>\$ (52,919)</b>	<b>\$ 53,631</b>	<b>\$ 101,704</b>	<b>\$ (27,004)</b>	<b>\$ (7,807)</b>	<b>\$ 558,568</b>	<b>\$ 292,184</b>