

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY OF
MIDDLESEX**

Year ended December 31, 2017

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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, 2017, 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, 2017, 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
London, Canada
June 26, 2018

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash	\$7,837,061	\$12,289,662
Investments (note 4)	16,665,339	16,476,346
Accounts receivable	6,650,258	5,641,190
Loans receivable (note 5)	4,638,792	6,122,636
	35,791,450	40,529,834
Financial liabilities:		
Accounts payable and accrued liabilities	11,545,132	9,102,682
Employee future benefits (note 7)	5,254,971	3,835,403
Deferred revenue (note 8)	3,821,046	3,960,740
Term loan (note 9)	7,565,000	8,455,000
Total liabilities	28,186,149	25,353,825
Net financial assets	7,605,301	15,176,009
Non-financial assets:		
Tangible capital assets (note 15)	136,191,191	121,409,743
Prepaid expenses	1,364,065	1,902,831
Inventories held for consumption or use	35,596	34,289
	137,590,852	123,346,863
Contingencies and commitments (note 6)		
Accumulated surplus (note 14)	\$145,196,153	\$138,522,872

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget 2017	2017	2016
Revenues:			
Requisition on local municipalities	\$36,872,995	\$36,954,695	\$35,423,150
User charge	1,059,975	1,901,260	1,572,724
Government grants (note 10)	51,120,339	51,833,234	49,958,054
Investment income	300,000	270,305	302,307
Lodge resident maintenance	3,933,726	3,934,495	3,823,818
Other revenue (note 11)	93,500	106,193	69,677
Loss on disposal of tangible capital assets	-	(383,115)	(183,137)
	93,380,535	94,617,067	90,966,593
Expenditures:			
General government	5,478,129	5,743,479	5,078,022
Protection to persons and property	652,987	699,038	618,581
Transportation services	14,608,013	14,319,092	14,996,045
Environmental	25,000	47,144	27,967
Health services	35,030,516	35,450,215	31,005,333
Social and family services	22,876,888	21,936,333	21,541,186
Social housing	4,052,192	4,022,804	3,966,244
Recreation and cultural development	4,365,428	4,261,133	4,192,854
Planning and development	1,427,622	1,464,548	1,268,056
	88,516,775	87,943,786	82,694,288
Annual surplus:	4,863,760	6,673,281	8,272,305
Accumulated surplus, beginning of year	138,522,872	138,522,872	130,250,567
Accumulated surplus, end of year	\$143,386,632	\$145,196,153	\$138,522,872

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, 2017, with comparative information for 2016

	Budget 2017	2017	2016
Annual surplus	\$4,863,760	\$6,673,281	\$8,272,305
Amortization of tangible capital assets	9,376,464	9,461,191	9,125,333
Acquisition of tangible capital assets	(13,849,425)	(26,480,698)	(12,484,050)
Asset under construction	-	1,713,649	(1,220,957)
Loss on sale of tangible capital assets	-	383,115	183,137
Proceeds on sale of tangible capital assets	-	141,295	157,129
Change in inventories held for consumption or use	-	(1,307)	5,842
Change in prepaid expenses	-	538,766	(196,010)
Change in net financial assets (debt)	390,799	(7,570,708)	3,842,729
Net financial assets, beginning of year	15,176,009	15,176,009	11,333,280
Net financial assets, end of year	\$15,566,808	\$7,605,301	\$15,176,009

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$6,673,281	\$8,272,305
Items not involving cash:		
Amortization	9,461,191	9,125,333
Loss on sale of tangible capital assets	383,115	183,137
Changes in non-cash operating working capital:		
Accounts receivable	(1,009,068)	(443,535)
Accounts payable and accrued liabilities	2,442,450	3,172,812
Employee future benefits	1,419,568	(2,160,440)
Deferred revenue	(139,694)	(248,307)
Prepaid expenses	538,766	(196,010)
Inventories held for consumption or use	(1,307)	5,842
	19,768,302	17,711,137
Investing activities:		
Investments	(188,993)	(280,134)
Loans receivable	1,483,844	1,615,094
Acquisition of tangible capital assets	(26,480,698)	(12,484,050)
Assets under construction	1,713,649	(1,220,957)
Proceeds on sale of tangible capital assets	141,295	157,129
	(23,330,903)	(12,212,918)
Financing activities:		
Term loan	(890,000)	(890,000)
Increase (decrease) in cash	(4,452,601)	4,608,219
Cash, beginning of year	12,289,662	7,681,443
Cash, end of year	\$7,837,061	\$12,289,662

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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, 2017

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)

Year ended December 31, 2017

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 and land improvements 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, 2017

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, 2017

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, 2017 in the amount of \$1,020,912 (2016 - \$1,176,575) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2017 amounting to \$71,976 (2016 - \$64,205) have not been included in the consolidated financial statements.

4. Investments:

Total investments of \$16,665,339 (2016 - \$16,476,346) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$17,124,814 (2016 - \$17,016,588). At the end of the year, these investments are comprised of:

	2017	2016
Cash	\$3,500	\$10,238
Fixed income securities	16,661,839	16,466,108
	<u>\$16,665,339</u>	<u>\$16,476,346</u>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2017 the amount outstanding was \$4,638,792 (2016 - \$6,122,636). The amounts to be received in the next five years and thereafter are as follows:

2018	\$1,483,844
2019	1,263,218
2020	840,617
2021	709,367
2022	341,746
	<hr/>
	\$4,638,792

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:

2018	\$1,821,784
2019	1,664,151
2020	1,763,808
2021	1,773,574
2022	1,741,398
Thereafter	24,398,611
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	\$33,163,326

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Employee future benefits:

(a) Pension:

The County contributed \$3,248,811 (2016 - \$3,143,645) 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:

	2017	2016
Accrued benefit obligation, January 1	\$2,107,100	\$2,025,400
Current period benefit cost	191,800	185,200
Post-employment benefit interest expenditure	75,400	72,200
Benefits paid	(158,300)	(175,700)
Accrued benefit obligation, December 31	2,216,000	2,107,100
Unamortized actuarial loss	(291,000)	(337,400)
Liability for benefits	\$1,925,000	\$1,769,700

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$191,800	\$185,200
Amortization of actuarial losses	46,400	46,400
Post-employment benefit interest expenditure	75,400	72,200
	\$313,600	\$303,800

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Employee future benefits (continued):

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

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

	2017	2016
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	5.72% for 2017 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% is reached	5.81% for 2016 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 \$891,167 (2016 - \$951,054).

The estimate of the future benefit costs for WSIB claims of \$3,329,971 (2016 - \$2,065,703) were provided by WSIB and were determined based on benefits currently in force with provision for benefits not yet awarded as follows:

Accidents prior to 1990 and survivor pensions	17.43%
Accidents from 1990 to 1997 and non-economic	31.29%
Accidents after 1997	14.98%

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

	2017	2016
Health, dental and life insurance benefit obligations	\$1,925,000	\$1,769,700
WSIB benefit obligations	3,329,971	2,065,703
	\$5,254,971	\$3,835,403

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Deferred revenue:

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

	2017	2016
Federal gas tax	\$3,368,820	\$3,478,605
Subsidy advances from provincial ministries	235,660	231,308
Subsidy advance from The City of London	216,566	250,827
	\$3,821,046	\$3,960,740

9. Term loan:

	2017	2016
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$7,565,000	\$8,455,000

Interest paid on this loan during 2017 was \$361,482 (2016 - \$403,909).

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

	Principal	Interest
2018	\$890,000	\$319,959
2019	890,000	278,663
2020	890,000	238,046
2021	890,000	196,071
2022	890,000	154,775
Thereafter	3,115,000	216,776
	\$7,565,000	\$1,404,290

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 (2016 – 662,000), 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 \$1,138,847 (2016 - \$1,283,185) 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, 2017

11. Other revenue:

Other revenue from operations is comprised of:

	2017	2016
Fines and lost books	\$22,578	\$21,207
Donations	11,442	16,054
Transfer from trust	292	292
Sale of timber, maps and books	71,881	32,124
	\$106,193	\$69,677

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2017. 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, 2017

14. Accumulated surplus:

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

	2017	Transfers to (from) reserves	2016
Reserves:			
Working capital	\$339,623	\$ -	\$339,623
Insurance	467,084	(3,899)	463,185
Winter Control	(359,152)	(561,526)	(920,678)
Ambulance services	5,824,882	(243,655)	5,581,227
Tax rate stabilization	1,072,236	(1,255)	1,070,981
Woodlands	241,434	(29,142)	212,292
Tree bank	76,748	(32,000)	44,748
Total reserves	7,662,855	(871,477)	6,791,378
Reserve funds set aside for specific purposes by legislation, regulation or agreement:			
Future road construction	10,860,242	(1,409,089)	9,451,153
Wind farm decommission – fees	352,804	(85,383)	267,421
Senior services	637,101	(6,010)	631,091
Capital works	10,088,010	(18,609)	10,069,401
Strathmere Lodge equipment	509,574	(37,989)	471,585
Gifts and donations (Strathmere Lodge)	34,517	(4,564)	29,953
Chapel fund (Strathmere Lodge)	2,326	(330)	1,996
IT Equipment	198,810	(37,291)	161,519
Murray Elliott	65,822	(621)	65,201
Strathroy Library	87,805	(77,661)	10,144
Total reserve funds	22,837,011	(1,677,547)	21,159,464
Surplus:			
Invested in tangible capital assets	136,191,191		121,409,743
Term loan	(7,565,000)		(8,455,000)
Financed (unfinanced) capital	(9,168,006)		1,435,635
Net investment in tangible capital assets	119,458,185		114,390,378
General Revenue Fund	905,136		415,594
Unfunded:			
Future benefit cost liability	(5,254,971)		(3,835,403)
Accrued interest on long-term liabilities	(175,027)		(195,618)
Vacation payable	(237,036)		(202,921)
Total surplus	114,696,287		110,572,030
Accumulated surplus	\$145,196,153		\$138,522,872

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Tangible capital assets:

(a) 2017 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land	\$4,490,880	\$223,012	\$ -	\$4,713,892
Buildings	26,191,430	12,893,456	-	39,084,886
Machinery and equipment	11,665,872	995,859	(321,308)	12,340,423
Vehicles	11,032,957	1,736,107	(1,078,639)	11,690,425
Road network and bridges	143,023,357	10,243,043	(3,627,962)	149,638,438
Library collections	3,416,753	389,221	(356,174)	3,449,800
Assets under construction	5,454,944	2,309,125	(4,022,774)	3,741,295
Total	\$205,276,193	\$28,789,823	\$(9,406,857)	\$224,659,159

Accumulated amortization				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Buildings	\$10,970,983	\$922,144	\$ -	\$11,893,127
Machinery and equipment	6,209,147	1,266,233	(314,639)	7,160,741
Vehicles	5,474,406	1,366,203	(981,398)	5,859,211
Road network and bridges	59,671,173	5,532,394	(3,207,462)	61,996,105
Library collections	1,540,741	374,217	(356,174)	1,558,784
Total	\$83,866,450	\$9,461,191	\$(4,859,673)	\$88,467,968

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Tangible capital assets (continued):

(a) 2017 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Net Book Value		
Category	Net Book Value December 31, 2016	Net Book Value December 31, 2017
Land	\$4,490,880	\$4,713,892
Buildings	15,220,447	27,191,759
Machinery and equipment	5,456,725	5,179,682
Vehicles	5,558,551	5,831,214
Road network and bridges	83,352,184	87,642,333
Library collections	1,876,012	1,891,016
Assets under construction	5,454,944	3,741,295
Total	\$121,409,743	\$136,191,191

(b) 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
Total	\$195,038,894	\$17,491,738	\$(7,254,439)	\$205,276,193

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Tangible capital assets (continued):

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

Accumulated amortization	Balance Beginning of Year	Additions	Disposals	Balance End of Year
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
Total	\$77,868,559	\$9,125,333	\$(3,127,442)	\$83,866,450

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
Total	\$117,170,335	\$121,409,743

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

Segment Reporting	Council & Administration		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$2,477,874	\$2,743,314	\$2,259,926
Ontario Conditional Grants	10,000	4,641	7,350
Other Municipalities	185,833	279,639	126,422
Fees & Service Charges	864,868	1,091,278	1,066,250
Other Revenue/Gain (Loss) Sale of Assets	300,000	263,568	281,223
<i>Total Revenues</i>	\$3,838,575	\$4,382,440	\$3,741,171
Expenditures			
Salary, Wages & Benefits	\$1,902,306	\$1,959,699	\$1,843,333
Goods & Services	1,000,956	1,046,887	836,188
External Transfers	1,188,372	1,199,411	1,165,255
Amortization Expense	129,137	354,258	101,747
<i>Total Expenditures</i>	\$4,220,771	\$4,560,255	\$3,946,523

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$17,464,180	\$17,464,180	\$16,991,646
Ontario Conditional Grants	-	276,701	166,103
Canada Conditional Grants	2,152,424	2,332,685	2,588,325
Other Municipalities	1,250,000	1,295,240	1,283,570
Fees & Service Charges	50,000	367,064	283,334
Other Revenue/Gain (Loss) Sale of Assets	-	(342,362)	(153,596)
<i>Total Revenues</i>	\$20,916,604	\$21,393,508	\$21,159,382
Expenditures			
Salary, Wages & Benefits	\$4,506,892	\$4,257,689	\$4,225,574
Goods & Services	4,027,359	4,220,598	4,901,523
External Transfers	364,487	293,598	276,728
Debt Servicing	-	27,144	27,967
Amortization Expense	6,387,262	6,266,243	6,210,801
<i>Total Expenditures</i>	\$15,286,000	\$15,065,272	\$15,642,593

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

Segment Reporting	Emergency Services		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$2,651,472	\$2,782,935	\$2,520,864
Ontario Conditional Grants	16,254,188	17,046,455	15,974,576
Other Municipalities	14,412,272	14,407,918	13,219,082
Fees & Service Charges	-	141,245	20,918
Other Revenue/Gain (Loss) Sale of Assets	-	(18,944)	(5,514)
<i>Total Revenues</i>	\$33,317,932	\$34,359,609	\$31,729,926
Expenditures			
Salary, Wages & Benefits	\$27,210,119	\$27,940,985	\$23,807,629
Goods & Services	3,943,395	3,285,275	2,870,923
External Transfers	1,306,156	1,778,684	1,747,099
Amortization Expense	1,409,885	1,424,359	1,403,107
<i>Total Expenditures</i>	\$33,869,555	\$34,429,303	\$29,828,758

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

Segment Reporting	Social Services		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$5,304,939	\$5,018,574	\$4,960,136
Ontario Conditional Grants	7,304,619	6,751,330	6,879,833
Fees & Service Charges	-	189	231
Total Revenues	\$12,609,558	\$11,770,093	\$11,840,200
Expenditures			
Salary, Wages & Benefits	\$1,539,686	\$1,404,567	\$1,473,819
Goods & Services	179,725	35,372	121,185
External Transfers	10,803,025	10,253,286	10,166,860
Total Expenditures	\$12,522,436	\$11,693,225	\$11,761,864

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$2,300,974	\$2,560,832	\$2,797,881
Ontario Conditional Grants	8,353,047	8,139,725	7,946,507
Fees & Service Charges	3,972,833	3,993,904	3,886,680
Other Revenue/Gain (Loss) Sale of Assets	-	-	2,855
Total Revenues	\$14,626,854	\$14,694,461	\$14,633,923
Expenditures			
Salary, Wages & Benefits	\$11,241,502	\$11,127,494	\$10,616,011
Goods & Services	1,345,525	1,373,078	1,338,173
External Transfers	743,331	690,934	682,974
Debt Servicing	361,481	361,482	403,909
Amortization Expense	714,805	712,925	704,499
Total Expenditures	\$14,406,644	\$14,265,913	\$13,745,566

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

16. Segmented information (continued):

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

Segment Reporting	IT		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$923,836	\$835,115	\$786,245
Other Municipalities	-	90,659	72,009
Fees & Service Charges	76,000	8,452	14,846
Total Revenues	\$999,836	\$934,226	\$873,100
Expenditures			
Salary, Wages & Benefits	\$718,793	\$649,871	\$622,274
Goods & Services	341,656	346,989	300,441
Amortization Expense	196,909	186,364	208,784
Total Expenditures	\$1,257,358	\$1,183,224	\$1,131,499

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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

Segment Reporting	Library		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$4,038,264	\$4,038,264	\$3,982,043
Ontario Conditional Grants	369,956	340,342	408,946
Canada Conditional Grants	-	4,788	2,260
Fees & Service Charges	-	136,927	62,490
Other Revenue/Gain (Loss) Sale of Assets	35,000	48,299	44,052
<i>Total Revenues</i>	<i>\$4,443,220</i>	<i>\$4,568,620</i>	<i>\$4,499,791</i>
Expenditures			
Salary, Wages & Benefits	\$2,662,515	\$2,568,671	\$2,507,018
Goods & Services	399,057	548,733	510,810
External Transfers	785,817	647,115	697,362
Amortization Expense	518,039	496,614	477,664
<i>Total Expenditures</i>	<i>\$4,365,428</i>	<i>\$4,261,133</i>	<i>\$4,192,854</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

Segment Reporting	Planning		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$950,383	\$912,213	\$473,159
Ontario Conditional Grants	-	18,478	(3,676)
Other Municipalities	-	16,633	312,647
Fees & Service Charges	30,000	84,053	61,793
Other Revenue/Gain (Loss) Sale of Assets	58,500	42,821	15,327
<i>Total Revenues</i>	\$1,038,883	\$1,074,198	\$859,250
Expenditures			
Salary, Wages & Benefits	\$834,885	\$837,272	\$695,159
Goods & Services	136,363	140,065	120,441
External Transfers	10,000	56,586	27,706
<i>Total Expenditures</i>	\$981,248	\$1,033,923	\$843,306

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>	Economic Development		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$428,112	\$406,356	\$448,775
Other Revenue/Gain (Loss) Sale of Assets	-	12,643	4,500
<i>Total Revenues</i>	\$428,112	\$418,999	\$453,275
Expenditures			
Salary, Wages & Benefits	\$180,757	\$188,971	\$174,272
Goods & Services	60,190	128,620	129,951
External Transfers	185,000	92,607	101,796
Amortization Expense	20,427	20,427	18,731
<i>Total Expenditures</i>	\$446,374	\$430,625	\$424,750

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>	Non Departmental		
	<i>2017 Budget</i>	<i>2017 Actual</i>	<i>2016 Actual</i>
Revenues			
Tax Revenue	\$332,961	\$192,912	\$202,475
Ontario Conditional Grants	828,000	828,000	974,100
<i>Total Revenues</i>	\$1,160,961	\$1,020,912	\$1,176,575
Expenditures			
External Transfers	\$1,160,961	\$1,020,912	\$1,176,575
<i>Total Expenditures</i>	\$1,160,961	\$1,020,912	\$1,176,575