

Consolidated Financial Statements of

**THE CORPORATION OF THE COUNTY OF
MIDDLESEX**

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the County of Middlesex, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the County of Middlesex as at December 31, 2015, 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.

Chartered Professional Accountants, Licensed Public Accountants
June 28, 2016
London, Canada

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$7,681,443	\$13,180,571
Investments (note 4)	16,196,212	13,967,564
Accounts receivable	5,197,655	6,289,055
Loans receivable (note 5)	7,737,730	9,043,119
	<hr/> 36,813,040	<hr/> 42,480,309
Financial liabilities:		
Accounts payable and accrued liabilities	5,929,870	8,906,627
Employee future benefits (note 7)	5,995,843	4,908,662
Deferred revenue (note 8)	4,209,047	4,120,750
Term loan (note 9)	9,345,000	10,235,000
Total liabilities	<hr/> 25,479,760	<hr/> 28,171,039
Net financial assets	11,333,280	14,309,270
Non-financial assets:		
Tangible capital assets (note 15)	117,170,335	112,423,599
Prepaid expenses	1,706,821	1,707,022
Inventories held for consumption or use	40,131	44,317
	<hr/> 118,917,287	<hr/> 114,174,938
Contingencies and commitments (note 6)		
Accumulated surplus (note 14)	<hr/> \$130,250,567	<hr/> \$128,484,208

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget 2015	2015	2014
Revenues:			
Requisition on local municipalities	\$33,660,256	\$33,462,941	\$31,650,276
User charge	1,000,232	1,968,580	1,938,943
Government grants (note 10)	46,035,476	47,310,493	44,013,435
Investment income	490,000	399,335	448,904
Lodge resident maintenance	3,749,525	3,740,560	3,650,774
Other revenue (note 11)	80,500	51,943	120,399
Loss on disposal of tangible capital assets	-	(3,182,701)	(254,102)
	85,015,989	83,751,151	81,568,629
Expenditures:			
General government	5,081,904	4,944,415	4,595,700
Protection to persons and property	487,012	612,343	688,200
Transportation services	13,530,761	14,408,171	14,144,184
Environmental	25,000	16,679	15,677
Health services	30,964,474	31,914,678	29,709,273
Social and family services	21,012,477	21,401,864	20,821,307
Social housing	3,898,158	3,872,939	3,623,217
Recreation and cultural development	4,002,469	3,745,230	3,454,170
Planning and development	1,301,671	1,068,473	943,293
	80,303,926	81,984,792	77,995,021
Annual surplus:	4,712,063	1,766,359	3,573,608
Accumulated surplus, beginning of year	128,484,208	128,484,208	124,910,600
Accumulated surplus, end of year	\$133,196,271	\$130,250,567	\$128,484,208

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, 2015, with comparative information for 2014

	Budget 2015	2015	2014
Annual surplus	\$4,712,063	\$1,766,359	\$3,573,608
Amortization of tangible capital assets	8,891,017	8,824,406	8,401,462
Acquisition of tangible capital assets	(13,265,234)	(17,053,214)	(10,642,868)
Asset under construction	(220,000)	130,413	(1,020,484)
Loss on sale of tangible capital assets	-	3,182,701	254,102
Proceeds on sale of tangible capital assets	-	168,958	279,155
Change in inventory	-	4,186	(1,305)
Change in prepaid expenses	-	201	202,566
Change in net financial assets (debt)	117,846	(2,975,990)	1,046,236
Net financial assets, beginning of year	14,309,270	14,309,270	13,263,034
Net financial assets, end of year	\$14,427,116	\$11,333,280	\$14,309,270

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$1,766,359	\$3,573,608
Items not involving cash:		
Amortization	8,824,406	8,401,462
Loss on sale of tangible capital assets	3,182,701	254,102
Changes in non-cash operating working capital:		
Investments	(2,228,648)	(355,528)
Accounts receivable	1,091,400	(229,312)
Loans receivable	1,305,389	106,562
Accounts payable and accrued liabilities	(2,976,757)	1,714,749
Employee future benefits	1,087,181	714,257
Prepaid expenses	201	202,566
Inventories held for consumption or use	4,186	(1,305)
	12,056,418	14,381,161
Investing activities:		
Acquisition of tangible capital assets	(17,053,214)	(10,642,868)
Assets under construction	130,413	(1,020,484)
Proceeds on sale of tangible capital assets	168,958	279,155
	(16,753,843)	(11,384,197)
Financing activities:		
Term loan	(890,000)	(890,000)
Deferred revenue	88,297	698,330
	(801,703)	(191,670)
Increase (decrease) in cash	(5,499,128)	2,805,294
Cash, beginning of year	13,180,571	10,375,277
Cash, end of year	\$7,681,443	\$13,180,571

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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

Year ended December 31, 2015

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

Year ended December 31, 2015

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

Year ended December 31, 2015

1. Significant accounting policies (continued):

(k) Non-financial assets (continued):

(iii) Natural resources:

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

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

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

(v) Interest capitalization:

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

(vi) Leased tangible capital assets:

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

(vii) Inventories of supplies:

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

(l) Use of estimates:

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

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

Actual results could differ from these estimates.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(m) Liabilities for contaminated sites:

In June 2010, PSAB issued PS3260, *Liability for Contaminated Sites* effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceed an environmental standard.

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

2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2015 in the amount of \$1,136,961 (2014 - \$1,072,520) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2015 amounting to \$68,126 (2014 - \$73,734) have not been included in the consolidated financial statements.

4. Investments:

Total investments of \$16,196,212 (2014 - \$13,967,564) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$16,805,625 (2014 - \$14,754,973). At the end of the year, these investments are comprised of:

	2015	2014
Cash	\$10,767	\$20,367
Fixed income securities	16,181,120	13,938,712
Other	4,325	8,485
	<hr/>	<hr/>
	\$16,196,212	\$13,967,564

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2015 the amount outstanding was \$7,737,730 (2014 - \$9,043,119). The amounts to be received in the next five years and thereafter are as follows:

2016	\$1,615,094
2017	1,483,844
2018	1,483,844
2019	1,263,218
2020	840,617
Thereafter	1,051,113
	<hr/>
	\$7,737,730

6. Contingencies and commitments:

(a) Contingencies:

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

(b) Commitments:

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

2016	\$896,635
2017	848,110
2018	821,060
2019	669,740
2020	680,006
Thereafter	7,795,822
	<hr/>
	\$11,711,373

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

7. Employee future benefits:

(a) Pension:

The County contributed \$3,100,427 (2014 - \$2,816,805) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Consolidated Statement of Operations.

(b) Health, dental and life insurance:

The County provides certain employee benefits such as health, dental and life insurance to qualified retirees until they reach 65 years of age that will require funding in future periods. The most recent actuarial valuation was undertaken as at December 31, 2015. The benefit obligation continuity is as follows:

	2015	2014
Accrued benefit obligation, January 1	\$1,444,251	\$1,505,311
Current period benefit cost	98,100	41,149
Post-employment benefit interest expenditure	60,300	57,835
Benefits paid	(159,500)	(160,044)
Actuarial loss and amortization of losses	309,749	-
Plan amendments	272,500	-
Accrued benefit obligation, December 31	2,025,400	1,444,251
Unamortized actuarial loss	(383,800)	(111,228)
Liability for benefits	\$1,641,600	\$1,333,023

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$98,100	\$41,149
Amortization of actuarial losses	37,177	13,904
Post-employment benefit interest expenditure	60,300	57,835
Plan amendments	272,500	-
	\$468,077	\$112,888

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

7. Employee future benefits (continued):

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

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

	2015	2014
Discount rate	3.4%	4.0%
Rate of compensation increases	3.0%	3.0%
Dental and other EHC costs increase	4.0%	4.0%
Healthcare cost increases	5.9% for 2015 then reducing by 0.09% per year until 2036 when the ultimate rate of 4.0% is reached	6.0% for 2014 then reducing by 0.33% per year until 2020 when the ultimate rate of 4.0% is reached

(c) Workplace Safety and Insurance Board:

The County has undertaken the risk which would normally be covered by the Workplace Safety and Insurance Board ("WSIB"). The County became self-insured for injured worker benefits with WSIB administering the benefits on behalf of the municipality as a schedule II employer. Payments to WSIB during the year were \$653,910 (2014 - \$585,580).

The estimate of the future benefit costs for WSIB claims of \$4,354,243 (2014 - \$3,575,639) 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	14.79%
Accidents from 1990 to 1997 and non-economic loss pensions	23.57%
Accidents after 1997	15.90%
Health care and non-income benefits and ILAs	20.67%

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

	2015	2014
Health, dental and life insurance benefit obligations	\$1,641,600	\$1,333,023
WSIB benefit obligations	4,354,243	3,575,639
	\$5,995,843	\$4,908,662

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

8. Deferred revenue:

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

	2015	2014
Federal gas tax	\$3,879,720	\$3,969,221
Subsidy advances from provincial ministries	232,673	107,180
Subsidy advance from The City of London	96,654	44,349
	\$4,209,047	\$4,120,750

9. Term loan:

	2015	2014
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$9,345,000	\$10,235,000

Interest paid on this loan during 2015 was \$442,772 (2014 - \$485,256).

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

	Principal	Interest
2016	\$890,000	\$403,683
2017	890,000	361,255
2018	890,000	319,959
2019	890,000	278,663
2020	890,000	238,046
Thereafter	4,895,000	567,622
	\$9,345,000	\$2,169,228

The term loan liabilities issued in the name of the Corporation 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 \$1,129,464 (2014 - \$1,122,798) and are included in government grants in the Consolidated Statement of Operations.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

11. Other revenue:

Other revenue from operations is comprised of:

	2015	2014
Fines and lost books	\$25,290	\$25,432
Donations	18,277	9,403
Transfer from trust	292	228
Sale of timber, maps and books	8,084	85,336
	<u>\$51,943</u>	<u>\$120,399</u>

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2015. 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

Year ended December 31, 2015

14. Accumulated surplus:

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

	2015	Transfers (to) from reserves	2014
Reserves:			
Working capital	\$339,623	\$-	\$339,623
Insurance	543,876	(19,536)	524,340
Winter Control	(1,133,650)	(191,843)	(1,325,493)
Ambulance services	5,696,829	244,587	5,941,416
Tax rate stabilization	1,089,193	157,686	1,246,879
Woodlands	218,742	9,444	228,186
Tree bank	7,288	(4,300)	2,988
Total reserves	6,761,901	196,038	6,957,939
Reserve funds set aside for specific purposes by legislation, regulation or agreement:			
Future road construction	10,063,645	(2,521,621)	7,542,024
Wind farm decommission – fees	182,844	(84,286)	98,558
Senior services	625,138	(6,359)	618,779
Capital works	10,065,583	1,156	10,066,739
Strathmere Lodge equipment	475,821	269,232	745,053
Gifts and donations (Strathmere Lodge)	49,808	(19,581)	30,227
Chapel fund (Strathmere Lodge)	1,921	(419)	1,502
IT Equipment	197,942	(90,272)	107,670
Murray Elliott	42,173	(42,173)	-
Strathroy Library	10,047	(10,047)	-
Total reserve funds	21,714,922	(2,504,370)	19,210,552
Surplus:			
Invested in tangible capital assets	117,170,335		112,423,599
Term loan	(9,345,000)		(10,235,000)
Net investment in tangible capital assets	107,825,335		102,188,599
General Revenue Fund	244,021		108,759
Unexpended capital	70,029		5,308,722
Unfunded:			
Future benefit cost liability	(5,995,843)		(4,908,662)
Accrued interest on long-term liabilities	(216,210)		(238,103)
Vacation payable	(153,588)		(143,598)
Total surplus	101,773,744		102,315,717
Accumulated surplus	\$130,250,567		\$128,484,208

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Tangible capital assets:

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

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

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Tangible capital assets (continued):

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

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

(b) 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	\$199,549	\$(1,074)	\$3,141,175
Buildings	25,653,649	59,361	-	25,713,010
Machinery and equipment	8,802,149	866,379	(198,950)	9,469,578
Vehicles	9,335,249	1,518,764	(1,103,125)	9,750,888
Road network and bridges	125,754,979	7,568,899	(3,193,462)	130,130,416
Library collections	2,988,549	429,916	(271,162)	3,147,303
Assets under construction	3,343,916	2,470,276	(1,449,792)	4,364,400
Total	\$178,821,191	\$13,113,144	\$(6,217,565)	\$185,716,770

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Tangible capital assets (continued):

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

Accumulated amortization				
Buildings	\$8,895,432	\$688,121	\$-	\$9,583,553
Machinery and equipment	3,903,284	972,444	(181,807)	4,693,921
Vehicles	4,300,486	1,134,795	(886,885)	4,548,396
Road network and bridges	50,595,823	5,264,885	(2,894,662)	52,966,046
Library collections	1,431,200	341,217	(271,162)	1,501,255
Total	\$69,126,225	\$8,401,462	\$(4,234,516)	\$73,293,171

Net Book Value		
Category	Net Book Value December 31, 2013	Net Book Value December 31, 2014
Land and land improvements	\$2,942,700	\$3,141,175
Buildings	16,758,217	16,129,457
Machinery and equipment	4,898,865	4,775,657
Vehicles	5,034,763	5,202,492
Road network and bridges	75,159,156	77,164,370
Library collections	1,557,349	1,646,048
Assets under construction	3,343,916	4,364,400
Total	\$109,694,966	\$112,423,599

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

16. Segmented information:

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

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

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

Segment Reporting	Council & Administration		
	<i>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$2,314,393	\$2,137,240	\$1,579,124
Ontario Conditional Grants	64,372	122,000	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	49,282	-
Fees & Service Charges	828,455	1,567,169	1,484,590
Other Revenue/Gain (Loss) Sale of Assets	490,000	399,335	448,904
<i>Total Revenues</i>	\$3,697,220	\$4,275,026	\$3,512,618
Expenditures			
Salary, Wages & Benefits	\$1,656,000	\$1,605,437	\$1,515,388
Goods & Services	1,132,623	1,095,970	848,045
External Transfers	1,144,350	1,142,350	1,133,689
Debt Servicing	-	-	-
Amortization Expense	105,150	100,801	178,213
<i>Total Expenditures</i>	\$4,038,123	\$3,944,558	\$3,675,335

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$15,903,099	\$15,897,231	\$15,899,737
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	2,049,927	2,266,854	2,049,927
Other Municipalities	1,250,000	1,282,475	1,122,798
Fees & Service Charges	50,000	87,331	888
Other Revenue/Gain (Loss) Sale of Assets	-	(3,074,951)	(251,139)
<i>Total Revenues</i>	\$19,253,026	\$16,458,940	\$18,822,211
Expenditures			
Salary, Wages & Benefits	\$3,977,643	\$4,791,209	\$4,770,263
Goods & Services	3,418,110	4,137,130	3,816,782
External Transfers	375,000	406,523	367,791
Debt Servicing	-	-	-
Amortization Expense	6,272,020	6,125,063	5,893,225
<i>Total Expenditures</i>	\$14,042,773	\$15,459,925	\$14,848,061

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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.

<i>Segment Reporting</i>	Emergency Services		
	<i>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$2,322,163	\$2,301,741	\$2,096,792
Ontario Conditional Grants	14,197,389	15,116,748	13,858,725
Canada Conditional Grants	-	-	-
Other Municipalities	12,898,287	12,426,414	11,752,366
Fees & Service Charges	-	23,584	-
Other Revenue/Gain (Loss) Sale of Assets	-	(12,114)	-
<i>Total Revenues</i>	\$29,417,839	\$29,856,373	\$27,707,883
Expenditures			
Salary, Wages & Benefits	\$24,576,046	\$24,167,453	\$23,336,919
Goods & Services	2,508,505	2,587,358	2,624,286
External Transfers	1,649,300	2,314,628	1,361,765
Debt Servicing	-	-	-
Amortization Expense	1,183,988	1,257,049	1,068,570
<i>Total Expenditures</i>	\$29,917,839	\$30,326,488	\$28,391,540

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$5,358,701	\$5,334,504	\$5,348,500
Ontario Conditional Grants	5,871,725	6,482,606	5,524,296
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	8,908	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
Total Revenues	\$11,230,426	\$11,826,018	\$10,872,796
Expenditures			
Salary, Wages & Benefits	\$1,514,653	\$1,517,821	\$1,269,454
Goods & Services	196,320	187,826	156,740
External Transfers	9,425,333	9,704,824	9,026,936
Debt Servicing	-	-	-
Amortization Expense	-	-	-
Total Expenditures	\$11,136,306	\$11,410,471	\$10,453,130

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$2,348,870	\$2,347,960	\$2,714,606
Ontario Conditional Grants	7,889,431	7,923,983	7,306,861
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	3,793,902	3,740,560	3,650,774
Other Revenue/Gain (Loss) Sale of Assets	-	(40,276)	41,139
Total Revenues	\$14,032,203	\$13,972,227	13,713,380
Expenditures			
Salary, Wages & Benefits	\$10,653,092	\$10,661,232	\$10,953,192
Goods & Services	1,366,868	1,350,667	1,331,078
External Transfers	738,119	730,480	770,965
Debt Servicing	443,960	442,772	485,256
Amortization Expense	712,385	695,243	678,803
Total Expenditures	\$13,914,424	\$13,880,394	\$14,219,294

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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.

<i>Segment Reporting</i>	<i>IT</i>		
	<i>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$795,614	\$846,230	\$763,390
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	-	58,102	171,226
Fees & Service Charges	42,400	126,278	50,229
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
Total Revenues	\$838,014	\$1,030,610	\$984,845
Expenditures			
Salary, Wages & Benefits	\$581,348	\$549,884	\$491,040
Goods & Services	254,266	263,126	268,805
External Transfers	-	-	-
Debt Servicing	-	-	-
Amortization Expense	195,326	199,284	177,833
Total Expenditures	\$1,030,940	\$1,012,294	\$937,678

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

16. Segmented information (continued):

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

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

Segment Reporting	Library		
	<i>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$3,744,927	\$3,744,927	\$3,281,289
Ontario Conditional Grants	334,082	200,953	134,047
Canada Conditional Grants	-	2,047	-
Other Municipalities	-	-	-
Fees & Service Charges	78,500	133,133	-
Other Revenue/Gain (Loss) Sale of Assets	-	(3,417)	73,429
<i>Total Revenues</i>	\$4,157,509	\$4,077,643	\$3,488,765
Expenditures			
Salary, Wages & Benefits	\$2,579,562	\$2,373,123	\$2,262,556
Goods & Services	335,974	403,756	347,820
External Transfers	667,585	531,296	441,765
Debt Servicing	-	-	-
Amortization Expense	419,348	437,054	402,029
<i>Total Expenditures</i>	\$4,002,469	\$3,745,229	\$3,454,170

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$420,774	\$413,554	\$410,464
Ontario Conditional Grants	-	-	-
Canada Conditional Grants	-	-	-
Other Municipalities	294,263	233,029	226,864
Fees & Service Charges	35,000	22,177	18,965
Other Revenue/Gain (Loss) Sale of Assets	42,000	-	2,868
<i>Total Revenues</i>	\$792,037	\$668,760	\$659,161
Expenditures			
Salary, Wages & Benefits	\$576,390	\$574,512	\$593,340
Goods & Services	102,490	97,911	65,821
External Transfers	48,157	50,381	43,273
Debt Servicing	-	-	-
Amortization Expense	-	2,789	2,789
<i>Total Expenditures</i>	\$727,037	\$725,593	\$705,223

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

16. Segmented information (continued):

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

Segment Reporting	Economic Development		
	<i>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$436,754	\$439,554	\$372,334
Ontario Conditional Grants	-	-	2,236
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	\$436,754	\$439,554	\$374,570
Expenditures			
Salary, Wages & Benefits	\$129,854	\$110,780	\$29,461
Goods & Services	90,900	81,582	137,607
External Transfers	109,500	143,394	71,002
Debt Servicing	-	-	-
Amortization Expense	2,800	7,123	-
<i>Total Expenditures</i>	\$333,054	\$342,879	\$238,070

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

16. Segmented information (continued):

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

<i>Segment Reporting</i>	Non Departmental		
	<i>2015 Budget</i>	<i>2015 Actual</i>	<i>2014 Actual</i>
Revenues			
Tax Revenue	\$14,961	\$ -	\$ -
Ontario Conditional Grants	1,146,000	1,146,000	1,432,400
Canada Conditional Grants	-	-	-
Other Municipalities	-	-	-
Fees & Service Charges	-	-	-
Other Revenue/Gain (Loss) Sale of Assets	-	-	-
<i>Total Revenues</i>	\$1,160,961	\$1,146,000	\$1,432,400
Expenditures			
Salary, Wages & Benefits	\$ -	\$ -	\$ -
Goods & Services	-	-	-
External Transfers	1,160,961	1,136,961	1,072,520
Debt Servicing	-	-	-
Amortization Expense	-	-	-
<i>Total Expenditures</i>	\$1,160,961	\$1,136,961	\$1,072,520