

**The Corporation of the Village of
Merrickville - Wolford
Consolidated Financial Statements
For the year ended December 31, 2012**

**The Corporation of the Village
of Merrickville - Wolford**

Village of Merrickville - Wolford

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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of The Corporation of the Village of Merrickville-Wolford, which comprise of the statement of financial position as at December 31, 2012 and the statement of operations, statement of changes in net assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

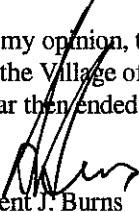
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts of disclosure in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Merrickville-Wolford as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Brent J. Burns
Chartered Professional Accountant
Licensed Public Accountant

Gananoque, Ontario
May 15, 2013

**The Corporation of the Village of Merrickville - Wolford
Consolidated Statement of Financial Position**

December 31	2012	2011
 Financial Assets		
Cash and cash equivalents	\$ 1,190,924	\$ 63,935
Taxes receivable	502,432	642,271
Accounts receivable	86,773	3,633,352
Investments (Note 4)	259	259
	1,780,388	4,339,817
 Liabilities		
Bank overdraft	\$ -	\$ 239,809
Temporary loan	1,496,560	1,315,000
Accounts payable and accrued liabilities	241,812	117,061
Deferred revenues (Note 5)	38,222	34,488
Debt (Note 6)	4,564,081	6,315,846
	6,340,675	8,022,204
Net Debt	(4,560,287)	(3,682,387)
 Non-financial Assets		
Tangible capital assets (Schedule 1)	12,901,106	12,045,364
Prepaid expenses	30,887	31,480
	12,931,993	12,076,844
Accumulated Surplus (Note 7)	\$ 8,371,706	\$ 8,394,457

**The Corporation of the Village of Merrickville-Wolford
Consolidated Statement of Change in Net Debt**

December 31	2012 Actual	2011 Actual
Annual surplus (deficit)	\$ (22,751)	\$ 3,495,221
Acquisition of tangible capital assets	(1,363,371)	(3,640,830)
Amortization of tangible capital assets	507,629	488,619
Other	80,506	-
	<u>(797,987)</u>	343,010
Use of prepaid expense	592	<u>(566)</u>
Decrease (increase) in net debt	(798,579)	342,444
Net debt - beginning of year	<u>(3,765,503)</u>	<u>(4,107,947)</u>
Net debt - end of year	<u>\$ (4,564,082)</u>	<u>\$ (3,765,503)</u>

**The Corporation of the Village of Merrickville-Wolford
Consolidated Statement of Operations**

December 31	2012 Budget	2012 Actual	2011 Actual
Revenue			
Property taxes	\$ 2,545,496	\$ 2,529,520	\$ 2,323,582
User fees	750,352	866,749	714,760
Government grants and transfers - federal	90,445	95,051	1,518,565
- provincial	518,719	541,506	2,110,325
Fees, permits, licenses and fines	38,550	52,880	158,797
Investment income	1,500	4,095	3,102
Miscellaneous revenues	378,238	153,243	334,860
Total revenues	4,323,300	4,243,044	7,163,991
Expenses			
General local government	675,737	726,455	600,591
Protection to persons and property	829,168	833,888	762,463
Roadways and transportation	1,449,160	1,199,258	938,919
Environmental services	1,010,836	1,135,880	1,015,173
Health services	15,000	15,750	690
Recreation and culture	281,699	266,631	291,218
Planning and development	61,700	87,933	59,716
Total expenses	4,323,300	4,265,795	3,668,770
Annual surplus (deficit)	-	(22,751)	3,495,221
Accumulated surplus- beginning of year	8,394,457	8,394,457	4,816,120
Accumulated surplus – end of year	\$ 8,394,457	\$ 8,371,706	\$ 8,311,341

**The Corporation of the Village of Merrickville-Wolford
Consolidated Statement of Cash Flow**

<u>December 31</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
Operating transactions		
Annual surplus (deficit)	\$ (22,751)	\$ 3,495,221
Amortization	507,629	488,619
Prepaid expenses	592	(476)
Other	<u>3,814,215</u>	<u>(1,359,688)</u>
Cash provided by operating transactions	<u>4,299,685</u>	<u>2,623,676</u>
Capital transactions		
Cash used to acquire tangible capital assets	<u>(1,363,371)</u>	<u>(3,640,830)</u>
Investing transactions		
Investments	<u>-</u>	<u>17,806</u>
Financing transactions		
Debt advances	-	847,000
Debt repayment	<u>(1,751,335)</u>	<u>(176,563)</u>
	<u>1,751,335</u>	<u>670,437</u>
Increase (decrease) in cash and cash equivalents	1,184,979	(328,911)
Cash and cash equivalents – beginning of year	<u>(1,490,615)</u>	<u>(1,161,704)</u>
Cash and cash equivalents – end of year	\$ (305,636)	\$ (1,490,615)
<hr/>		
Cash and cash equivalents include:		
Cash and cash equivalents	\$ 1,190,924	\$ 64,194
Bank indebtedness	-	(239,809)
Temporary loan	<u>1,496,560</u>	<u>(1,315,000)</u>
	<u>\$ (305,636)</u>	<u>\$ (1,490,615)</u>

The Corporation of the Village of Merrickville - Wolford

Notes to Consolidated Financial Statements

December 31, 2012

1. Municipal Structure

The Corporation of the Village of Merrickville-Wolford was established in 1998 and is responsible for services related to the following:

- Protection to persons and property, including police, conservation authorities, emergency planning and fire protection.
- Transportation Services, including roadways, streetlights, and docks.
- Environmental Services, including the water supply system, sanitary sewer system, and solid waste management.
- Planning, including official plan administration
- Financial, including all debt issues and property tax policy.

2. Summary of Accounting Policies

The consolidated financial statements of the Village are the representation of management prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Village and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. This information explains the overall future revenue requirements and its ability to finance activities.

Effective January 1, 2009, the Village changed its accounting and financial reporting to conform to the revised guidelines in the Public Sector Accounting Handbook on financial reporting presentation (section PS 1200) and tangible capital accounting (PS 3015). Current year data is presented on the new basis. Prior year data has been restated on the same basis whenever possible, to be comparable with the current year data. The most significant change is the reporting of tangible capital assets for the first time, and the inclusion of the Consolidated Statement of Change in Net Debt.

(a) (i) Reporting Entity

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, Reserves, Reserve Funds, and changes in investment in tangible capital assets of the Village and the Merrickville Public Library Board.

(b) (i) Accrual Basis of Accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Cont'd

The Corporation of the Village of Merrickville - Wolford

Notes to Consolidated Financial Statements

December 31, 2012

2. Summary of Accounting Policies (continued)

(ii) 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 Debt for the year.

(iii) 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 is amortized on a straight-line basis over their estimated useful lives as follows:

- Buildings - 40 to 50 years
- Equipment - 5 to 15 years
- Vehicles - 3 to 10 years
- Roads - 30 years
- Bridges and culverts - 30 to 40 years
- Books - 7 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available.

(iv) Pension and Employee Benefits

The Village accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits.

(v) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management 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 expenses during the period. Actual results could differ from those estimates.

(vi) Landfill closure and post-closure liabilities

The Village accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

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The Corporation of the Village of Merrickville - Wolford

Notes to Consolidated Financial Statements

December 31, 2012

2. Summary of Accounting Policies (continued)

(vii) Revenue Recognition:

Property tax billings are prepared by the Village based on an assessment roll prepared by Municipal Property Assessment Corporation, an agency of the Ontario government. Any supplementary billing adjustment made necessary by assessment appeals submitted by the ratepayers and change to assessed value reflecting new construction will be recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Government grants and transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates can be made. Receipts which are restricted by legislation of senior governments are reported as deferred revenues, until qualifying expenditures are incurred.

Investment income is reported in revenue in the period earned.

3. Operations of School Boards and the United Counties of Leeds and Grenville

The taxation, other revenues and expenditures of the School Boards and the Counties of Leeds and Grenville are comprised of the following:

	<u>School Board</u>	<u>United Counties</u>	<u>Total</u>
Taxation	\$ 884,667	\$ 1,092,438	\$ 1,977,105
Grants in lieu of taxes	504	31,624	32,178
	<u>885,171</u>	<u>1,124,112</u>	<u>2,009,283</u>
Requisitions	<u>(885,171)</u>	<u>(1,124,112)</u>	<u>(2,009,283)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the Village of Merrickville - Wolford
Notes to Consolidated Financial Statements

December 31, 2012

4. Investments

The total of investments of \$ 259 reported on the Consolidated Financial Position have a market value of \$ 259 at the end of the year.

5. Deferred Revenues

Included in deferred revenues are Reserve Funds noted below the use of which, together with any earnings, is restricted by legislation. These amounts will be recognized as revenue in the period in which a related expenditure is made.

	2012	2011
Obligatory Reserve Funds:		
Parkland	\$ 38,222	\$ 34,488

6. Debt

(a) Debt payable, issued in the name of the Village is comprised of:	2012	2011
Bank term loans:	\$ 3,680,025	\$ 5,354,238
Debentures for tile drainage loans	39,665	49,520
Debentures – Charlotte Street	6,089	13,357
Loan – fire truck	137,000	197,000
	3,862,779	5,614,115
Solid waste site landfill closure and post closure liabilities	701,301	701,731
Of the municipal debt shown above, the responsibility of payment of principal and interest for the drainage loans has been assumed by individuals.	4,564,080	6,315,846
	(39,665)	(49,520)
Long term liabilities to be recovered from future revenues.	\$ 4,524,415	\$ 6,266,326

These long term liabilities have been approved by By-Law. Annual principal and interest payments required to service this debt are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

The responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. However, the municipality is contingently liable for these loans.

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of the Village of Merrickville - Wolford
Notes to Consolidated Financial Statements

December 31, 2012

7. Accumulated Surplus

	2012	2011
Surplus - general revenue	\$ 328,720	\$ 4,729,603
- tangible capital assets	9,084,081	6,494,125
- library	352,982	373,799
Reserves (Schedule 2)	3,288,364	3,208,364
Reserve funds (Schedule 3)	18,640	17,866
Unfunded		
Landfill site closure and post-closure liabilities	(701,301)	(701,301)
Fire truck	(137,000)	(197,000)
Long term debt	(3,862,780)	(5,614,115)
	\$ 8,371,706	\$ 8,311,341

8. Expenditures by Object

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following classifies those same expenditures by object:

	2012	2011
Salaries, wages and employee benefits	\$ 1,069,852	\$ 952,346
Operating materials and supplies	1,420,764	981,533
Contracted services	1,226,527	1,149,545
External transfers	41,023	38,302
Amortization	507,629	488,619
Total expenditure by object	\$ 4,265,795	\$ 3,668,770

The Corporation of the Village of Merrickville - Wolford

Notes to Consolidated Financial Statements

December 31, 2012

9. Pension Contributions

The Village contributed \$ 57,227 (2010 - \$ 59,371) to OMERS on behalf of 13 employees for current services. Contributions by employees were a similar amount. The Village's contributions are included on the Consolidated Statement of Operations classified under the appropriate functional expenditure headings.

10. Budget Amounts

The operating budget approved by the Village for 2012 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore, may not be comparable with current year's actual expenditure amounts. As well, the Village does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

12. Staff Salaries

This municipality is an employer subject to the Public Sector Salary Disclosure Act 1996. No employees were paid \$100,000 or more by the Village in 2012.

13. Segmented Information

The Village of Merrickville-Wolford provides a wide range of services to its ratepayers, including police, fire, ambulance, and water. For management reporting purposes the Village's operations and activities are organized and reported by service.

Village services are provided by departments and their activities are reported by department. The services they provide are as follows:

Protection – For Persons and Property

The Fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Building inspection by By-Law Enforcement ensure an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of the occupants.

Planning and Development

The Planning and Development department provides a diverse bundle of services. It manages urban development for business interest, environmental concerns and heritage matters. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws, the processing of building permit applications and the provision of geomatics services, as well as providing cemetery service to citizens.

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The Corporation of the Village of Merrickville - Wolford
Notes to Consolidated Financial Statements

December 31, 2012

13. Segmented Information (continued)

Roads and Water and Wastewater

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, and street lighting. The Water and Waste department consists of three distinct utilities – water, wastewater and solid waste disposal. The department provides drinking water to citizens of Merrickville-Wolford, collecting and treating wastewater, and providing collection disposal and waste minimization programs. Their garbage collection operations are reported in the General Revenue Fund and are included in the Environmental Service segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2.

Schedule 1

The Corporation of the Village of Merrickville-Wolford
Schedule of Tangible Capital Assets

For the year ended December 31, 2012

	Opening Balance at Beginning of Year	Additions	Balance End of Year	Accumulated Amortization Beginning Of Year	Amortization	Accumulated Amortization End of Year	Net Carrying Amount End of Year
General Government	\$ 1,288,189	\$ 51,391	\$ 1,339,580	\$ 146,056	\$ 28,090	\$ 174,146	\$ 1,165,434
Protection Services	1,167,742	-	1,167,742	569,294	34,082	603,376	564,366
Transportation Services	3,588,084	233,469	3,821,553	1,412,563	141,831	1,554,394	2,267,159
Environmental Services	8,026,038	1,001,671	9,027,709	314,458	244,601	559,059	8,468,650
Recreation and Culture	575,939	76,840	652,779	158,257	59,025	217,282	435,497
	\$ 14,645,992	\$ 1,363,371	\$ 16,009,363	\$ 2,600,628	\$ 507,629	\$ 3,108,257	\$ 12,901,106

**The Corporation of the Village Merrickville-Wolford
Schedule of Continuity of Reserves**

December 31, 2012

Reserves	Balance Beginning Of Year	Transfers To (From)	Balance End of Year
Working Funds	\$ 430,810	\$ -	\$ 430,810
Self Insurance	40,000	5,000	45,000
Capital expenditures	98,149	-	98,149
Capital contingency	85,179	-	85,179
Museum	2,884	-	2,884
Landfill closure	110,000	15,000	125,000
Vehicle replacement	20,000	60,000	80,000
Environment	8,690	-	8,690
Recreation	800	-	800
Hospital provision	40,000	-	40,000
Election	3,000	-	3,000
Amortization – general	768,852	-	768,852
Amortization – environment	<u>1,600,000</u>	-	<u>1,600,000</u>
	\$3,208,364	\$ 80,000	\$ 3,288,364

Schedule 3

**The Corporation of the Village of Merrickville-Wolford
Schedule of Reserve Funds**

December 31, 2012

	Balance Beginning Of Year	Earned Interest	Balance End of Year
Charlotte Street	\$ 17,866	\$ 774	\$ 18,640

**The Corporation of the Village
of Merrickville-Wolford
Public Library Board
Financial Statements
For the year ended December 31, 2012**

BRENT J. BURNS, CHARTERED ACCOUNTANT

92 STONE STREET NORTH
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Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of Merrickville-Wolford Public Library Board, which comprise of the statement of operations as at December 31, 2012 for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

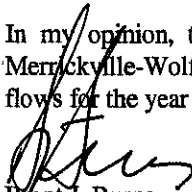
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about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

An audit involves performing procedures to obtain audit evidence about the amounts of disclosure in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Merrickville-Wolford Public Library Board as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


Brent J. Burns
Chartered Accountant
Licensed Public Accountant

Gananoque, Ontario
May 15, 2013

**The Corporation of the Village
of Merrickville - Wolford
Public Library Board
Statement of Financial Position**

<u>December 31</u>	<u>2012</u>	<u>2011</u>
Financial Assets		
Cash	\$ 8,857	\$ 9,086
Investment	259	259
Accounts receivable	41,137	14,542
Due from Village	-	15,593
	<u>\$ 50,253</u>	<u>\$ 39,480</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 4,646	\$ 15,123
Due to Village	11,130	-
	<u>15,776</u>	<u>15,123</u>
Net assets	<u>34,477</u>	<u>24,357</u>
Tangible capital assets (Schedule 1)	316,047	336,366
Prepaid expenses	2,458	859
	<u>318,505</u>	<u>337,225</u>
Accumulated Surplus	<u>\$ 352,982</u>	<u>\$ 361,582</u>

**The Corporation of the Village
of Merrickville - Wolford
Public Library Board
Statement of Operations**

For the year ending December 31	2012 Budget	2012 Actual	2011 Actual
Revenue			
Local government grants and transfers - Ontario	\$ 7,716	\$ 9,176	\$ 11,447
- Village	67,220	62,220	62,220
- Other	10,061	6,250	7,766
Other revenue	2,390	6,039	5,385
Donations	1,000	2,240	5,245
Total revenues	\$ 88,387	\$ 85,925	\$ 92,063
Operating expenditures			
Salaries and benefits	53,419	57,443	54,947
Administration	34,968	4,297	30,545
Amortization	-	32,785	31,005
Total expenses	88,387	94,525	116,497
Annual deficit	-	(8,600)	(24,434)
Accumulated surplus - beginning of year	361,582	361,582	386,016
Accumulated surplus - end of year	\$ 361,582	\$ 352,982	\$ 361,582

**The Corporation of the Village
of Merrickville-Wolford
Public Library Board
Notes to Financial Statements**

For the year ended December 31, 2012

1. Summary of Significant Accounting Policies

The financial statements of the Merrickville-Wolford Public Library Board are the representation of management prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

a) **Accrual Basis of Accounting**

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognized revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) **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 Debt for the year.

c) **Tangible Capital Assets**

Tangible capital assets are recorded at costs, 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 is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements – 15 to 30 years
Buildings – 20 to 40 years
Machinery and equipment – 5 to 20 years
Vehicles – 1 to 20 years
Roads – 3 to 50 years
Bridges and structures – 30 years
Books – 7 years

Cont'd

**The Corporation of the Village
of Merrickville-Wolford
Public Library Board
Notes to Financial Statements**

For the year ended December 31, 2012

c) Tangible Capital Assets (Cont'd)

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

The Village has a capitalization threshold so that individual Tangible Capital Assets of lesser value than the threshold are expensed.

Schedule 1

The Corporation of the Village of Merrickville-Wolford
Public Library Board
Schedule of Tangible Capital Assets

For the year ended December 31, 2012

	Opening Balance at Beginning of Year	Additions	Balance End of Year	Accumulated Amortization Beginning Of Year	Amortization End of Year	Accumulated Amortization End of Year	Net Carrying Amount End of Year
Buildings	\$ 331,114	\$ -	\$ 331,114	\$ 35,254	\$ 16,556	\$ 51,810	\$ 279,304
Equipment	44,664	-	44,664	23,165	2,978	26,143	18,521
Books	80,300	12,466	92,766	61,293	13,251	74,544	18,222
	\$ 456,078	\$ 12,466	\$ 468,544	\$ 119,712	\$ 32,785	\$ 152,497	\$ 316,047

The accompanying notes are an integral part of these financial statements