

**THE CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2024**

**CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD**

December 31, 2024

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

As at December 31, 2024

	2024	2023
<b>NET FINANCIAL ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 5,948,924	\$ 6,336,420
Investments	128,508	113,715
Taxes receivable	806,182	605,207
Accounts receivable	713,853	648,311
	<b>7,597,467</b>	<b>7,703,653</b>
<b>LIABILITIES</b>		
Accounts payable	1,236,796	725,007
Deferred revenue (Note 3)	99,000	499,030
Deferred revenue, obligatory reserve funds (Note 4)	31,640	366,261
Municipal debt (Note 5)	3,294,340	3,464,982
Asset retirement obligations (Note 6)	2,322,696	2,300,764
	<b>6,984,472</b>	<b>7,356,044</b>
<b>NET FINANCIAL ASSETS</b>	<b>612,995</b>	<b>347,609</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	19,918,013	18,687,429
Inventory	63,342	60,300
Prepaid expenses	25,349	12,110
	<b>20,006,704</b>	<b>18,759,839</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 20,619,699</b>	<b>\$ 19,107,448</b>

See Accompanying Notes

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

For the year ended December 31, 2024

	BUDGET 2024 (Note 9)	ACTUAL 2024	ACTUAL 2023
<b>REVENUES</b>			
Taxation	\$ 3,921,927	\$ 3,895,807	\$ 3,633,384
Fees and service charges	2,026,073	2,193,692	2,059,820
Grants	376,308	378,493	408,804
Investment income	331,500	469,739	395,730
Other	10,000	23,446	19,184
	<b>6,665,808</b>	<b>6,961,177</b>	<b>6,516,922</b>
<b>EXPENSES</b>			
General government	1,176,297	1,339,714	1,229,574
Protection services	944,305	947,431	872,889
Transportation services	1,842,676	1,928,601	1,637,243
Environmental services	1,537,628	1,710,652	1,556,884
Recreation and cultural services	384,096	469,690	341,517
Planning and development	388,926	319,379	375,756
	<b>6,273,928</b>	<b>6,715,467</b>	<b>6,013,863</b>
<b>SURPLUS BEFORE OTHER ITEMS</b>	<b>391,880</b>	<b>245,710</b>	<b>503,059</b>
<b>REVENUE RELATED TO CAPITAL AND OTHER</b>			
Deferred revenue earned (Note 3)	602,715	648,304	-
Deferred revenue, obligatory reserve funds earned (Note 4)	400,810	433,913	-
Grants	163,032	132,697	340,042
Gain on disposal of tangible capital assets	-	51,627	-
Reversal of landfill closure and post closure liability	-	-	1,121,575
	<b>1,166,557</b>	<b>1,266,541</b>	<b>1,461,617</b>
<b>SURPLUS FOR THE YEAR</b>	<b>1,558,437</b>	<b>1,512,251</b>	<b>1,964,676</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>19,107,448</b>	<b>19,107,448</b>	<b>17,142,772</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 20,665,885</b>	<b>\$ 20,619,699</b>	<b>\$ 19,107,448</b>

See Accompanying Notes

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31, 2024

	BUDGET 2024 (Note 9)	ACTUAL 2024	ACTUAL 2023
Surplus for the year	\$ 1,558,437	\$ 1,512,251	\$ 1,964,676
Amortization of tangible assets	826,000	1,090,886	848,419
Acquisition of tangible capital assets	(3,391,611)	(2,321,470)	(535,578)
Proceeds on sale of tangible capital assets	-	51,627	-
Gain on sale of tangible capital assets	-	(51,627)	-
Asset retirement obligations	-	-	(2,300,764)
Change in inventory	-	(3,042)	6,588
Change in prepaid expenses	-	(13,239)	9,745
Increase (decrease) in net financial assets	(1,007,174)	265,386	(6,914)
Net financial assets, beginning of year	347,609	347,609	354,523
Net financial assets (debt), end of year	\$ (659,565)	\$ 612,995	\$ 347,609

See Accompanying Notes

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	2024	2023
<b>CASH FROM OPERATING ACTIVITIES</b>		
Surplus for the year	\$ 1,512,251	\$ 1,964,676
Item not affecting cash		
Amortization expense	1,090,886	848,419
Gain on disposal of tangible capital assets	(51,627)	-
Accretion expense	21,932	-
Reversal of landfill closure and post closure costs liability	-	(1,121,575)
	2,573,442	1,691,520
Changes in non-cash working capital balances		
Taxes receivable	(200,975)	40,208
Accounts receivable	(65,542)	(11,298)
Inventory	(3,042)	6,588
Prepaid expenses	(13,239)	9,745
Accounts payable	511,789	(338,954)
Deferred revenue	(400,030)	107,708
Deferred revenue - obligatory reserve funds	(334,621)	106,414
	2,067,782	1,611,931
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of municipal debt	(170,642)	(164,339)
<b>CASH USED IN CAPITAL AND INVESTING ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	51,627	-
Acquisition of tangible capital assets	(2,321,470)	(535,578)
Purchase of investments	(14,793)	(13,846)
	(2,284,636)	(549,424)
<b>(DECREASE) INCREASE IN CASH</b>	(387,496)	898,168
<b>CASH, beginning of year</b>	<b>6,336,420</b>	<b>5,438,252</b>
<b>CASH, end of year</b>	<b>\$ 5,948,924</b>	<b>\$ 6,336,420</b>

See Accompanying Notes

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2024

	Land and Improvements	Buildings	Vehicles	Machinery and equipment	Water and waste water plants and networks	Roads	Bridges	2024	2023
<b>Cost</b>									
Balance, beginning of year	\$ 2,800,067	\$ 3,018,878	\$ 3,052,895	\$ 2,584,105	\$ 13,326,325	\$ 4,828,636	\$ 1,017,907	\$ 30,628,813	\$ 27,877,471
Additions during the year	108,334	189,948	257,169	263,853	209,150	1,293,016	-	2,321,470	535,578
Disposals during the year	-	-	640,000	69,050	-	-	-	709,050	85,000
Asset retirement obligations	-	-	-	-	-	-	-	-	2,300,764
Balance, end of year	2,908,401	3,208,826	2,670,064	2,778,908	13,535,475	6,121,652	1,017,907	32,241,233	30,628,813
<b>Accumulated Amortization</b>									
Balance, beginning of year	61,137	1,092,232	1,815,088	1,845,505	4,734,468	1,539,206	853,748	11,941,384	11,177,965
Amortization during the year	61,309	86,775	149,862	136,578	356,765	276,698	22,899	1,090,886	848,419
Amortization on disposals	-	-	640,000	69,050	-	-	-	709,050	85,000
Balance, end of year	122,446	1,179,007	1,324,950	1,913,033	5,091,233	1,815,904	876,647	12,323,220	11,941,384
<b>Net book value 2024</b>	<b>\$ 2,785,955</b>	<b>\$ 2,029,819</b>	<b>\$ 1,345,114</b>	<b>\$ 865,875</b>	<b>\$ 8,444,242</b>	<b>\$ 4,305,748</b>	<b>\$ 141,260</b>	<b>\$ 19,918,013</b>	<b>\$ 18,687,429</b>
<b>Net book value 2023</b>	<b>\$ 2,738,930</b>	<b>\$ 1,926,646</b>	<b>\$ 1,237,807</b>	<b>\$ 738,600</b>	<b>\$ 8,591,857</b>	<b>\$ 3,289,430</b>	<b>\$ 164,159</b>	<b>\$ 18,687,429</b>	

See Accompanying Notes

**CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2024

	2024	2023
<b>Operating surpluses</b>		
Operating surplus (Note 9)	\$ -	\$ -
Water and sewer surplus (Note 9)	-	-
Library board surplus	74,062	62,025
<b>Total operating surpluses</b>	<b>74,062</b>	<b>62,025</b>
<b>Reserves</b>		
Reserves set aside for specific purposes by Council:		
Working capital	1,903,558	1,814,876
Vehicle replacement	379,062	360,623
Modernization	118,777	187,723
Capital	313,984	613,247
Capital contingency	1,274,811	1,066,775
Landfill	290,000	275,000
Self insurance	205,000	205,000
Library	121,515	109,085
Water and sewer	1,462,496	1,299,965
Building department	71,741	71,741
Hospital	41,900	45,000
Recreation	8,019	8,019
Election	18,780	13,780
Information technology	8,000	15,000
Museum	2,884	2,884
<b>Total reserves</b>	<b>6,220,527</b>	<b>6,088,718</b>
<b>Equity in tangible capital assets</b>		
Tangible capital assets	19,918,013	18,687,429
Less: related debt	(3,270,207)	(3,429,960)
Less: asset retirement obligations	(2,322,696)	(2,300,764)
<b>Total equity in tangible capital assets</b>	<b>14,325,110</b>	<b>12,956,705</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 20,619,699</b>	<b>\$ 19,107,448</b>

See Accompanying Notes



# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

For the year ended December 31, 2024

	Operating Surpluses	Reserves	Equity in Tangible Capital Assets	2024	2023
<b>Balance, beginning of year</b>	<b>\$ 62,025</b>	<b>\$ 6,088,718</b>	<b>\$ 12,956,705</b>	<b>\$ 19,107,448</b>	<b>\$ 17,142,772</b>
Surplus for the year	1,512,251	-	-	1,512,251	1,964,676
Reserve funds used for operations	1,281,031	(1,281,031)	-	-	-
Funds transferred to reserves	(1,412,840)	1,412,840	-	-	-
Current year funds used for tangible capital assets	(2,321,470)	-	2,321,470	-	-
Change in asset retirement obligations	21,932	-	(21,932)	-	-
Annual amortization expense	1,090,886	-	(1,090,886)	-	-
Municipal debt repaid	(159,753)	-	159,753	-	-
Change in accumulated surplus	12,037	131,809	1,368,405	1,512,251	1,964,676
<b>Balance, end of year</b>	<b>\$ 74,062</b>	<b>\$ 6,220,527</b>	<b>\$ 14,325,110</b>	<b>\$ 20,619,699</b>	<b>\$ 19,107,448</b>

See Accompanying Notes

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Water and Sewer Services	Recreation and Cultural Services	Planning and Development	2024	2023
<b>REVENUE</b>									
Taxation	\$ 1,368,250	\$ 1,078,402	\$ 792,885	\$ 48,800	\$ -	\$ 420,053	\$ 187,417	\$ 3,895,807	\$ 3,633,384
Fees and service charges	94,687	10,954	11,554	163,172	1,586,636	55,886	270,803	2,193,692	2,059,820
Grants	312,152	8,580	957	36,308	-	20,496	-	378,493	408,804
Investment income	441,920	2,708	-	-	-	25,111	-	469,739	395,730
Other	-	-	-	-	-	23,446	-	23,446	19,184
	2,217,009	1,100,644	805,396	248,280	1,586,636	544,992	458,220	6,961,177	6,516,922
<b>EXPENSES</b>									
Wages and benefits	706,355	183,167	861,814	21,307	-	137,754	119,088	2,029,485	1,863,401
Interest on municipal debt	-	8,562	14,442	-	121,009	-	7,785	151,798	151,444
Materials and services	364,382	169,117	528,338	102,689	175,568	161,251	192,506	1,693,851	1,428,979
Contracted services	-	428,784	-	82,411	792,824	-	-	1,304,019	1,286,703
Insurance and financial costs	206,751	25,839	92,473	-	25,617	42,017	-	392,697	390,570
Third party transfers	27,036	25,695	-	-	-	-	-	52,731	44,347
Amortization	35,190	106,267	431,534	-	389,227	128,668	-	1,090,886	848,419
	1,339,714	947,431	1,928,601	206,407	1,504,245	469,690	319,379	6,715,467	6,013,863
<b>SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	877,295	153,213	(1,123,205)	41,873	82,391	75,302	138,841	245,710	503,059
<b>REVENUE RELATED TO CAPITAL AND OTHER</b>									
Deferred revenue, obligatory reserve funds earned	-	-	433,913	-	-	-	-	433,913	-
Grants and deferred revenue earned	-	27,964	730,360	-	-	22,677	-	781,001	340,042
Gain on disposal of tangible capital assets	51,627	-	-	-	-	-	-	51,627	-
Reversal of landfill closure and post closure liability	-	-	-	-	-	-	-	-	1,121,575
	51,627	27,964	1,164,273	-	-	22,677	-	1,266,541	1,461,617
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	\$ 928,922	\$ 181,177	\$ 41,068	\$ 41,873	\$ 82,391	\$ 97,979	\$ 138,841	\$ 1,512,251	\$ 1,964,676

See Accompanying Notes

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

##### (i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenses and include the activities of all committees of Council and the following local board:

The Corporation of the Village of Merrickville - Wolford Library Board

##### (ii) Non-consolidated entities

There are no non-consolidated entities.

##### (iii) Accounting for United Counties and school board transactions

The taxation, other revenues, expenses, 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 consolidated financial statements.

#### (b) Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### (c) Measurement uncertainty (use of estimates)

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses 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 asset retirement obligations. Actual results could differ from these estimates.

#### (d) Taxation and related revenue

Property tax billings are issued by the Municipality 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, payments 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 legislation.

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 Municipality 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 CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Government grants and transfers

Government grants transfers are the transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. The Municipality recognizes a government grant or transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government grant or transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Municipality recognizes revenue as the liability is settled.

#### (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) Investments

Investments are recorded at amortized cost. Cost approximate fair value of the investments.

#### (j) Deferred revenue

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

#### (k) Deferred revenue, obligatory reserve funds

The Municipality receives restricted contributions under the authority of federal and provincial legislation. These funds by their nature are restricted in their use and are recorded as deferred revenue until applied to applicable costs. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

#### (l) Employee benefits

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

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) 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.

#### (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 20 years
Water and waste plants and networks	
underground networks	40 to 100 years
sewage treatment plants	40 to 75 years
water pumping stations and reservoirs	40 to 75 years
flood stations and other infrastructure	40 to 75 years
Transportation	
roads	7 to 50 years
bridges and structures	25 to 75 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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 Municipality 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.

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (n) Non-financial assets (Continued)

##### (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 is recorded at the lower of cost or replacement cost.

#### (o) Asset retirement obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at fiscal year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Municipality reviews the carrying amount of the asset retirement obligation liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Municipality continues to recognize the asset retirement obligation liability relating to the landfill post-closure costs until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (p) 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 Municipality is directly responsible, or accepts responsibility to remediate the site;
- (iv) The Municipality expects that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

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.

#### (q) Segments

The Municipality conducts its operations through seven reportable segments: General Government, Protection Services, Transportation Services, Environmental Services which includes Water and Sewer Services, Recreation and Cultural Services, and Planning and Development. These segments are established by senior management to facilitate the achievement of the Municipality's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (r) Financial instruments

The Municipality recognizes its financial instruments when the Municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has made no such election during the year. The Municipality subsequently measures all its financial assets and liabilities at amortized cost.

The Municipality subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Municipality has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of financial activities.

Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized into income. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses in the fiscal year it occurs.

### 2. CHANGE IN ACCOUNTING POLICIES

#### Revenue recognition

Effective January 1, 2024, the Municipality adopted the Public Sector Accounting Board's ("PSAB") new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied retroactively, and prior periods have not been restated.

Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions."

There was no material impact on the financial statements from the retroactive application of the new accounting recommendations.



# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 3. DEFERRED REVENUE

Deferred revenue represents funds received from the Ontario Community Infrastructure Fund ("OCIF"), Investing in Canada Infrastructure Program ("ICIP"), Ontario Trillium Foundation ("OTF") and others to finance reconstruction costs of specific roads. The balances and transactions are summarized as follows:

	OCIF	ICIP	OTF and others	2024	2023
Balance, beginning of year	\$ 386,090	\$ 102,713	\$ 10,227	\$ 499,030	\$ 391,321
Grants received	135,456	-	99,000	234,456	121,865
Interest earned	18,649	5,396	-	24,045	25,106
Utilized for operating purposes	-	-	(10,227)	(10,227)	-
Utilized for capital acquisitions	(540,195)	(108,109)	-	(648,304)	(39,262)
Balance, end of year	\$ -	\$ -	\$ 99,000	\$ 99,000	\$ 499,030

### 4. 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	2024	2023
Balance, beginning of year	\$ 317,207	\$ 49,054	\$ 366,261	\$ 259,847
Grants received	100,080	-	100,080	101,499
Interest and other	16,626	5,262	21,888	21,463
Deferred revenue earned	(433,913)	(22,676)	(456,589)	(16,548)
Balance, end of year	\$ -	\$ 31,640	\$ 31,640	\$ 366,261

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 5. MUNICIPAL DEBT

(a) The balance of municipal debt reported on the consolidated statement of financial position is comprised of the following:

	2024	2023
Bank term loan, interest of 3.85%, repayable in blended monthly payments of \$2,458, due August 2036	\$ 276,195	\$ 294,901
Bank term loan, interest of 3.98%, repayable in blended semi-annual payments of \$100,627, due June 2044	2,711,788	2,802,400
Term loan, interest of 2.88%, repayable in blended semi-annual payments of \$6,542, matured in October 2024	-	12,808
Term loan, interest of 3.33%, repayable in blended semi-annual payments of \$12,055, due December 2036	236,899	252,724
Term loan, interest of 2.59%, repayable in blended semi-annual payments of \$11,700, due December 2026	45,325	67,128
Tile drain loans, interest of 6%, repayable over a ten year period in blended payments ranging between \$1,127 and \$6,793, maturity dates ranging from 2025 to 2028	24,133	35,021
	<b>\$ 3,294,340</b>	<b>\$ 3,464,982</b>

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

2025	\$ 158,486
2026	163,410
2027	146,081
2028	151,933
2029	151,366
2030 - 2033	667,230
Thereafter	1,855,834
	<b>\$ 3,294,340</b>

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

	2025 - 2029	2030 - thereafter
General municipal revenues	\$ 236,434	\$ 321,985
Benefiting landowners - tile drains	24,133	-
Benefiting landowners	510,709	2,201,079
	<b>\$ 771,276</b>	<b>\$ 2,523,064</b>

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 6. ASSET RETIREMENT OBLIGATIONS

The Municipality's asset retirement obligations include one solid waste landfill sites closure and post closure monitoring costs and the estimated removal costs of asbestosis from municipal buildings.

The Municipality operates one solid waste landfill site. The site has an estimated remaining life of 41 years, as a 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 25 years.

The liability for closure of the open site and post-closure care has been recognized based the present value of future costs. Total closure and post-closure costs are estimated to be \$2,880,000 with \$2,032,696 (2023 - \$2,030,764) being accrued at the end of the current fiscal year based upon an average inflation rate of 2.9% and a discount rate of 3.98% being the Municipalities' borrowing rate. The estimated liability for future asbestos removal costs is \$270,000 (2023 - \$270,000).

	2024	2023
Balance, beginning of year	\$ 2,300,764	\$ 1,121,575
Liabilities incurred relating to landfill closure and post closure costs	-	909,189
Liabilities incurred relating to asbestosis removal costs from buildings	-	270,000
Accretion	21,932	-
Balance, end of year	\$ 2,322,696	\$ 2,300,764

These costs are to be recovered from future taxation revenue and reserves.

### 7. OPERATING EXPENSES BY OBJECT

	BUDGET 2024	ACTUAL 2024	ACTUAL 2023
Wages and benefits	\$ 2,105,317	\$ 2,029,485	\$ 1,863,401
Interest on municipal debt	150,659	151,798	151,444
Materials and services	1,509,232	1,693,851	1,428,979
Contracted services	1,310,902	1,304,019	1,286,703
Insurance and other financial costs	331,273	392,697	390,570
Third party transfers	40,545	52,731	44,347
Amortization	826,000	1,090,886	848,419
	\$ 6,273,928	\$ 6,715,467	\$ 6,013,863

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 8. PENSION AGREEMENTS

The Municipality 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 of 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 Municipality does not recognize any share of the OMERS pension deficit of \$2.9 billion (2023 - \$4.2 billion) in these consolidated financial statements.

The employer's amount contributed to OMERS for 2024 was \$115,490 (2023 - \$118,850) for current service and is included as an expense on the consolidated statement of financial activities.

### 9. OPERATING SURPLUS

The operating surplus for the year ended December 31, 2024 was \$275,236 (2023 - \$171,700) which was transferred to the working capital reserve. The water and sewer surplus was \$163,845 (2023 - \$109,631) which was transferred to the water and sewer reserve. The library board surplus was \$12,037 (2023 - \$16,455) which was allocated to the library surplus account.

	BUDGET 2024	ACTUAL 2024	ACTUAL 2023
Surplus for the year	\$ 1,558,437	\$ 1,512,251	\$ 1,964,676
Funds transferred to reserves	(941,860)	(973,758)	(855,616)
Reserve funds used for operations and capital	2,108,788	1,281,031	151,529
Principal payment on long-term debt and capital leases	(159,754)	(159,754)	(154,069)
Change in asset retirement obligations	-	21,932	(1,121,575)
Acquisition of tangible capital assets	(3,391,611)	(2,321,470)	(535,578)
Annual amortization expense	826,000	1,090,886	848,419
Gain on disposal of tangible capital assets	-	(51,627)	-
Proceeds on disposal of tangible capital assets	-	51,627	-
Operating surplus for the year	-	451,118	297,786
Transfer of surplus to water and sewer reserve	-	(163,845)	(109,631)
Transfer of surplus to library board surplus	-	(12,037)	(16,455)
Transfer of surplus to working capital reserve	-	(275,236)	(171,700)
	\$ -	\$ -	\$ -

### 10. SEGMENTED INFORMATION

The Municipality is responsible for providing a range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the consolidated 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 consolidated financial statements as disclosed in Note 1.

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 10. SEGMENTED INFORMATION (Continued)

A brief description of each segment follows:

#### (a) General government

General government includes corporate services and governance of the Municipality. 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 Municipality. In addition, services are provided for 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 Municipality.

#### (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 Municipality.

#### (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

The 2024 budget amounts that were approved on March 11, 2024 were established for Capital, Reserves and Reserve Funds and 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

### 12. FINANCIAL INSTRUMENTS

The Municipality, as part of their operations, carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### *Credit concentration*

Financial instruments that potentially subject the Municipality to concentrations of credit risk consist primarily of taxes and accounts receivable. However, credit exposure is limited due to the Municipality's large customer base.

#### *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Municipality is exposed to interest rate cash flow risk with respect to long-term debt and taxes receivable. However, the exposure is limited as all long-term debt and taxes receivable are at a fixed interest rate.

#### *Liquidity risk*

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due.

The Municipality manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2024

### FINANCIAL ACTIVITIES (000's)

	2024	2023	2022	2021	2020
<b>Revenues</b>					
Taxation	\$ 3,896	\$ 3,633	\$ 3,526	\$ 3,361	\$ 3,325
Fees and service charges	2,194	2,060	2,136	1,786	1,782
Grants	378	409	425	451	487
Investment income	470	396	190	145	170
Other	23	19	28	28	25
	6,961	6,517	6,305	5,771	5,789
<b>Expenses</b>					
General government	1,340	1,230	1,066	990	981
Protection to persons and property	947	873	850	868	844
Transportation services	1,929	1,637	1,567	1,195	1,164
Environmental	1,711	1,557	1,599	1,487	1,531
Recreation and cultural services	469	341	353	278	232
Planning and development	319	376	472	318	411
	6,715	6,014	5,907	5,136	5,163
<b>Surplus before other items</b>	246	503	398	635	626
<b>Revenue related to capital and other</b>					
Deferred revenue earned	1,082	-	-	429	-
Grants	133	340	185	54	-
capital assets	52	-	-	-	-
Reversal of landfill closure costs	-	1,122	-	-	-
	1,267	1,462	185	483	-
<b>Surplus for the year</b>	\$ 1,513	\$ 1,965	\$ 583	\$ 1,118	\$ 626

### PROPERTY TAXES BILLED (000's)

	2024	2023	2022	2021	2020
Own Purposes	\$ 3,896	\$ 3,633	\$ 3,526	\$ 3,361	\$ 3,325
Upper-Tier Municipality	1,811	1,655	1,573	1,502	1,463
School Boards	832	804	806	774	863
	\$ 6,539	\$ 6,092	\$ 5,905	\$ 5,637	\$ 5,651

# CORPORATION OF THE VILLAGE OF MERRICKVILLE-WOLFORD

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2024

### TAXABLE ASSESSMENT (000's)

	2024	2023	2022	2021	2020
Residential and farm	\$ 408,596	\$ 396,905	\$ 392,874	\$ 384,584	\$ 378,407
Commercial and industrial	27,980	27,194	26,033	26,219	24,338
	\$ 436,576	\$ 424,099	\$ 418,907	\$ 410,803	\$ 402,745
Exempt	16,656	15,858	16,092	15,952	17,148
	\$ 453,232	\$ 439,957	\$ 434,999	\$ 426,755	\$ 419,893

Commercial and industrial	6.41%	6.41%	6.21%	6.38%	6.04%
Municipal residential tax rate	0.888%	0.850%	0.835%	0.811%	0.811%

### FINANCIAL INDICATORS

	2024	2023	2022	2021	2020
<b>Tax arrears</b>					
Percentage of own levy	21 %	17 %	18 %	22 %	27 %
Percentage of total levy	12 %	10 %	11 %	12 %	15 %
<b>Municipal debt</b>	\$ 3,270,207	\$ 3,429,960	\$ 3,584,030	\$ 3,732,763	\$ 3,986,086
<b>Municipal debt charges</b>	\$ 311,553	\$ 305,513	\$ 309,254	\$ 412,715	\$ 456,832

<b>Sustainability</b>					
Financial assets to liabilities	1.09	1.05	1.05	1.01	0.83
Financial assets to liabilities excluding municipal debt	2.07	1.91	2.31	2.50	2.15
Municipal debt to tangible capital assets	16.42 %	18.35 %	21.46 %	22.72 %	24.26 %

<b>Flexibility</b>					
Debt charges to total operating revenue	4.48 %	4.69 %	4.91 %	7.13 %	7.89 %
Total operating revenue to taxable assessment	15.36 %	14.81 %	14.49 %	13.56 %	13.79 %

<b>Vulnerability</b>					
Operating grants to operating revenue	5.44 %	6.27 %	6.74 %	7.81 %	8.41 %
Total grants to total revenues	6.21 %	9.39 %	9.40 %	8.07 %	8.41 %

<b>Reserve coverage</b>					
Reserves	\$ 6,220,527	\$ 6,088,718	\$ 5,103,300	\$ 4,828,191	\$ 3,909,575
Reserves to operating expenses	93 %	101 %	86 %	94 %	76 %
Reserves to working capital	1.00	1.00	1.00	0.98	0.97