
THE CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

FINANCIAL STATEMENTS

December 31, 2016

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

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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, 2016, 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, 2016 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.

May 8, 2017
Cornwall, Ontario

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31, 2016

	2016	2015
NET FINANCIAL LIABILITIES		
Assets		
Cash	\$ 1,479,237	\$ 1,377,789
Taxes receivable	1,020,254	981,157
Accounts receivable	561,103	773,457
	3,060,594	3,132,403
 Liabilities		
Accounts payable	1,111,639	758,549
Deferred revenue - obligatory reserve funds (Note 2)	212,506	402,409
Municipal debt (Note 3)	5,004,813	4,600,735
Capital leases (Note 4)	276,181	351,542
Accrued landfill closure and post closure costs (Note 5)	863,509	822,957
	7,468,648	6,936,192
Net Financial Liabilities	(4,408,054)	(3,803,789)
NON-FINANCIAL ASSETS		
Tangible capital assets	15,750,614	15,604,782
Inventory	47,670	47,443
Prepaid expenses	6,610	6,345
	15,804,894	15,658,570
Accumulated Surplus	\$ 11,396,840	\$ 11,854,781

See Accompanying Notes



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

For the year ended December 31, 2016

	BUDGET 2016 (Unaudited)	ACTUAL 2016	ACTUAL 2015
REVENUES			
Taxation (Note 1(a)(iii))	\$ 2,895,525	\$ 2,906,526	\$ 2,799,838
Fees and service charges	1,147,250	1,269,135	1,169,018
Grants	319,299	324,951	363,402
Investment income	138,500	172,506	161,799
Other	16,000	20,752	80,863
	4,516,574	4,693,870	4,574,920
EXPENSES			
General government	750,855	914,513	724,396
Protection to persons and property	822,777	1,037,925	798,039
Transportation services	1,179,747	1,236,917	1,134,343
Environmental services	1,402,831	1,845,080	1,371,577
Recreation and cultural services	414,959	355,496	402,133
Planning and development	127,737	161,151	116,084
	4,698,906	5,551,082	4,546,572
OTHER REVENUE RELATED TO CAPITAL			
Deferred revenue earned (Note 2)	325,000	292,125	-
Grants	-	107,146	-
	325,000	399,271	-
(DEFICIT) SURPLUS FOR THE YEAR	142,668	(457,941)	28,348
ACCUMULATED SURPLUS, beginning of year	11,854,781	11,854,781	11,826,433
ACCUMULATED SURPLUS, end of year	\$ 11,997,449	\$ 11,396,840	\$ 11,854,781

See Accompanying Notes



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

For the year ended December 31, 2016

	BUDGET 2016 (Unaudited)	ACTUAL 2016	ACTUAL 2015
(Deficit) surplus for the year	\$ 142,668	\$ (457,941)	\$ 28,348
Amortization of tangible assets	617,232	750,972	617,234
Acquisition of tangible capital assets	(1,137,066)	(896,802)	(375,829)
Change in inventory	-	(227)	(47,443)
Change in prepaid expenses	-	(267)	108,943
(Increase) decrease in net financial liabilities	(377,166)	(604,265)	331,253
Net financial liabilities, beginning of year	(3,803,789)	(3,803,789)	(4,135,042)
Net financial liabilities, end of year	\$ (4,180,955)	\$ (4,408,054)	\$ (3,803,789)

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

	2016	2015
CASH FROM OPERATING ACTIVITIES		
(Deficit) surplus for the year	\$ (457,941)	\$ 28,348
Item not affecting cash		
Amortization expense	750,972	617,234
Changes in non-cash working capital balances		
Taxes receivable	(39,097)	(141,331)
Accounts receivable	212,354	(200,031)
Prepaid expenses	(265)	108,942
Accounts payable	353,088	152,101
Inventory	(227)	(47,443)
Deferred revenue - obligatory reserve funds	(189,903)	86,509
Landfill closure and post closure costs	40,552	40,552
	669,533	644,881
CASH FROM (USED IN) FINANCING ACTIVITIES		
Repayment of municipal debt	(254,013)	(256,931)
Proceeds from the issue of municipal debt	658,091	-
	404,078	(256,931)
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(896,802)	(375,829)
Decrease in capital leases	(75,361)	(72,591)
	(972,163)	(448,420)
INCREASE (DECREASE) IN CASH AND EQUIVALENT	101,448	(60,470)
CASH AND EQUIVALENT, beginning of year	1,377,789	1,438,259
CASH AND EQUIVALENT, end of year	\$ 1,479,237	\$ 1,377,789
REPRESENTED BY :		
Cash	\$ 1,479,237	\$ 1,377,789

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2016

	Land and Improvements	Buildings	Vehicles	Equipment	Plants and Facilities	Roads	Bridges	2016	2015
Cost									
Balance, beginning of year	\$ 459,759	\$ 2,584,064	\$ 1,761,226	\$ 1,538,921	\$ 11,905,812	\$ 2,366,270	\$ 975,206	\$ 21,591,258	\$ 21,215,429
Additions during the year	-	-	205,739	195,828	152,249	342,986	-	896,802	375,829
Disposals during the year	-	-	-	97,184	-	-	-	97,184	-
Balance, end of year	459,759	2,584,064	1,966,965	1,637,565	12,058,061	2,709,256	975,206	22,390,876	21,591,258
Accumulated Amortization									
Balance, beginning of year	13,163	502,612	1,050,740	1,105,519	2,179,391	463,541	671,508	5,986,474	5,369,242
Amortization during the year	4,388	68,992	118,938	143,197	301,452	91,225	22,780	750,972	617,234
Amortization on disposals	-	-	-	97,184	-	-	-	97,184	-
Balance, end of year	17,551	571,604	1,169,678	1,151,532	2,480,843	554,766	694,288	6,640,262	5,986,476
Net book value	\$ 442,208	\$ 2,012,460	\$ 797,287	\$ 486,033	\$ 9,577,218	\$ 2,154,490	\$ 280,918	\$ 15,750,614	\$ 15,604,782

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2016

	2016	2015
Surpluses (deficits)		
Operating surplus (Note 9)	\$ -	\$ 115,241
Water and sewer deficit	-	(578,020)
Library surplus	8,144	107,544
Capital surplus - fire	140,689	-
Capital surplus - water and sewer	63,455	1,255,876
Unfunded liabilities to be recovered from future revenues		
Accrued landfill closure and post closure	(863,509)	(822,957)
Total deficits (surpluses)	(651,221)	77,684
Reserves		
Reserves set aside for specific purposes by Council:		
Working capital	638,722	443,883
Self insurance	85,000	60,000
Capital	132,642	50,564
Capital contingency	85,179	85,179
Museum	2,884	2,884
Landfill	170,000	155,000
Vehicle replacement	275,489	210,489
Environment	8,690	8,690
Hospital	45,000	45,000
Election	15,000	12,000
Recreation	800	800
Library	79,051	-
Total reserves	1,538,457	1,074,489
Equity in tangible capital assets		
Invested in tangible capital assets	15,750,614	15,604,782
Less: related debt	5,241,010	4,902,174
Total equity in tangible capital assets	10,509,604	10,702,608
ACCUMULATED SURPLUS	\$ 11,396,840	\$ 11,854,781

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2016

	Surpluses (Deficits)	Reserves	Equity in Tangible Capital Assets	2016	2015
Balance, beginning of year	\$ 77,684	\$ 1,074,489	\$ 10,702,608	\$ 11,854,781	\$ 11,826,433
(Deficit) surplus for the year	293,031	-	(750,972)	(457,941)	28,348
Funds transferred to reserves	(463,968)	463,968	-	-	-
Current year funds used for tangible capital assets	(896,802)	-	896,802	-	-
Municipal debt repaid	338,834	-	(338,834)	-	-
Change in accumulated surplus	(728,905)	463,968	(193,004)	(457,941)	28,348
Balance, end of year	\$ (651,221)	\$ 1,538,457	\$ 10,509,604	\$ 11,396,840	\$ 11,854,781

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2016

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Recreation and Cultural Services	Planning and Development	2016	2015
REVENUE									
Taxation	\$ 343,219	\$ 800,530	\$ 1,323,177	\$ 167,706	\$ -	\$ 221,853	\$ 50,041	\$ 2,906,526	\$ 2,799,838
Fees and service charges	109,014	16,606	14,601	98,666	854,303	57,345	118,600	1,269,135	1,169,018
Grants	305,732	6,155	455	-	-	12,391	218	324,951	363,402
Investment income	172,220	12	-	-	-	274	-	172,506	161,799
Other	-	15,690	-	-	-	5,062	-	20,752	80,863
	930,185	838,993	1,338,233	266,372	854,303	296,925	168,859	4,693,870	4,574,920
EXPENSES									
Wages and benefits	579,168	140,131	409,929	46,296	-	115,133	54,358	1,345,015	1,268,053
Interest on municipal debt	-	2,896	38,803	-	151,125	-	3,006	195,830	214,705
Materials and services	156,104	309,681	481,226	81,529	805,654	128,772	103,787	2,066,753	1,716,065
Contracted services	-	458,019	-	98,455	338,749	-	-	895,223	499,710
Insurance and financial costs	102,739	13,033	63,208	-	16,600	31,057	-	226,637	194,330
Third party transfers	32,017	19,293	-	-	-	19,343	-	70,653	36,475
Amortization	44,485	94,872	243,751	-	306,672	61,191	-	750,971	617,234
	914,513	1,037,925	1,236,917	226,280	1,618,800	355,496	161,151	5,551,082	4,546,572
OTHER REVENUE RELATED TO CAPITAL									
Deferred revenue earned	-	-	292,125	-	-	-	-	292,125	-
Grants	-	-	-	-	107,146	-	-	107,146	-
	-	-	292,125	-	107,146	-	-	399,271	-
(DEFICIT) SURPLUS FOR THE YEAR	\$ 15,672	\$ (198,932)	\$ 393,441	\$ 40,092	\$ (657,351)	\$ (58,571)	\$ 7,708	\$ (457,941)	\$ 28,348

See Accompanying Notes



CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

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, 2016

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, 2016

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 contribution 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, 2016

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, 2016

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. 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			
	Tax	Parkland	2016	2015
Balance, beginning of year	\$ 357,753	\$ 44,656	\$ 402,409	\$ 314,525
Grants received	86,649	-	86,649	84,873
Interest and other	1,633	13,940	15,573	3,011
Deferred revenue earned	(292,125)	-	(292,125)	-
Balance, end of year	\$ 153,910	\$ 58,596	\$ 212,506	\$ 402,409

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

3. MUNICIPAL DEBT

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

	2016	2015
Bank term loan, 3.85%, repayable in blended monthly payments of \$2,458, due August 2021	\$ 406,494	\$ 420,010
Bank term loan, 3.98%, repayable in blended semi-annual payments of \$100,627, due June 2044	3,345,862	3,411,972
Bank term loan, 2.25%, repayable in blended monthly payments of \$10,115, due November 2021	564,571	666,103
Term loan, 2.88%, repayable in blended semi-annual payments of \$6,542, due October 2024	92,902	-
Bank term loan, 2.42%, repayable in blended monthly payments of \$6,625, due August 2016	-	52,547
Term loan, 3.33%, repayable in blended semi-annual payments of \$12,055, due December 2036	350,000	-
Term loan, 2.59%, repayable in blended semi-annual payments of \$11,700, due December 2026	205,000	-
Tile drain loans, 6%, repayable over a ten year period in blended payments ranging between \$1,127 and \$5,204, maturity dates ranging from 2025 to 2026	39,984	50,103
	\$ 5,004,813	\$ 4,600,735

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

2017	\$	234,221
2018		244,018
2019		253,563
2020		264,896
2021		587,887
2022 - 2026		696,024
Thereafter		2,724,204
	\$	5,004,813

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

3. MUNICIPAL DEBT (Continued)

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

	2017 - 2021	2022 - 2026
General municipal revenues	\$ 1,190,685	\$ 428,282
Benefiting landowners - tile drains	17,202	22,782
Benefiting landowners	372,608	2,973,254
	\$ 1,580,495	\$ 3,424,318

4. CAPITAL LEASES

	2016	2015
Capital lease obligation, equipment, 3.75%, secured by asset, monthly payments of \$3,657, matures September 2020	\$ 153,301	\$ 190,675
Capital lease obligation, equipment, 3.75%, secured by asset, monthly payments of \$3,614, matures December 2019	122,880	160,867
	\$ 276,181	\$ 351,542

Lease payments due in the next four years are as follows:

	2017	\$ 78,236	
	2018	81,221	
	2019	84,319	
	2020	32,405	
		\$ 276,181	

5. 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 \$863,509 (2015 - \$822,957) being accrued at the end of the current fiscal year. These costs are to be recovered from future taxation revenue and reserves.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

6. AMOUNTS TO BE RECOVERED FROM FUTURE REVENUES

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

	2016	2015
Municipal debt	\$ 5,004,813	\$ 4,600,735
Accrued landfill closure and post-closure	863,509	822,957
	\$ 5,868,322	\$ 5,423,692

Amounts are to be recovered from the following sources:

General municipal revenues	\$ 5,828,338	\$ 5,373,589
Benefiting landowners	39,984	50,103
	\$ 5,868,322	\$ 5,423,692

7. OPERATING EXPENDITURES BY OBJECT

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
Wages and benefits	\$ 1,264,579	\$ 1,345,015	\$ 1,268,053
Interest on municipal debt	217,141	195,830	214,705
Materials and services	1,438,002	2,066,753	1,716,065
Contracted services	921,767	895,223	499,710
Insurance and other financial costs	183,792	226,637	194,330
Third party transfers	56,393	70,653	36,475
Amortization	617,232	750,971	617,234
	\$ 4,698,906	\$ 5,551,082	\$ 4,546,572

8. 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. The Village has adopted defined contribution plan accounting principles for this plan as there is insufficient information available to apply defined benefit plan accounting principles. 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 2016 was \$59,371 (2015 - \$62,926) for current service and is included as an expenditure on the statement of financial activities.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

9. OPERATING SURPLUS

	BUDGET 2016	ACTUAL 2016	ACTUAL 2015
(Deficit) surplus for the year	\$ 142,668	\$ (457,941)	\$ 28,348
Funds transferred to reserves	(108,000)	(269,128)	(119,562)
Reserve funds used for operations	208,869	-	32,500
Principal payment on long-term debt and capital leases	(319,255)	(319,255)	(323,180)
Proceeds from the issue of long-term debt	555,000	658,091	-
Change in accrued landfill costs	40,552	40,552	40,552
Acquisition of tangible capital assets	(1,137,066)	(896,802)	(375,829)
Annual amortization expense	617,232	750,972	617,234
Change in unfunded capital projects	-	1,051,732	(17,000)
Operating surplus (deficit) for the year	-	558,221	(116,937)
Transfer from (to) library surplus	-	99,398	(65,944)
Transfer (to) from water and sewer deficit	-	(578,020)	265,841
Transfer to working capital reserves	-	(194,840)	-
	\$ -	\$ (115,241)	\$ 82,960

10. 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.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

10. SEGMENTED INFORMATION (Continued)

(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.

(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.

11. 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.

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2016

FINANCIAL ACTIVITIES (000's)

	2016	2015	2014	2013	2012
Revenues					
Taxation	\$ 2,907	\$ 2,800	\$ 2,733	\$ 2,658	\$ 2,498
Fees and service charges	1,269	1,169	1,032	1,014	893
Grants	325	363	500	979	548
Investment income	173	162	150	119	103
Other	21	81	4	-	-
	4,695	4,575	4,419	4,770	4,042
Expenses					
General government	915	724	734	791	719
Protection to persons and property	1,038	798	794	783	801
Transportation services	1,237	1,134	1,205	1,161	1,094
Environmental	1,845	1,372	1,239	1,127	1,177
Recreation and cultural services	355	402	376	400	346
Planning and development	161	116	74	121	111
	5,551	4,546	4,422	4,383	4,248
Other revenue related to capital					
Deferred revenue earned	292	-	-	-	-
Grants	107	-	-	-	-
	399	-	-	-	-
(Deficit) surplus for the year	\$ (457)	\$ 29	\$ (3)	\$ 387	\$ (206)

TAXABLE ASSESSMENT (000's)

	2016	2015	2014	2013	2012
Residential and farm	\$ 323,099	\$ 311,949	\$ 298,980	\$ 283,216	\$ 271,585
Commercial and industrial	24,837	24,255	24,179	23,072	22,580
	347,936	336,204	323,159	306,288	294,165
Commercial and industrial	7.14%	7.21%	7.48%	7.53%	7.68%

CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2016

FINANCIAL INDICATORS

	2016	2015	2014	2013	2012
Tax arrears					
Percentage of own levy	35 %	37 %	33 %	25 %	19 %
Percentage of total levy	20 %	20 %	31 %	23 %	18 %
Municipal debt					
	\$ 4,964,829	\$ 4,550,631	\$ 4,801,220	\$ 1,506,002	\$ 1,686,114
Municipal debt charges					
	\$ 515,085	\$ 537,885	\$ 406,991	\$ 367,606	\$ 252,022
Sustainability					
Financial assets to liabilities	0.41	0.45	0.43	(0.36)	(0.56)
Financial assets to liabilities excluding municipal debt	1.37	1.55	1.64	(0.74)	(1.34)
Municipal debt to tangible capital assets	31.52 %	29.16 %	30.30 %	9.56 %	10.60 %
Flexibility					
Debt charges to total operating revenue	10.97 %	11.76 %	9.22 %	7.71 %	6.23 %
Total operating revenue to taxable assessment	12.94 %	13.05 %	13.66 %	15.57 %	13.74 %
Vulnerability					
Operating grants to operating revenue	6.92 %	7.94 %	11.31 %	20.52 %	13.56 %
Total grants to total revenues	8.48 %	7.93 %	11.31 %	20.52 %	13.56 %
Reserve coverage					
Reserves	\$ 1,538,457	\$ 1,074,489	\$ 987,427	\$ 855,197	\$ 946,150
Reserves to operating expenses	28 %	24 %	22 %	20 %	22 %
Reserves to working capital	0.89	0.55	0.51	(0.51)	(0.45)