

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY
OF MIDDLESEX**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Shareholders

We have audited the accompanying financial statements of the Corporation of the County of Middlesex ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statement of operations, consolidated statement of changes in net financial assets, and the statement of cash flows 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 consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 about whether the consolidated financial statements are free from 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 auditor's 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 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. 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Middlesex as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

London, Canada

July 13, 2011

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	Actual 2010	Actual 2009
Financial Assets		
Cash	\$ 9,471,669	\$ 14,689,461
Investments (note 4)	17,598,344	16,869,256
Accounts receivable	7,443,239	5,958,955
Loans receivable (note 5)	6,252,462	5,760,410
Total financial assets	40,765,714	43,278,082
Liabilities		
Liabilities:		
Accounts payable and accrued liabilities	7,659,615	7,637,957
Employee future benefits (note 7)	2,607,084	2,595,984
Deferred revenue (note 8)	2,552,311	2,422,878
Term loan (note 9)	13,795,000	14,685,000
Total liabilities	26,614,010	27,341,819
Net financial assets	14,151,704	15,936,263
Non-financial assets:		
Tangible capital assets (note 15)	89,567,049	82,758,654
Prepaid expenses	484,979	251,712
Inventories held for consumption or use	44,465	37,548
Non-financial assets	\$ 90,096,493	\$ 83,047,914
Contingencies (note 6)		
Accumulated surplus (note 14)	\$ 104,248,197	\$ 98,984,177

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
Revenues:			
Requisition on local municipalities	\$ 25,387,175	\$ 25,369,226	\$ 24,420,139
User charge	1,330,816	1,820,918	1,707,707
Government grants (note 10)	39,144,536	39,429,695	37,015,564
Investment income	700,000	824,336	730,163
Lodge resident maintenance	3,508,185	3,451,358	3,334,009
Contributed Assets	–	1,284,600	–
Other revenue (note 11)	157,113	49,532	110,604
Gain (loss) on disposal of tangible capital assets	–	(77,342)	(74,091)
	<u>70,227,825</u>	<u>72,152,323</u>	<u>67,244,095</u>
Expenditures:			
General government	3,641,509	3,973,245	3,712,004
Protection to persons and property	355,236	346,051	383,848
Transportation services	10,102,118	11,513,191	10,480,103
Environmental	55,000	35,460	49,541
Health services	24,598,647	24,367,635	23,391,346
Social and family services	20,665,010	19,566,573	19,313,432
Social housing	3,933,575	3,535,534	3,668,385
Recreation and cultural development	2,695,515	2,643,109	2,633,827
Planning and development	804,195	907,505	622,668
	<u>66,850,805</u>	<u>66,888,303</u>	<u>64,255,154</u>
Annual surplus:	3,377,020	5,264,020	2,988,941
Accumulated surplus, beginning of year	99,003,403	98,984,177	95,995,236
Accumulated surplus, end of year	<u>\$ 102,380,423</u>	<u>\$ 104,248,197</u>	<u>\$ 98,984,177</u>

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2010, with comparative figures for 2009

	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
Annual surplus	\$ 3,377,020	\$ 5,264,020	\$ 2,988,941
Acquisition of tangible capital assets	(12,355,508)	(10,151,966)	(8,113,528)
Amortization of tangible capital assets	6,237,452	6,598,546	6,304,386
Contributed Assets	-	(1,284,600)	-
Asset under construction	-	(2,203,902)	(323,584)
Loss on sale of tangible capital assets	-	77,342	74,091
Proceeds on sale of tangible capital assets	-	156,185	100,012
Change in inventory	-	(6,917)	(14,696)
Change in prepaid expenses	-	(233,267)	(57,752)
Change in net financial assets	(2,741,036)	(1,784,559)	957,870
Net Financial Assets			
Beginning of year	15,936,263	15,936,263	14,978,393
End of year	\$ 13,195,227	\$ 14,151,704	\$ 15,936,263

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,264,020	\$ 2,988,941
Amortization	6,598,546	6,304,386
Contributed assets	(1,284,600)	-
Loss on sale of tangible capital assets	77,342	74,091
Changes in non-cash operating working capital:		
Investments	(729,088)	(641,817)
Accounts receivable	(1,484,284)	(317,223)
Loans receivable	(492,052)	1,414,292
Accounts payable and accrued liabilities	21,658	190,534
Employee future benefit liability	11,100	(390,555)
Prepaid expenses	(233,267)	(57,752)
Inventories held for consumption or use	(6,917)	(14,696)
	<u>7,742,458</u>	<u>9,550,201</u>
Capital activities		
Acquisition of tangible capital assets	(10,151,966)	(8,113,528)
Assets under construction	(2,203,902)	(323,584)
Proceeds on disposal of tangible capital assets	156,185	100,012
	<u>(12,199,683)</u>	<u>(8,337,100)</u>
Financing activities:		
Term loan	(890,000)	(890,000)
Deferred revenue	129,433	1,250,811
	<u>(760,567)</u>	<u>360,811</u>
Net increase (decrease) in cash	(5,217,792)	1,573,912
Cash, beginning of year	14,689,461	13,115,549
Cash, end of year	<u>\$ 9,471,669</u>	<u>\$ 14,689,461</u>

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2010

The Corporation of the County of Middlesex (the "County") is an upper tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of the County are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of all committees of Council and the Middlesex County Library Board. All interfund assets, liabilities, revenues and expenditures have been eliminated.

(b) Non-consolidated entities:

The Middlesex London Health Unit has not been consolidated in the County's consolidated financial statements.

(c) Trust funds:

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately.

(d) Basis of presentation:

Revenues and expenditures are recorded on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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.

(e) Investments:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures and short-term instruments of various financial institutions.

Investment income earned on available funds is reported as revenue in the period earned.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(f) Deferred revenue:

The County receives certain amounts, from the federal, provincial governments and other municipalities, of which the proceeds may only be used in the conduct of certain programs or completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(g) Pension plan:

The County provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi employer pension plan which operates as the Ontario Municipal Employees Retirement Fund, and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the County's books.

The employer's contributions to a multi-employer, defined benefit plan are expensed as the obligations arise.

(h) Employee future benefits:

The cost of termination benefits and compensated absences are recognized when the event that obligates the County occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of other employee benefits are determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees and expected health costs.

Employee future benefit costs are discounted using the County's cost of long-term borrowing. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

(i) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the funding model and generally accepted accounting principles for local governments established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB. The budget figures are unaudited.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of these consolidated financial statements in accordance with 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 year. These estimates and assumptions, including employee future benefits are based on management's best information and judgment and may differ from future actual results.

(k) 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 consolidated change in net financial assets for the year.

(i) Tangible Capital Assets

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

Asset	Rate
Land improvements	3 – 100 years
Buildings	10 – 75 years
Machinery & Equipment	3 – 19 years
Vehicles	3 – 18 years
Road network and bridges	10 - 100 years
Library collections	5 – 15 years

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.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(iii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization

The County does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) Leased tangible capital assets

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

(vii) Inventories of supplies

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

(l) Use of estimates:

The preparation of financial statements 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. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

In addition, the County's implementation of the Public Sector Accounting Handbook PS3150 has requirement management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2010 in the amount of \$1,097,056 (2009 - \$1,077,679) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2010 amounting to \$64,384 (2009 - \$107,527) have not been included in the consolidated financial statements.

4. Investments:

The total investments of \$17,598,344 (2009 - \$16,869,256) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$17,663,816 (2009 - \$17,450,636). At the end of the year, these investments are comprised of:

	2010	2009
Investments:		
Cash	\$ 474,792	\$ 158,119
Fixed income securities	16,636,918	16,220,212
Foreign securities	486,634	490,925
	<hr/>	<hr/>
	\$ 17,598,344	\$ 16,869,256

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2010 the amount outstanding was \$6,252,462 (2009 - \$5,760,410). The amounts to be received in the next five years and thereafter are as follows:

2011	\$ 2,035,397
2012	1,234,492
2013	1,234,492
2014	796,992
2015	237,772
Thereafter	713,317
	<hr/>
	\$ 6,252,462

6. Contingencies

Certain actions and legal proceedings arising in the normal course of business, in addition to those otherwise provided for in the consolidated financial statements, are pending against the County of Middlesex. In the opinion of management, the outcome of these matters is not likely to have a material adverse effect on the County's financial position or the results of its operations.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

7. Employee future benefits:

(a) Pension:

The County contributed \$783,900 (2009 - \$739,437) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Consolidated Statement of Operations.

(b) Health, dental and life insurance:

The County provides certain employee benefits such as health, dental and life insurance to qualified retirees until they reach 65 years of age that will require funding in future periods.

The most recent actuarial valuation was undertaken as at December 31, 2008.

The benefit obligation continuity is as follows:

	2010	2009
Accrued benefit obligation, January 1	\$ 1,421,446	\$ 1,400,939
Current period benefit cost	73,816	68,923
Retirement interest expenditure	69,625	68,838
Benefits paid	(131,728)	(117,254)
	<u>\$ 1,433,159</u>	<u>\$ 1,421,446</u>
Post employment and post retirement benefits expense		
Current period benefit cost	\$ 73,816	\$ 68,923
Retirement interest expenditure	69,625	68,838
	<u>\$ 143,441</u>	<u>\$ 137,761</u>

The significant assumptions used in the actuarial valuation are as follows:

Discount rate	5%
Inflation rate	2%
Rate of compensation increase	3%
Dental cost increases	4%
Healthcare cost increases	7.33% per year until 2010 then reducing by 0.33% per year until 2020 when the ultimate rate of 4% is reached

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

7. Employee future benefits (continued):

(c) Workplace Safety and Insurance Board:

The County has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The County became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$233,593 (2009 - \$271,023)

The estimate of the future benefit costs for WSIB claims of \$1,173,925 (2009 - \$1,174,538) were provided by WSIB and were determined based on benefits currently in force with provision for benefits not yet awarded as follows:

Accidents prior to 1990 and survivor pensions	10.52%
Accidents from 1990 to 1997 and non-economic loss pensions	16.05%
Accidents after 1997	1.72%
Health care and non income benefits and ILAs	20.63%

8. Deferred revenue:

Deferred revenue on the consolidated statement of financial position is comprised of:

	2010	2009
Federal gas tax	\$ 2,286,625	\$ 2,264,259
Subsidy advances from provincial ministries	211,846	82,279
Subsidy advance from the City of London	44,349	44,349
Other deferred revenues	9,491	31,991
	\$ 2,552,311	\$ 2,422,878

9. Term loan:

	2010	2009
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$13,795,000	\$ 14,685,000

Interest paid on this loan during 2010 was \$650,553 (2009 - \$691,736).

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

9. Term loan (continued):

Principal and interest payments to be made in the next five years and thereafter are:

	Principal	Interest
2011	\$ 890,000	\$ 607,391
2012	890,000	567,792
2013	890,000	526,439
2014	890,000	485,143
2015	890,000	446,223
Thereafter	9,345,000	2,167,814
	<u>\$ 13,795,000</u>	<u>\$ 4,800,802</u>

The term loan liabilities issued in the name of the municipality have been approved by by-law. 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.

10. Compensation for annexed lands:

The City of London, under section 474.18 of the Middlesex Act, 2001, will pay the County of Middlesex, as compensation for the reduction in income due the dissolution of the London - Middlesex Suburban Roads Commission. Proceeds received in accordance with the prescribed formula within Section 474.18 were \$1,184,947 (2009 - \$1,198,179) and are included in government grants.

11. Other revenue:

Other revenue from operations is comprised of:

	2010	2009
Fines and lost books	\$ 31,223	\$ 33,324
Donations	4,913	63,608
Fire dispatch service	8,093	7,857
Transfer from trust	144	65
Sale of timber, maps and books	5,159	5,750
	<u>\$ 49,532</u>	<u>\$ 110,604</u>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2010. Based on the estimated liability a reserve has been established with funding at an amount deemed adequate to cover the estimated liability. However, the Province of Ontario and other ambulance providers have not finalized this calculation and the actual liability may differ from the estimates provided for in these consolidated financial statements.

13. Financial instruments:

The County's financial instruments include cash, investments, accounts receivable, loan receivable, accounts payable and accrued liabilities.

The fair values of these financial instruments approximate their carrying value due to the expected short-term maturity of these instruments.

The term loan approximates its fair value as interest rates are equivalent to market rates available to the County.

The fair value of the loan receivable is not readily determinable due to the related party nature of the instrument.

Unless otherwise noted, it is management's opinion that the County is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

14. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2010	Appropriations (to) from reserves	2009
Reserves:			
Working capital	\$ 339,623	\$ -	\$ 339,623
Insurance	620,847	58,405	679,252
Acquisition of fixed assets	5,319,069	1,515,469	6,834,538
Winter Control	(448,279)	261,649	(186,630)
Ambulatory services	7,834,281	50,455	7,884,736
Tax rate stabilization	1,582,397	1,629,329	3,211,726
Woodlands	54,000	-	54,000
Library Literary Fund	173,375	10,657	184,032
Tree bank	1,488	(162)	1,326
Planning studies	17,830	10,000	27,830
Total reserves	15,494,631	3,535,802	19,030,433
Reserve funds set aside for specific purposes by legislation, regulation or agreement:			
Future road construction	62,383	(561)	61,822
Senior services	588,401	(5,288)	583,113
Sewer and water capital works	10,023,578	(9,978)	10,013,600
Chapel fund (Strathmere Lodge)	5,585	2,831	8,416
Gifts and donations (Strathmere Lodge)	98,668	22,472	121,140
Strathroy Branch Fund	-	10,000	10,000
Total reserve funds	10,778,615	19,476	10,798,091
Surplus:			
Invested in tangible capital assets	89,567,049		82,758,654
Term loan	(13,795,000)		(14,685,000)
Net investment in tangible capital assets	75,772,049		68,073,654
General Revenue Fund	1,055,245		390,983
Unexpended Capital	4,279,310		3,828,513
Unfunded:			
Future benefit cost liability	(2,607,084)		(2,595,984)
Accrued interest on long-term liabilities	(320,921)		(341,625)
Vacation payable	(203,648)		(199,888)
Total surplus	77,974,951		69,155,653
Accumulated surplus	\$104,248,197		\$ 98,984,177

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

15. Tangible capital assets:

2010 Consolidated Schedule of Tangible Capital Assets – by Category

Cost				
Category	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land and land improvement	\$ 1,116,812	\$ 375,124	\$ -	\$ 1,491,936
Buildings	25,550,201	12,308	-	25,562,509
Machinery and equipment	6,184,197	397,423	(76,498)	6,505,122
Vehicles	7,673,857	1,566,172	(974,860)	8,265,169
Road network and bridges	93,738,418	8,786,365	(2,180,992)	100,343,791
Library collections	2,466,321	299,174	(215,747)	2,549,748
Assets under construction	365,146	2,203,902	-	2,569,048
Total	\$ 137,094,952	\$ 13,640,468	\$ (3,448,097)	\$ 147,287,323

Accumulated amortization				
Category				
Land and land improvement	\$ -	\$ -	\$ -	\$ -
Buildings	5,896,581	747,179	-	6,643,760
Machinery and equipment	2,655,700	610,527	(74,663)	3,191,564
Vehicles	4,036,715	870,341	(892,909)	4,014,147
Road network and bridges	40,456,682	4,100,009	(2,031,251)	42,525,440
Library collections	1,290,620	270,490	(215,747)	1,345,363
Assets under construction	-	-	-	-
Total	\$ 54,336,298	\$ 6,598,546	\$ (3,214,570)	\$ 57,720,274

Net book value		
Category	Net book value December 31, 2009	Net book value December 31, 2010
Land and land improvement	\$ 1,116,812	\$ 1,491,936
Buildings	19,653,620	18,918,749
Machinery and equipment	3,528,497	3,313,558
Vehicles	3,637,142	4,251,022
Road network and bridges	53,281,736	57,818,351
Library collections	1,175,701	1,204,385
Assets under construction	365,146	2,569,048
Total	\$ 82,758,654	\$ 89,567,049

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

15. Tangible capital assets (continued):

2009 Consolidated Schedule of Tangible Capital Assets – by Category

Cost				
Category	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land and land improvement	\$ 971,015	\$ 145,797	\$ -	\$ 1,116,812
Buildings	25,459,064	91,137	-	25,550,201
Machinery and equipment	5,639,496	767,254	(222,553)	6,184,197
Vehicles	7,523,863	716,335	(566,341)	7,673,857
Road network and bridges	89,507,724	6,102,023	(1,871,329)	93,738,418
Library collections	2,300,750	290,982	(125,411)	2,466,321
Assets under construction	41,562	323,584	-	365,146
Total	\$ 131,443,474	\$ 8,437,112	\$ (2,785,634)	\$ 137,094,952

Accumulated amortization				
Category				
Land and land improvement	\$ -	\$ -	\$ -	\$ -
Buildings	5,151,471	745,110	-	5,896,581
Machinery and equipment	2,276,573	599,119	(219,992)	2,655,700
Vehicles	3,714,103	828,953	(506,341)	4,036,715
Road network and bridges	38,346,178	3,870,291	(1,759,787)	40,456,682
Library collections	1,155,118	260,913	(125,411)	1,290,620
Assets under construction	-	-	-	-
Total	\$ 50,643,443	\$ 6,304,386	\$ (2,611,531)	\$ 54,336,298

Net book value		
Category	Net book value December 31, 2008	Net book value December 31, 2009
Land and land improvement	\$ 971,015	\$ 1,116,812
Buildings	20,307,593	19,653,620
Machinery and equipment	3,362,923	3,528,497
Vehicles	3,809,760	3,637,142
Road network and bridges	51,161,546	53,281,736
Library collections	1,145,632	1,175,701
Assets under construction	41,562	365,146
Total	\$ 80,800,031	\$ 82,758,654

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information:

In January 2006, PSAB approved Section PS 2700, *Segmented Disclosures*, which is applicable to all governments. The Section is based on the premise that the activities of a government are so broad and encompass so wide a range of different activities that it is valuable to disclose selected disaggregated financial information about particular segmented of a government. This is applicable to fiscal years beginning on or after April 1, 2009.

The County of Middlesex is an upper tier municipality. County services are provided by departments, and the departments have been separately disclosed in the segmented information, along with the services they provide, as follows:

The Council is comprised of the Mayors from the lower-tier municipalities, as well as some Deputy Mayors. Administration is comprised of the CAO, Clerk, Treasury, and Human Resources, providing services to Council and the other departments.

<i>Segment Reporting</i>	Council & Administration		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	1,420,785	1,256,999	1,141,168
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	471,737
Fees & Service Charges	822,859	1,008,841	1,746,946
Other Revenue	700,000	824,336	-
<i>Total Revenue</i>	<i>2,943,644</i>	<i>3,090,176</i>	<i>3,359,851</i>
Expenditures			
Salary, Wages & Benefits	1,120,896	1,112,146	1,067,882
Goods & Services	600,380	643,242	1,046,781
External Transfers	1,049,193	992,020	1,034,494
Debt Servicing	-	-	-
Amortization Expense	173,175	290,612	276,825
<i>Total Expenditures</i>	<i>2,943,644</i>	<i>3,038,020</i>	<i>3,425,982</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

The County Engineer's Office oversees the maintenance and capital works operations of the Highways Department and manages the County of Middlesex's Environmental Services functions. The Highways Department is responsible for the maintenance of roads and bridges throughout the County in accordance with minimum maintenance standards including winter and summer operations. This department also completes detailed design and project management for road rehabilitation and capital work, with the capacity to complete much of these operations using County staff and equipment. Environmental Services is limited to managing inter-municipal waste disposal agreements.

Segment Reporting	Transportation Services		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	9,181,843	10,996,483	8,010,773
Ontario Conditional Grants	3,367,311	3,764,735	15,310
Canada Conditional Grants	-	-	2,165,538
Other Municipalities	-	77,279	1,198,179
Fees & Service Charges	40,000	162,424	430,271
Other Revenue	-	1,083,258	-
<i>Total Revenue</i>	<i>12,589,154</i>	<i>16,084,179</i>	<i>11,820,071</i>
Expenditures			
Salary, Wages & Benefits	1,250,933	3,093,081	2,800,880
Goods & Services	4,488,285	3,729,168	2,865,618
External Transfers	-	42,700	49,541
Debt Servicing	-	-	-
Amortization Expense	4,434,905	4,683,702	4,420,829
<i>Total Expenditures</i>	<i>10,461,050</i>	<i>11,548,651</i>	<i>10,136,868</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

The Emergency Services Department is responsible for the proper provision of land ambulance services for the County of Middlesex and City of London, for emergency planning and preparedness in Middlesex County, for fire safety and fire investigation in Middlesex County, for the fire communication system in Middlesex County, and for administering agreements for 911 communication and fire dispatch in Middlesex County.

<i>Segment Reporting</i>	Emergency Services		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	1,671,332	1,845,069	2,220,996
Ontario Conditional Grants	11,715,508	11,630,809	10,815,558
Canada Conditional Grants	-	-	-
Other Municipalities	9,739,946	9,740,526	9,447,466
Fees & Service Charges	9,500	20,328	47,593
Other Revenue	8,013	-	(74,091)
<i>Total Revenue</i>	<i>23,144,299</i>	<i>23,236,732</i>	<i>22,457,522</i>
Expenditures			
Salary, Wages & Benefits	304,431	291,474	151,825
Goods & Services	491,567	907,754	1,049,899
External Transfers	21,718,728	21,727,118	20,681,922
Debt Servicing	-	-	-
Amortization Expense	629,573	690,285	666,905
<i>Total Expenditures</i>	<i>23,144,299</i>	<i>23,616,631</i>	<i>22,550,551</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

The Social Services department provides various financial and employment supports to eligible County residents. The majority of these would be through the Ontario Works Act, where the mandate is to assist clients to obtain sustainable self reliance. Employment supports are also offered to eligible dependents of ODSP clients. Further supports are provided to non social assistance recipients, under our many municipal initiatives to aid residents in need, from help with unaffordable utility costs, and the payment of overdue rent to prevent homelessness, to the cost of the burial of a person where no financial alternative is available. Middlesex Supports assists with programs designed to help alleviate the depth of child poverty. Our goal in all efforts is to enhance the lives of all of our citizens.

Segment Reporting	Social Services		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	6,838,736	6,006,754	7,029,986
Ontario Conditional Grants	4,906,262	4,849,655	3,925,042
Canada Conditional Grants	-	-	-
Other Municipalities	-	7,200	-
Fees & Service Charges	78,000	373,464	96,059
Other Revenue	-	-	-
<i>Total Revenue</i>	<i>11,822,998</i>	<i>11,237,073</i>	<i>11,051,087</i>
Expenditures			
Salary, Wages & Benefits	1,144,960	1,552,253	986,361
Goods & Services	547,138	245,112	241,774
External Transfers	10,130,900	9,468,676	9,920,698
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>11,822,998</i>	<i>11,266,041</i>	<i>11,148,833</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

Strathmere Lodge is the county owned and operated home providing long term care to 160 residents. It operates under provincial legislation and oversight of the Ministry of Health and Long Term Care. Continuing the tradition since 1872 of serving the county's seniors, the home now occupies a newly constructed facility in Strathroy.

<i>Segment Reporting</i>	Strathmere Lodge		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	2,274,965	2,024,404	2,794,410
Ontario Conditional Grants	6,335,817	6,596,102	6,322,145
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,534,509	3,478,949	3,362,877
Other Revenue	-	-	-
<i>Total Revenue</i>	<i>12,145,291</i>	<i>12,099,455</i>	<i>12,479,432</i>
Expenditures			
Salary, Wages & Benefits	8,967,854	8,893,504	8,564,377
Goods & Services	1,666,307	1,607,500	1,659,184
External Transfers	-	-	-
Debt Servicing	-	681,209	712,441
Amortization Expense	621,130	623,853	629,259
<i>Total Expenditures</i>	<i>11,255,291</i>	<i>11,806,066</i>	<i>11,565,261</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

The areas of responsibility for the Middlesex County Library Board are:

- Library and Information Services
- Information Technology: Middlesex Connects WAN for county building, libraries, garages, GAIN Centre, Strathmere Lodge: County and Library web sites; network, IT training and desktop support for all county departments
- Employment Resource Centres: GAIN in Strathroy and Dorchester in Thames Centre: core funding Employment Ontario (federal labour market agreement)

<i>Segment Reporting</i>	Library		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	3,318,319	2,630,705	2,621,392
Ontario Conditional Grants	928,174	442,871	143,416
Canada Conditional Grants	6,518	6,518	39,678
Other Municipalities	-	-	-
Fees & Service Charges	339,133	120,657	88,133
Other Revenue	44,100	85,511	100,634
<i>Total Revenue</i>	<i>4,636,244</i>	<i>3,286,262</i>	<i>2,993,253</i>
Expenditures			
Salary, Wages & Benefits	2,412,346	2,470,641	1,859,753
Goods & Services	1,845,229	827,598	696,073
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	378,669	310,094	310,568
<i>Total Expenditures</i>	<i>4,636,244</i>	<i>3,608,333</i>	<i>2,866,394</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

The Planning and Economic Development Department provides upper tier approval authority administration and advice to County Council on plans of subdivision, official plans and amendments and other land use planning authorities under the Ontario Planning Act. The department monitors growth and development within constituent municipalities and maintains the County Official Plan with respect to changes in legislation and County policies. The Economic Development portion of the department provides advice to County Council on all economic development matters occurring within Middlesex County and provides a web-based regional database, which can be accessed by potential investors and the public.

<i>Segment Reporting</i>	Planning & Economic Development		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	681,195	608,812	601,414
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	3,000	98,392	1,995
Other Municipalities	-	26,708	-
Fees & Service Charges	15,000	90,634	-
Other Revenue	105,000	105,000	9,970
<i>Total Revenue</i>	<i>804,195</i>	<i>929,546</i>	<i>613,379</i>
Expenditures			
Salary, Wages & Benefits	403,280	389,316	433,140
Goods & Services	330,298	447,572	160,446
External Transfers	70,617	70,617	-
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>804,195</i>	<i>907,505</i>	<i>593,586</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

16. Segmented information (continued):

The Other Amounts is made up of Ontario Municipal Partnership Fund and funding to the Middlesex London Health Unit.

Segment Reporting	Non Departmental		
	<i>2010 Budget</i>	<i>2010 Actual</i>	<i>2009 Actual</i>
Revenue			
Tax Revenue	-	-	-
Ontario Conditional Grants	2,142,000	2,188,900	2,469,500
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue	-	-	-
<i>Total Revenue</i>	<i>2,142,000</i>	<i>2,188,900</i>	<i>2,469,500</i>
Expenditures			
Salary, Wages & Benefits	-	-	-
Goods & Services	-	-	-
External Transfers	1,180,011	1,097,056	1,077,679
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>1,180,011</i>	<i>1,097,056</i>	<i>1,077,679</i>