

Financial Statements of

**THE CORPORATION OF THE COUNTY OF
MIDDLESEX**

Year ended December 31, 2014

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 ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes in net financial assets, and the 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 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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Middlesex as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

'Signed by KPMG LLP'

Chartered Professional Accountants, Licensed Public Accountants

June 30, 2015

London, Canada

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2014, with comparative information for 2013

	Actual 2014	Actual 2013
Financial Assets		
Cash	\$ 13,180,571.00	\$ 10,375,277.00
Investments (note 4)	\$ 13,967,564.00	\$ 13,612,036.00
Accounts receivable	\$ 6,289,055.00	\$ 6,059,743.00
Loans receivable (note 5)	\$ 9,043,119.00	\$ 9,149,681.00
Total financial assets	\$ 42,480,309.00	\$ 39,196,737.00
Financial Liabilities		
Accounts payable and accrued liabilities	\$ 8,906,627.00	\$ 7,191,878.00
Employee future benefits (note 7)	\$ 4,908,662.00	\$ 4,194,405.00
Deferred revenue (note 8)	\$ 4,120,750.00	\$ 3,422,420.00
Term loan (note 9)	\$ 10,235,000.00	\$ 11,125,000.00
Total financial liabilities	\$ 28,171,039.00	\$ 25,933,703.00
Net financial assets	\$ 14,309,270.00	\$ 13,263,034.00
Non-financial assets:		
Tangible capital assets (note 15)	\$ 112,423,599.00	\$ 109,694,966.00
Prepaid expenses	\$ 1,707,022.00	\$ 1,909,588.00
Inventories held for consumption or use	\$ 44,317.00	\$ 43,012.00
Non-financial assets	\$ 114,174,938.00	\$ 111,647,566.00
Contingencies and commitments (note 6)		
Accumulated surplus (note 14)	\$ 128,484,208.00	\$ 124,910,600.00

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014	Actual 2014	Actual 2013
Revenues:			
Requisition on local municipalities	\$ 31,555,357.00	\$ 31,650,276.00	\$ 29,917,010.00
User charge	\$ 1,079,202.00	\$ 1,938,943.00	\$ 1,354,455.00
Government grants (note 10)	\$ 43,953,887.00	\$ 44,013,435.00	\$ 41,969,628.00
Investment income	\$ 575,000.00	\$ 448,904.00	\$ 525,943.00
Lodge resident maintenance	\$ 3,644,657.00	\$ 3,650,774.00	\$ 3,592,452.00
Other revenue (note 11)	\$ 139,085.00	\$ 120,399.00	\$ 200,093.00
Gain (loss) on disposal of tangible capital assets	-	\$ (254,102.00)	\$ 19,472.00
	\$ 80,947,188.00	\$ 81,568,629.00	\$ 77,579,053.00
Expenditures:			
General government	\$ 4,619,789.00	\$ 4,595,700.00	\$ 4,410,118.00
Protection to persons and property	\$ 486,450.00	\$ 688,200.00	\$ 580,234.00
Transportation services	\$ 13,055,526.00	\$ 14,144,184.00	\$ 12,670,171.00
Environmental	\$ 7,000.00	\$ 15,677.00	\$ 4,110.00
Health services	\$ 28,697,529.00	\$ 29,709,273.00	\$ 28,365,122.00
Social and family services	\$ 20,405,189.00	\$ 20,821,307.00	\$ 19,471,784.00
Social housing	\$ 3,913,015.00	\$ 3,623,217.00	\$ 2,704,351.00
Recreation and cultural development	\$ 3,759,600.00	\$ 3,454,170.00	\$ 3,252,773.00
Planning and development	\$ 968,765.00	\$ 943,293.00	\$ 931,730.00
	\$ 75,912,863.00	\$ 77,995,021.00	\$ 72,390,393.00
Annual surplus	\$ 5,034,325.00	\$ 3,573,608.00	\$ 5,188,660.00
Accumulated surplus, beginning of year	\$ 124,910,600.00	\$ 124,910,600.00	\$ 119,721,940.00
Accumulated surplus, end of year	\$ 129,944,925.00	\$ 128,484,208.00	\$ 124,910,600.00

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014	Actual 2014	Actual 2013
Annual surplus	\$ 5,034,325.00	\$ 3,573,608.00	\$ 5,188,660.00
Amortization of tangible capital assets	\$ 8,612,322.00	\$ 8,401,462.00	\$ 8,048,044.00
Acquisition of tangible capital assets	\$ (11,079,273.00)	\$ (10,642,868.00)	\$ (10,530,405.00)
Asset under construction	\$ (2,200,000.00)	\$ (1,020,484.00)	\$ (2,126,685.00)
(Gain)/loss on sale of tangible capital assets	-	\$ 254,102.00	\$ (19,472.00)
Proceeds on sale of tangible capital assets	-	\$ 279,155.00	\$ 973,564.00
Change in inventory	-	\$ (1,305.00)	\$ (6,267.00)
Change in prepaid expenses	-	\$ 202,566.00	\$ (532,348.00)
Change in net financial assets	\$ 367,374.00	\$ 1,046,236.00	\$ 995,091.00
Net financial assets:			
Beginning of year	\$ 13,263,034.00	\$ 13,263,034.00	\$ 12,267,943.00
End of year	\$ 13,630,408.00	\$ 14,309,270.00	\$ 13,263,034.00

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,573,608.00	\$ 5,188,660.00
Items not involving cash:		
Amortization	\$ 8,401,462.00	\$ 8,048,044.00
(Gain)/loss on sale of tangible capital assets	\$ 254,102.00	\$ (19,472.00)
Changes in non-cash operating working capital:		
Investments	\$ (355,528.00)	\$ (432,343.00)
Accounts receivable	\$ (229,312.00)	\$ (19,780.00)
Loans receivable	\$ 106,562.00	\$ (182,717.00)
Accounts payable and accrued liabilities	\$ 1,714,749.00	\$ 981,533.00
Employee future benefits	\$ 714,257.00	\$ 970,456.00
Prepaid expenses	\$ 202,566.00	\$ (532,348.00)
Inventories held for consumption or use	\$ (1,305.00)	\$ (6,267.00)
	\$ 14,381,161.00	\$ 13,995,766.00
Capital activities:		
Acquisition of tangible capital assets	\$(10,642,868.00)	\$(10,530,405.00)
Assets under construction	\$ (1,020,484.00)	\$ (2,126,685.00)
Proceeds on sale of tangible capital assets	\$ 279,155.00	\$ 973,564.00
	\$(11,384,197.00)	\$(11,683,526.00)
Financing activities:		
Term loan	\$ (890,000.00)	\$ (890,000.00)
Deferred revenue	\$ 698,330.00	\$ 499,811.00
	\$ (191,670.00)	\$ (390,189.00)
Increase in cash	\$ 2,805,294.00	\$ 1,922,051.00
Cash, beginning of year	\$ 10,375,277.00	\$ 8,453,226.00
Cash, end of year	\$ 13,180,571.00	\$ 10,375,277.00

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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, 2014

1. Significant accounting policies (continued):

(f) Deferred revenue:

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

(g) Government transfers:

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

(h) Pension plan:

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

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

(i) Employee future benefits:

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

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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 improvements	3 – 100 years
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, 2014

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 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 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, 2014

2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2014 in the amount of \$1,072,520 (2013 - \$1,091,066) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2014 amounting to \$73,734 (2013 - \$46,063) have not been included in the consolidated financial statements.

4. Investments:

Total investments of \$13,967,564 (2013 - \$13,612,036) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$14,754,973 (2013 - \$14,240,471). At the end of the year, these investments are comprised of:

	2014	2013
Investments:		
Cash	\$ 20,367.00	\$ 19,682.00
Fixed income securities	\$13,938,712.00	\$13,579,870.00
Other	\$ 8,485.00	\$ 12,484.00
	\$13,967,564.00	\$13,612,036.00

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2014 the amount outstanding was \$9,043,119 (2013 - \$9,149,681). The amounts to be received in the next five years and thereafter are as follows:

2015	\$1,477,943.00
2016	\$1,477,943.00
2017	\$1,477,943.00
2018	\$1,477,943.00
2019	\$1,257,318.00
Thereafter	\$1,874,029.00
	\$9,043,119.00

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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 2018. The future minimum annual payments are estimated to be as follows:

2015	\$ 728,307.00
2016	\$ 722,107.00
2017	\$ 678,815.00
	\$2,129,229.00

7. Employee future benefits:

(a) Pension:

The County contributed \$2,816,805 (2013 - \$2,742,856) 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, 2012.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

7. Employee future benefits (continued):

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

The benefit obligation continuity is as follows:

	2014	2013
Accrued benefit obligation, January 1	\$1,380,179.00	\$1,414,498.00
Current period benefit cost	\$ 41,149.00	\$ 38,791.00
Amortization of actuarial losses	\$ 13,904.00	\$ 13,904.00
Post-employment benefit interest expenditure	\$ 57,835.00	\$ 59,977.00
Benefits paid	\$ (160,044.00)	\$ (146,991.00)
Accrued benefit obligation, December 31	\$1,333,023.00	\$1,380,179.00
Post retirement and sick leave benefits expenses:		
Current period benefit cost	\$ 41,149.00	\$ 38,791.00
Amortization of actuarial losses	\$ 13,904.00	\$ 13,904.00
Post-employment benefit interest expenditure	\$ 57,835.00	\$ 59,977.00
	\$ 112,888.00	\$ 112,672.00

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

Discount rate	4%
Inflation rate	2%
Rate of compensation increases	3%
Dental and travel costs increase	4%
Healthcare cost increases	6.00% for 2014 then reducing by 0.33% per year until 2020 when the ultimate rate of 4% is reached

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

7. Employee future benefits (continued):

(c) Workplace Safety and Insurance Board:

The County has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The County became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$585,580 (2013 - \$603,360).

The estimate of the future benefit costs for WSIB claims of \$3,575,639 (2013 - \$2,814,226) 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	14.57%
Accidents from 1990 to 1997 and non-economic loss pensions	19.72%
Accidents after 1997	13.06%
Health care and non-income benefits and ILAs	18.22%

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

	2014	2013
Health, dental and life insurance benefit obligations	\$ 1,333,023.00	\$ 1,380,179.00
WSIB benefit obligations	\$ 3,575,639.00	\$ 2,814,226.00
	\$ 4,908,662.00	\$ 4,194,405.00

8. Deferred revenue:

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

	2014	2013
Federal gas tax	\$3,969,221.00	\$3,118,797.00
Subsidy advances from provincial ministries	\$ 107,180.00	\$ 259,274.00
Subsidy advance from The City of London	\$ 44,349.00	\$ 44,349.00
	\$4,120,750.00	\$3,422,420.00

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

9. Term loan:

	2014	2013
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest		
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$10,235,000.00	\$11,125,000.00
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest		

Interest paid on this loan during 2014 was \$485,256 (2013 - \$526,552).

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

	Principal	Interest
2015	\$ 890,000.00	\$ 446,223.00
2016	\$ 890,000.00	\$ 402,608.00
2017	\$ 890,000.00	\$ 360,350.00
2018	\$ 890,000.00	\$ 320,016.00
2019	\$ 890,000.00	\$ 278,663.00
Thereafter	\$ 5,785,000.00	\$ 806,177.00
	\$10,235,000.00	\$2,614,037.00

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

10. Compensation for annexed lands:

The City of London, under section 474.18 of the Middlesex Act, 2001, will pay the County of Middlesex, as compensation for the reduction in income due the dissolution of the London - Middlesex Suburban Roads Commission. Proceeds received in accordance with the prescribed formula within Section 474.18 were \$1,122,798 (2013 - \$1,085,437) 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, 2014

11. Other revenue:

Other revenue from operations is comprised of:

	2014	2013
Fines and lost books	\$ 25,432.00	\$ 25,408.00
Donations	\$ 9,403.00	\$ 16,976.00
Transfer from trust	\$ 228.00	\$ 8,131.00
Fire dispatch service	-	\$ 8,843.00
Sale of timber, maps and books	\$ 85,336.00	\$140,735.00
	\$ 120,399	\$ 200,093.00

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2014. 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, 2014

14. Accumulated surplus:

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

	2014	Transfers (to) from reserves	2013
Reserves:			
Working capital	\$ 339,623.00	-	\$ 339,623.00
Insurance	\$ 524,340.00	\$ 4,256.00	\$ 528,596.00
Winter Control	\$ (1,325,493.00)	\$ 1,009,835.00	\$ (315,658.00)
Ambulance services	\$ 5,941,416.00	\$ 661,024.00	\$ 6,602,440.00
Tax rate stabilization	\$ 1,246,879.00	\$ (555,879.00)	\$ 691,000.00
Woodlands	\$ 228,186.00	\$ (56,645.00)	\$ 171,541.00
Tree bank	\$ 2,988.00	-	\$ 2,988.00
Total reserves	\$ 6,957,939.00	\$ 1,062,591.00	\$ 8,020,530.00
Reserve funds set aside for specific purposes by legislation, regulation or agreement:			
Future road construction	\$ 7,542,024.00	\$ (1,990,960.00)	\$ 5,551,064.00
Wind farm decommission – fees	\$ 98,558.00	\$ (98,558.00)	-
Senior services	\$ 618,779.00	\$ (7,663.00)	\$ 611,116.00
Capital works	\$ 10,066,739.00		\$ 10,052,673.00
Strathmere Lodge equipment	\$ 745,053.00	\$ (15,273.00)	\$ 729,780.00
Gifts and donations (Strathmere Lodge)	\$ 30,227.00	\$ 4,102.00	\$ 34,329.00
Chapel fund (Strathmere Lodge)	\$ 1,502.00	\$ 1,177.00	\$ 2,679.00
Thorndale Branch Fund	-	\$ 2,280.00	\$ 2,280.00
IT Equipment	\$ 107,670.00	\$ (107,670.00)	-
Total reserve funds	\$ 19,210,552.00	\$ (2,226,631.00)	\$ 16,983,921.00
Surplus:			
Invested in tangible capital assets	\$112,423,599.00		\$109,694,966.00
Term loan	\$ (10,235,000.00)		\$ (11,125,000.00)
Net investment in tangible capital assets	\$102,188,599.00		\$ 98,569,966.00
General Revenue Fund	\$ 108,759.00		\$ 1,175,793.00
Unexpended capital	\$ 5,308,722.00		\$ 4,792,283.00
Unfunded:			
Future benefit cost liability	\$ (4,908,662.00)		\$ (4,194,405.00)
Accrued interest on long-term liabilities	\$ (238,103.00)		\$ (258,807.00)
Vacation payable	\$ (143,598.00)		\$ (178,681.00)
Total surplus	\$102,315,717.00		\$ 99,906,149.00
Accumulated surplus	\$128,484,208.00		\$124,910,600.00

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Tangible capital assets:

(a) 2014 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land and land improvements	\$ 2,942,700.00	\$ 199,549.00	\$ (1,074.00)	\$ 3,141,175.00
Buildings	\$ 25,653,649.00	\$ 59,361.00	-	\$ 25,713,010.00
Machinery and equipment	\$ 8,802,149.00	\$ 866,379.00	\$ (198,950.00)	\$ 9,469,578.00
Vehicles	\$ 9,335,249.00	\$ 1,518,764.00	\$(1,103,125.00)	\$ 9,750,888.00
Road network and bridges	\$125,754,979.00	\$ 7,568,899.00	\$(3,193,462.00)	\$ 130,130,416.00
Library collections	\$ 2,988,549.00	\$ 429,916.00	\$ (271,162.00)	\$ 3,147,303.00
Assets under construction	\$ 3,343,916.00	\$ 2,470,276.00	\$(1,449,792.00)	\$ 4,364,400.00
Total	\$178,821,191.00	\$13,113,144.00	\$(6,217,565.00)	\$ 185,716,770.00
Accumulated amortization				
Land and land improvements	-	-	-	-
Buildings	\$ 8,895,432.00	\$ 688,121.00	-	\$ 9,583,553.00
Machinery and equipment	\$ 3,903,284.00	\$ 972,444.00	\$ (181,807.00)	\$ 4,693,921.00
Vehicles	\$ 4,300,486.00	\$ 1,134,795.00	\$ (886,885.00)	\$ 4,548,396.00
Road network and bridges	\$ 50,595,823.00	\$ 5,264,885.00	\$(2,894,662.00)	\$ 52,966,046.00
Library collections	\$ 1,431,200.00	\$ 341,217.00	\$ (271,162.00)	\$ 1,501,255.00
Assets under construction	-	-	-	-

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Tangible capital assets (continued):

(a) 2014 Consolidated Schedule of Tangible Capital Assets – by category:

Net Book Value			
Category	Net Book Value December 31, 2013	Net Book Value December 31, 2014	
Land and land improvements	\$ 2,942,700.00	\$ 3,141,175.00	
Buildings	\$ 16,758,217.00	\$ 16,129,457.00	
Machinery and equipment	\$ 4,898,865.00	\$ 4,775,657.00	
Vehicles	\$ 5,034,763.00	\$ 5,202,492.00	
Road network and bridges	\$ 75,159,156.00	\$ 77,164,370.00	
Library collections	\$ 1,557,349.00	\$ 1,646,048.00	
Assets under construction	\$ 3,343,916.00	\$ 4,364,400.00	
Total	\$ 109,694,966.00	\$ 112,423,599.00	

(b) 2013 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals	Balance End of Year
Land and land improvements	\$ 2,889,968.00	\$ 750,173.00	\$ (697,441.00)	\$ 2,942,700.00
Buildings	\$ 25,646,498.00	\$ 7,151.00	-	\$ 25,653,649.00
Machinery and equipment	\$ 8,855,296.00	\$ 1,368,508.00	\$ (1,421,655.00)	\$ 8,802,149.00
Vehicles	\$ 8,992,172.00	\$ 1,286,865.00	\$ (943,788.00)	\$ 9,335,249.00
Road network and bridges	\$ 120,663,019.00	\$ 6,713,152.00	\$ (1,621,192.00)	\$ 125,754,979.00
Library collections	\$ 2,870,526.00	\$ 404,556.00	\$ (286,533.00)	\$ 2,988,549.00
Assets under construction	\$ 1,217,231.00	\$ 2,126,685.00	-	\$ 3,343,916.00
Total	\$ 171,134,710.00	\$12,657,090.00	\$ (4,970,609.00)	\$ 178,821,191.00

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Tangible capital assets (continued):

(b) 2013 Consolidated Schedule of Tangible Capital Assets – by category:

Accumulated amortization				
Land and land improvements	-	-	-	-
Buildings	\$ 8,142,210.00	\$ 753,222.00	-	\$ 8,895,432.00
Machinery and equipment	\$ 4,445,476.00	\$ 859,849.00	\$(1,402,041.00)	\$ 3,903,284.00
Vehicles	\$ 4,105,952.00	\$1,048,839.00	\$ (854,305.00)	\$ 4,300,486.00
Road network and bridges	\$47,006,112.00	\$5,063,350.00	\$(1,473,639.00)	\$50,595,823.00
Library collections	\$ 1,394,948.00	\$ 322,784.00	\$ (286,532.00)	\$ 1,431,200.00
Assets under construction	-	-	-	-
Total	\$65,094,698.00	\$8,048,044.00	\$(4,016,517.00)	\$69,126,225.00

Net Book Value			
Category	Net Book Value December 31, 2012		Net Book Value December 31, 2013
Land and land improvements	\$	2,889,968.00	\$ 2,942,700.00
Buildings	\$	17,504,288.00	\$ 16,758,217.00
Machinery and equipment	\$	4,409,820.00	\$ 4,898,865.00
Vehicles	\$	4,886,220.00	\$ 5,034,763.00
Road network and bridges	\$	73,656,907.00	\$ 75,159,156.00
Library collections	\$	1,475,578.00	\$ 1,557,349.00
Assets under construction	\$	1,217,231.00	\$ 3,343,916.00
Total	\$	106,040,012.00	\$ 109,694,966.00

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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. This is applicable to fiscal years beginning on or after April 1, 2013.

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>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 1,932,904	\$ 1,579,124	\$ 1,482,830
Ontario Conditional Grants	58,000	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	817,465	1,484,590	1,484,590
Other Revenue/Gain (Loss) Sale of Assets	575,000	448,904	502,257
<i>Total Revenues</i>	<i>3,383,369</i>	<i>3,512,618</i>	<i>3,469,677</i>
Expenditures			
Salary, Wages & Benefits	1,517,625	1,515,388	1,463,269
Goods & Services	1,060,637	848,045	913,782
External Transfers	1,133,689	1,133,689	972,429
Debt Servicing	-	-	-
Amortization Expense	71,265	178,213	158,388
<i>Total Expenditures</i>	<i>\$ 3,783,216</i>	<i>\$ 3,675,335</i>	<i>\$ 3,507,868</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 15,613,690	\$ 15,899,737	\$ 15,358,892
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	2,049,927	2,049,927	2,117,311
Other Municipalities	1,250,000	1,122,798	1,085,437
Fees & Service Charges	52,500	888	8,997
Other Revenue/Gain (Loss) Sale of Assets	8,585	(251,139)	59,710
<i>Total Revenues</i>	<i>18,974,702</i>	<i>18,822,211</i>	<i>18,630,347</i>
Expenditures			
Salary, Wages & Benefits	3,502,517	4,770,263	3,707,313
Goods & Services	2,977,902	3,816,782	3,761,383
External Transfers	350,000	367,791	74,125
Debt Servicing	-	-	-
Amortization Expense	6,232,107	5,893,225	5,775,419
<i>Total Expenditures</i>	<i>\$ 13,062,526</i>	<i>\$ 14,848,061</i>	<i>\$ 13,318,240</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 2,065,646	\$ 2,096,792	\$ 1,995,537
Ontario Conditional Grants	14,645,290	13,858,725	12,935,895
Canada Conditional Grants	-	-	-
Other Municipalities	10,846,930	11,752,366	10,910,484
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>27,557,866</i>	<i>27,707,883</i>	<i>25,841,916</i>
Expenditures			
Salary, Wages & Benefits	22,395,589	23,336,919	20,984,685
Goods & Services	3,296,401	2,624,286	2,224,954
External Transfers	695,973	1,361,765	1,839,851
Debt Servicing	-	-	-
Amortization Expense	1,086,249	1,068,570	908,412
<i>Total Expenditures</i>	<i>\$ 27,474,212</i>	<i>\$ 28,391,540</i>	<i>\$ 25,957,902</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

16. Segmented information (continued):

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

<i>Segment Reporting</i>	Social Services		
	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 5,360,290	\$ 5,348,500	\$ 4,242,845
Ontario Conditional Grants	5,397,574	5,524,296	5,086,959
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	100,000	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>10,857,864</i>	<i>10,872,796</i>	<i>9,329,804</i>
Expenditures			
Salary, Wages & Benefits	1,415,512	1,269,454	1,372,221
Goods & Services	251,679	156,740	230,874
External Transfers	9,190,673	9,026,936	8,537,389
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>\$ 10,857,864</i>	<i>\$ 10,453,130</i>	<i>\$ 10,140,484</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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.

<i>Segment Reporting</i>	Strathmere Lodge		
	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 1,696,147	\$ 2,714,606	\$ 2,414,978
Ontario Conditional Grants	7,266,251	7,306,861	7,623,392
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,694,794	3,650,774	3,447,931
Other Revenue/Gain (Loss) Sale of Assets	-	41,139	57,150
<i>Total Revenues</i>	<i>12,657,192</i>	<i>13,713,380</i>	<i>13,543,451</i>
Expenditures			
Salary, Wages & Benefits	10,494,324	10,953,192	10,152,719
Goods & Services	1,654,768	1,331,078	1,338,234
External Transfers	649,956	770,965	610,136
Debt Servicing	526,439	485,256	545,729
Amortization Expense	674,659	678,803	663,114
<i>Total Expenditures</i>	<i>\$ 14,000,146</i>	<i>\$ 14,219,294</i>	<i>\$ 13,309,932</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 784,209	\$ 763,390	\$ 701,475
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	171,226	170,844
Fees & Service Charges	34,100	50,229	14,267
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>818,309</i>	<i>984,845</i>	<i>886,586</i>
Expenditures			
Salary, Wages & Benefits	433,815	491,040	488,537
Goods & Services	229,704	268,805	256,899
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	173,054	177,833	156,814
<i>Total Expenditures</i>	<i>\$ 836,573</i>	<i>\$ 937,678</i>	<i>\$ 902,250</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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 opening in 2015

<i>Segment Reporting</i>	Library		
	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 3,281,289	\$ 3,281,289	\$ 3,035,882
Ontario Conditional Grants	176,658	134,047	145,242
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	38,500	73,429	72,126
<i>Total Revenues</i>	<i>3,496,447</i>	<i>3,488,765</i>	<i>3,253,250</i>
Expenditures			
Salary, Wages & Benefits	2,262,118	2,262,556	2,117,354
Goods & Services	1,125,294	347,820	363,564
External Transfers	-	441,765	387,351
Debt Servicing	-	-	-
Amortization Expense	372,188	402,029	384,504
<i>Total Expenditures</i>	<i>\$ 3,759,600</i>	<i>\$ 3,454,170</i>	<i>\$ 3,252,773</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

16. Segmented information (continued):

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

<i>Segment Reporting</i>	Planning		
	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 429,959	\$ 410,464	\$ 363,791
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	226,417	226,864	208,964
Fees & Service Charges	25,000	18,965	41,700
Other Revenue/Gain (Loss) Sale of Assets	92,000	2,868	3,687
<i>Total Revenues</i>	<i>773,376</i>	<i>659,161</i>	<i>618,142</i>
Expenditures			
Salary, Wages & Benefits	587,476	593,340	535,192
Goods & Services	67,516	65,821	182,863
External Transfers	26,250	43,273	-
Debt Servicing	-	-	-
Amortization Expense	-	2,789	1,395
<i>Total Expenditures</i>	<i>\$ 681,242</i>	<i>\$ 705,223</i>	<i>\$ 719,450</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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.

Segment Reporting	Economic Development		
	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ 391,223	\$ 372,334	\$ 320,780
Ontario Conditional Grants	-	2,236	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>391,223</i>	<i>374,570</i>	<i>320,780</i>
Expenditures			
Salary, Wages & Benefits	29,123	29,461	30,256
Goods & Services	181,600	137,607	118,130
External Transfers	74,000	71,002	63,894
Debt Servicing	-	-	-
Amortization Expense	2,800	-	-
<i>Total Expenditures</i>	<i>\$ 287,523</i>	<i>\$ 238,070</i>	<i>\$ 212,280</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

16. Segmented information (continued):

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

Segment Reporting	Non Departmental		
	<i>2014 Budget</i>	<i>2014 Actual</i>	<i>2013 Actual</i>
Revenues			
Tax Revenue	\$ -	\$ -	\$ -
Ontario Conditional Grants	2,036,840	1,432,400	1,685,100
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	<i>2,036,840</i>	<i>1,432,400</i>	<i>1,685,100</i>
Expenditures			
Salary, Wages & Benefits	-	-	-
Goods & Services	-	-	-
External Transfers	1,169,961	1,072,520	1,069,214
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	<i>\$ 1,169,961</i>	<i>\$ 1,072,520</i>	<i>\$ 1,069,214</i>