

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY
OF MIDDLESEX**

Year ended December 31, 2012



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INDEPENDENT AUDITORS' REPORT

To the Members of Council of the Corporation of the County of Middlesex

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, 2012 and the consolidated statement of operations, consolidated statement of changes in net financial assets, and the consolidated statement of cash flows for the year then ended, and notes, comprising 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 public sector accounting standards, 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

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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

June 25, 2013

London, Canada

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THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	Actual 2012	Actual 2011
Financial Assets		
Cash	\$ 8,453,226	\$ 10,042,438
Investments (note 4)	13,179,693	16,151,097
Accounts receivable	6,039,963	5,916,755
Loans receivable (note 5)	8,966,964	7,713,864
Total financial assets	36,639,846	39,824,154
Financial Liabilities		
Accounts payable and accrued liabilities	6,210,345	8,516,284
Employee future benefits (note 7)	3,223,949	2,441,135
Deferred revenue (note 8)	2,922,609	2,582,943
Term loan (note 9)	12,015,000	12,905,000
Total financial liabilities	24,371,903	26,445,362
Net financial assets	12,267,943	13,378,792
Non-financial assets:		
Tangible capital assets (note 15)	106,040,012	98,640,971
Prepaid expenses	1,377,240	505,439
Inventories held for consumption or use	36,745	53,089
Non-financial assets	\$ 107,453,997	\$ 99,199,499
Contingencies and commitments (note 6)		
Accumulated surplus (note 14)	\$ 119,721,940	\$ 112,578,291

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(Unaudited)		
Revenues:			
Requisition on local municipalities	\$ 28,203,028	\$ 28,271,027	\$ 27,057,248
User charge	1,173,102	1,437,413	1,514,932
Government grants (note 10)	41,210,960	43,844,537	45,043,646
Investment income	735,000	541,398	423,054
Lodge resident maintenance	3,501,808	3,492,197	3,443,920
Other revenue (note 11)	100,353	91,986	51,566
Gain (loss) on disposal of tangible capital assets	75,000	(693,664)	(269,740)
	<u>74,999,251</u>	<u>76,984,894</u>	<u>77,264,626</u>
Expenditures:			
General government	4,190,529	4,316,138	4,529,162
Protection to persons and property	453,824	492,677	412,188
Transportation services	11,652,785	11,702,772	12,239,406
Environmental	17,000	17,087	27,625
Health services	25,922,543	26,250,829	25,843,812
Social and family services	19,844,397	19,730,468	19,203,556
Social housing	4,170,810	3,819,076	3,711,768
Recreation and cultural development	3,352,992	2,746,245	2,770,130
Planning and development	805,136	765,953	801,168
	<u>70,410,016</u>	<u>69,841,245</u>	<u>69,538,815</u>
Annual surplus:	4,589,235	7,143,649	7,725,811
Accumulated surplus, beginning of year	112,578,291	112,578,291	104,852,480
Accumulated surplus, end of year	<u>\$ 117,167,526</u>	<u>\$ 119,721,940</u>	<u>\$ 112,578,291</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, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(Unaudited)		
Annual surplus	\$ 4,589,235	\$ 7,143,649	\$ 7,725,811
Acquisition of tangible capital assets	(11,429,951)	(20,934,040)	(12,314,520)
Amortization of tangible capital assets	7,500,585	7,486,823	7,157,527
Asset under construction	(1,210,000)	5,063,733	(3,711,916)
Loss on sale of tangible capital assets	-	693,664	269,740
Proceeds on sale of tangible capital assets	75,000	290,779	129,530
Change in inventory	-	16,344	(8,624)
Change in prepaid expenses	-	(871,801)	(20,460)
Change in net financial assets	(475,131)	(1,110,849)	(772,912)
Net Financial Assets			
Beginning of year	13,378,792	13,378,792	14,151,704
End of year	\$ 12,903,661	\$ 12,267,943	\$ 13,378,792

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual Surplus	\$ 7,143,649	\$ 7,725,811
Items not involving cash:		
Amortization	7,486,823	7,157,527
Loss on sale of tangible capital assets	693,664	269,740
Change in non-cash operating working capital:		
Investments	2,971,404	1,447,247
Accounts receivable	(123,208)	1,526,484
Loans receivable	(1,253,100)	(1,461,402)
Accounts payable and accrued liabilities	(2,305,939)	856,669
Employee future benefits	782,814	(165,949)
Prepaid expenses	(871,801)	(20,460)
Inventories held for consumption or use	16,344	(8,624)
	14,540,650	17,327,043
Capital activities		
Acquisition of tangible capital assets	(20,934,040)	(12,314,520)
Assets under construction	5,063,733	(3,711,916)
Proceeds on disposal of tangible capital assets	290,779	129,530
	(15,579,528)	(15,896,906)
Financing activities:		
Term loan	(890,000)	(890,000)
Deferred revenue	339,666	30,632
	(550,334)	(859,368)
Net increase (decrease) in cash	(1,589,212)	570,769
Cash, beginning of year	10,042,438	9,471,669
Cash, end of year	\$ 8,453,226	\$ 10,042,438

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2012

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 inter-fund 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, 2012

1. Significant accounting policies (continued):

(f) Deferred revenue:

The County receives certain amounts, from the federal and 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) Government transfers:

Government transfers received relate to transportation, health, social services and library programs. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(h) 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.

(i) 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.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

1. Significant accounting policies (continued):

(j) 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.

(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 – 20 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.

(iii) Natural resources

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(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 required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2012 in the amount of \$1,150,855 (2011 - \$1,124,476) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2012 amounting to \$55,148 (2011 - \$50,247) have not been included in the consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

4. Investments:

Total investments of \$13,179,693 (2011 - \$16,151,097) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$14,177,034 (2011 - \$17,258,600). At the end of the year, these investments are comprised of:

	2012	2011
Investments:		
Cash	\$ 402,149	\$ 10,931
Fixed income securities	12,750,544	16,113,166
Other	27,000	27,000
	<hr/>	<hr/>
	\$ 13,179,693	\$ 16,151,097

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2012 the amount outstanding was \$8,966,964 (2011 - \$7,713,864). The amounts to be received in the next five years and thereafter are as follows:

2013	\$ 1,697,149
2014	1,641,284
2015	1,082,064
2016	1,082,064
2017	1,082,064
Thereafter	2,382,339
	<hr/>
	\$ 8,966,964

6. Contingencies and commitments:

(a) 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, 2012

6. Contingencies and commitments (continued):

(b) Commitments:

The County has entered into commitments for rent and leases expiring at various dates prior to 2016. The future minimum annual payments are estimated to be as follows:

2013	\$	1,050,227
2014		1,081,734
2015		1,114,186
	\$	3,246,147

7. Employee future benefits:

(a) Pension:

The County contributed \$1,989,260 (2011 - \$925,067) 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, 2012.

The benefit obligation continuity is as follows:

	2012	2011
Accrued benefit obligation, January 1	\$ 1,436,476	\$ 1,433,159
Current period benefit cost	36,433	79,058
Amortization of actuarial losses	13,904	-
Post-employment benefit interest expenditure	61,626	69,991
Benefits paid	(133,941)	(145,732)
Accrued benefit obligation, December 31	\$ 1,414,498	\$ 1,436,476
Post retirement and sick leave benefits expenses		
Current period benefit cost	\$ 36,433	\$ 79,058
Amortization of actuarial losses	13,904	-
Post-employment benefit interest expenditure	61,626	69,991
	\$ 111,963	\$ 149,049

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

7. Employee future benefits (continued):

(b) Health, dental and life insurance (continued):

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

Discount rate	4%
Inflation rate	2%
Rate of compensation increases	3%
Dental & travel costs increase	4%
Healthcare cost increases	6.667% per year for 2012 then reducing by 0.333% per year until 2020 when the ultimate rate of 4% is reached

(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 \$262,443 (2011 - \$203,592)

The estimate of the future benefit costs for WSIB claims of \$1,809,451 (2011 - \$1,004,659) 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	17.88%
Accidents from 1990 to 1997 and non-economic loss pensions	20.31%
Accidents after 1997	13.73%
Health care and non - income benefits and ILAs	22.31%

(d) Employee future benefits liability consists of the following:

	2012	2011
Health, dental & life insurance benefit obligations	\$ 1,414,498	\$ 1,436,476
WSIB benefit obligations	1,809,451	1,004,659
	\$ 3,223,949	\$ 2,441,135

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

8. Deferred revenue:

Deferred revenue on the Consolidated Statement of Financial Position is comprised of:

	2012	2011
Federal gas tax	\$ 2,718,985	\$ 2,302,641
Subsidy advances from provincial ministries	154,872	228,582
Subsidy advance from the City of London	44,349	44,349
Other deferred revenues	4,403	7,371
	<u>\$ 2,922,609</u>	<u>\$ 2,582,943</u>

9. Term loan:

	2012	2011
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$12,015,000	\$ 12,905,000

Interest paid on this loan during 2012 was \$569,545 (2011 - \$609,371).

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

	Principal	Interest
2013	\$ 890,000	\$ 526,439
2014	890,000	485,143
2015	890,000	446,223
2016	890,000	402,608
2017	890,000	360,350
Thereafter	7,565,000	1,404,856
	<u>\$ 12,015,000</u>	<u>\$ 3,625,619</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 \$1,151,112 (2011 - \$1,151,112) and are included in government grants in the Consolidated Statement of Operations.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

11. Other revenue:

Other revenue from operations is comprised of:

	2012	2011
Fines and lost books	\$ 26,867	\$ 29,778
Donations	49,183	7,747
Fire dispatch service	8,585	8,482
Transfer from trust	153	153
Sale of timber, maps and books	7,198	5,406
	<u>\$ 91,986</u>	<u>\$ 51,566</u>

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2012. 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, loans 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, 2012

14. Accumulated surplus:

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

	2012	Appropriations (to) from reserves	2011
Reserves:			
Working capital	\$ 339,623	\$ -	\$ 339,623
Insurance	571,249	(4,776)	566,473
Winter Control	226,188	(877,632)	(651,444)
Ambulance services	7,140,949	132,172	7,273,121
Tax rate stabilization	1,215,326	180,306	1,395,632
Woodlands	54,000	-	54,000
Tree bank	2,988	-	2,988
Total reserves	9,550,323	(569,930)	8,930,393
Reserve funds set aside for specific purposes by legislation, regulation or agreement:			
Future road construction	3,661,184	1,134,053	4,795,237
Senior services	603,548	(7,474)	596,074
Sewer and water capital works	10,039,221	(3,515)	10,035,706
Strathmere Lodge equipment	637,250	(129,187)	508,063
Chapel fund (Strathmere Lodge)	5,962	(618)	5,344
Gifts and donations (Strathmere Lodge)	41,923	20,727	62,650
Strathroy Branch Fund	2,252	(28)	2,224
Total reserve funds	14,991,340	1,013,958	16,005,298
Surplus:			
Invested in tangible capital assets	106,040,012		98,640,971
Term loan	<u>(12,015,000)</u>		<u>(12,905,000)</u>
Net investment in tangible capital assets	94,025,012		85,735,971
General Revenue Fund	657,410		1,066,727
Unexpended Capital	4,143,308		3,686,208
Unfunded			
Future benefit cost liability	(3,223,949)		(2,441,135)
Accrued interest on long-term liabilities	(277,984)		(296,935)
Vacation payable	(143,520)		(158,236)
Total surplus	95,180,277		87,592,600
Accumulated surplus	\$119,721,940		\$112,578,291

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

15. Tangible capital assets:

(a) 2012 Consolidated Schedule of Tangible Capital Assets – by Category

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land & land improvement	\$ 3,088,378	\$ 69,387	\$ (267,797)	\$ 2,889,968
Buildings	25,584,489	62,009	-	25,646,498
Machinery & equipment	7,715,499	1,447,786	(307,989)	8,855,296
Vehicles	8,298,750	1,664,424	(971,002)	8,992,172
Road network and bridges	106,834,207	17,277,507	(3,448,695)	120,663,019
Library collections	2,754,028	412,927	(296,429)	2,870,526
Assets under construction	6,280,964	(5,063,733)	-	1,217,231
Total	\$ 160,556,315	\$ 15,870,307	\$ (5,291,912)	\$171,134,710

Accumulated Amortization

Land & land improvement	\$ -	\$ -	\$ -	\$ -
Buildings	7,391,625	750,585	-	8,142,210
Machinery & equipment	4,077,435	660,211	(292,170)	4,445,476
Vehicles	3,997,769	945,885	(837,702)	4,105,952
Road network and bridges	45,056,524	4,830,756	(2,881,168)	47,006,112
Library collections	1,391,991	299,386	(296,429)	1,394,948
Assets under construction	-	-	-	-
Total	\$ 61,915,344	\$ 7,486,823	\$ (4,307,469)	\$ 65,094,698

Net Book Value

Category	Net Book Value December 31, 2011	Net Book Value December 31, 2012
Land & land improvement	\$ 3,088,378	\$ 2,889,968
Buildings	18,192,864	17,504,288
Machinery & equipment	3,638,064	4,409,820
Vehicles	4,300,981	4,886,220
Road network and bridges	61,777,683	73,656,907
Library collections	1,362,037	1,475,578
Assets under construction	6,280,964	1,217,231
Total	\$ 98,640,971	\$106,040,012

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

15. Tangible capital assets (continued):

(b) 2011 Consolidated Schedule of Tangible Capital Assets – by Category

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land & land improvement	\$ 1,491,936	\$ 1,596,442	\$ -	\$ 3,088,378
Buildings	25,562,509	21,980	-	25,584,489
Machinery & equipment	7,403,344	507,937	(195,782)	7,715,499
Vehicles	8,265,169	1,054,749	(1,021,168)	8,298,750
Road network and bridges	100,343,791	8,746,520	(2,256,104)	106,834,207
Library collections	2,611,560	386,892	(244,424)	2,754,028
Assets under construction	2,569,048	3,711,916	-	6,280,964
Total	\$ 148,247,357	\$ 16,026,436	\$ (3,717,478)	\$160,556,315

Accumulated Amortization

Land & land improvement	\$ -	\$ -	\$ -	-
Buildings	6,643,760	747,865	-	7,391,625
Machinery & equipment	3,544,225	718,043	(184,833)	4,077,435
Vehicles	4,014,147	896,207	(912,585)	3,997,769
Road network and bridges	42,525,440	4,507,451	(1,976,367)	45,056,524
Library collections	1,348,453	287,961	(244,424)	1,391,991
Assets under construction	-	-	-	-
Total	\$ 58,076,025	\$ 7,157,527	\$ (3,318,209)	\$ 61,915,344

Net Book Value

Category	Net Book Value December 31, 2010	Net Book Value December 31, 2011
Land & land improvement	\$ 1,491,936	\$ 3,088,378
Buildings	18,918,749	18,192,864
Machinery & equipment	3,859,119	3,638,064
Vehicles	4,251,022	4,300,981
Road network and bridges	57,818,351	61,777,683
Library collections	1,263,107	1,362,037
Assets under construction	2,569,048	6,280,964
Total	\$ 90,171,332	\$ 98,640,971

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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, 2011.

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.

Segment Reporting	Council & Administration		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	1,995,061	1,708,661	1,350,528
Ontario Conditional Grants	-	1,239	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	807,724	1,571,290	473,004
Other Revenue/Gain (Loss) Sale of Assets	735,000	(6,151)	970,393
<i>Total Revenue</i>	<i>3,537,785</i>	<i>3,275,039</i>	<i>2,793,925</i>
Expenditures			
Salary, Wages & Benefits	1,338,875	1,360,966	1,166,084
Goods & Services	884,619	748,571	758,798
External Transfers	1,105,381	1,105,381	878,209
Debt Servicing	-	-	-
Amortization Expense	168,616	315,132	315,894
<i>Total Expenditures</i>	<i>3,497,491</i>	<i>3,530,050</i>	<i>3,118,985</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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.

<i>Segment Reporting</i>	Transportation Services		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	10,653,785	11,395,786	10,370,401
Ontario Conditional Grants	1,250,000	1,467,357	2,763,228
Canada Conditional Grants	2,117,311	3,236,528	3,125,973
Other Municipalities	-	1,255,958	1,139,909
Fees & Service Charges	50,000	181,872	6,481
Other Revenue/Gain (Loss) Sale of Assets	-	(618,124)	(88,182)
<i>Total Revenue</i>	<i>14,071,096</i>	<i>16,919,377</i>	<i>17,317,810</i>
Expenditures			
Salary, Wages & Benefits	1,212,035	3,100,720	2,913,984
Goods & Services	4,930,265	3,052,595	4,185,217
External Transfers	-	85,107	59,351
Debt Servicing	-	-	-
Amortization Expense	5,513,486	5,464,350	5,108,479
<i>Total Expenditures</i>	<i>11,655,786</i>	<i>11,702,772</i>	<i>12,267,031</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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.

Segment Reporting	Emergency Services		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	2,291,105	1,878,226	2,176,296
Ontario Conditional Grants	12,598,926	13,034,984	12,666,992
Canada Conditional Grants	-	-	-
Other Municipalities	10,531,000	10,528,147	10,015,142
Fees & Service Charges	2,500	25,992	9,652
Other Revenue/Gain (Loss) Sale of Assets	83,253	(60,364)	(19,000)
<i>Total Revenue</i>	<i>25,506,784</i>	<i>25,406,985</i>	<i>24,849,082</i>
Expenditures			
Salary, Wages & Benefits	169,981	15,179,120	324,554
Goods & Services	857,942	4,549,001	1,316,950
External Transfers	23,762,136	5,572,133	22,961,648
Debt Servicing	-	-	-
Amortization Expense	663,465	696,363	757,020
<i>Total Expenditures</i>	<i>25,453,524</i>	<i>25,996,617</i>	<i>25,360,172</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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.

<i>Segment Reporting</i>	Social Services		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	5,727,748	5,728,153	5,899,700
Ontario Conditional Grants	5,032,011	4,675,724	5,310,903
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	160,000	(2,821)	176,399
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenue</i>	<i>10,919,759</i>	<i>10,401,056</i>	<i>11,387,002</i>
Expenditures			
Salary, Wages & Benefits	1,209,701	1,270,837	1,496,467
Goods & Services	292,114	196,332	205,123
External Transfers	9,417,944	8,741,008	9,086,786
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>10,919,759</i>	<i>10,208,177</i>	<i>10,788,376</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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.

Segment Reporting	Strathmere Lodge		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	2,305,650	2,586,516	1,951,868
Ontario Conditional Grants	7,188,233	7,242,809	7,014,885
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,545,106	3,595,561	3,488,183
Other Revenue/Gain (Loss) Sale of Assets	-	153	3,961
<i>Total Revenue</i>	<i>13,038,989</i>	<i>13,425,039</i>	<i>12,458,897</i>
Expenditures			
Salary, Wages & Benefits	9,734,718	9,821,114	9,238,465
Goods & Services	1,184,331	1,158,706	1,140,597
External Transfers	588,500	588,496	510,283
Debt Servicing	567,792	569,545	609,370
Amortization Expense	637,133	645,921	628,233
<i>Total Expenditures</i>	<i>12,712,474</i>	<i>12,783,782</i>	<i>12,126,948</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

16. Segmented information (continued):

Middlesex Connect provides Wide Area Network for county building, libraries, garages, Ambulance Stations, Strathmere Lodge: County and Library web sites; network, IT training and desktop support for all county departments.

Segment Reporting	Middlesex Connect		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	606,845	505,220	631,952
Ontario Conditional Grants	-	367,209	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	7,500
Fees & Service Charges	73,870	69,130	69,130
Other Revenue/Gain (Loss) Sale of Assets	100	-	-
<i>Total Revenue</i>	<i>680,815</i>	<i>941,559</i>	<i>708,582</i>
Expenditures			
Salary, Wages & Benefits	415,622	389,118	326,358
Goods & Services	269,093	295,829	250,798
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	163,559	65,762	62,925
<i>Total Expenditures</i>	<i>848,274</i>	<i>750,709</i>	<i>640,081</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

16. Segmented information (continued):

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

- Library and Information Services
- Employment Resource Centres: GAIN in Strathroy and Dorchester in Thames Centre: core funding Employment Ontario (federal labour market agreement expired June 30, 2012)

Segment Reporting	Library		
	<i>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	2,661,301	2,674,460	2,698,579
Ontario Conditional Grants	619,179	137,782	887,251
Canada Conditional Grants	-	24,500	23,078
Other Municipalities	-	-	-
Fees & Service Charges	14,710	-	28,560
Other Revenue/Gain (Loss) Sale of Assets	40,000	75,610	43,927
<i>Total Revenue</i>	<i>3,335,190</i>	<i>2,912,352</i>	<i>3,681,395</i>
Expenditures			
Salary, Wages & Benefits	1,891,958	1,830,904	1,938,231
Goods & Services	1,039,890	915,341	1,156,949
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	354,327	299,295	284,976
<i>Total Expenditures</i>	<i>3,286,175</i>	<i>3,045,540</i>	<i>3,380,156</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	800,572	633,044	782,345
Ontario Conditional Grants	2,000	-	-
Canada Conditional Grants	-	-	32,155
Other Municipalities	-	-	24,000
Fees & Service Charges	21,000	29,984	21,397
Other Revenue/Gain (Loss) Sale of Assets	52,000	7,198	957
<i>Total Revenue</i>	<i>875,572</i>	<i>670,226</i>	<i>860,854</i>
Expenditures			
Salary, Wages & Benefits	454,702	419,546	428,443
Goods & Services	348,870	253,197	372,725
External Transfers	72,000	-	-
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>875,572</i>	<i>672,743</i>	<i>801,168</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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>2012 Budget</i>	<i>2012 Actual</i>	<i>2011 Actual</i>
Revenue			
Tax Revenue	1,160,961	1,160,961	1,195,579
Ontario Conditional Grants	1,872,300	1,872,300	2,011,500
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenue</i>	<i>3,033,261</i>	<i>3,033,261</i>	<i>3,207,079</i>
Expenditures			
Salary, Wages & Benefits	-	-	-
Goods & Services	-	-	-
External Transfers	1,160,961	1,150,855	1,055,898
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>1,160,961</i>	<i>1,150,855</i>	<i>1,055,898</i>