

Consolidated Financial Statements

THE CORPORATION OF THE COUNTY OF MIDDLESEX

And independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at end of December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

November 4, 2025

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$28,535,554	\$12,457,141
Investments (note 5)	45,596,350	49,172,857
Accounts receivable	22,972,837	27,586,042
Accounts receivable – long term	94,821	94,821
Mortgage receivable – long term (note 17)	16,732,108	16,420,109
	113,931,670	105,730,970
Financial liabilities:		
Accounts payable and accrued liabilities	24,718,780	16,606,716
Asset retirement obligations (note 16)	998,645	957,474
Employee future benefits (note 7)	14,608,500	11,858,300
Deferred revenue (note 8)	11,214,581	10,176,693
Term loan (note 9)	1,335,000	2,225,000
Total liabilities	52,875,506	41,824,183
Net financial assets	61,056,164	63,906,787
Non-financial assets:		
Tangible capital assets (note 15)	196,709,809	180,512,381
Prepaid expenses	4,782,557	3,446,143
Inventories held for consumption or use	63,882	75,436
	201,556,248	184,033,960
Contingencies and commitments (note 6)		
Accumulated surplus (note 14)	\$262,612,412	\$247,940,747

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	2024	2023
Revenues:			
Requisition on local municipalities	\$56,615,515	\$55,702,893	\$53,479,938
Government grants (note 10)	98,689,812	111,121,776	100,978,394
Lodge resident maintenance	4,330,641	4,621,579	4,459,702
User charges	1,063,703	1,629,478	1,626,814
Investment income	550,000	1,596,673	1,660,750
Other revenue (note 11)	28,200	107,044	107,639
Loss on disposal of tangible capital assets	–	(72,967)	(172,039)
	161,277,871	174,706,476	162,141,198
Expenditures:			
General government	10,739,172	10,074,213	9,212,586
Protection to persons and property	577,000	760,083	533,525
Transportation services	20,375,492	20,455,396	18,299,353
Environmental	25,000	20,672	21,678
Health services	66,339,793	69,577,994	64,791,063
Social and family services	40,601,943	43,652,318	39,982,972
Social housing	6,865,000	6,190,144	5,534,146
Recreation and cultural development	6,242,956	6,399,903	5,948,236
Planning and development	2,848,843	2,904,088	2,496,276
	154,615,199	160,034,811	146,819,835
Annual surplus:	6,662,672	14,671,665	15,321,363
Accumulated surplus, beginning of year	247,940,747	247,940,747	232,619,384
Accumulated surplus, end of year	\$254,603,419	\$262,612,412	\$247,940,747

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, 2024, with comparative information for 2023

	Budget 2024	2024	2023
Annual surplus	\$6,662,672	\$14,671,665	\$15,321,363
Amortization of tangible capital assets	13,723,690	13,507,292	12,605,454
Acquisition of tangible capital assets	(25,815,536)	(30,932,720)	(33,729,938)
Asset under construction	–	676,758	2,952,575
Loss on sale of tangible capital assets	–	72,967	172,039
Proceeds on sale of tangible capital assets	–	478,275	174,085
Change in inventories held for consumption or use	–	11,554	14,821
Change in prepaid expenses	–	(1,336,414)	531,473
Change in net financial assets	(5,429,174)	(2,850,623)	(1,958,128)
Net financial assets, beginning of year	63,906,787	63,906,787	65,864,915
Net financial assets, end of year	\$58,477,613	\$61,056,164	\$63,906,787

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$14,671,665	\$15,321,363
Items not involving cash:		
Amortization	13,507,292	12,605,454
Loss on sale of tangible capital assets	72,967	172,039
Changes in non-cash operating working capital:		
Accounts receivable	4,613,205	(9,108,319)
Accounts payable and accrued liabilities	8,112,064	4,443,015
Asset retirement obligations	41,171	39,474
Employee future benefits	2,750,200	1,798,500
Deferred revenue	1,037,888	823,136
Prepaid expenses	(1,336,414)	531,473
Inventories held for consumption or use	11,554	14,821
	43,481,592	26,640,956
Investing activities:		
Investments	3,576,507	(1,079,646)
Loans receivable	-	-
Long-term mortgage receivable (note 17)	(311,999)	(98,009)
Acquisition of tangible capital assets	(30,932,720)	(33,729,938)
Assets under construction	676,758	2,952,575
Proceeds on sale of tangible capital assets	478,275	174,085
	(26,513,179)	(31,780,933)
Financing activities:		
Term loan	(890,000)	(890,000)
Increase (decrease) in cash	16,078,413	(6,029,977)
Cash, beginning of year	12,457,141	18,487,118
Cash, end of year	\$28,535,554	\$12,457,141

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

December 31, 2024, with comparative information for 2023

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

1. Significant accounting policies:

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

(a) Basis of consolidation:

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

(b) Non-consolidated entities:

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

(c) Trust funds:

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

(d) Basis of presentation:

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

(e) Investments:

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(f) Deferred revenue:

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

(g) Government transfers:

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

(h) Pension plan:

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

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

(i) Employee future benefits:

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

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(j) Budget figures:

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

(k) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Rate
Land – not amortized	-
Buildings	10 – 75 years
Machinery and equipment	3 – 20 years
Vehicles	3 – 18 years
Road network and bridges	10 – 100 years
Library collections	5 – 15 years

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

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources:

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(k) Non-financial assets (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 consolidated financial statements.

(v) Interest capitalization:

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

(vi) Leased tangible capital assets:

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

(vii) Inventories of supplies:

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

(l) Use of estimates:

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

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

Actual results could differ from these estimates.

(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 CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(m) Liabilities for contaminated sites (continued):

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

(n) Asset retirement obligations:

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

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

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

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

(o) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2024, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) New public sector accounting standards (PSAS) conceptual framework

The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. It defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. The framework will be effective for fiscal years beginning on or after April 1, 2026 (the County's December 31, 2026 year-end).

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(o) Future accounting pronouncements (continued):

(ii) Financial statement presentation

Section PS 1202 provides guidance on how information should be presented in the financial statements. It will replace the current section PS 1201 financial statement presentation. The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026 (the County's December 31, 2026 year-end).

2. Change in accounting policies:

The County adopted the following standards concurrently beginning January 1, 2024:

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. Based on an evaluation of the County's revenue transactions, no revenue was adjusted in 2024.

(ii) Public sector guideline 8 purchased intangibles

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangibles purchased through an exchange transaction. In 2024, no purchased intangibles have been recognized on the Statement of Financial Position or Operations.

(iii) Public private partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. In 2024, the County reviewed its capital projects and contracts and concluded that it did not enter into any agreements that meet the definition of public private partnership during the year.

3. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2024 in the amount of \$1,447,005 (2023 - \$1,404,859) to the Middlesex London Health Unit.

4. Trust funds:

Trust funds administered by the County for the year ended December 31, 2024 amounting to \$83,782 (2023 - \$76,966) have not been included in the consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

5. Investments:

Total investments of \$45,596,350 (2023 - \$49,172,857) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$45,557,751 (2023 - \$48,751,377). At the end of the year, these investments are comprised of:

	2024	2023
Cash and cash equivalents	\$ 83,655	\$ 38,262
Fixed income securities:		
Federal government – rate 2% with maturity dates 2041	–	732,656
Provincial governments – rates ranging from 2.05% to 3.55% with maturity dates ranging from 2027 to 2043	8,527,199	10,666,297
Canadian municipalities – rates ranging from 1.4% to 3.25% with maturity dates ranging from 2025 to 2030	1,531,674	1,037,825
Canadian banks – rates ranging from 0.85% to 5.10% with maturity dates ranging from 2025 to 2032	30,859,312	31,427,251
Credit unions and others – rates ranging from 1.50% to 5.37% with maturity dates ranging from 2025 to 2033	4,594,510	5,270,566
	<u>\$ 45,596,350</u>	<u>\$ 49,172,857</u>

6. Contingencies and commitments:

(a) Contingencies:

Certain actions and legal proceedings arising in the normal course of business, in addition to those otherwise provided for in the consolidated financial statements, are pending against the County of Middlesex. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are indeterminable.

(b) Commitments:

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

2025	\$2,452,056
2026	2,430,999
2027	2,423,222
2028	2,297,798
2029	2,192,186
Thereafter	21,399,789
	<u>\$33,196,050</u>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

7. Employee future benefits:

(a) Pension:

The County contributed \$5,478,608 (2023 - \$4,986,404) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Consolidated Statement of Operations.

(b) Health, dental and life insurance:

The County provides certain employee benefits such as health, dental and life insurance to qualified retirees until they reach 65 years of age that will require funding in future periods. The most recent actuarial valuation was undertaken as at December 31, 2023, and it provided projected expense and liability disclosure information for the fiscal periods 2024 and 2025. The benefit obligation continuity is as follows:

	2024	2023
Accrued benefit obligation, January 1	\$3,934,700	\$3,584,800
Current period benefit cost	425,000	502,200
Post-employment benefit interest expenditure	169,700	124,700
Plan amendments	-	(75,800)
Benefits paid	(243,200)	(201,200)
Accrued benefit obligation, December 31	4,286,200	3,934,700
Unamortized actuarial loss	(207,000)	(228,500)
Liability for benefits	\$4,079,200	\$3,706,200

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$425,000	\$502,200
Amortization of actuarial losses	21,500	76,400
Plan amendments	-	(75,800)
Post-employment benefit interest expenditure	169,700	124,700
	\$616,200	\$627,500

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

7. Employee future benefits (continued):

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

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

	2024	2023
Discount rate	4.3%	4.3%
Rate of compensation increases	3.0%	3.0%
Dental and other Extended Health Care costs increase	4.0%	4.0%
Extended Health Care cost increases	7.09% for 2024 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached	7.26% for 2023 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached

(c) Workplace Safety and Insurance Board:

The County has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The County became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$2,507,474 (2023 - \$2,798,296).

An actuarial valuation was undertaken as at December 31, 2024, it provided projected expense and liability disclosure information for the fiscal period 2025. The estimate of the future benefit cost for WSIB claims was \$10,529,300 (2023 - \$8,152,100).

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

	2024	2023
Discount rate	4.3%	4.3%
Inflation rate	4.4%	2.0%
Future benefit indexing rate:		
Loss of earning benefits	4.4%	2.0%
Other income benefits	4.4%	2.0%
Health benefits	4.0%	4.0%

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

	2024	2023
Health, dental and life insurance benefit obligations	\$4,079,200	\$3,706,200
WSIB benefit obligations	10,529,300	8,152,100
	\$14,608,500	\$11,858,300

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

8. Deferred revenue:

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

	2024	2023
Federal gas tax	\$4,514,804	\$5,102,775
Subsidy advances from provincial ministries	5,958,545	4,329,186
Subsidy advance from The City of London	238,732	238,732
Subsidy advance from other	502,500	506,000
	\$11,214,581	\$10,176,693

9. Term loan:

	2024	2023
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest, due on January 3, 2026	\$1,335,000	\$2,225,000

Interest paid on this loan during 2024 was \$72,636 (2023 - \$113,705).

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

	Principal	Interest
2025	890,000	30,887
2026	445,000	—
	\$1,335,000	\$30,887

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.

10. Compensation for annexed lands:

The City of London, under section 474.18 of the Municipal Act, 2001, will pay the County of Middlesex, as compensation for the reduction in income due to the dissolution of the London - Middlesex Suburban Roads Commission. Proceeds received in accordance with the prescribed formula within Section 474.18 were \$1,368,923 (2023 - \$1,293,798) 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)

December 31, 2024, with comparative information for 2023

11. Other revenue:

Other revenue from operations is comprised of:

	2024	2023
Sale of timber, maps and books	\$67,531	\$69,192
Donations	28,297	26,614
Fines and lost books	10,539	11,217
Transfer from trust	677	616
	<u>\$107,044</u>	<u>\$107,639</u>

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2024. Based on the estimated liability a reserve has been established with funding at an amount deemed adequate to cover the estimated liability. However, the Province of Ontario and other ambulance providers have not finalized this calculation and the actual liability may differ from the estimates provided for in these consolidated financial statements.

13. Financial instruments:

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

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

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

14. Accumulated surplus:

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

	2024	2023
Reserves:		
Working capital	\$947,580	\$947,580
Insurance	1,283,402	1,230,100
Winter control	4,315,590	3,351,930
Ambulance services	8,568,050	5,018,395
Tax rate stabilization	10,891,857	9,141,716
Woodlands and Tree bank	194,378	221,679
Total reserves	26,200,857	19,911,400
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
Future road construction	16,116,796	16,920,492
Wind farm decommission – fees	144,767	92,486
Capital works	17,309,482	16,957,320
County revenue replacement investment	6,494,057	6,947,805
Strathmere Lodge equipment	429,623	514,382
Gifts and donations (Strathmere Lodge)	48,820	39,579
Chapel fund (Strathmere Lodge)	2,051	2,459
IT equipment	242,229	206,843
Library technology replacement	72,584	80,512
Strathroy Library	6,458	71,022
Murray Elliott	36,105	72,242
Friends of Strathroy Library	73,831	35,328
Total reserve funds	40,976,803	41,940,470
Surplus:		
Invested in tangible capital assets	196,709,809	180,512,381
Term loan	(1,335,000)	(2,225,000)
Financed capital	14,058,180	17,403,198
Net investment in tangible capital assets	209,432,989	195,690,579
General Revenue Fund	2,431,614	3,849,379
Unfunded:		
Future benefit cost liability	(14,608,500)	(11,858,300)
Asset retirement obligations	(998,645)	(957,474)
Accrued interest on long-term liabilities	(30,887)	(51,479)
Vacation payable	(791,819)	(583,828)
Total surplus	195,434,752	186,088,877
Accumulated surplus	\$262,612,412	\$247,940,747

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

15. Tangible capital assets:

(a) 2024 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Land	\$5,973,381	\$ –	\$ –	\$5,973,381
Buildings	43,010,430	3,370,355	–	46,380,785
Machinery and equipment	17,816,095	1,128,753	(1,552,519)	17,392,329
Vehicles	19,926,126	4,284,331	(734,232)	23,476,225
Road network and bridges	201,056,425	21,909,129	(5,179,880)	217,785,674
Library collections	3,401,547	240,152	(310,913)	3,330,786
Assets under construction	11,880,487	6,877,237	(7,553,995)	11,203,729
Total	\$303,064,491	\$37,809,957	\$(15,331,539)	\$325,542,909

Accumulated amortization				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Buildings	\$15,120,102	\$1,423,285	\$ –	\$16,543,387
Machinery and equipment	11,762,407	1,509,465	(1,195,098)	12,076,774
Vehicles	11,581,989	2,169,597	(715,319)	13,036,267
Road network and bridges	82,439,193	8,082,759	(5,004,972)	85,516,980
Library collections	1,648,419	322,186	(310,913)	1,659,692
Total	\$122,552,110	\$13,507,292	\$(7,226,302)	\$128,833,100

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

15. Tangible capital assets (continued):

(a) 2024 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Net Book Value		
Category	Net Book Value December 31, 2024	Net Book Value December 31, 2023
Land	\$5,973,381	\$5,973,381
Buildings	29,837,398	27,890,328
Machinery and equipment	5,315,555	6,053,688
Vehicles	10,439,958	8,344,137
Road network and bridges	132,268,694	118,617,232
Library collections	1,671,094	1,753,128
Assets under construction	11,203,729	11,880,487
Total	\$196,709,809	\$180,512,381

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

15. Tangible capital assets (continued):

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

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

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

16. Asset retirement obligations:

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

As a result of applying this accounting standard, an asset retirement obligation of \$998,645 (2023 – \$957,474) was recognized as a liability on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

17. Sale of building and land:

In November 2020, the County entered into an agreement of purchase and sale for the property located at 399 Ridout Street and 50 King Street at a price of \$30,000,000. Upon sale, the County recognized a gain of \$28,351,659 which was included in the Consolidated Statement of Operations. The sale of these properties was completed on December 18, 2020 and the terms included the County receiving \$13,012,500 cash and a four-year and seven-month vendor take-back mortgage in amount of \$16,987,500. The mortgage is non-interest bearing and is due in August 2025. The County also entered into a four-year and seven-month lease for 399 Ridout Street. There are no rental payments contained in the lease. The financial statements include the present value of the mortgage receivable \$16,732,108 (2023 - \$16,420,109) and the prepaid rent of \$212,071 (2023 - \$524,070).

18. Segmented information:

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

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

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

Segment Reporting	Council & Administration		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$4,670,483	\$3,626,657	\$5,111,176
Ontario conditional grants	685,459	635,192	880,029
Canada conditional grants	–	–	12,031
Other municipalities	200,775	216,346	220,030
Fees and service charges	697,567	425,825	53,707
Other revenue/gain (loss) sale of assets	550,000	1,596,309	1,651,887
Total revenues	\$6,804,284	\$6,500,329	\$7,928,860
Expenditures			
Salary, wages and benefits	\$4,219,892	\$3,845,922	\$3,411,853
Goods and services	1,413,792	832,864	1,000,463
External transfers	2,169,732	2,454,942	2,067,138
Amortization expense	604,201	587,066	533,794
Total expenditures	\$8,407,617	\$7,720,794	\$7,013,248

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

18. Segmented information (continued):

The County Engineer's Office oversees the maintenance and capital works operations of the Highways Department and manages the County of Middlesex's Environmental Services functions. The Highways Department is responsible for the maintenance of roads and bridges throughout the County in accordance with minimum maintenance standards including winter and summer operations. This department also completes detailed design and project management for road rehabilitation and capital work, with the capacity to complete much of these operations using County staff and equipment. This department is also responsible for emergency planning and preparedness, fire safety and fire investigation, fire communication system, and for administering agreements for 911 communication and fire dispatch in Middlesex County. Environmental Services is limited to managing inter-municipal waste disposal agreements.

Segment Reporting	Transportation Services		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$21,982,650	\$23,041,758	\$21,908,835
Ontario conditional grants	1,080,959	1,213,847	1,115,366
Canada conditional grants	2,455,788	3,183,753	3,017,906
Other municipalities	1,310,000	1,420,950	1,364,160
Fees and service charges	115,000	339,822	353,649
Other revenue/gain (loss) sale of assets	–	(122,599)	(131,509)
<i>Total revenues</i>	<i>\$26,944,397</i>	<i>\$29,077,531</i>	<i>\$27,628,407</i>
Expenditures			
Salary, wages and benefits	\$5,287,955	\$5,390,540	\$4,826,069
Goods and services	6,283,136	6,243,927	5,337,362
External transfers	357,000	529,114	297,734
Debt servicing	25,000	20,673	21,678
Amortization expense	9,024,401	9,051,897	8,371,713
<i>Total expenditures</i>	<i>\$20,977,492</i>	<i>\$21,236,151</i>	<i>\$18,854,556</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

18. Segmented information (continued):

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

Segment Reporting	Emergency Services		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$5,967,172	\$6,020,799	\$5,838,907
Ontario conditional grants	30,884,025	37,860,674	31,238,233
Other municipalities	30,022,294	29,877,051	29,513,080
Fees and service charges	–	403,426	646,261
Other revenue/gain (loss) sale of assets	–	101,386	25,859
<i>Total revenues</i>	<i>\$66,873,491</i>	<i>\$74,263,336</i>	<i>\$67,262,340</i>
Expenditures			
Salary, wages and benefits	\$53,196,783	\$55,051,880	\$50,692,947
Goods and services	5,784,109	7,758,533	6,943,161
External transfers	3,457,775	3,153,697	3,689,900
Amortization expense	2,454,121	2,166,879	2,060,197
<i>Total expenditures</i>	<i>\$64,892,788</i>	<i>\$68,130,989</i>	<i>\$63,386,205</i>

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>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$7,938,337	\$8,336,313	\$7,265,516
Ontario conditional grants	18,761,643	20,864,535	19,312,703
Fees and service charges	–	24,538	–
<i>Total revenues</i>	<i>\$26,699,980</i>	<i>\$29,225,386</i>	<i>\$26,578,219</i>
Expenditures			
Salary, wages and benefits	\$1,496,839	\$1,484,953	\$1,361,158
Goods and services	106,899	6,907	12,387
External transfers	25,002,524	26,662,942	24,129,163
<i>Total expenditures</i>	<i>\$26,606,262</i>	<i>\$28,154,802</i>	<i>\$25,502,708</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

18. Segmented information (continued):

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

Segment Reporting	Strathmere Lodge		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$5,356,848	\$3,570,618	\$3,395,456
Ontario conditional grants	12,060,721	14,567,781	13,033,635
Fees and service charges	4,362,035	4,820,109	4,734,327
Other revenue/gain (loss) sale of assets	–	(196)	(20,224)
<i>Total revenues</i>	<i>\$21,779,604</i>	<i>\$22,958,312</i>	<i>\$21,143,194</i>
Expenditures			
Salary, wages and benefits	\$16,997,345	\$17,784,918	\$16,004,222
Goods and services	2,175,044	2,007,741	2,199,740
External transfers	690,236	896,565	865,744
Debt servicing	72,636	72,636	113,706
Amortization expense	925,420	925,800	830,998
<i>Total expenditures</i>	<i>\$20,860,681</i>	<i>\$21,687,660</i>	<i>\$20,014,410</i>

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

Segment Reporting	IT		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$1,449,169	\$1,790,215	\$1,705,764
Ontario conditional grants	–	–	16,291
Other municipalities	279,525	281,425	167,990
Fees and service charges	5,865	5,864	5,774
<i>Total revenues</i>	<i>\$1,734,559</i>	<i>\$2,077,504</i>	<i>\$1,895,819</i>
Expenditures			
Salary, wages and benefits	\$1,544,365	\$1,505,766	\$1,432,058
Goods and services	513,135	504,991	393,438
Amortization expense	274,055	342,659	373,841
<i>Total expenditures</i>	<i>\$2,331,555</i>	<i>\$2,353,416</i>	<i>\$2,199,337</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

18. Segmented information (continued):

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

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

Segment Reporting	Library		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$5,432,328	\$5,432,328	\$4,898,950
Ontario conditional grants	563,723	634,344	539,302
Canada conditional grants	–	7,163	118,697
Fees and service charges	123,877	172,824	210,049
Other revenue/gain (loss) sale of assets	28,000	30,300	43,029
<i>Total revenues</i>	<i>\$6,147,928</i>	<i>\$6,276,959</i>	<i>\$5,810,027</i>
Expenditures			
Salary, wages and benefits	\$3,871,483	\$4,323,152	\$3,859,869
Goods and services	703,470	799,364	828,319
External transfers	1,229,300	847,187	827,927
Amortization expense	438,703	430,200	432,122
<i>Total expenditures</i>	<i>\$6,242,956</i>	<i>\$6,399,903</i>	<i>\$5,948,237</i>

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>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$1,765,330	\$1,788,280	\$1,505,344
Ontario conditional grants	–	–	1,586
Fees and service charges	90,000	58,650	82,750
Other revenue/gain (loss) sale of assets	200	5,550	11,415
<i>Total revenues</i>	<i>\$1,855,530</i>	<i>\$1,852,480</i>	<i>\$1,601,095</i>
Expenditures			
Salary, wages and benefits	\$1,539,054	\$1,528,097	\$1,369,903
Goods and services	278,625	236,750	145,058
External transfers	35,000	105,000	82,191
<i>Total expenditures</i>	<i>\$1,852,679</i>	<i>\$1,869,847</i>	<i>\$1,597,152</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2024, with comparative information for 2023

18. Segmented information (continued):

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

Segment Reporting	Economic Development		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$871,893	\$914,620	\$757,631
Ontario conditional grants	99,700	73,515	90,500
Canada conditional grants	19,500	19,500	24,355
Other revenue/gain (loss) sale of assets	—	20,000	15,893
<i>Total revenues</i>	\$991,093	\$1,027,635	\$888,379
Expenditures			
Salary, wages and benefits	\$433,383	\$484,439	\$428,542
Goods and services	49,412	154,529	161,333
External transfers	510,580	392,484	306,460
Amortization expense	2,789	2,789	2,789
<i>Total expenditures</i>	\$996,164	\$1,034,241	\$899,124

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

Segment Reporting	Non Departmental		
	<i>2024 Budget</i>	<i>2024 Actual</i>	<i>2023 Actual</i>
Revenues			
Tax revenue	\$1,181,305	\$1,181,305	\$1,092,359
Ontario conditional grants	265,700	265,700	312,500
<i>Total revenues</i>	\$1,447,005	\$1,447,005	\$1,404,859
Expenditures			
External transfers	1,447,005	1,447,005	1,404,859
<i>Total expenditures</i>	\$1,447,005	\$1,447,005	\$1,404,859

s