

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY  
OF MIDDLESEX**

Year ended December 31, 2013



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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 consolidated financial statements of the Corporation of the County of Middlesex ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations, changes in net financial assets, and the 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 Consolidated 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.

### 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 our 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, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of 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, 2013, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 24, 2014

London, Canada

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	Actual 2013	Actual 2012
<b>Financial Assets</b>		
Cash	\$ 10,375,277	\$ 8,453,226
Investments (note 4)	13,612,036	13,179,693
Accounts receivable	6,059,743	6,039,963
Loans receivable (note 5)	9,149,681	8,966,964
<b>Total financial assets</b>	<b>39,196,737</b>	<b>36,639,846</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	7,191,878	6,210,345
Employee future benefits (note 7)	4,194,405	3,223,949
Deferred revenue (note 8)	3,422,420	2,922,609
Term loan (note 9)	11,125,000	12,015,000
<b>Total financial liabilities</b>	<b>25,933,703</b>	<b>24,371,903</b>
<b>Net financial assets</b>	<b>13,263,034</b>	<b>12,267,943</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 15)	109,694,966	106,040,012
Prepaid expenses	1,909,588	1,377,240
Inventories held for consumption or use	43,012	36,745
<b>Non-financial assets</b>	<b>111,647,566</b>	<b>107,453,997</b>
Contingencies and commitments (note 6)		
<b>Accumulated surplus</b> (note 14)	<b>\$ 124,910,600</b>	<b>\$ 119,721,940</b>

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Consolidated Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	Budget 2013	Actual 2013	Actual 2012
<b>Revenues:</b>			
Requisition on local municipalities	\$ 29,824,643	\$ 29,917,010	\$ 28,271,027
User charge	1,160,923	1,354,455	1,437,413
Government grants (note 10)	41,686,278	41,969,628	43,844,537
Investment income	575,000	525,943	541,398
Lodge resident maintenance	3,599,414	3,592,452	3,492,197
Other revenue (note 11)	232,085	200,093	91,986
Gain (loss) on disposal of tangible capital assets	-	19,472	(693,664)
	<u>77,078,343</u>	<u>77,579,053</u>	<u>76,984,894</u>
<b>Expenditures:</b>			
General government	4,483,419	4,410,118	4,316,138
Protection to persons and property	487,442	580,234	492,677
Transportation services	12,238,202	12,670,171	11,702,772
Environmental	7,000	4,110	17,087
Health services	28,065,300	28,365,122	26,250,829
Social and family services	19,633,466	19,471,784	19,730,468
Social housing	4,184,736	2,704,351	3,819,076
Recreation and cultural development	3,648,761	3,252,773	2,746,245
Planning and development	862,493	931,730	765,953
	<u>73,610,819</u>	<u>72,390,393</u>	<u>69,841,245</u>
Annual surplus	3,467,524	5,188,660	7,143,649
Accumulated surplus, beginning of year	119,721,940	119,721,940	112,578,291
Accumulated surplus, end of year	<u>\$ 123,189,464</u>	<u>\$ 124,910,600</u>	<u>\$ 119,721,940</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, 2013, with comparative information for 2012

	Budget 2013	Actual 2013	Actual 2012
Annual surplus	\$ 3,467,524	\$ 5,188,660	\$ 7,143,649
Acquisition of tangible capital assets	(9,060,588)	(10,530,405)	(20,934,040)
Amortization of tangible capital assets	8,173,195	8,048,044	7,486,823
Asset under construction	(3,918,000)	(2,126,685)	5,063,733
(Gain)/loss on sale of tangible capital assets	-	(19,472)	693,664
Proceeds on sale of tangible capital assets	-	973,564	290,779
Change in inventory	-	(6,267)	16,344
Change in prepaid expenses	-	(532,348)	(871,801)
<b>Change in net financial assets</b>	<b>(1,337,869)</b>	<b>995,091</b>	<b>(1,110,849)</b>
<b>Net financial assets:</b>			
Beginning of year	12,267,943	12,267,943	13,378,792
End of year	\$ 10,930,074	\$ 13,263,034	\$ 12,267,943

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,188,660	\$ 7,143,649
Items not involving cash:		
Amortization	8,048,044	7,486,823
(Gain)/loss on sale of tangible capital assets	(19,472)	693,664
Change in non-cash operating working capital:		
Investments	(432,343)	2,971,404
Accounts receivable	(19,780)	(123,208)
Loans receivable	(182,717)	(1,253,100)
Accounts payable and accrued liabilities	981,533	(2,305,939)
Employee future benefits	970,456	782,814
Prepaid expenses	(532,348)	(871,801)
Inventories held for consumption or use	(6,267)	16,344
	<u>13,995,766</u>	<u>14,540,650</u>
Capital activities:		
Acquisition of tangible capital assets	(10,530,405)	(20,934,040)
Assets under construction	(2,126,685)	5,063,733
Proceeds on disposal of tangible capital assets	973,564	290,779
	<u>(11,683,526)</u>	<u>(15,579,528)</u>
Financing activities:		
Term loan	(890,000)	(890,000)
Deferred revenue	499,811	339,666
	<u>(390,189)</u>	<u>(550,334)</u>
Net increase (decrease) in cash	1,922,051	(1,589,212)
Cash, beginning of year	8,453,226	10,042,438
Cash, end of year	<u>\$ 10,375,277</u>	<u>\$ 8,453,226</u>

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Notes to Consolidated Financial Statements

Year ended December 31, 2013

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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 Chartered Professional Accountants of Canada. 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, Middlesex-London Emergency Medical Authority 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, 2013

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## 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, 2013

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## 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.

(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 and 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.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 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 required 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, 2013

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## 1. Significant accounting policies (continued):

(m) Change in accounting policy:

The County has implemented Public Sector Accounting Board ("PSAB") section 3410 – Government Transfers at January 1, 2013. The standard discusses what the criteria are for a government transfer, recognition of the transferring and recipient government, eligibility criteria/stipulations within the transfer, and presentation and disclosure information related to the government transfer. In accordance with the transitional guidance included within the standard, this change has been applied prospectively. There were no changes to the consolidated financial statements as a result of the implementation of this standard.

## 2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2013 in the amount of \$1,091,066 (2012 - \$1,150,855) to the Middlesex London Health Unit.

## 3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2013 amounting to \$46,063 (2012 - \$55,148) have not been included in the consolidated financial statements.

## 4. Investments:

Total investments of \$13,612,036 (2012 - \$13,179,693) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$14,240,471 (2012 - \$14,177,034). At the end of the year, these investments are comprised of:

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	2013	2012
Investments:		
Cash	\$ 19,682	\$ 402,149
Fixed income securities	13,579,870	12,750,544
Other	12,484	27,000
	<hr/>	<hr/>
	\$ 13,612,036	\$ 13,179,693

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# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

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## 5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2013 the amount outstanding was \$9,149,681 (2012 - \$8,966,964). The amounts to be received in the next five years and thereafter are as follows:

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2014	\$	1,837,819
2015		1,278,599
2016		1,278,599
2017		1,278,599
2018		1,278,599
Thereafter		2,197,466
	\$	9,149,681

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## 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.

(b) Commitments:

The County has entered into commitments for rent and leases expiring at various dates prior to 2017. The future minimum annual payments are estimated to be as follows:

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2014	\$	766,373
2015		758,386
2016		740,528
	\$	2,265,287

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## 7. Employee future benefits:

(a) Pension:

The County contributed \$2,742,856 (2012 - \$1,989,260) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Consolidated Statement of Operations.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 7. Employee future benefits:

### (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:

	2013	2012
Accrued benefit obligation, January 1	\$ 1,414,498	\$ 1,436,476
Current period benefit cost	38,791	36,433
Amortization of actuarial losses	13,904	13,904
Post-employment benefit interest expenditure	59,977	61,626
Benefits paid	(146,991)	(133,941)
Accrued benefit obligation, December 31	\$ 1,380,179	\$ 1,414,498
Post retirement and sick leave benefits expenses:		
Current period benefit cost	\$ 38,791	\$ 36,433
Amortization of actuarial losses	13,904	13,904
Post-employment benefit interest expenditure	59,977	61,626
	\$ 112,672	\$ 111,963

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

Discount rate	4%
Inflation rate	2%
Rate of compensation increases	3%
Dental and travel costs increase	4%
Healthcare cost increases	6.334% for 2013 then reducing by 0.333% 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, 2013

## 7. Employee future benefits:

### (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 \$603,360 (2012 - \$262,443).

The estimate of the future benefit costs for WSIB claims of \$2,814,226 (2012 - \$1,809,451) 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	18.79%
Accidents from 1990 to 1997 and non-economic loss pensions	22.52%
Accidents after 1997	13.49%
Health care and non-income benefits and ILAs	16.57%

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

	2013	2012
Health, dental and life insurance benefit obligations	\$ 1,380,179	\$ 1,414,498
WSIB benefit obligations	2,814,226	1,809,451
	\$ 4,194,405	\$ 3,223,949

## 8. Deferred revenue:

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

	2013	2012
Federal gas tax	\$ 3,118,797	\$ 2,718,985
Subsidy advances from provincial ministries	259,274	154,872
Subsidy advance from The City of London	44,349	44,349
Other deferred revenues	—	4,403
	\$ 3,422,420	\$ 2,922,609

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 9. Term loan:

	2013	2012
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$11,125,000	\$ 12,015,000

Interest paid on this loan during 2013 was \$526,552 (2012 - \$569,545).

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

	Principal	Interest
2014	\$ 890,000	\$ 485,143
2015	890,000	446,223
2016	890,000	402,608
2017	890,000	360,350
2018	890,000	320,016
Thereafter	6,675,000	1,084,840
	\$ 11,125,000	\$ 3,099,180

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 \$1,085,437 (2012 - \$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, 2013

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## 11. Other revenue:

Other revenue from operations is comprised of:

	2013	2012
Fines and lost books	\$ 25,408	\$ 26,867
Donations	16,976	49,183
Fire dispatch service	8,843	8,585
Transfer from trust	8,131	153
Sale of timber, maps and books	140,735	7,198
	<u>\$ 200,093</u>	<u>\$ 91,986</u>

## 12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2013. 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.

With the exception of the term loan, 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, 2013

## 14. Accumulated surplus:

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

	2013	Transfers (to) from reserves	2012
<b>Reserves:</b>			
Working capital	\$ 339,623	\$ -	\$ 339,623
Insurance	528,596	42,653	571,249
Winter Control	(315,658)	541,846	226,188
Ambulance services	6,602,440	538,509	7,140,949
Tax rate stabilization	691,000	524,326	1,215,326
Woodlands	171,541	(117,541)	54,000
Tree bank	2,988	-	2,988
<b>Total reserves</b>	<b>8,020,530</b>	<b>1,529,793</b>	<b>9,550,323</b>
<b>Reserve funds set aside for specific purposes by legislation, regulation or agreement:</b>			
Future road construction	5,551,064	(1,889,880)	3,661,184
Senior services	611,116	(7,568)	603,548
Capital works	10,052,673	(13,451)	10,039,221
Strathmere Lodge equipment	729,780	(92,530)	637,250
Gifts and donations (Strathmere Lodge)	34,329	7,594	41,923
Chapel fund (Strathmere Lodge)	2,679	3,282	5,962
Strathroy Branch Fund	2,280	(28)	2,252
<b>Total reserve funds</b>	<b>16,983,921</b>	<b>(1,992,581)</b>	<b>14,991,340</b>
<b>Surplus:</b>			
Invested in tangible capital assets	109,694,966		106,040,012
Term loan	(11,125,000)		(12,015,000)
<b>Net investment in tangible capital assets</b>	<b>98,569,966</b>		<b>94,025,012</b>
General Revenue Fund	1,175,793		657,410
Unexpended capital	4,792,283		4,143,308
<b>Unfunded:</b>			
Future benefit cost liability	(4,194,405)		(3,223,949)
Accrued interest on long-term liabilities	(258,807)		(277,984)
Vacation payable	(178,681)		(143,520)
<b>Total surplus</b>	<b>99,906,149</b>		<b>95,180,277</b>
<b>Accumulated surplus</b>	<b>\$124,910,600</b>		<b>\$119,721,940</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 15. Tangible capital assets:

(a) 2013 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land and land improvement	\$ 2,889,968	\$ 750,173	\$ (697,441)	\$ 2,942,700
Buildings	25,646,498	7,151	-	25,653,649
Machinery and equipment	8,855,296	1,303,585	(1,389,736)	8,769,145
Vehicles	8,992,172	1,286,865	(943,788)	9,335,249
Road network and bridges	120,663,019	6,713,152	(1,621,192)	125,754,979
Library collections	2,870,526	469,479	(318,452)	3,021,553
Assets under construction	1,217,231	2,126,685	-	3,343,916
<b>Total</b>	<b>\$ 171,134,710</b>	<b>\$ 12,657,090</b>	<b>\$ (4,970,609)</b>	<b>\$ 178,821,191</b>
Accumulated amortization				
Land and land improvement	\$ -	\$ -	\$ -	\$ -
Buildings	8,142,210	753,222	-	8,895,432
Machinery and equipment	4,445,476	798,129	(1,370,121)	3,873,484
Vehicles	4,105,952	1,048,839	(854,305)	4,300,486
Road network and bridges	47,006,112	5,063,350	(1,473,639)	50,595,823
Library collections	1,394,948	384,504	(318,452)	1,461,000
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 65,094,698</b>	<b>\$ 8,048,044</b>	<b>\$ (4,016,517)</b>	<b>\$ 69,126,225</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 15. Tangible capital assets (continued):

(a) 2013 Consolidated Schedule of Tangible Capital Assets – by category:

Net Book Value		
Category	Net Book Value December 31, 2012	Net Book Value December 31, 2013
Land and land improvement	\$ 2,889,968	\$ 2,942,700
Buildings	17,504,288	16,758,217
Machinery and equipment	4,409,820	4,895,661
Vehicles	4,886,220	5,034,763
Road network and bridges	73,656,907	75,159,156
Library collections	1,475,578	1,560,553
Assets under construction	1,217,231	3,343,916
<b>Total</b>	<b>\$ 106,040,012</b>	<b>\$109,694,966</b>

(b) 2012 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land and land improvement	\$ 3,088,378	\$ 69,387	\$ (267,797)	\$ 2,889,968
Buildings	25,584,489	62,009	-	25,646,498
Machinery and 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
<b>Total</b>	<b>\$ 160,556,315</b>	<b>\$ 15,870,307</b>	<b>\$ (5,291,912)</b>	<b>\$171,134,710</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 15. Tangible capital assets (continued):

(b) 2012 Consolidated Schedule of Tangible Capital Assets – by category:

Accumulated amortization				
Land and land improvement	\$	-	\$	-
Buildings		7,391,625		750,585
Machinery and equipment		4,077,435		(292,170)
Vehicles		3,997,769		(837,702)
Road network and bridges		45,056,524		4,830,756
Library collections		1,391,991		(296,429)
Assets under construction		-		-
<b>Total</b>	<b>\$</b>	<b>61,915,344</b>	<b>\$</b>	<b>7,486,823</b>
				<b>\$ (4,307,469)</b>
				<b>\$ 65,094,698</b>

Net Book Value		
Category	Net Book Value December 31, 2011	Net Book Value December 31, 2012
Land and land improvement	\$ 3,088,378	\$ 2,889,968
Buildings	18,192,864	17,504,288
Machinery and 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
<b>Total</b>	<b>\$ 98,640,971</b>	<b>\$106,040,012</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 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 segment of a government. This is applicable to fiscal years beginning on or after April 1, 2012.

The County of Middlesex is an upper tier municipality. County services are provided by departments, and the departments have been separately disclosed in the segment 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 Chief Administrative Officer, Clerk, Treasury, Human Resources, legal providing services to Council and the other departments.

<i>Segment Reporting</i>	<b>Council &amp; Administration</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	1,566,508	1,482,830	1,708,661
Ontario Conditional Grants	22,000	-	1,239
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	811,465	1,484,590	1,571,290
Other Revenue/Gain (Loss) Sale of Assets	575,000	502,257	(6,151)
<i>Total Revenues</i>	<i>2,974,973</i>	<i>3,469,677</i>	<i>3,275,039</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	1,355,276	1,463,269	1,360,966
Goods & Services	902,978	913,782	748,571
External Transfers	1,105,381	972,429	1,105,381
Debt Servicing	-	-	-
Amortization Expense	181,064	158,388	315,132
<i>Total Expenditures</i>	<i>3,544,699</i>	<i>3,507,868</i>	<i>3,530,050</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 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>	<b>Transportation Services</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	13,082,317	15,358,892	11,395,786
Ontario Conditional Grants	1,250,000	-	1,467,357
Canada Conditional Grants	2,117,311	2,117,311	3,236,528
Other Municipalities	-	1,085,437	1,255,958
Fees & Service Charges	52,500	8,997	181,872
Other Revenue/Gain (Loss) Sale of Assets	8,585	59,710	(618,124)
<i>Total Revenues</i>	<i>16,510,713</i>	<i>18,630,347</i>	<i>16,919,377</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	3,439,125	3,707,313	3,100,720
Goods & Services	2,988,589	3,761,383	3,052,595
External Transfers	-	74,125	85,107
Debt Servicing	-	-	-
Amortization Expense	5,917,488	5,775,419	5,464,350
<i>Total Expenditures</i>	<i>12,345,202</i>	<i>13,318,240</i>	<i>11,702,772</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 16. Segmented information (continued):

The Emergency Services Department is responsible for the proper provision of land ambulance services for the County of Middlesex and the 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.

<b>Segment Reporting</b>	<b>Emergency Services</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	1,951,606	1,995,537	1,878,226
Ontario Conditional Grants	12,935,888	12,935,895	13,034,984
Canada Conditional Grants	-	-	-
Other Municipalities	10,846,930	10,910,484	10,528,147
Fees & Service Charges	-	-	25,992
Other Revenue/Gain (Loss) Sale of Assets	-	-	(60,364)
<i>Total Revenues</i>	<i>25,734,424</i>	<i>25,841,916</i>	<i>25,406,985</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	22,258,789	20,984,685	15,179,120
Goods & Services	2,350,996	2,224,954	4,549,001
External Transfers	643,310	1,839,851	5,572,133
Debt Servicing	-	-	-
Amortization Expense	903,956	908,412	696,363
<i>Total Expenditures</i>	<i>26,157,051</i>	<i>25,957,902</i>	<i>25,996,617</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 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>	<b>Social Services</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	5,664,828	4,242,845	5,728,153
Ontario Conditional Grants	5,075,702	5,086,959	4,675,724
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	160,000	-	(2,821)
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>10,900,530</i>	<i>9,329,804</i>	<i>10,401,056</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	1,209,701	1,372,221	1,270,837
Goods & Services	292,114	230,874	196,332
External Transfers	9,707,090	8,537,389	8,741,008
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>11,208,905</i>	<i>10,140,484</i>	<i>10,208,177</i>



# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 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.

<b>Segment Reporting</b>	<b>Strathmere Lodge</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	2,020,382	2,414,978	2,586,516
Ontario Conditional Grants	7,400,347	7,623,392	7,242,809
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,657,372	3,447,931	3,595,561
Other Revenue/Gain (Loss) Sale of Assets	-	57,150	153
<i>Total Revenues</i>	<i>13,078,101</i>	<i>13,543,451</i>	<i>13,425,039</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	10,127,170	10,152,719	9,821,114
Goods & Services	1,254,855	1,338,234	1,158,706
External Transfers	604,260	610,136	588,496
Debt Servicing	526,439	545,729	569,545
Amortization Expense	664,193	663,114	645,921
<i>Total Expenditures</i>	<i>13,176,917</i>	<i>13,309,932</i>	<i>12,783,782</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 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.

<i>Segment Reporting</i>	<b>IT</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	718,759	701,475	505,220
Ontario Conditional Grants	-	-	367,209
Canada Conditional Grants	-	-	-
Other Municipalities	-	170,844	-
Fees & Service Charges	54,000	14,267	69,130
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>772,759</i>	<i>886,586</i>	<i>941,559</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	395,647	488,537	389,118
Goods & Services	408,115	256,899	295,829
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	134,958	156,814	65,762
<i>Total Expenditures</i>	<i>938,720</i>	<i>902,250</i>	<i>750,709</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 16. Segmented information (continued):

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

- Library and Information Services
- Comprehensive Libraries: Strathroy, Parkhill and Lucan opening in 2014

<b>Segment Reporting</b>	<b>Library</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	2,906,024	3,035,882	2,674,460
Ontario Conditional Grants	163,467	145,242	137,782
Canada Conditional Grants	-	-	24,500
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	41,500	72,126	75,610
<i>Total Revenues</i>	<i>3,110,991</i>	<i>3,253,250</i>	<i>2,912,352</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	2,161,858	2,117,354	1,830,904
Goods & Services	761,601	363,564	915,341
External Transfers	-	387,351	-
Debt Servicing	-	-	-
Amortization Expense	371,536	384,504	299,295
<i>Total Expenditures</i>	<i>3,294,995</i>	<i>3,252,773</i>	<i>3,045,540</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 16. Segmented information (continued):

The Planning 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.

<i>Segment Reporting</i>	<b>Planning</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	410,299	363,791	451,636
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	189,533	208,964	-
Fees & Service Charges	25,000	41,700	29,984
Other Revenue/Gain (Loss) Sale of Assets	182,000	3,687	7,198
<i>Total Revenues</i>	<i>806,832</i>	<i>618,142</i>	<i>488,818</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	431,134	535,192	404,495
Goods & Services	190,526	182,863	86,840
External Transfers	26,250	-	-
Debt Servicing	-	-	-
Amortization Expense	-	1,395	-
<i>Total Expenditures</i>	<i>647,910</i>	<i>719,450</i>	<i>491,335</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 16. Segmented information (continued):

The Economic Development 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.

<b>Segment Reporting</b>	<b>Economic Development</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	342,959	320,780	181,408
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>342,959</i>	<i>320,780</i>	<i>181,408</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	27,859	30,256	15,051
Goods & Services	135,600	118,130	166,357
External Transfers	73,000	63,894	-
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>236,459</i>	<i>212,280</i>	<i>181,408</i>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 16. Segmented information (continued):

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

<b>Segment Reporting</b>	<b>Non Departmental</b>		
	<i>2013 Budget</i>	<i>2013 Actual</i>	<i>2012 Actual</i>
<b>Revenues</b>			
Tax Revenue	1,160,961	-	1,160,961
Ontario Conditional Grants	1,685,100	1,685,100	1,872,300
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>2,846,061</i>	<i>1,685,100</i>	<i>3,033,261</i>
<b>Expenditures</b>			
Salary, Wages & Benefits	-	-	-
Goods & Services	-	-	-
External Transfers	1,169,961	1,069,214	1,150,855
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>1,169,961</i>	<i>1,069,214</i>	<i>1,150,855</i>