

Consolidated Financial Statements

**THE CORPORATION OF THE
COUNTY OF MIDDLESEX**

And independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Middlesex (the Entity), which comprise:

- the consolidated statement of financial position as at end of December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 12, 2025

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets:		
Cash	\$12,457,141	\$18,487,118
Investments (note 5)	49,172,857	48,093,211
Accounts receivable	27,586,042	18,477,723
Accounts receivable – long term	94,821	94,821
Mortgage receivable – long term (note 16)	16,420,109	16,322,100
	105,730,970	101,474,973
Financial liabilities:		
Accounts payable and accrued liabilities	16,606,716	12,163,701
Asset retirement obligations (note 2)	957,474	918,000
Employee future benefits (note 7)	11,858,300	10,059,800
Deferred revenue (note 8)	10,176,693	9,353,557
Term loan (note 9)	2,225,000	3,115,000
Total liabilities	41,824,183	35,610,058
Net financial assets	63,906,787	65,864,915
Non-financial assets:		
Tangible capital assets (note 15)	180,512,381	162,686,596
Prepaid expenses	3,446,143	3,977,616
Inventories held for consumption or use	75,436	90,257
	184,033,960	166,754,469
Contingencies and commitments (note 6)		
Accumulated surplus (note 14)	\$247,940,747	\$232,619,384

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022 (Restated - note 2)
Revenues:			
Requisition on local municipalities	\$53,430,030	\$53,479,938	\$47,961,944
Government grants (note 10)	82,020,620	100,978,394	89,004,776
Lodge resident maintenance	4,231,982	4,459,702	4,157,791
User charges	1,009,112	1,626,814	1,811,533
Investment income	375,000	1,660,750	1,265,555
Other revenue (note 11)	22,000	107,639	149,267
Loss on disposal of tangible capital assets	-	(172,039)	(37,458)
	141,088,744	162,141,198	144,313,408
Expenditures:			
General government	9,481,915	9,212,586	8,973,667
Protection to persons and property	587,000	533,525	541,922
Transportation services	19,446,028	18,299,353	18,388,480
Environmental	25,000	21,678	22,656
Health services	60,468,085	64,791,063	56,721,489
Social and family services	29,143,267	39,982,972	31,732,730
Social housing	6,528,880	5,534,146	5,129,514
Recreation and cultural development	5,928,767	5,948,236	5,572,082
Planning and development	2,579,814	2,496,276	2,269,358
	134,188,756	146,819,835	129,351,898
Annual surplus	6,899,988	15,321,363	14,961,510
Accumulated surplus, beginning of year	232,619,384	232,619,384	217,657,874
Accumulated surplus, end of year	\$239,519,372	\$247,940,747	\$232,619,384

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022 (Restated - note 2)
Annual surplus	\$6,899,988	\$15,321,363	\$14,961,510
Amortization of tangible capital assets	12,558,027	12,605,454	11,790,125
Acquisition of tangible capital assets	(25,125,331)	(33,729,938)	(12,776,061)
Asset under construction	-	2,952,575	(7,345,495)
Loss on sale of tangible capital assets	-	172,039	37,458
Proceeds on sale of tangible capital assets	-	174,085	32,883
Change in inventories held for consumption or use	-	14,821	(39,553)
Change in prepaid expenses	-	531,473	(1,382,479)
Change in net financial assets	(5,667,316)	(1,958,128)	5,278,388
Net financial assets, beginning of year	65,864,915	65,864,915	60,586,527
Net financial assets, end of year	\$60,197,599	\$63,906,787	\$65,864,915

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated – note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$15,321,363	\$14,961,510
Items not involving cash:		
Amortization	12,605,454	11,790,125
Loss on sale of tangible capital assets	172,039	37,458
Changes in non-cash operating working capital:		
Accounts receivable	(9,108,319)	(9,234,705)
Accounts payable and accrued liabilities	4,443,015	(189,884)
Asset retirement obligations	39,474	918,000
Employee future benefits	1,798,500	595,400
Deferred revenue	823,136	(1,755,052)
Prepaid expenses	531,473	(1,382,479)
Inventories held for consumption or use	14,821	(39,553)
	26,640,956	15,700,820
Investing activities:		
Investments	(1,079,646)	(4,799,367)
Loans receivable	-	341,746
Long-term mortgage receivable (note 16)	(98,009)	(314,150)
Acquisition of tangible capital assets	(33,729,938)	(12,776,061)
Assets under construction	2,952,575	(7,345,495)
Proceeds on sale of tangible capital assets	174,085	32,883
	(31,780,933)	(24,860,444)
Financing activities:		
Term loan	(890,000)	(890,000)
Decrease in cash	(6,029,977)	(10,049,624)
Cash, beginning of year	18,487,118	28,536,742
Cash, end of year	\$12,457,141	\$18,487,118

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

December 31, 2023, with comparative information for 2022

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 Services 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)

December 31, 2023, with comparative information for 2022

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 that 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)

December 31, 2023, with comparative information for 2022

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 – not amortized	-
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)

December 31, 2023, with comparative information for 2022

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 consolidated 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 consolidated 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. Estimates include assumptions used in estimating provisions for mortgage receivable, prepaid rent, 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)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(m) Liabilities for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceed an environmental standard.

The County recognizes a liability for remediation of a contaminated site when the site is no longer in productive use or an unexpected event resulting in contamination has occurred and the following criteria are satisfied: contamination exceeds an environmental standard, the County is either directly responsible or has accepted responsibility for remediation, it is expected future economic benefits will be given up and a reasonable estimate of the amount can be made. Future economic benefits are expected to be given up if the County has an external obligation to remediate a site or has commenced remediation on its own accord.

(n) Asset retirement obligations:

An asset retirement obligation is recognized when as at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that the future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include postretirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital assets. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life, excluding land. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital assets.

The asset retirement obligations results from the remediation of two gravel pits, associated with the County land, no amortization was applied to these retirement costs. The County reports liabilities related to the legal obligations where the County is obligated to incur costs to retire a tangible capital asset. The liability is increased each year, due to the passage of time, and is recorded as an accretion expense.

(o) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the County's December 31, 2024 year-end).

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(o) Future accounting pronouncements (continued):

(ii) Public sector guideline 8 purchased intangibles

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the County's December 31, 2024 year-end).

(iii) Public private partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023 (the County's December 31, 2024 year-end).

2. Change in accounting policies:

On January 1, 2023, the County adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations (ARO).

This accounting standard addresses reporting legal obligations associated with retirement of certain tangible capital assets such as post-closing costs for gravel pits. A modified retrospective basis has been used to record this standard with a cumulative adjustment for previous fiscal years' obligations reflected in the new accumulative surplus balance on January 1, 2022. These estimates were evaluated on the adoption of PS 3280.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

2. Change in accounting policies (continued):

As a result of applying this accounting standard, an asset retirement obligation of \$957,474 (2022 restated – \$918,000) was recognized as a liability on the Consolidated Statement of Financial Position.

The adoption of PS 3280 ARO was applied to the comparative period as follows:

	2022 as previously reported	Adjustments	2022 as restated
Consolidated statement of financial position:			
Asset retirement obligations	\$-	\$918,000	\$918,000
Tangible capital assets	161,786,596	900,000	162,686,596
Accumulated surplus	232,637,384	(18,000)	232,619,384
Consolidated statement of operations and accumulated surplus:			
Accretion expense	-	18,000	18,000
Transportation services	18,370,480	18,000	18,388,480
Annual surplus	14,979,510	(18,000)	14,961,510
Consolidated statement of change in net financial assets:			
Annual surplus	14,979,510	(18,000)	14,961,510
Acquisition of tangible capital assets (including ARO)	11,876,061	900,000	12,776,061
Change in net financial assets	6,196,388	(918,000)	5,278,388

3. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2023 in the amount of \$1,404,859 (2022 - \$1,404,859) to the Middlesex London Health Unit.

4. Trust funds:

Trust funds administered by the County for the year ended December 31, 2023 amounting to \$76,966 (2022 - \$68,764) have not been included in the consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

5. Investments:

Total investments of \$49,172,857 (2022 - \$48,093,211) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$48,751,377 (2022 - \$47,183,872). At the end of the year, these investments are comprised of:

	2023	2022
Cash and cash equivalents	\$ 38,262	\$ 8,457
Fixed income securities	49,134,595	48,084,754
	<u>\$ 49,172,857</u>	<u>\$ 48,093,211</u>

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. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are indeterminable.

(b) Commitments:

The County has entered into commitments for rent and leases expiring at various dates prior to 2050. The future minimum annual payments are estimated to be as follows:

2024	\$2,053,273
2025	2,162,153
2026	2,121,584
2027	2,129,005
2028	2,008,336
Thereafter	18,427,635
	<u>\$28,901,986</u>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

7. Employee future benefits:

(a) Pension:

The County contributed \$4,986,404 (2022 - \$4,322,323) 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, 2023, and it provided projected expense and liability disclosure information for the fiscal periods 2024 and 2025. The benefit obligation continuity is as follows:

	2023	2022
Accrued benefit obligation, January 1	\$3,584,800	\$3,379,300
Current period benefit cost	502,200	366,100
Post-employment benefit interest expenditure	124,700	104,800
Plan amendments	(75,800)	-
Benefits paid	(201,200)	(265,400)
Accrued benefit obligation, December 31	3,934,700	3,584,800
Unamortized actuarial loss	(228,500)	(304,900)
Liability for benefits	\$3,706,200	\$3,279,900

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$502,200	\$366,100
Amortization of actuarial losses	76,400	79,700
Plan amendments	(75,800)	-
Post-employment benefit interest expenditure	124,700	104,800
	\$627,500	\$550,600

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

7. Employee future benefits (continued):

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

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

	2023	2022
Discount rate	4.3%	2.9%
Rate of compensation increases	3.0%	3.0%
Dental and other Extended Health Care costs increase	4.0%	4.0%
Extended Health Care cost increases	7.26% for 2023 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached	5.46% for 2022 then reducing by 0.13% per year until 2036 when the ultimate rate of 3.66% 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 \$2,798,296 (2022 - \$1,451,248).

An actuarial valuation was undertaken as at December 31, 2023, it provided projected expense and liability disclosure information for the fiscal periods 2024 and 2025. The estimate of the future benefit cost for WSIB claims was \$8,152,100 (2022 - \$6,779,900).

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

	2023	2022
Discount rate	4.3%	2.0%
Inflation rate	2.0%	2.0%
Future benefit indexing rate:		
Loss of earning benefits	2.0%	2.0%
Other income benefits	2.0%	2.0%
Health benefits	4.0%	4.0%

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

7. Employee future benefits (continued):

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

	2023	2022
Health, dental and life insurance benefit obligations	\$3,706,200	\$3,279,900
WSIB benefit obligations	8,152,100	6,779,900
	\$11,858,300	\$10,059,800

8. Deferred revenue:

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

	2023	2022
Federal gas tax	\$5,102,775	\$5,646,341
Subsidy advances from provincial ministries	4,329,186	3,340,594
Subsidy advance from The City of London	238,732	238,732
Subsidy advance from other	506,000	127,890
	\$10,176,693	\$9,353,557

9. Term loan:

	2023	2022
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest, due on January 3 2026	\$2,225,000	\$3,115,000

Interest paid on this loan during 2023 was \$113,705 (2022 - \$155,001).

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

	Principal	Interest
2024	\$890,000	\$72,409
2025	890,000	30,887
2026	445,000	-
	\$2,225,000	\$103,296

The term loan liabilities issued in the name of the County 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.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

10. Compensation for annexed lands:

The City of London, under section 474.18 of the Municipal Act, 2001, will pay the County of Middlesex, as compensation for the reduction in income due to the dissolution of the London - Middlesex Suburban Roads Commission. Proceeds received in accordance with the prescribed formula within Section 474.18 were \$1,293,798 (2022 - \$1,190,745) and are included in government grants in the Consolidated Statement of Operations.

11. Other revenue:

Other revenue from operations is comprised of:

	2023	2022
Sale of timber, maps and books	\$69,192	\$82,033
Donations	26,614	58,932
Fines and lost books	11,217	7,763
Transfer from trust	616	539
	<u>\$107,639</u>	<u>\$149,267</u>

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 - 2023. 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, mortgage receivable, accounts payable and accrued liabilities and term loans.

With the exception of the mortgage receivable & term loan, the fair values of these financial instruments approximate their carrying value due to the expected short-term maturity of these instruments.

The mortgage receivable & term loan approximate their fair values as interest rates are equivalent to market rates available to the County.

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)

December 31, 2023, with comparative information for 2022

14. Accumulated surplus:

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

	2023	2022
Reserves:		
Working capital	\$947,580	\$730,607
Insurance	1,230,100	1,238,187
Winter control	3,351,930	1,671,111
Ambulance services	5,018,395	3,960,157
Tax rate stabilization	9,141,716	9,171,130
Woodlands and Tree bank	221,679	235,678
Total reserves	19,911,400	17,006,870
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
Future road construction	16,920,492	18,526,344
Wind farm decommission – fees	92,486	799,488
Capital works	16,957,320	16,589,401
County revenue replacement investment	6,947,805	7,381,392
Strathmere Lodge equipment	514,382	324,087
Gifts and donations (Strathmere Lodge)	39,579	37,443
Chapel fund (Strathmere Lodge)	2,459	2,403
IT equipment	206,843	147,429
Library technology replacement	80,512	153,198
Strathroy Library	71,022	69,629
Murray Elliott	72,242	70,825
Friends of Strathroy Library	35,328	34,358
Total reserve funds	41,940,470	44,135,997
Surplus:		
Invested in tangible capital assets	180,512,381	162,686,596
Term loan	(2,225,000)	(3,115,000)
Financed capital	17,403,198	20,808,584
Net investment in tangible capital assets	195,690,579	180,380,180
General Revenue Fund	3,849,379	2,571,547
Unfunded:		
Future benefit cost liability	(11,858,300)	(10,059,800)
Asset retirement obligations	(957,474)	(918,000)
Accrued interest on long-term liabilities	(51,479)	(72,070)
Vacation payable	(583,828)	(425,340)
Total surplus	186,088,877	171,476,517
Accumulated surplus	\$247,940,747	\$232,619,384

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

15. Tangible capital assets:

(a) 2023 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Land	\$5,973,381	\$ -	\$ -	\$5,973,381
Buildings	41,029,612	2,003,237	(22,419)	43,010,430
Machinery and equipment	17,745,095	1,232,769	(1,161,769)	17,816,095
Vehicles	18,642,606	3,136,527	(1,853,007)	19,926,126
Road network and bridges	180,960,252	26,950,524	(6,854,351)	201,056,425
Library collections	3,362,907	406,881	(368,241)	3,401,547
Assets under construction	14,833,062	8,246,364	(11,198,939)	11,880,487
Total	\$282,546,915	\$41,976,302	\$(21,458,726)	\$303,064,491

Accumulated amortization				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Buildings	\$13,828,470	\$1,314,051	\$(22,419)	\$15,120,102
Machinery and equipment	11,269,696	1,628,290	(1,135,579)	11,762,407
Vehicles	11,463,733	1,846,263	(1,728,007)	11,581,989
Road network and bridges	81,613,952	7,484,658	(6,659,417)	82,439,193
Library collections	1,684,468	332,192	(368,241)	1,648,419
Total	\$119,860,319	\$12,605,454	\$(9,913,663)	\$122,552,110

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

15. Tangible capital assets (continued):

(a) 2023 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Net Book Value		
Category	Net Book Value December 31, 2022	Net Book Value December 31, 2023
Land	\$5,973,381	\$5,973,381
Buildings	27,201,142	27,890,328
Machinery and equipment	6,475,399	6,053,688
Vehicles	7,178,873	8,344,137
Road network and bridges	99,346,300	118,617,232
Library collections	1,678,439	1,753,128
Assets under construction	14,833,062	11,880,487
Total	\$162,686,596	\$180,512,381

(b) 2022 Consolidated Schedule of Tangible Capital Assets – by category:

Category	Cost (Restated-note 2)			
	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Land	\$5,920,894	\$52,487	\$ -	\$5,973,381
Buildings	38,106,639	2,922,973	-	41,029,612
Machinery and equipment	15,278,058	2,850,361	(383,324)	17,745,095
Vehicles	16,021,875	2,898,449	(277,718)	18,642,606
Road network and bridges	178,588,199	2,826,584	(454,531)	180,960,252
Library collections	3,405,439	325,207	(367,739)	3,362,907
Assets under construction	7,487,567	12,878,425	(5,532,930)	14,833,062
Total	\$264,808,671	\$24,754,486	\$(7,016,242)	\$282,546,915

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

15. Tangible capital assets (continued):

(b) 2022 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Accumulated amortization				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Buildings	\$12,602,901	\$1,225,569	\$ -	\$13,828,470
Machinery and equipment	10,067,840	1,553,466	(351,610)	11,269,696
Vehicles	10,074,295	1,628,529	(239,091)	11,463,733
Road network and bridges	75,028,531	7,039,952	(454,531)	81,613,952
Library collections	1,709,598	342,609	(367,739)	1,684,468
Total	\$109,483,165	\$11,790,125	\$(1,412,971)	\$119,860,319

Net Book Value			(Restated – Note 2)
Category	Net Book Value December 31, 2021	Net Book Value December 31, 2022	
Land	\$5,020,894	\$5,973,381	
Buildings	25,503,738	27,201,142	
Machinery and equipment	5,210,218	6,475,399	
Vehicles	5,947,580	7,178,873	
Road network and bridges	103,559,668	99,346,300	
Library collections	1,695,841	1,678,439	
Assets under construction	7,487,567	14,833,062	
Total	\$154,425,506	\$162,686,596	

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

16. Sale of building and land:

In November 2020, the County entered into an agreement of purchase and sale for the property located at 399 Ridout Street and 50 King Street at a price of \$30,000,000. Upon sale, the County recognized a gain of \$28,351,659 which was included in the statement of operations. The sale of these properties was completed on December 18, 2020 and the terms included the County receiving \$13,012,500 cash and a four-year and seven-month vendor take-back mortgage in amount of \$16,987,500. The mortgage is non-interest bearing and is due in August 2025. The County also entered into a four-year and seven-month lease for 399 Ridout Street. There are no rental payments contained in the lease. The financial statements include the present value of the mortgage receivable \$16,420,109 (2022 - \$16,322,100) and the prepaid rent of \$524,070 (2022 - \$628,300).

17. Subsequent Event:

In January 15 2024, the County purchased a building for \$3,130,000.00.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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.

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.

Segment Reporting	Council & Administration		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$3,956,702	\$5,111,176	\$4,871,546
Ontario conditional grants	371,250	880,029	1,831,509
Canada conditional grants	-	12,031	34,713
Other municipalities	200,682	220,030	351,975
Fees and service charges	701,464	53,707	158,586
Other revenue/gain (loss) sale of assets	375,000	1,651,887	1,255,817
<i>Total revenues</i>	\$5,605,098	\$7,928,860	\$8,504,146
Expenditures			
Salary, wages and benefits	\$3,415,583	\$3,411,853	\$2,895,472
Goods and services	1,416,947	1,000,463	836,344
External transfers	1,822,129	2,067,138	2,717,538
Amortization expense	614,325	533,794	533,794
<i>Total expenditures</i>	\$7,268,984	\$7,013,248	\$6,983,148

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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. This department is also responsible for emergency planning and preparedness, fire safety and fire investigation, fire communication system, and for administering agreements for 911 communication and fire dispatch in Middlesex County. Environmental Services is limited to managing inter-municipal waste disposal agreements.

<i>Segment Reporting</i>	Transportation Services		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$21,839,596	\$21,908,835	\$20,365,603
Ontario conditional grants	1,112,838	1,115,366	1,493,940
Canada conditional grants	2,367,914	3,017,906	3,312,965
Other municipalities	1,250,000	1,364,160	1,767,532
Fees and service charges	50,000	353,649	373,869
Other revenue/gain (loss) sale of assets	-	(131,509)	(2,553)
<i>Total revenues</i>	\$26,620,348	\$27,628,407	\$27,311,356
Expenditures			
Salary, wages and benefits	\$5,205,403	\$4,826,069	\$4,917,498
Goods and services	6,193,180	5,337,362	5,823,400
External transfers	357,000	297,734	312,039
Debt servicing	25,000	21,678	22,656
Amortization expense	8,277,445	8,371,713	7,877,466
<i>Total expenditures</i>	\$20,058,028	\$18,854,556	\$18,953,059

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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.

Segment Reporting	Emergency Services		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$5,746,126	\$5,838,907	\$4,738,033
Ontario conditional grants	26,043,848	31,238,233	28,847,173
Other municipalities	29,595,302	29,513,080	23,996,368
Fees and service charges	-	646,261	776,949
Other revenue/gain (loss) sale of assets	-	25,859	9,047
<i>Total revenues</i>	\$61,385,276	\$67,262,340	\$58,367,570
Expenditures			
Salary, wages and benefits	\$48,376,676	\$50,692,947	\$44,077,858
Goods and services	5,509,470	6,943,161	6,645,942
External transfers	3,010,572	3,689,900	2,761,243
Amortization expense	2,166,508	2,060,197	1,831,587
<i>Total expenditures</i>	\$59,063,226	\$63,386,205	\$55,316,630

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$7,602,217	\$7,265,516	\$5,424,399
Ontario conditional grants	9,142,608	19,312,703	12,721,645
<i>Total revenues</i>	<i>\$16,744,825</i>	<i>\$26,578,219</i>	<i>\$18,146,044</i>
Expenditures			
Salary, wages and benefits	\$1,612,793	\$1,361,158	\$1,183,556
Goods and services	113,937	12,387	7,539
External transfers	14,919,638	24,129,163	16,874,917
<i>Total expenditures</i>	<i>\$16,646,368</i>	<i>\$25,502,708</i>	<i>\$18,066,012</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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>2023 Budget</i>	<i>2022 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$4,717,901	\$3,395,456	\$3,737,334
Ontario conditional grants	10,568,850	13,033,635	13,346,815
Fees and service charges	4,269,888	4,734,327	4,273,202
Other revenue/gain (loss) sale of assets	-	(20,224)	(22,233)
<i>Total revenues</i>	<i>\$19,556,639</i>	<i>\$21,143,194</i>	<i>\$21,335,118</i>
Expenditures			
Salary, wages and benefits	\$15,579,550	\$16,004,222	\$14,985,669
Goods and services	1,907,926	2,199,740	1,852,291
External transfers	654,974	865,744	1,060,270
Debt servicing	113,705	113,706	155,002
Amortization expense	769,624	830,998	743,000
<i>Total expenditures</i>	<i>\$19,025,779</i>	<i>\$20,014,410</i>	<i>\$18,796,232</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. Segmented information (continued):

The Information Technology department provides Wide Area Network for county building, libraries, garages, Ambulance Stations, Strathmere Lodge: County and Library websites; network, IT training and desktop support for all county departments.

Segment Reporting	IT		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$1,433,084	\$1,705,764	\$1,578,156
Ontario conditional grants	-	16,291	17,037
Other municipalities	167,238	167,990	166,139
Fees and service charges	5,865	5,774	26,239
<i>Total revenues</i>	\$1,606,187	\$1,895,819	\$1,787,571
Expenditures			
Salary, wages and benefits	\$1,426,901	\$1,432,058	\$1,301,648
Goods and services	485,700	393,438	344,326
Amortization expense	300,330	373,841	344,545
<i>Total expenditures</i>	\$2,212,931	\$2,199,337	\$1,990,519

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. Segmented information (continued):

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

- Library and Information Services
- Comprehensive Libraries: Strathroy, Parkhill, Lucan, Glencoe and Dorchester

Segment Reporting	Library		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$4,928,762	\$4,898,950	\$4,223,298
Ontario conditional grants	511,652	539,302	581,421
Canada conditional grants	-	118,697	16,303
Fees and service charges	123,877	210,049	275,379
Other revenue/gain (loss) sale of assets	21,000	43,029	33,482
<i>Total revenues</i>	<i>\$5,585,291</i>	<i>\$5,810,027</i>	<i>\$5,129,883</i>
Expenditures			
Salary, wages and benefits	\$3,660,358	\$3,859,869	\$3,610,705
Goods and services	700,837	828,319	710,630
External transfers	1,140,566	827,927	793,803
Amortization expense	427,006	432,122	456,944
<i>Total expenditures</i>	<i>\$5,928,767</i>	<i>\$5,948,237</i>	<i>\$5,572,082</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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.

Segment Reporting	Planning		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$1,544,763	\$1,505,344	\$1,307,626
Ontario conditional grants	-	1,586	1,467
Fees and service charges	90,000	82,750	85,100
Other revenue/gain (loss) sale of assets	1,000	11,415	71,572
<i>Total revenues</i>	\$1,635,763	\$1,601,095	\$1,465,765
Expenditures			
Salary, wages and benefits	\$1,385,696	\$1,369,903	\$1,201,470
Goods and services	223,463	145,058	147,542
External transfers	27,000	82,191	90,701
<i>Total expenditures</i>	\$1,636,159	\$1,597,152	\$1,439,713

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. 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.

Segment Reporting	Economic Development		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$813,658	\$757,631	\$678,689
Ontario conditional grants	106,300	90,500	26,048
Canada conditional grants	24,500	24,355	124,127
Other revenue/gain (loss) sale of assets	-	15,893	32,232
<i>Total revenues</i>	<i>\$944,458</i>	<i>\$888,379</i>	<i>\$861,096</i>
Expenditures			
Salary, wages and benefits	\$402,944	\$428,542	\$367,872
Goods and services	47,812	161,333	117,578
External transfers	490,110	306,460	341,406
Amortization expense	2,789	2,789	2,789
<i>Total expenditures</i>	<i>\$943,655</i>	<i>\$899,124</i>	<i>\$829,645</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2023, with comparative information for 2022

18. Segmented information (continued):

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

<i>Segment Reporting</i>	Non Departmental		
	<i>2023 Budget</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenues			
Tax revenue	\$847,221	\$1,092,359	\$1,037,259
Ontario conditional grants	557,638	312,500	367,600
<i>Total revenues</i>	\$1,404,859	\$1,404,859	\$1,404,859
Expenditures			
External transfers	1,404,859	1,404,859	1,404,859
<i>Total expenditures</i>	\$1,404,859	\$1,404,859	\$1,404,859