
THE CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

FINANCIAL STATEMENTS

December 31, 2015

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

CONTENTS

Page

INDEPENDENT AUDITORS' REPORT 1

FINANCIAL STATEMENTS

Statement of Financial Position 2

Statement of Financial Activities 3

Statement of Change in Net Financial Liabilities 4

Statement of Cash Flows 5

Schedule of Tangible Capital Assets 6

Schedule of Accumulated Surplus 7

Schedule of Change in Accumulated Surplus 8

Schedule of Segmented Disclosure 9

Notes to the Financial Statements 10 - 20





INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Village of Merrickville-Wolford

We have audited the financial statements of the Corporation of the Village of Merrickville-Wolford, which comprise the statement of financial position as at December 31, 2015, and the statements of financial activities, change in net financial liabilities and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's Responsibility for the Financial Statements

Administration is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards and for such internal control as administration determines is necessary to enable the preparation of 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 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 whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Village of Merrickville-Wolford as at December 31, 2015 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

August 22, 2016
Cornwall, Ontario


Chartered Professional Accountants
Licensed Public Accountants

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD
STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

	2015	2014
NET FINANCIAL LIABILITIES		
Assets		
Cash	\$ 1,377,789	\$ 1,438,259
Taxes receivable	908,268	839,826
Accounts receivable	773,457	573,426
	3,059,514	2,851,511
Liabilities		
Accounts payable	685,665	606,450
Deferred revenue - obligatory reserve funds (Note 3)	402,409	315,899
Municipal debt (Note 4)	4,600,735	4,857,665
Capital leases (Note 5)	351,542	424,133
Accrued landfill closure and post closure costs (Note 6)	822,957	782,405
	6,863,308	6,986,552
Net Financial Liabilities	(3,803,794)	(4,135,041)
NON-FINANCIAL ASSETS		
Tangible capital assets	15,604,783	15,846,188
Inventory	47,443	-
Prepaid expenses	6,350	115,287
	15,658,576	15,961,475
Accumulated Surplus	\$ 11,854,782	\$ 11,826,434

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2015

	BUDGET 2015 (Unaudited)	ACTUAL 2015	ACTUAL 2014
REVENUES			
Taxation (Note 1(a)(iii))	\$ 2,824,219	\$ 2,799,838	\$ 2,732,745
Fees and service charges	1,015,754	1,169,018	1,034,197
Grants	425,062	363,402	499,532
Investment income	98,700	161,799	149,710
Other	4,400	80,863	1,499
	4,368,135	4,574,920	4,417,683
EXPENSES			
General government	732,855	724,396	734,245
Protection to persons and property	740,433	798,039	794,121
Transportation services	1,304,148	1,134,343	1,205,384
Environmental services	1,076,223	1,371,576	1,239,066
Recreation and cultural services	299,966	402,133	376,455
Planning and development	108,695	116,085	74,005
	4,262,320	4,546,572	4,423,276
SURPLUS (DEFICIT) FOR THE YEAR	105,815	28,348	(5,593)
ACCUMULATED SURPLUS, beginning of year	11,826,434	11,826,434	11,832,027
ACCUMULATED SURPLUS, end of year	\$ 11,932,249	\$ 11,854,782	\$ 11,826,434

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD
STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

For the year ended December 31, 2015

	BUDGET 2015 (Unaudited)	ACTUAL 2015	ACTUAL 2014
Surplus (deficit) for the year	\$ 105,815	\$ 28,348	\$ (5,593)
Amortization of tangible assets	-	617,232	671,458
Acquisition of tangible capital assets	-	(375,827)	(772,254)
Change in inventory	-	(47,443)	-
Change in prepaid expenses	-	108,937	(83,418)
Decrease (increase) in net financial liabilities	105,815	331,247	(189,807)
Net financial liabilities, beginning of year	(4,135,041)	(4,135,041)	(3,945,234)
Net financial liabilities, end of year	\$ (4,029,226)	\$ (3,803,794)	\$ (4,135,041)

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

	2015	2014
CASH FROM OPERATING ACTIVITIES		
Surplus (deficit) for the year	\$ 28,348	\$ (5,593)
Item not affecting cash		
Amortization expense	617,232	671,458
Changes in non-cash working capital balances		
Taxes receivable	(68,442)	(224,065)
Accounts receivable	(200,031)	(145,707)
Prepaid expenses	108,937	(83,419)
Accounts payable	79,215	160,164
Inventory	(47,443)	-
Deferred revenue - obligatory reserve funds	86,510	87,884
Landfill closure and post closure costs	40,552	40,552
	644,878	501,274
CASH (USED IN) FROM FINANCING ACTIVITIES		
Repayment of municipal debt	(256,930)	(177,555)
Proceeds from the issue of municipal debt	-	3,500,000
	(256,930)	3,322,445
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(375,827)	(772,254)
(Decrease) increase in capital leases	(72,591)	424,133
	(448,418)	(348,121)
(DECREASE) INCREASE IN CASH AND EQUIVALENT	(60,470)	3,475,598
CASH AND EQUIVALENT, beginning of year	1,438,259	(2,037,339)
CASH AND EQUIVALENT, end of year	\$ 1,377,789	\$ 1,438,259
REPRESENTED BY :		
Cash	\$ 1,377,789	\$ 1,438,259

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2015

	Land and Improvements	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Bridges	2015	2014
Cost									
Balance, beginning of year	\$ 459,759	\$ 2,553,553	\$ 1,751,945	\$ 1,393,734	\$ 11,905,812	\$ 2,175,421	\$ 975,206	\$ 21,215,430	\$ 20,443,176
Additions during the year	-	30,510	9,281	145,187	-	190,849	-	375,827	772,254
Balance, end of year	459,759	2,584,063	1,761,226	1,538,921	11,905,812	2,366,270	975,206	21,591,257	21,215,430
Accumulated Amortization									
Balance, beginning of year	8,776	433,620	942,804	970,812	1,980,753	383,749	648,728	5,369,242	4,697,784
Amortization during the year	4,388	68,992	107,935	134,707	198,638	79,792	22,780	617,232	671,458
Balance, end of year	13,164	502,612	1,050,739	1,105,519	2,179,391	463,541	671,508	5,986,474	5,369,242
Net book value	\$ 446,595	\$ 2,081,451	\$ 710,487	\$ 433,402	\$ 9,726,421	\$ 1,902,729	\$ 303,698	\$ 15,604,783	\$ 15,846,188

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2015

	2015	2014
Surpluses (deficits)		
Operating surplus (Note 10)	\$ 115,241	\$ 32,281
Water and sewer deficit	(578,020)	(312,179)
Library surplus	107,544	41,600
Unfinanced capital - Fire	-	(17,000)
Unexpended capital surplus	1,255,876	1,255,876
Unfunded liabilities to be recovered from future revenues		
Accrued landfill closure and post closure	(822,957)	(782,405)
Total deficit	77,684	218,173
Reserves		
Reserves set aside for specific purposes by Council:		
Working capital	443,883	422,810
Self insurance	60,000	55,000
Capital	50,564	83,064
Capital contingency	85,179	85,179
Museum	2,884	2,884
Landfill	155,000	140,000
Vehicle replacement	210,489	135,000
Environment	8,690	8,690
Hospital	45,000	45,000
Election	12,000	9,000
Recreation	800	800
Total reserves	1,074,489	987,427
Equity in tangible capital assets		
Invested in tangible capital assets	15,604,783	15,846,188
Less: related debt	4,902,174	5,225,354
Total equity in tangible capital assets	10,702,609	10,620,834
ACCUMULATED SURPLUS	\$ 11,854,782	\$ 11,826,434

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2015

	Surpluses (Deficits)	Reserves	Equity in Tangible Capital Assets	2015	2014
Balance, beginning of year	\$ 218,173	\$ 987,427	\$ 10,620,834	\$ 11,826,434	\$ 11,832,027
Surplus (deficit) for the year	645,580	-	(617,232)	28,348	(5,593)
Reserve funds used for operations	32,500	(32,500)	-	-	-
Funds transferred to reserves	(119,562)	119,562	-	-	-
Current year funds used for tangible capital assets	(375,827)	-	375,827	-	-
Municipal debt repaid	(323,180)	-	323,180	-	-
Change in accumulated surplus	(140,489)	87,062	81,775	28,348	(5,593)
Balance, end of year	\$ 77,684	\$ 1,074,489	\$ 10,702,609	\$ 11,854,782	\$ 11,826,434

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Recreation and Cultural Services	Planning and Development	2015	2014
REVENUE									
Taxation	\$ 222,872	\$ 769,233	\$ 1,391,604	\$ 125,369	\$ -	\$ 243,210	\$ 47,550	\$ 2,799,838	\$ 2,732,745
Fees and service charges	109,487	29,897	42,971	98,078	754,886	56,324	77,375	1,169,018	1,034,197
Grants	338,309	6,187	1,570	-	-	17,336	-	363,402	499,532
Investment income	161,441	11	-	-	-	347	-	161,799	149,710
Other	-	-	-	-	-	80,863	-	80,863	1,499
	832,109	805,328	1,436,145	223,447	754,886	398,080	124,925	4,574,920	4,417,683
EXPENSES									
Wages and benefits	487,159	134,237	444,191	37,089	-	121,393	43,984	1,268,053	1,106,473
Interest on municipal debt	-	-	48,874	-	154,144	-	11,687	214,705	186,190
Materials and services	111,577	146,760	386,331	125,540	769,058	116,385	60,414	1,716,065	1,671,243
Contracted services	-	445,027	-	51,557	3,126	-	-	499,710	544,857
Insurance and financial costs	77,222	15,556	51,837	-	17,793	31,922	-	194,330	186,815
Third party transfers	17,712	18,763	-	-	-	-	-	36,475	56,241
Amortization	30,726	37,696	203,110	-	213,269	132,433	-	617,234	671,458
	724,396	798,039	1,134,343	214,186	1,157,390	402,133	116,085	4,546,572	4,423,277
SURPLUS (DEFICIT) FOR THE YEAR	\$ 107,713	\$ 7,289	\$ 301,802	\$ 9,261	\$ (402,504)	\$ (4,053)	\$ 8,840	\$ 28,348	\$ (5,594)

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) Basis of consolidation

(i) Consolidated entities

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund and reserves and include the activities of all committees of Council and the following local board:

The Corporation of the Village of Merrickville - Wolford Library Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

These financial statements reflect the investment in any government business enterprises and are consolidated using the modified equity method. Under the modified equity basis, the enterprises accounting principles are not adjusted to conform with those of the Village and intergovernmental transactions and balances are not eliminated.

There are no government business enterprises.

(ii) Non-consolidated entities

There are no non-consolidated entities.

(iii) Accounting for United Counties and school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the United Counties of Leeds and Grenville are not reflected in the municipal fund balances of these financial statements.

(b) Fund accounting

Funds within the financial statements consists of the operating fund, capital fund and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(c) Taxation and related revenue

Property tax billings are issued by the Village based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue for municipal purposes, county taxes on behalf of the United Counties of Leeds and Grenville, provincial education taxes on behalf of the Province of Ontario, payment in lieu of taxation, local improvements and other charges. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legalisation.

Taxation revenue consists of non-exchange transactions and is recognized in the period to which the assessment relates and a reasonable estimate of the amounts can be made. Annual taxation revenue also includes adjustments related to reassessments and appeals to prior years' assessments. The Village is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Government grants

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

(e) Government transfers

Government transfers are recognized in the financial statements as revenues 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 made.

(f) Fees and service charges

Fees and service charges are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, water and waste water charges, solid waste tipping fees, licensing fees, permits, and other fees from various recreation programs and facilities.

(g) Investment income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory funds such as parkland allowances and gas tax funds is added to the associated funds and forms part of the respective deferred revenue, obligatory reserve fund balances.

(h) Cash

Cash is defined as cash on hand and cash on deposit.

(i) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

(j) Deferred revenue

Deferred revenue represents government transfers that have been received for specific purposes, but the respective expenditure has not been incurred to date. These amounts will be recognized as revenues in the year the expenditures are incurred.

(k) Landfill closure costs

The estimated costs 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 expense as the landfill site's capacity is used.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Village's policy. The Village accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), as a defined benefit plan.

(m) Amounts to be recovered from future revenues

Amounts to be recovered from future revenues represents the outstanding principal portion of unmatured long-term liabilities for expenditures, accrued interest on long-term liabilities and future employment benefits payable that will be financed through future revenues of the Village and is reported on the Statement of Financial Position.

(n) 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.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 to 40 years
Buildings	20 to 50 years
Vehicles	5 to 20 years
Machinery and equipment	3 to 10 years
Water and waste plants and networks	
underground networks	50 to 100 years
sewage treatment plants	50 to 75 years
water pumping stations and reservoirs	50 to 75 years
flood stations and other infrastructure	50 to 75 years
Transportation	
roads	7 to 50 years
bridges and structures	25 to 75 years

One half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Non-financial assets (Continued)

Active landfills are amortized annually based on the remaining estimated useful life. The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

The Village has a capitalization threshold of \$25,000 so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are desktop computer systems, vehicles, utility poles and defibrillators.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventory

Inventory held for consumption are recorded at the lower of cost or replacement cost.

(o) Liability for contaminated sites

A liability for contaminated sites arises when contamination is being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The Village is directly responsible, or accepts responsibility to remediate the site;
- (iv) The Village expects that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Liability for contaminated sites (Continued)

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites. The liability estimate includes costs that are directly attributable to the remediation activities and includes integral post-remediation operation, maintenance and monitoring costs that are a part of the remediation strategy for the contaminated site. The costs that would be included in a liability are:

- Costs directly attributable to remediation activities (for example, payroll and benefits, equipment and facilities, materials, and legal and other professional services); and
- Costs of tangible capital assets acquired as part of remediation activities to the extent they have no other alternative use.

The measurement of a liability is based on estimates and professional judgment. The liability is recorded net of any expected recoveries. The carrying amount of a liability is reviewed at each financial reporting date with any revisions to the amount previously recognized accounted for in the period in which revisions are made.

A contingency is disclosed if all of the above criteria are not met.

(p) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, the valuation of allowances for doubtful taxes and accounts receivable, the valuation of inventories, and the estimated landfill closure and post closure costs. Actual results could differ from these estimates.

2. CHANGE IN ACCOUNTING POLICY

Liability for Contaminated Sites, PS 3260 is effective for year-ends beginning on or after April 1, 2014. PS 3260 provides comprehensive guidance on the recognition, measurement and disclosure of liabilities relating to contaminations for non-productive sites. The standard requires the recognition of a liability for the remediation of contaminated sites in the financial statements when the recognition criteria outlined in the standard is met. No liability is presented in the financial statements since all of the recognition criteria are not met by the Village.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds are summarized as follows:

	Federal Gas		2015	2014
	Tax	Parkland		
Balance, beginning of year	\$ 272,917	\$ 42,982	\$ 315,899	\$ 228,015
Grants received	84,837	-	84,837	84,873
Interest and other	-	1,673	1,673	3,011
Balance, end of year	\$ 357,754	\$ 44,655	\$ 402,409	\$ 315,899

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

4. MUNICIPAL DEBT

(a) The balance of municipal debt reported on the Statement of Financial Position is comprised of the following:

	2015	2014
Bank term loan, 3.85%, repayable in blended monthly payments of \$2,458, due August 2021	\$ 420,010	\$ 433,062
Bank term loan, 3.98%, repayable in blended semi-annual payments of \$100,627, due June 2044	3,411,972	3,475,526
Bank term loan, 4.65%, repayable in blended monthly payments of \$10,850, due November 2016	666,103	762,872
Bank term loan, 2.42%, repayable in blended monthly payments of \$6,625, due August 2016	52,547	129,759
Tile drain loans, interest rates of 6%, repayable over a ten year period in blended payments ranging between \$1,127 and \$3,657, maturity dates ranging from 2016 to 2026	50,103	56,446
Municipal debt, end of the year	\$ 4,600,735	\$ 4,857,665

Principal payments assuming the loans are renewed under the same terms and conditions are as follows:

2016	\$ 243,700	
2017	192,970	
2018	201,567	
2019	209,875	
2020	219,936	
2021 - 2025	914,953	
Thereafter	2,617,734	
	\$ 4,600,735	

(b) Of the municipal debt reported in (a) of this note, all principal payments are payable from the following sources as follows:

	2016 - 2020	2021 - 2025
General municipal revenues	\$ 682,515	\$ 456,145
Benefiting landowners - tile drains	27,321	22,782
Benefiting landowners	358,210	3,053,762
	\$ 1,068,046	\$ 3,532,689

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

5. CAPITAL LEASES

	2015	2014
Capital lease obligation, equipment, 3.75%, secured by asset, monthly payments of \$3,657, matures September 2020	\$ 190,675	\$ 226,675
Capital lease obligation, equipment, 3.75%, secured by asset, monthly payments of \$3,614, matures December 2019	160,867	197,458
	\$ 351,542	\$ 424,133
<hr/>		
Lease payments due in the next five years are as follows:		
2016	\$ 75,361	
2017	78,236	
2018	81,221	
2019	84,319	
2020	32,405	
	\$ 351,542	

6. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE

The Village operates a solid waste landfill site. The site has an estimated remaining life of 50 years as the result of an amended provisional certificate of approval from the Ministry of the Environment dated March 2016. The estimate associated with closure and post-closure include costs such as clay, topsoil, hydro seed, site preparation, equipment, ditching, drainage, fencing and post closure monitoring estimated for 10 years. Total closure and post-closure costs are estimated to be \$2,810,000 with \$822,957 (2014 - \$782,405) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves.

7. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

Amounts to be recovered from future taxation, benefiting landowners and reserves are as follows:

	2015	2014
Municipal debt	\$ 4,600,735	\$ 4,857,665
Accrued landfill closure and post-closure	822,957	782,405
	\$ 5,423,692	\$ 5,640,070
<hr/>		
Amounts are to be recovered from the following sources:		
General municipal revenues	\$ 5,373,589	\$ 5,583,624
Benefiting landowners	50,103	56,446
	\$ 5,423,692	\$ 5,640,070

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

8. OPERATING EXPENDITURES BY OBJECT

	BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Wages and benefits	\$ 1,233,201	\$ 1,268,053	\$ 1,106,473
Interest on municipal debt	336,103	214,705	186,190
Materials and services	1,919,721	1,716,065	1,671,242
Contracted services	531,827	499,710	544,857
Insurance and other financial costs	198,705	194,330	186,815
Third party transfers	42,763	36,475	56,241
Amortization	-	617,234	671,458
	\$ 4,262,320	\$ 4,546,572	\$ 4,423,276

9. PENSION AGREEMENTS

The Village is a member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Village does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The employer amount contributed to OMERS for 2015 was \$62,926 (2014 - \$53,496) for current service and is included as an expenditure on the statement of financial activities.

10. OPERATING SURPLUS

	BUDGET 2015	ACTUAL 2015	ACTUAL 2014
Surplus (deficit) for the year	\$ 105,815	\$ 28,348	\$ (5,593)
Funds transferred to reserves	(109,073)	(119,562)	(151,126)
Reserve funds used for operations	274,346	32,500	18,896
Principal payment on long-term debt and capital leases	(271,088)	(323,180)	(250,282)
Proceeds from the issue of long-term debt	-	-	3,500,000
Change in accrued landfill costs	-	40,552	40,552
Acquisition of tangible capital assets	-	(375,827)	(772,254)
Annual amortization expense	-	617,232	671,458
Tangible capital assets financed by capital leases	-	-	469,634
Change in unfunded capital projects	-	(17,000)	(3,560,000)
Operating (deficit) surplus for the year	-	(116,937)	(38,715)
Transfer to library surplus	-	(65,944)	(1,080)
Transfer from water and sewer deficit	-	265,841	66,188
	\$ -	\$ 82,960	\$ 26,393

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

11. SEGMENTED INFORMATION

The Village is responsible for providing a range of services to its citizens. For management reporting purposes the Village's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the Village of Merrickville - Wolford and expended disclosure by object has been reflected in the schedule of segmented disclosure.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

A brief description of each segment follows:

(a) General government

General government includes corporate services and governance of the Village. Administration as a segment includes operating and maintaining municipal owned buildings, human resource management, legal, communications, information systems and technology, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection services

Protection services includes fire protection, conservation authority, protective inspection and control and emergency measures. Fire protection includes inspection, extinguishing and suppression services, emergency medical first response, and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation services

Transportation services includes administration and operation of traffic and parking services for the Village. In addition, services are provided for the winter and summer road maintenance along with the repair and construction of the municipal roads system including bridges and culverts, as well as operation and maintenance of a fleet of vehicles and equipment for use in providing services to the Village.

(d) Environmental services

Environmental services includes waste collection, disposal and recycling services.

(e) Water and sewer services

Water and sewer services includes the operation of water and waste water facilities and infrastructure for the collection and distribution of both water and sewer services within the Village.

(f) Recreation and cultural services

Recreation and cultural services provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, and arenas.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

11. SEGMENTED INFORMATION (Continued)

(g) Planning and development

Planning and development manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It also facilitates economic development by providing services for the approval of all land development plans and the application and enforcement of the zoning by-law and official plan.

12. BUDGET FIGURES

Budgets established for Capital, Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.