

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY
OF MIDDLESEX**

Year ended December 31, 2011



KPMG LLP
Chartered Accountants
140 Fullarton Street Suite 1400
PO Box 2305
London ON N6A 5P2
Canada

Telephone (519) 672-4880
Fax (519) 672-5684
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Corporation of the County of Middlesex ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of operations, consolidated statement of changes in net financial assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Middlesex as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles

Chartered Accountants, Licensed Public Accountants

June 26, 2012

London, Canada

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	Actual 2011	Actual 2010
Financial Assets		
Cash	\$ 10,042,438	\$ 9,471,669
Investments (note 4)	16,151,097	17,598,344
Accounts receivable	5,916,755	7,443,239
Loans receivable (note 5)	7,713,864	6,252,462
Total financial assets	39,824,154	40,765,714
Liabilities		
Liabilities:		
Accounts payable and accrued liabilities	8,516,284	7,659,615
Employee future benefits (note 7)	2,441,135	2,607,084
Deferred revenue (note 8)	2,582,943	2,552,311
Term loan (note 9)	12,905,000	13,795,000
Total liabilities	26,445,362	26,614,010
Net financial assets	13,378,792	14,151,704
Non-financial assets:		
Tangible capital assets (note 15)	98,640,971	90,171,332
Prepaid expenses	505,439	484,979
Inventories held for consumption or use	53,089	44,465
Non-financial assets	99,199,499	90,700,776
Contingencies (note 6)		
Accumulated surplus (note 14)	\$ 112,578,291	\$ 104,852,480

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	Budget 2011	Actual 2011	Actual 2010
	(Unaudited)		
Revenues:			
Requisition on local municipalities	\$ 26,704,928	\$ 27,057,248	\$ 25,369,226
User charge	1,273,853	1,514,932	1,820,918
Government grants (note 10)	39,364,223	45,043,646	39,429,695
Investment income	704,000	423,054	824,336
Lodge resident maintenance	3,526,873	3,443,920	3,451,358
Contributed Assets	-	-	1,284,600
Other revenue (note 11)	106,853	51,566	49,532
Gain (loss) on disposal of tangible capital assets	75,000	(269,740)	(77,342)
	<u>71,755,730</u>	<u>77,264,626</u>	<u>72,152,323</u>
Expenditures:			
General government	3,757,250	4,529,162	3,973,245
Protection to persons and property	370,131	412,188	405,780
Transportation services	11,023,165	12,239,406	11,513,191
Environmental	29,500	27,625	35,460
Health services	24,948,133	25,843,812	24,367,635
Social and family services	19,671,205	19,203,556	19,566,573
Social housing	4,132,577	3,711,768	3,535,534
Recreation and cultural development	3,230,677	2,770,130	2,584,387
Planning and development	872,196	801,168	907,505
	<u>68,034,834</u>	<u>69,538,815</u>	<u>66,889,310</u>
Annual surplus:	3,720,896	7,725,811	5,263,013
Accumulated surplus, beginning of year	104,852,480	104,852,480	99,589,467
Accumulated surplus, end of year	<u>\$ 108,573,376</u>	<u>\$ 112,578,291</u>	<u>\$ 104,852,480</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, 2011, with comparative figures for 2010

	Budget 2011	Actual 2011	Actual 2010
	(Unaudited)		
Annual surplus	\$ 3,720,896	\$ 7,725,811	\$ 5,263,013
Acquisition of tangible capital assets	(10,723,320)	(12,314,520)	(10,213,778)
Amortization of tangible capital assets	6,805,559	7,157,527	6,661,365
Contributed Assets	-	-	(1,284,600)
Asset under construction	(1,350,000)	(3,711,916)	(2,203,902)
Loss on sale of tangible capital assets	-	269,740	77,342
Proceeds on sale of tangible capital assets	75,000	129,530	156,185
Change in inventory	-	(8,624)	(6,917)
Change in prepaid expenses	-	(20,460)	(233,267)
Change in net financial assets	(1,471,865)	(772,912)	(1,784,559)
Net Financial Assets			
Beginning of year	14,151,704	14,151,704	15,936,263
End of year	\$ 12,679,839	\$ 13,378,792	\$ 14,151,704

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,725,811	\$ 5,263,013
Items not involving cash:		
Amortization	7,157,527	6,661,365
Contributed assets	-	(1,284,600)
Loss on sale of tangible capital assets	269,740	77,342
Change in non-cash operating working capital:		
Investments	1,447,247	(729,088)
Accounts receivable	1,526,484	(1,484,284)
Loans receivable	(1,461,402)	(492,052)
Accounts payable and accrued liabilities	856,669	21,658
Employee future benefits	(165,949)	11,100
Prepaid expenses	(20,460)	(233,267)
Inventories held for consumption or use	(8,624)	(6,917)
	17,327,043	7,804,270
Capital activities:		
Acquisition of tangible capital assets	(12,314,520)	(10,213,778)
Assets under construction	(3,711,916)	(2,203,902)
Proceeds on disposal of tangible capital assets	129,530	156,185
	(15,896,906)	(12,261,495)
Financing activities:		
Term loan	(890,000)	(890,000)
Deferred revenue	30,632	129,433
	(859,368)	(760,567)
Net increase (decrease) in cash	570,769	(5,217,792)
Cash, beginning of year	9,471,669	14,689,461
Cash, end of year	\$ 10,042,438	\$ 9,471,669

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2011

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

1. Significant accounting policies:

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

(a) Basis of consolidation:

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

(b) Non-consolidated entities:

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

(c) Trust funds:

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

(d) Basis of presentation:

Revenues and expenditures are recorded on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(e) Investments:

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(f) Deferred revenue:

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

(g) 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, 2011

1. Significant accounting policies (continued):

(j) Budget figures:

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

(k) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

(i) Tangible Capital Assets:

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

Asset	Rate
Land improvements	3 – 100 years
Buildings	10 – 75 years
Machinery & Equipment	3 – 20 years
Vehicles	3 – 18 years
Road network and bridges	10 - 100 years
Library collections	5 – 15 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources:

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(iv) Works of art and cultural and historic assets:

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

(v) Interest capitalization:

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

(vi) Leased tangible capital assets:

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

(vii) Inventories of supplies:

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

(viii) Change in accounting policy:

During the year, management changed their accounting policy with respect to costs incurred to apply bar coding to books in the Middlesex County Library Board's collection. Prior to 2011, these costs were expensed as incurred. Management has determined that these costs provide future value and has determined that they should be capitalized as doing so provides more relevant financial information regarding the cost of the collection. As a result of the change in accounting policy, management has retroactively restated the comparative amounts.

The net impact on the January 1, 2010 opening accumulated surplus and the net book value of tangible capital assets was nil as the values of tangible capital assets determined by Management upon the Board's adoption of Public Sector Accounting Board Section 3150, *Tangible Capital Assets* in 2009, incorporated the value of bar codes affixed to books included the Board's collection.

The net impact on the Statement of Accumulated Surplus for the year ended December 31, 2010 was an increase in tangible capital assets of \$58,721 and an increase in accumulated surplus of \$58,721. This change consisted of an increase in tangible capital asset additions of \$61,812, and a decrease in recreation and cultural development expenses of \$58,721 for the year ended December 31, 2010.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

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

Actual results could differ from these estimates.

2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2011 in the amount of \$1,124,476 (2010 - \$1,097,056) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2011 amounting to \$50,247 (2010 - \$64,384) have not been included in the consolidated financial statements.

4. Investments:

Total investments of \$16,151,097 (2010 - \$17,598,344) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$17,258,600 (2010 - \$17,663,816). At the end of the year, these investments are comprised of:

	2011	2010
Investments:		
Cash	\$ 10,931	\$ 474,792
Fixed income securities	16,140,166	16,636,918
Foreign securities	-	486,634
	<hr/>	<hr/>
	\$ 16,151,097	\$ 17,598,344

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2011 the amount outstanding was \$7,713,864 (2010 - \$6,252,462). The amounts to be received in the next five years and thereafter are as follows:

2012	\$	1,669,449
2013		1,669,449
2014		1,231,949
2015		672,729
2016		672,729
Thereafter		1,797,559
	\$	<u>7,713,864</u>

6. Contingencies

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

7. Employee future benefits:

(a) Pension:

The County contributed \$925,067 (2010 - \$783,900) 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, 2011

7. Employee future benefits (continued):

(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, 2009.

The benefit obligation continuity is as follows:

	2011	2010
Accrued benefit obligation, January 1:	\$ 1,433,159	\$ 1,421,446
Current period benefit cost	79,058	73,816
Retirement interest expenditure	69,991	69,625
Benefits paid	(145,732)	(131,728)
	<u>\$ 1,436,476</u>	<u>\$ 1,433,159</u>
Post employment and post retirement benefits expense:		
Current period benefit cost	\$ 79,058	\$ 73,816
Retirement interest expenditure	69,991	69,625
	<u>\$ 149,049</u>	<u>\$ 143,441</u>

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

7. Employee future benefits (continued):

(c) Workplace Safety and Insurance Board:

The County has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The County became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$203,592 (2010 - \$233,593)

The estimate of the future benefit costs for WSIB claims of \$1,004,659 (2010 - \$1,173,925) were provided by WSIB and were determined based on benefits currently in force with provision for benefits not yet awarded as follows:

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

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

	2011	2010
Health, dental & life insurance benefit obligations	\$ 1,436,476	\$ 1,433,159
WSIB benefit obligations	1,004,659	1,173,925
	\$ 2,441,135	\$ 2,607,084

8. Deferred revenue:

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

	2011	2010
Federal gas tax	\$ 2,302,641	\$ 2,286,625
Subsidy advances from provincial ministries	228,582	211,846
Subsidy advance from The City of London	44,349	44,349
Other deferred revenues	7,371	9,491
	\$ 2,582,943	\$ 2,552,311

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

9. Term loan:

	2011	2010
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$12,905,000	\$ 13,795,000

Interest paid on this loan during 2011 was \$609,371 (2010 - \$650,553).

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

	Principal	Interest
2012	\$ 890,000	\$ 567,792
2013	890,000	526,439
2014	890,000	485,143
2015	890,000	446,223
2016	890,000	402,608
Thereafter	8,455,000	1,765,206
	\$ 12,905,000	\$ 4,193,411

The term loan liabilities issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

10. Compensation for annexed lands:

The City of London, under section 474.18 of the Middlesex Act, 2001, will pay the County of Middlesex, as compensation for the reduction in income due the dissolution of the London - Middlesex Suburban Roads Commission. Proceeds received in accordance with the prescribed formula within Section 474.18 were \$1,151,112 (2010 - \$1,184,947) and are included in government grants.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

11. Other revenue:

Other revenue from operations is comprised of:

	2011	2010
Fines and lost books	\$ 29,778	\$ 31,223
Donations	7,747	4,913
Fire dispatch service	8,482	8,093
Transfer from trust	153	144
Sale of timber, maps and books	5,406	5,159
	\$ 51,566	\$ 49,532

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2011. Based on the estimated liability a reserve has been established with funding at an amount deemed adequate to cover the estimated liability. However, the Province of Ontario and other ambulance providers have not finalized this calculation and the actual liability may differ from the estimates provided for in these consolidated financial statements.

13. Financial instruments:

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

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

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

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

14. Accumulated surplus:

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

	2011	Appropriations (to) from reserves	2010
Reserves:			
Working capital	\$ 339,623	\$ -	\$ 339,623
Insurance	566,473	54,374	620,847
Acquisition of tangible capital assets	-	5,319,069	5,319,069
Winter Control	(651,444)	203,165	(448,279)
Ambulatory services	7,273,121	561,160	7,834,281
Tax rate stabilization	1,395,632	186,765	1,582,397
Woodlands	54,000	-	54,000
Library Literary Fund	-	173,375	173,375
Tree bank	2,988	(1,500)	1,488
Planning studies	-	17,830	17,830
Total reserves	8,980,393	6,514,238	15,494,631
Reserve funds set aside for specific purposes by legislation, regulation or agreement:			
Future road construction	5,303,300	(5,240,917)	62,383
Senior services	596,074	(7,674)	588,401
Sewer and water capital works	10,035,706	(12,128)	10,023,578
Chapel fund (Strathmere Lodge)	5,344	242	5,585
Gifts and donations (Strathmere Lodge)	62,650	36,018	98,668
Strathroy Branch Fund	2,224	(2,224)	-
Total reserve funds	16,005,298	(5,226,683)	10,778,615
Surplus:			
Invested in tangible capital assets (note 1(k)(viii))	98,640,971		90,171,332
Term loan	<u>(12,905,000)</u>		<u>(13,795,000)</u>
Net investment in tangible capital assets	85,735,971		76,376,332
General Revenue Fund	1,066,727		1,055,245
Unexpended Capital	3,686,208		4,279,310
Unfunded			
Future benefit cost liability	(2,441,135)		(2,607,084)
Accrued interest on long-term liabilities	(296,935)		(320,921)
Vacation payable	(158,236)		(203,648)
Total surplus	87,592,600		78,579,234
Accumulated surplus	\$112,578,291		\$104,852,480

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

15. Tangible capital assets:

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

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

Accumulated Amortization				
Land & land improvement	\$ -	\$ -	\$ -	\$ -
Buildings	6,643,760	747,865	-	7,391,625
Machinery & equipment	3,544,225	718,043	(184,833)	4,077,435
Vehicles	4,014,147	896,207	(912,585)	3,997,769
Road network and bridges	42,525,440	4,507,450	(1,976,366)	45,056,524
Library collections	1,348,453	287,962	(244,424)	1,391,991
Assets under construction	-	-	-	-
Total	\$ 58,076,025	\$ 7,157,527	\$ (3,318,208)	\$ 61,915,344

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

15. Tangible capital assets (continued):

(b) 2010 Consolidated Schedule of Tangible Capital Assets – by Category

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land & land improvement	\$ 1,116,812	\$ 375,124	\$ -	\$ 1,491,936
Buildings	25,550,201	12,308	-	25,562,509
Machinery & equipment	7,082,419	397,423	(76,498)	7,403,344
Vehicles	7,673,857	1,566,172	(974,860)	8,265,169
Road network and bridges	93,738,418	8,786,365	(2,180,992)	100,343,791
Library collections	2,466,321	360,986	(215,747)	2,611,560
Assets under construction	365,146	2,203,902	-	2,569,048
Total	\$ 137,993,174	\$ 13,702,280	\$ (3,448,097)	\$148,247,357

Accumulated Amortization				
Land & land improvement	\$ -	\$ -	\$ -	\$ -
Buildings	5,896,581	747,179	-	6,643,760
Machinery & equipment	2,948,632	670,256	(74,663)	3,544,225
Vehicles	4,036,715	870,341	(892,909)	4,014,147
Road network and bridges	40,456,682	4,100,009	(2,031,251)	42,525,440
Library collections	1,290,620	273,580	(215,747)	1,348,453
Assets under construction	-	-	-	-
Total	\$ 54,629,230	\$ 6,661,365	\$ (3,214,570)	\$ 58,076,025

Net Book Value		
Category	Net Book Value December 31, 2009	Net Book Value December 31, 2010
Land & land improvement	\$ 1,116,812	\$ 1,491,936
Buildings	19,653,620	18,918,749
Machinery & equipment	4,133,787	3,859,119
Vehicles	3,637,142	4,251,022
Road network and bridges	53,281,736	57,818,351
Library collections	1,175,701	1,263,107
Assets under construction	365,146	2,569,048
Total	\$ 83,363,944	\$ 90,171,332

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

15. Tangible capital assets (continued):

(c) Comparative amounts:

During 2011, management became aware of a tangible capital asset that had not been included in the tangible capital asset inventory upon the adoption of Public Sector Accounting Board Section 3150, *Tangible Capital Assets* in 2009. The impact of the correction has been recorded retrospectively.

The impact on the Statement of Accumulated Surplus as at January 1, 2010 was an increase in tangible capital assets and an increase in accumulated surplus of \$605,290. For the year ended December 31, 2010, protection to persons and property expenses were increased by \$59,728 representing amortization of the asset which resulted in a decrease in the annual surplus and an increase in accumulated depreciation of the same amount.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information:

In January 2006, PSAB approved Section PS 2700, *Segmented Disclosures*, which is applicable to all governments. The Section is based on the premise that the activities of a government are so broad and encompass so wide a range of different activities that it is valuable to disclose selected disaggregated financial information about particular segmented of a government. This is applicable to fiscal years beginning on or after April 1, 2010.

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

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

Segment Reporting	Council & Administration		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	1,332,942	1,350,528	1,256,999
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	456,817	-	-
Fees & Service Charges	782,220	473,004	1,008,841
Other Revenue/Gain (Loss) Sale of Assets	704,000	970,393	824,336
<i>Total Revenue</i>	<i>3,275,979</i>	<i>2,793,925</i>	<i>3,090,176</i>
Expenditures			
Salary, Wages & Benefits	1,193,312	1,166,084	1,112,146
Goods & Services	799,198	758,798	643,242
External Transfers	1,082,830	878,209	992,020
Debt Servicing	-	-	-
Amortization Expense	173,667	315,894	290,612
<i>Total Expenditures</i>	<i>3,249,007</i>	<i>3,118,985</i>	<i>3,038,020</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

<i>Segment Reporting</i>	Transportation Services		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	10,235,366	10,370,401	10,996,483
Ontario Conditional Grants	2,117,311	2,763,228	3,764,735
Canada Conditional Grants	-	3,125,973	-
Other Municipalities	1,250,000	1,139,909	77,279
Fees & Service Charges	50,000	6,481	162,424
Other Revenue/Gain (Loss) Sale of Assets	-	(88,182)	1,083,258
<i>Total Revenue</i>	<i>13,652,677</i>	<i>17,317,810</i>	<i>16,084,179</i>
Expenditures			
Salary, Wages & Benefits	1,179,195	2,913,984	3,093,081
Goods & Services	4,930,775	4,185,217	3,729,168
External Transfers	-	59,351	42,700
Debt Servicing	-	-	-
Amortization Expense	4,942,695	5,108,479	4,683,702
<i>Total Expenditures</i>	<i>11,052,665</i>	<i>12,267,031</i>	<i>11,548,651</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

<i>Segment Reporting</i>	Emergency Services		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	2,147,958	2,176,296	1,845,069
Ontario Conditional Grants	11,794,469	12,666,992	11,630,809
Canada Conditional Grants	-	-	-
Other Municipalities	10,024,218	10,015,142	9,740,526
Fees & Service Charges	9,500	9,652	20,328
Other Revenue/Gain (Loss) Sale of Assets	49,583	(19,000)	-
<i>Total Revenue</i>	<i>24,025,728</i>	<i>24,849,082</i>	<i>23,236,732</i>
Expenditures			
Salary, Wages & Benefits	239,248	324,554	291,474
Goods & Services	911,260	1,316,950	907,754
External Transfers	22,285,343	22,961,648	21,727,118
Debt Servicing	-	-	-
Amortization Expense	635,438	757,020	690,285
<i>Total Expenditures</i>	<i>24,071,289</i>	<i>25,360,172</i>	<i>23,616,631</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

<i>Segment Reporting</i>	Social Services		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	5,822,878	5,899,700	6,006,754
Ontario Conditional Grants	4,497,063	5,310,903	4,849,655
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	7,200
Fees & Service Charges	78,000	176,399	373,464
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenue</i>	<i>10,397,941</i>	<i>11,387,002</i>	<i>11,237,073</i>
Expenditures			
Salary, Wages & Benefits	1,241,168	1,496,467	1,552,253
Goods & Services	240,778	205,123	245,112
External Transfers	9,111,276	9,086,786	9,468,676
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>10,593,222</i>	<i>10,788,376</i>	<i>11,266,041</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

Segment Reporting	Strathmere Lodge		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	1,926,452	1,951,868	2,024,404
Ontario Conditional Grants	6,145,773	7,014,885	6,596,102
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,526,873	3,488,183	3,478,949
Other Revenue/Gain (Loss) Sale of Assets	25,270	3,961	-
<i>Total Revenue</i>	<i>11,624,368</i>	<i>12,458,897</i>	<i>12,099,455</i>
Expenditures			
Salary, Wages & Benefits	9,378,398	9,238,465	8,893,504
Goods & Services	1,698,093	1,140,597	1,607,500
External Transfers	-	510,283	-
Debt Servicing	609,370	609,370	681,209
Amortization Expense	622,480	628,233	623,853
<i>Total Expenditures</i>	<i>12,308,341</i>	<i>12,126,948</i>	<i>11,806,066</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

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

Segment Reporting	Library		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	3,287,163	3,330,531	2,630,705
Ontario Conditional Grants	1,041,572	887,251	442,871
Canada Conditional Grants	20,500	23,078	6,518
Other Municipalities	-	7,500	-
Fees & Service Charges	339,133	97,690	120,657
Other Revenue/Gain (Loss) Sale of Assets	2,000	43,927	85,511
<i>Total Revenue</i>	<i>4,690,368</i>	<i>4,389,977</i>	<i>3,286,262</i>
Expenditures			
Salary, Wages & Benefits	2,488,595	2,264,589	2,470,641
Goods & Services	1,788,229	443,924	827,598
External Transfers	-	963,823	-
Debt Servicing	-	-	-
Amortization Expense	431,279	347,901	310,094
<i>Total Expenditures</i>	<i>4,708,103</i>	<i>4,020,237</i>	<i>3,608,333</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

Segment Reporting	Planning & Economic Development		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	772,158	782,345	608,812
Ontario Conditional Grants	2,000	-	-
Canada Conditional Grants	3,000	32,155	98,392
Other Municipalities	-	24,000	26,708
Fees & Service Charges	15,000	21,397	90,634
Other Revenue/Gain (Loss) Sale of Assets	105,000	957	105,000
<i>Total Revenue</i>	<i>897,158</i>	<i>860,854</i>	<i>929,546</i>
Expenditures			
Salary, Wages & Benefits	438,481	428,443	389,316
Goods & Services	361,715	47,068	447,572
External Transfers	72,000	325,657	70,617
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>872,196</i>	<i>801,168</i>	<i>907,505</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

16. Segmented information (continued):

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

Segment Reporting	Non Departmental		
	<i>2011 Budget</i>	<i>2011 Actual</i>	<i>2010 Actual</i>
Revenue			
Tax Revenue	1,180,011	1,195,579	-
Ontario Conditional Grants	2,011,500	2,011,500	2,188,900
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenue</i>	<i>3,191,511</i>	<i>3,207,079</i>	<i>2,188,900</i>
Expenditures			
Salary, Wages & Benefits	-	-	-
Goods & Services	-	-	-
External Transfers	1,180,011	1,055,898	1,097,056
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>1,180,011</i>	<i>1,055,898</i>	<i>1,097,056</i>