

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY OF  
MIDDLESEX**

Year ended December 31, 2016

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the County of Middlesex, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial position of the Corporation of the County of Middlesex as at December 31, 2016, 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.

*"DRAFT"*

Chartered Professional Accountants, Licensed Public Accountants  
June 27, 2017  
London, Canada

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash	\$12,289,662	\$7,681,443
Investments (note 4)	16,476,346	16,196,212
Accounts receivable	5,641,190	5,197,655
Loans receivable (note 5)	6,122,636	7,737,730
	40,529,834	36,813,040
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	9,102,682	5,929,870
Employee future benefits (note 7)	3,835,403	5,995,843
Deferred revenue (note 8)	3,960,740	4,209,047
Term loan (note 9)	8,455,000	9,345,000
Total liabilities	25,353,825	25,479,760
Net financial assets	15,176,009	11,333,280
<b>Non-financial assets:</b>		
Tangible capital assets (note 15)	121,409,743	117,170,335
Prepaid expenses	1,902,831	1,706,821
Inventories held for consumption or use	34,289	40,131
	123,346,863	118,917,287
Contingencies and commitments (note 6)		
<b>Accumulated surplus</b> (note 14)	\$138,522,872	\$130,250,567

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Consolidated Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	Budget 2016	2016	2015
<b>Revenues:</b>			
Requisition on local municipalities	\$35,583,162	\$35,423,150	\$33,462,941
User charge	1,016,241	1,572,724	1,968,580
Government grants (note 10)	48,263,442	49,958,054	47,310,493
Investment income	400,000	302,307	399,335
Lodge resident maintenance	3,876,589	3,823,818	3,740,560
Other revenue (note 11)	80,500	69,677	51,943
Loss on disposal of tangible capital assets	-	(183,137)	(3,182,701)
	89,219,934	90,966,593	83,751,151
<b>Expenditures:</b>			
General government	5,231,325	5,078,022	4,944,415
Protection to persons and property	631,565	618,581	612,343
Transportation services	14,432,728	14,996,045	14,408,171
Environmental	25,000	27,967	16,679
Health services	33,118,184	31,005,333	31,914,678
Social and family services	22,260,034	21,541,186	21,401,864
Social housing	3,985,877	3,966,244	3,872,939
Recreation and cultural development	4,160,583	4,192,854	3,745,230
Planning and development	1,311,805	1,268,056	1,068,473
	85,157,101	82,694,288	81,984,792
<b>Annual surplus:</b>	4,062,833	8,272,305	1,766,359
Accumulated surplus, beginning of year	130,250,567	130,250,567	128,484,208
Accumulated surplus, end of year	\$134,313,400	\$138,522,872	\$130,250,567

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, 2016, with comparative information for 2015

	Budget 2016	2016	2015
Annual surplus	\$4,062,833	\$8,272,305	\$1,766,359
Amortization of tangible capital assets	9,354,108	9,125,333	8,824,406
Acquisition of tangible capital assets	(13,696,681)	(12,484,050)	(17,053,214)
Asset under construction	-	(1,220,957)	130,413
Loss on sale of tangible capital assets	-	183,137	3,182,701
Proceeds on sale of tangible capital assets	-	157,129	168,958
Change in inventories held for consumption or use	-	5,842	4,186
Change in prepaid expenses	-	(196,010)	201
Change in net financial assets (debt)	(279,740)	3,842,729	(2,975,990)
Net financial assets, beginning of year	11,333,280	11,333,280	14,309,270
Net financial assets, end of year	\$11,053,540	\$15,176,009	\$11,333,280

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$8,272,305	\$1,766,359
Items not involving cash:		
Amortization	9,125,333	8,824,406
Loss on sale of tangible capital assets	183,137	3,182,701
Changes in non-cash operating working capital:		
Accounts receivable	(443,535)	1,091,400
Accounts payable and accrued liabilities	3,172,812	(2,976,757)
Employee future benefits	(2,160,440)	1,087,181
Deferred revenue	(248,307)	88,297
Prepaid expenses	(196,010)	201
Inventories held for consumption or use	5,842	4,186
	17,711,137	13,067,974
Investing activities:		
Investments	(280,134)	(2,228,648)
Loans receivable	1,615,094	1,305,389
Acquisition of tangible capital assets	(12,484,050)	(17,053,214)
Assets under construction	(1,220,957)	130,413
Proceeds on sale of tangible capital assets	157,129	168,958
	(12,212,918)	(17,677,102)
Financing activities:		
Term loan	(890,000)	(890,000)
Increase (decrease) in cash	4,608,219	(5,499,128)
Cash, beginning of year	7,681,443	13,180,571
Cash, end of year	\$12,289,662	\$7,681,443

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

## Notes to Consolidated Financial Statements

Year ended December 31, 2016

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

### 1. Significant accounting policies:

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

(a) Basis of consolidation:

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of all committees of Council, Middlesex-London Emergency Medical Authority and the Middlesex County Library Board. All inter-fund assets, liabilities, revenues and expenditures have been eliminated.

(b) Non-consolidated entities:

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

(c) Trust funds:

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

(d) Basis of presentation:

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

(e) Investments:

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

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

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (f) Deferred revenue:

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

### (g) Government transfers:

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

### (h) Pension plan:

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

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

### (i) Employee future benefits:

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

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

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

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (j) Budget figures:

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

### (k) Non-financial assets:

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

#### (i) Tangible capital assets:

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

Asset	Rate
Buildings	10 – 75 years
Machinery and equipment	3 – 20 years
Vehicles	3 – 18 years
Road network and bridges	10 – 100 years
Library collections	5 – 15 years

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

#### (ii) Contributions of tangible capital assets:

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

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (k) Non-financial assets (continued):

#### (iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the 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. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

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

Actual results could differ from these estimates.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 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

## 2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2016 in the amount of \$1,176,575 (2015 - \$1,136,961) to the Middlesex London Health Unit.

## 3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2016 amounting to \$64,205 (2015 - \$68,126) have not been included in the consolidated financial statements.

## 4. Investments:

Total investments of \$16,476,346 (2015 - \$16,196,212) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$17,016,588 (2015 - \$16,805,625). At the end of the year, these investments are comprised of:

	2016	2015
Cash	\$10,238	\$10,767
Fixed income securities	16,466,108	16,181,120
Other	-	4,325
	<u>\$16,476,346</u>	<u>\$16,196,212</u>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2016 the amount outstanding was \$6,122,636 (2015 - \$7,737,730). The amounts to be received in the next five years and thereafter are as follows:

2017	\$1,483,844
2018	1,483,844
2019	1,263,218
2020	840,617
2021	709,367
Thereafter	341,746
	<hr/>
	\$6,122,636

## 6. Contingencies and commitments:

(a) Contingencies:

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

(b) Commitments:

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

2017	\$846,849
2018	821,242
2019	673,828
2020	684,010
2021	693,686
Thereafter	7,116,196
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	\$10,835,811

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 7. Employee future benefits:

### (a) Pension:

The County contributed \$3,143,645 (2015 - \$3,100,427) 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, 2015. The benefit obligation continuity is as follows:

	2016	2015
Accrued benefit obligation, January 1	\$2,025,400	\$1,444,251
Current period benefit cost	185,200	98,100
Post-employment benefit interest expenditure	72,200	60,300
Benefits paid	(175,700)	(159,500)
Actuarial loss and amortization of losses	-	309,749
Plan amendments	-	272,500
Accrued benefit obligation, December 31	2,107,100	2,025,400
Unamortized actuarial loss	(337,400)	(383,800)
Liability for benefits	\$1,769,700	\$1,641,600

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$185,200	\$98,100
Amortization of actuarial losses	46,400	37,177
Post-employment benefit interest expenditure	72,200	60,300
Plan amendments	-	272,500
	\$303,800	\$468,077

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 7. Employee future benefits (continued):

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

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

	2016	2015
Discount rate	3.4%	3.4%
Rate of compensation increases	3.0%	3.0%
Dental and other EHC costs increase	4.0%	4.0%
Healthcare cost increases	5.81% for 2016 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% is reached	5.90% for 2015 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% 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 \$909,516 (2015 - \$653,910).

The estimate of the future benefit costs for WSIB claims of \$2,065,703 (2015 - \$4,354,243) 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	16.50%
Accidents from 1990 to 1997 and non-economic loss pensions	27.06%
Accidents after 1997	12.72%
Health care and non-income benefits and ILAs	21.29%

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

	2016	2015
Health, dental and life insurance benefit obligations	\$1,769,700	\$1,641,600
WSIB benefit obligations	2,065,703	4,354,243
	\$3,835,403	\$5,995,843

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 8. Deferred revenue:

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

	2016	2015
Federal gas tax	\$3,478,605	\$3,879,720
Subsidy advances from provincial ministries	231,308	232,673
Subsidy advance from The City of London	250,827	96,654
	\$3,960,740	\$4,209,047

## 9. Term loan:

	2016	2015
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$8,455,000	\$9,345,000

Interest paid on this loan during 2016 was \$403,909 (2015 - \$442,772).

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

	Principal	Interest
2017	\$890,000	\$361,255
2018	890,000	319,959
2019	890,000	278,663
2020	890,000	238,046
2021	890,000	196,071
Thereafter	4,005,000	371,551
	\$8,455,000	\$1,765,545

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 County also has available a line of credit of \$662,000 (2015 – nil), of which nil was drawn at year end.

## 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 \$1,283,185 (2015 - \$1,129,464) and are included in government grants in the Consolidated Statement of Operations.

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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## 11. Other revenue:

Other revenue from operations is comprised of:

	2016	2015
Fines and lost books	\$21,207	\$25,290
Donations	16,054	18,277
Transfer from trust	292	292
Sale of timber, maps and books	32,124	8,084
	\$69,677	\$51,943

## 12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2016. Based on the estimated liability a reserve has been established with funding at an amount deemed adequate to cover the estimated liability. However, the Province of Ontario and other ambulance providers have not finalized this calculation and the actual liability may differ from the estimates provided for in these consolidated financial statements.

## 13. Financial instruments:

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

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

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

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

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

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 14. Accumulated surplus:

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

	2016	Transfers to (from) reserves	2015
<b>Reserves:</b>			
Working capital	\$339,623	\$ -	\$339,623
Insurance	463,185	(80,691)	543,876
Winter Control	(920,678)	212,972	(1,133,650)
Ambulance services	5,581,227	(115,602)	5,696,829
Tax rate stabilization	1,070,981	(18,212)	1,089,193
Woodlands	212,292	(6,450)	218,742
Tree bank	44,748	37,460	7,288
<b>Total reserves</b>	<b>6,791,378</b>	<b>29,477</b>	<b>6,761,901</b>
<b>Reserve funds set aside for specific purposes by legislation, regulation or agreement:</b>			
Future road construction	9,451,153	(612,492)	10,063,645
Wind farm decommission – fees	267,421	84,577	182,844
Senior services	631,091	5,953	625,138
Capital works	10,069,401	3,818	10,065,583
Strathmere Lodge equipment	471,585	(4,236)	475,821
Gifts and donations (Strathmere Lodge)	29,953	(19,855)	49,808
Chapel fund (Strathmere Lodge)	1,996	75	1,921
IT Equipment	161,519	(36,423)	197,942
Murray Elliott	65,201	23,028	42,173
Strathroy Library	10,144	97	10,047
<b>Total reserve funds</b>	<b>21,159,464</b>	<b>(555,458)</b>	<b>21,714,922</b>
<b>Surplus:</b>			
Invested in tangible capital assets	121,409,743		117,170,335
Term loan	(8,455,000)		(9,345,000)
<b>Net investment in tangible capital assets</b>	<b>112,954,743</b>		<b>107,825,335</b>
General Revenue Fund	415,594		244,021
Unexpended capital	1,435,635		70,029
<b>Unfunded:</b>			
Future benefit cost liability	(3,835,403)		(5,995,843)
Accrued interest on long-term liabilities	(195,618)		(216,210)
Vacation payable	(202,921)		(153,588)
<b>Total surplus</b>	<b>110,572,030</b>		<b>101,773,744</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

Accumulated surplus	\$138,522,872	\$130,250,567
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## 15. Tangible capital assets:

(a) 2016 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land	\$4,254,524	\$236,356	\$-	\$4,490,880
Buildings	25,727,930	463,500	-	26,191,430
Machinery and equipment	11,376,490	923,057	(633,675)	11,665,872
Vehicles	10,322,053	1,359,137	(648,233)	11,032,957
Road network and bridges	135,870,157	8,963,542	(1,810,342)	143,023,357
Library collections	3,253,753	538,458	(375,458)	3,416,753
Assets under construction	4,233,987	5,007,688	(3,786,731)	5,454,944
<b>Total</b>	<b>\$195,038,894</b>	<b>\$17,491,738</b>	<b>\$(7,254,439)</b>	<b>\$205,276,193</b>
Accumulated amortization				
Buildings	\$10,274,571	\$696,412	\$-	\$10,970,983
Machinery and equipment	5,515,781	1,299,326	(605,960)	6,209,147
Vehicles	4,739,609	1,289,332	(554,535)	5,474,406
Road network and bridges	55,787,339	5,475,323	(1,591,489)	59,671,173
Library collections	1,551,259	364,940	(375,458)	1,540,741
<b>Total</b>	<b>\$77,868,559</b>	<b>\$9,125,333</b>	<b>\$(3,127,442)</b>	<b>\$83,866,450</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 15. Tangible capital assets (continued):

(a) 2016 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Net Book Value		
Category	Net Book Value December 31, 2015	Net Book Value December 31, 2016
Land	\$4,254,524	\$4,490,880
Buildings	15,453,359	15,220,447
Machinery and equipment	5,860,709	5,456,725
Vehicles	5,582,444	5,558,551
Road network and bridges	80,082,818	83,352,184
Library collections	1,702,494	1,876,012
Assets under construction	4,233,987	5,454,944
<b>Total</b>	<b>\$117,170,335</b>	<b>\$121,409,743</b>

(b) 2015 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land	\$3,141,175	\$1,113,349	\$-	\$4,254,524
Buildings	25,713,010	14,920	-	25,727,930
Machinery and equipment	9,469,578	2,287,527	(380,615)	11,376,490
Vehicles	9,750,888	1,718,048	(1,146,883)	10,322,053
Road network and bridges	130,130,416	11,508,739	(5,768,998)	135,870,157
Library collections	3,147,303	410,631	(304,181)	3,253,753
Assets under construction	4,364,400	3,861,571	(3,991,984)	4,233,987
<b>Total</b>	<b>\$185,716,770</b>	<b>\$20,914,785</b>	<b>\$(11,592,661)</b>	<b>\$195,038,894</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 15. Tangible capital assets (continued):

(b) 2015 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Accumulated amortization				
Buildings	\$9,583,553	\$691,018	\$-	\$10,274,571
Machinery and equipment	4,693,921	1,154,825	(332,965)	5,515,781
Vehicles	4,548,396	1,196,614	(1,005,401)	4,739,609
Road network and bridges	52,966,046	5,427,764	(2,606,471)	55,787,339
Library collections	1,501,255	354,185	(304,181)	1,551,259
Total	\$73,293,171	\$8,824,406	\$(4,249,018)	\$77,868,559

Net Book Value			
Category	Net Book Value December 31,		Net Book Value December 31,
	2014		2015
Land	\$3,141,175		\$4,254,524
Buildings	16,129,457		15,453,359
Machinery and equipment	4,775,657		5,860,709
Vehicles	5,202,492		5,582,444
Road network and bridges	77,164,370		80,082,818
Library collections	1,646,048		1,702,494
Assets under construction	4,364,400		4,233,987
Total	\$112,423,599		\$117,170,335

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information:

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

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

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

<i>Segment Reporting</i>	<b>Council &amp; Administration</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$2,281,779	\$2,462,401	\$2,137,240
Ontario Conditional Grants	10,000	7,350	122,000
Canada Conditional Grants	-	-	-
Other Municipalities	238,083	126,422	49,282
Fees & Service Charges	831,606	1,066,250	1,567,169
Other Revenue/Gain (Loss) Sale of Assets	400,000	281,223	399,335
<i>Total Revenues</i>	<b>\$3,761,468</b>	<b>\$3,943,646</b>	<b>\$4,275,026</b>
<b>Expenditures</b>			
Salary, Wages & Benefits	\$1,938,292	\$1,843,333	\$1,605,437
Goods & Services	802,609	836,188	1,095,970
External Transfers	1,153,695	1,165,255	1,142,350
Debt Servicing	-	-	-
Amortization Expense	130,748	101,747	100,801
<i>Total Expenditures</i>	<b>\$4,025,344</b>	<b>\$3,946,523</b>	<b>\$3,944,558</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information (continued):

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

<i>Segment Reporting</i>	<b>Transportation Services</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$16,880,345	\$16,991,646	\$15,897,231
Ontario Conditional Grants	-	166,103	-
Canada Conditional Grants	2,152,424	2,588,325	2,266,854
Other Municipalities	1,250,000	1,283,570	1,282,475
Fees & Service Charges	50,000	283,334	87,331
Other Revenue/Gain (Loss) Sale of Assets	-	(153,596)	(3,074,951)
<i>Total Revenues</i>	\$20,332,769	\$21,159,382	\$16,458,940
<b>Expenditures</b>			
Salary, Wages & Benefits	\$4,207,311	\$4,225,574	\$4,791,209
Goods & Services	4,090,704	4,901,523	4,137,130
External Transfers	357,738	276,728	406,523
Debt Servicing	-	27,967	-
Amortization Expense	6,433,540	6,210,801	6,125,063
<i>Total Expenditures</i>	\$15,089,293	\$15,642,593	\$15,459,925

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information (continued):

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

<b>Segment Reporting</b>	<b>Emergency Services</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$2,431,958	\$2,520,864	\$2,301,741
Ontario Conditional Grants	14,869,917	15,974,576	15,116,748
Canada Conditional Grants	-	-	-
Other Municipalities	13,219,082	13,219,082	12,426,414
Fees & Service Charges	-	20,918	23,584
Other Revenue/Gain (Loss) Sale of Assets	-	(5,514)	(12,114)
<i>Total Revenues</i>	<b>\$30,520,957</b>	<b>\$31,729,926</b>	<b>\$29,856,373</b>
<b>Expenditures</b>			
Salary, Wages & Benefits	\$25,838,910	\$23,807,629	\$24,167,453
Goods & Services	3,248,706	2,870,923	2,587,358
External Transfers	1,454,162	1,747,099	2,314,628
Debt Servicing	-	-	-
Amortization Expense	1,415,445	1,403,107	1,257,049
<i>Total Expenditures</i>	<b>\$31,957,223</b>	<b>\$29,828,758</b>	<b>30,326,488</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 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.

<b>Segment Reporting</b>	<b>Social Services</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$5,360,858	\$4,960,136	5,334,504
Ontario Conditional Grants	6,837,201	6,879,833	6,482,606
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	231	8,908
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
Total Revenues	\$12,198,059	\$11,840,200	\$11,826,018
<b>Expenditures</b>			
Salary, Wages & Benefits	\$1,531,878	\$1,473,819	\$1,517,821
Goods & Services	177,720	121,185	187,826
External Transfers	10,407,030	10,166,860	9,704,824
Debt Servicing	-	-	-
Amortization Expense	-	-	-
Total Expenditures	\$12,116,628	\$11,761,864	\$11,410,471

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information (continued):

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

<b>Segment Reporting</b>	<b>Strathmere Lodge</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$2,603,587	\$2,797,881	\$2,347,960
Ontario Conditional Grants	8,019,168	7,946,507	7,923,983
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,922,224	3,886,680	3,740,560
Other Revenue/Gain (Loss) Sale of Assets	-	2,855	(40,276)
<b>Total Revenues</b>	<b>\$14,544,979</b>	<b>\$14,633,923</b>	<b>13,972,227</b>
<b>Expenditures</b>			
Salary, Wages & Benefits	\$10,970,315	\$10,616,011	\$10,661,232
Goods & Services	1,322,373	1,338,173	1,350,667
External Transfers	724,869	682,974	730,480
Debt Servicing	402,721	403,909	442,772
Amortization Expense	709,005	704,499	695,243
<b>Total Expenditures</b>	<b>\$14,129,283</b>	<b>\$13,745,566</b>	<b>\$13,880,394</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information (continued):

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

<b>Segment Reporting</b>	<b>IT</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$908,576	\$786,245	\$846,230
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	72,009	58,102
Fees & Service Charges	59,000	14,846	126,278
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<b>Total Revenues</b>	<b>\$967,576</b>	<b>\$873,100</b>	<b>\$1,030,610</b>
<b>Expenditures</b>			
Salary, Wages & Benefits	\$739,083	\$622,274	\$549,884
Goods & Services	280,546	300,441	263,126
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	186,352	208,784	199,284
<b>Total Expenditures</b>	<b>\$1,205,981</b>	<b>\$1,131,499</b>	<b>\$1,012,294</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information (continued):

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

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

<i>Segment Reporting</i>	<b>Library</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$3,982,043	\$3,982,043	\$3,744,927
Ontario Conditional Grants	372,947	408,946	200,953
Canada Conditional Grants	-	2,260	2,047
Other Municipalities	-	-	-
Fees & Service Charges	-	62,490	133,133
Other Revenue/Gain (Loss) Sale of Assets	38,500	44,052	(3,417)
<i>Total Revenues</i>	<b>\$4,393,490</b>	<b>\$4,499,791</b>	<b>\$4,077,643</b>
<b>Expenditures</b>			
Salary, Wages & Benefits	\$2,587,411	\$2,507,018	\$2,373,123
Goods & Services	392,008	510,810	403,756
External Transfers	719,181	697,362	531,296
Debt Servicing	-	-	-
Amortization Expense	461,983	477,664	437,054
<i>Total Expenditures</i>	<b>\$4,160,583</b>	<b>\$4,192,854</b>	<b>\$3,745,229</b>

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

## 16. Segmented information (continued):

The Planning Department provides upper tier approval authority administration and advice to County Council on plans of subdivision, official plans and amendments and other land use planning authorities under the Ontario Planning Act. The department monitors growth and development within constituent municipalities and maintains the County Official Plan with respect to changes in legislation and County policies.

<i>Segment Reporting</i>	<b>Planning</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$464,340	\$473,159	\$413,554
Ontario Conditional Grants	-	(3,676)	-
Canada Conditional Grants	-	-	-
Other Municipalities	320,520	312,647	233,029
Fees & Service Charges	30,000	61,793	22,177
Other Revenue/Gain (Loss) Sale of Assets	42,000	15,327	-
<i>Total Revenues</i>	\$856,860	\$859,250	\$668,760
<b>Expenditures</b>			
Salary, Wages & Benefits	\$674,847	\$695,159	\$574,512
Goods & Services	134,690	120,441	97,911
External Transfers	5,000	27,706	50,381
Debt Servicing	-	-	-
Amortization Expense	-	-	2,789
<i>Total Expenditures</i>	\$814,537	\$843,306	\$725,593

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 16. Segmented information (continued):

The Economic Development Department provides advice to County Council on all economic development matters occurring within Middlesex County and provides a web-based regional database, which can be accessed by potential investors and the public.

<i>Segment Reporting</i>	<b>Economic Development</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$482,815	\$448,775	\$439,554
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	4,500	-
<i>Total Revenues</i>	\$482,815	\$453,275	\$439,554
<b>Expenditures</b>			
Salary, Wages & Benefits	\$173,343	\$174,272	\$110,780
Goods & Services	126,290	129,951	81,582
External Transfers	180,600	101,796	143,394
Debt Servicing	-	-	-
Amortization Expense	17,035	18,731	7,123
<i>Total Expenditures</i>	\$497,268	\$424,750	\$342,879

# THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 16. 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>	<b>Non Departmental</b>		
	<i>2016 Budget</i>	<i>2016 Actual</i>	<i>2015 Actual</i>
<b>Revenues</b>			
Tax Revenue	\$186,861	\$ -	\$ -
Ontario Conditional Grants	974,100	974,100	1,146,000
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	\$1,160,961	\$974,100	\$1,146,000
<b>Expenditures</b>			
Salary, Wages & Benefits	\$ -	\$ -	\$ -
Goods & Services	-	-	-
External Transfers	1,160,961	1,176,575	1,136,961
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	\$1,160,961	\$1,176,575	\$1,136,961