



Committee of the Whole

Meeting Date: July 19, 2022
Submitted by: Cindy Howard, General Manager Finance and Community Services, County Treasurer
SUBJECT: 2021 CONSOLIDATED FINANCIAL STATEMENTS

BACKGROUND:

In the agenda package is the 2021 Consolidated Financial Statement for the County of Middlesex.

ANALYSIS:

The 2021 Consolidated Financial Statements consist of four statements and the notes as follows:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Change in Net Financial Assets
- Consolidated Statement of Cash Flows.

Consolidated Statement of Change in Net Financial Assets

The figures for net financial assets (or net debt) are already reported on the Statement of Financial Position. The Statement of Change in Net Financial Assets reports the items that explain the difference between the surplus or deficit from operations and the change in net financial assets (or net debt) for the period. This statement of change provides important accountability information regarding the extent to which the expenditures of the accounting period are met by the revenues recognized in the period.

The Statement of Change in Net Financial Assets (or Net Debt) must report the acquisition of tangible capital assets in the accounting period as well as other significant items that explain the difference between the surplus or deficit for the accounting period and the change in Net Financial Assets (or Net Debt) in the period.

The County has implemented Public Sector Accounting Board (“PSAB”) sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements.

Note 14 shows that the General Revenue Fund balance is \$3,962,598.

Note 16 outlines the details of the sale of 399 Ridout Street and 50 King Street. The sales of these properties were completed on December 18, 2020. The County received approximately \$13 million in cash and a four-year Vendor Take-Back Mortgage in the amount of approximately \$17 million. The mortgage is non-interest bearing until December 2024 and in return the County is able to lease the County Building rent free until December 2024. The Financial Statements include the Present Value of the Mortgage Receivable and the Prepaid Rent.

Note 16 also includes the sale of some pieces of land and other tangible capital assets in 2021 for a net gain of \$4,652,523, which is included in the statement of operations.

The effects of COVID-19 are included in Note 18. On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

However, there remains uncertainty over future cash flows and this could cause significant changes to the assets or liabilities and may have significant impact on future operations. An estimate of the financial effect is not practicable at this time.

RECOMMENDATION:

THAT the 2021 Consolidated Financial Statements of the Corporation of the County of Middlesex be accepted; and

THAT the 2021 financial statements be posted on the County’s website.

Attachments

Consolidated Financial Statements

THE CORPORATION OF THE COUNTY OF MIDDLESEX

And independent Auditors' Report thereon

Year ended December 31, 2021

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$28,536,742	\$31,624,561
Investments (note 4)	43,293,844	22,749,252
Accounts receivable	9,243,018	7,966,100
Loans receivable (note 5)	341,746	1,051,113
Accounts receivable – long term	94,821	94,821
Mortgage receivable – long term (note 16)	16,007,950	15,693,800
	97,518,121	79,179,647
Financial liabilities:		
Accounts payable and accrued liabilities	12,353,585	13,059,687
Employee future benefits (note 7)	9,464,400	8,868,600
Deferred revenue (note 8)	11,108,609	6,773,241
Term loan (note 9)	4,005,000	4,895,000
Total liabilities	36,931,594	33,596,528
Net financial assets	60,586,527	45,583,119
Non-financial assets:		
Tangible capital assets (note 15)	154,425,506	152,690,321
Prepaid expenses	2,595,137	2,768,901
Inventories held for consumption or use	50,704	36,657
	157,071,347	155,495,879
Contingencies and commitments (note 6)		
Other risks (note 18)		
Accumulated surplus (note 14)	\$217,657,874	\$201,078,998

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
Revenues:			
Requisition on local municipalities	\$46,820,686	\$46,693,979	\$44,692,136
Government grants (note 10)	65,944,358	74,005,743	67,599,141
Lodge resident maintenance	4,404,627	4,083,060	4,088,936
User charges	850,785	2,395,981	1,650,599
Investment income	250,000	820,209	599,251
Other revenue (note 11)	41,000	90,487	54,773
Gain on disposal of tangible capital assets – (note 16)	–	4,652,523	28,497,298
	118,311,456	132,741,982	147,182,134
Expenditures:			
General government	8,023,582	7,297,828	7,434,077
Protection to persons and property	520,000	598,474	560,596
Transportation services	17,977,794	17,804,313	15,008,712
Environmental	25,000	23,606	24,529
Health services	46,689,756	51,017,131	46,420,645
Social and family services	25,089,081	27,266,546	24,394,084
Social housing	5,722,885	4,836,536	4,682,934
Recreation and cultural development	5,021,343	5,147,615	5,184,419
Planning and development	2,084,602	2,171,057	2,004,909
	111,154,043	116,163,106	105,714,905
Annual surplus:	7,157,413	16,578,876	41,467,229
Accumulated surplus, beginning of year	201,078,998	201,078,998	159,611,769
Accumulated surplus, end of year	\$208,236,411	\$217,657,874	\$201,078,998

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, 2021, with comparative information for 2020

	Budget 2021	2021	2020
Annual surplus	\$7,157,413	\$16,578,876	\$41,467,229
Amortization of tangible capital assets	11,856,003	11,461,125	10,944,585
Acquisition of tangible capital assets	(21,097,566)	(12,875,238)	(17,721,016)
Asset under construction	–	(1,689,111)	(3,013,198)
Gain on sale of tangible capital assets (note 16)	–	(4,652,523)	(28,497,298)
Proceeds on sale of tangible capital assets (note 16)	–	6,020,562	30,317,900
Change in inventories held for consumption or use	–	(14,047)	8,280
Change in prepaid expenses	–	173,764	(1,124,211)
Change in net financial assets (debt)	(2,084,150)	15,003,408	32,382,271
Net financial assets, beginning of year	45,583,119	45,583,119	13,200,848
Net financial assets, end of year	\$43,498,969	\$60,586,527	\$45,583,119

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$16,578,876	\$41,467,229
Items not involving cash:		
Amortization	11,461,125	10,944,585
Gain on sale of tangible capital assets (note 16)	(4,652,523)	(28,497,298)
Changes in non-cash operating working capital:		
Accounts receivable	(1,276,918)	(575,860)
Accounts payable and accrued liabilities	(706,102)	1,482,357
Employee future benefits	595,800	618,455
Deferred revenue	4,335,368	547,653
Prepaid expenses	173,764	(1,124,211)
Inventories held for consumption or use	(14,047)	8,280
	26,495,343	24,871,190
Investing activities:		
Investments	(20,544,592)	(3,474,740)
Loans receivable	709,367	840,617
Long-term account receivable	-	54,000
Long-term mortgage receivable (note 16)	(314,150)	(15,693,800)
Acquisition of tangible capital assets	(12,875,238)	(17,721,016)
Assets under construction	(1,689,111)	(3,013,198)
Proceeds on sale of tangible capital assets (note 16)	6,020,562	30,317,900
	(28,693,162)	(8,690,237)
Financing activities:		
Term loan	(890,000)	(890,000)
Increase (decrease) in cash	(3,087,819)	15,290,953
Cash, beginning of year	31,624,561	16,333,608
Cash, end of year	\$28,536,742	\$31,624,561

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements

December 31, 2021, with comparative information for 2020

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)

December 31, 2021, with comparative information for 2020

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, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(j) Budget figures:

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

(k) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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

(ii) Contributions of tangible capital assets:

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

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. 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.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

1. Significant accounting policies (continued):

(m) Liabilities for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceed an environmental standard.

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

2. Contributions to unconsolidated joint boards:

Further to note 1(b), the County made contributions for the year ended December 31, 2021 in the amount of \$1,160,961 (2020 - \$1,160,961) to the Middlesex London Health Unit.

3. Trust funds:

Trust funds administered by the County for the year ended December 31, 2021 amounting to \$76,622 (2020 - \$83,635) have not been included in the consolidated financial statements.

4. Investments:

Total investments of \$43,293,844 (2020 - \$22,749,252) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$44,033,499 (2020 - \$23,574,559). At the end of the year, these investments are comprised of:

	2021	2020
Cash and cash equivalents	\$ 1,220	\$ 83,038
Fixed income securities	43,292,624	22,666,214
	\$ 43,293,844	\$ 22,749,252

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

5. Loans receivable:

Loans receivable consist of interest free loans to lower tier municipalities. At December 31, 2021 the amount outstanding was \$341,746 (2020 - \$1,051,113). The outstanding balance is due in 2022.

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:

2022	\$1,979,027
2023	1,819,822
2024	1,770,294
2025	1,889,481
2026	1,860,915
Thereafter	20,299,295
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	\$29,618,834

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

7. Employee future benefits:

(a) Pension:

The County contributed \$4,099,461 (2020 - \$3,810,073) 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, 2019, and it provided projected expense and liability disclosure information for the fiscal periods 2020, 2021 and 2022. The benefit obligation continuity is as follows:

	2021	2020
Accrued benefit obligation, January 1	\$3,193,000	\$3,007,600
Current period benefit cost	355,800	345,700
Post-employment benefit interest expenditure	99,000	93,500
Benefits paid	(268,500)	(253,800)
Accrued benefit obligation, December 31	3,379,300	3,193,000
Unamortized actuarial loss	(384,600)	(464,300)
Liability for benefits	\$2,994,700	\$2,728,700

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$355,800	\$345,700
Amortization of actuarial losses	79,700	79,700
Post-employment benefit interest expenditure	99,000	93,500
	\$534,500	\$518,900

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

7. Employee future benefits (continued):

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

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

	2021	2020
Discount rate	2.9%	2.9%
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	5.59% for 2021 then reducing by 0.13% per year until 2036 when the ultimate rate of 3.66% is reached	5.72% for 2020 then reducing by 0.13% per year until 2036 when the ultimate rate of 3.66% 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 \$1,273,545 (2020 - \$1,635,657).

An actuarial valuation was undertaken as at December 31, 2020, it provided projected expense and liability disclosure information for the fiscal periods 2021 and 2022. The estimate of the future benefit cost for WSIB claims was \$6,469,700 (2020 - \$6,139,900).

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

	2021	2020
Discount rate	2.0%	2.0%
Inflation rate	2.0%	2.0%
Future benefit indexing rate:		
Loss of earning benefits	2.0%	2.0%
Other income benefits	2.0%	2.0%
Health benefits	4.0%	4.0%

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

7. Employee future benefits (continued):

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

	2021	2020
Health, dental and life insurance benefit obligations	\$2,994,700	\$2,728,700
WSIB benefit obligations	6,469,700	6,139,900
	\$9,464,400	\$8,868,600

8. Deferred revenue:

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

	2021	2020
Federal gas tax	\$6,534,397	\$3,322,264
Subsidy advances from provincial ministries	4,131,836	3,171,749
Subsidy advance from The City of London	232,434	279,228
Subsidy advance from other	209,942	-
	\$11,108,609	\$6,773,241

9. Term loan:

	2021	2020
Term loan payable, bearing interest at 4.64%, repayable in semi-annual installments of \$445,000 of principal plus interest	\$4,005,000	\$4,895,000

Interest paid on this loan during 2021 was \$196,297 (2020 - \$238,272).

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

	Principal	Interest
2022	\$890,000	\$154,775
2023	890,000	113,479
2024	890,000	72,409
2025	890,000	30,887
2026	445,000	-
	\$4,005,000	\$371,550

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

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

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 to the dissolution of the London - Middlesex Suburban Roads Commission. Proceeds received in accordance with the prescribed formula within Section 474.18 were \$1,190,745 (2020 - \$1,152,164) and are included in government grants in the Consolidated Statement of Operations.

11. Other revenue:

Other revenue from operations is comprised of:

	2021	2020
Sale of timber, maps and books	\$88,349	\$32,336
Donations	1,162	19,288
Fines and lost books	745	2,918
Transfer from trust	231	231
	\$90,487	\$54,773

12. Land ambulance:

The County has estimated its liability for cross border ambulance services for 2001 – 2021. 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, 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.

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)

December 31, 2021, with comparative information for 2020

14. Accumulated surplus:

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

	2021	2020
Reserves:		
Working capital	\$730,607	\$730,607
Insurance	1,056,109	916,199
Winter control	1,663,869	801,801
Ambulance services	2,841,794	2,589,769
Tax rate stabilization	9,185,612	7,644,868
Woodlands	172,031	179,708
Tree bank	36,498	51,498
Total reserves	15,686,520	12,914,450
Reserve funds set aside for specific purposes by legislation, regulation or agreement:		
Future road construction	17,383,828	16,065,160
Wind farm decommission – fees	703,808	616,236
Capital works	16,329,480	13,247,790
County revenue replacement investment	7,651,000	6,000,000
Strathmere Lodge equipment	351,822	450,707
Gifts and donations (Strathmere Lodge)	42,156	16,636
Chapel fund (Strathmere Lodge)	2,945	3,516
IT equipment	354,540	308,907
Library technology replacement	150,563	-
Strathroy Library	68,431	67,922
Murray Elliott	69,607	69,089
Total reserve funds	43,108,180	36,845,963
Surplus:		
Invested in tangible capital assets	154,425,506	152,690,321
Term loan	(4,005,000)	(4,895,000)
Financed capital	14,399,466	8,680,950
Net investment in tangible capital assets	164,819,972	156,476,271
General Revenue Fund	3,962,598	4,180,583
Unfunded:		
Future benefit cost liability	(9,464,400)	(8,868,600)
Accrued interest on long-term liabilities	(92,661)	(113,253)
Vacation payable	(362,335)	(356,416)
Total surplus	158,863,174	151,318,585
Accumulated surplus	\$217,657,874	\$201,078,998

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

15. Tangible capital assets:

(a) 2021 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Land	\$5,025,929	\$ -	\$(5,035)	\$5,020,894
Buildings	38,131,639	-	(25,000)	38,106,639
Machinery and equipment	14,105,389	1,489,477	(316,808)	15,278,058
Vehicles	15,419,636	772,037	(169,798)	16,021,875
Road network and bridges	172,680,663	10,286,637	(4,379,101)	178,588,199
Library collections	3,438,080	327,085	(359,726)	3,405,439
Assets under construction	5,798,456	5,343,683	(3,654,572)	7,487,567
Total	\$254,599,792	\$18,218,919	\$(8,910,040)	\$263,908,671

Accumulated amortization				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Buildings	\$11,414,891	\$1,188,010	\$ -	\$12,602,901
Machinery and equipment	9,028,644	1,313,803	(274,607)	10,067,840
Vehicles	8,659,069	1,575,024	(159,798)	10,074,295
Road network and bridges	71,096,385	7,025,446	(3,093,300)	75,028,531
Library collections	1,710,482	358,842	(359,726)	1,709,598
Total	\$101,909,471	\$11,461,125	\$(3,887,431)	\$109,483,165

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

15. Tangible capital assets (continued):

(a) 2021 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Net Book Value		
Category	Net Book Value December 31, 2020	Net Book Value December 31, 2021
Land	\$5,025,929	\$5,020,894
Buildings	26,716,748	25,503,738
Machinery and equipment	5,076,745	5,210,218
Vehicles	6,760,567	5,947,580
Road network and bridges	101,584,278	103,559,668
Library collections	1,727,598	1,695,841
Assets under construction	5,798,456	7,487,567
Total	\$152,690,321	\$154,425,506

(b) 2020 Consolidated Schedule of Tangible Capital Assets – by category:

Cost				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Land	\$5,103,431	\$-	\$(77,502)	\$5,025,929
Buildings	43,708,578	4,582	(5,581,521)	38,131,639
Machinery and equipment	13,902,307	1,906,430	(1,703,348)	14,105,389
Vehicles	13,079,676	2,504,586	(164,626)	15,419,636
Road network and bridges	162,616,109	13,119,817	(3,055,263)	172,680,663
Library collections	3,623,648	185,601	(371,169)	3,438,080
Assets under construction	2,785,258	4,939,865	(1,926,667)	5,798,456
Total	\$244,819,007	\$22,660,881	\$(12,880,096)	\$254,599,792

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

15. Tangible capital assets (continued):

(b) 2020 Consolidated Schedule of Tangible Capital Assets – by category (continued):

Accumulated amortization				
Category	Balance Beginning of Year	Additions	Disposals/ Transfers	Balance End of Year
Buildings	\$14,394,776	\$1,243,295	\$(4,223,180)	\$11,414,891
Machinery and equipment	9,241,365	1,214,788	(1,427,509)	9,028,644
Vehicles	7,264,506	1,545,408	(150,845)	8,659,069
Road network and bridges	67,495,915	6,560,594	(2,960,124)	71,096,385
Library collections	1,701,151	380,500	(371,169)	1,710,482
Total	\$100,097,713	\$10,944,585	\$(9,132,827)	\$101,909,471

Net Book Value		
Category	Net Book Value December 31, 2019	Net Book Value December 31, 2020
Land	\$5,103,431	\$5,025,929
Buildings	29,313,802	26,716,748
Machinery and equipment	4,660,942	5,076,745
Vehicles	5,815,170	6,760,567
Road network and bridges	95,120,194	101,584,278
Library collections	1,922,497	1,727,598
Assets under construction	2,785,258	5,798,456
Total	\$144,721,294	\$152,690,321

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

16. 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 is included in the 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 vendor take-back mortgage in amount of \$16,987,500. The mortgage is non-interest bearing and is due in December 2024. The County also entered into a four-year 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 \$16,007,950 (2020 - \$15,693,800) and the prepaid rent of \$942,450 (2020 - \$1,256,600).

During the year, the County sold some pieces of land and other tangible capital assets for a net gain of \$4,652,523, which is included in the statement of operations.

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$3,454,622	\$4,880,893	\$4,362,071
Ontario conditional grants	369,737	1,537,833	741,413
Other municipalities	185,833	310,786	228,732
Fees and service charges	587,051	70,937	408,742
Other revenue/gain (loss) sale of assets	250,000	6,810,701	28,945,655
<i>Total revenues</i>	<i>\$4,847,243</i>	<i>\$13,611,150</i>	<i>\$34,686,613</i>
Expenditures			
Salary, wages and benefits	\$2,751,278	\$2,481,434	\$2,336,839
Goods and services	1,073,791	529,823	910,556
External transfers	1,795,332	2,018,976	1,797,639
Amortization expense	613,036	533,794	680,301
<i>Total expenditures</i>	<i>\$6,233,437</i>	<i>\$5,564,027</i>	<i>\$5,725,335</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$21,156,829	\$22,175,635	\$20,207,024
Ontario conditional grants	620,316	696,157	704,058
Canada conditional grants	2,269,251	1,275,438	3,590,774
Other municipalities	1,250,000	1,190,745	1,326,964
Fees and service charges	50,000	372,730	333,265
Other revenue/gain (loss) sale of assets	-	(1,278,284)	(81,310)
<i>Total revenues</i>	\$25,346,396	\$24,432,421	\$26,080,775
Expenditures			
Salary, wages and benefits	\$5,260,015	\$4,915,832	\$4,390,651
Goods and services	4,825,487	5,276,907	3,543,357
External transfers	310,000	356,959	309,277
Debt servicing	25,000	23,606	24,529
Amortization expense	8,102,292	7,853,089	7,326,023
<i>Total expenditures</i>	\$18,522,794	\$18,426,393	\$15,593,837

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$4,235,871	\$4,154,464	\$3,740,882
Ontario conditional grants	21,540,778	25,223,912	22,668,672
Other municipalities	21,397,480	21,425,827	18,956,645
Fees and service charges	-	1,573,325	609,027
Other revenue/gain (loss) sale of assets	-	10,644	287,275
<i>Total revenues</i>	<i>\$47,174,129</i>	<i>\$52,388,172</i>	<i>\$46,262,501</i>
Expenditures			
Salary, wages and benefits	\$37,591,529	\$40,760,203	\$36,535,142
Goods and services	4,346,093	5,059,825	5,011,542
External transfers	1,741,634	2,449,547	2,202,100
Amortization expense	1,727,590	1,586,595	1,510,900
<i>Total expenditures</i>	<i>\$45,406,846</i>	<i>\$49,856,170</i>	<i>\$45,259,684</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. Segmented information (continued):

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

Segment Reporting	Social Services		
	<i>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$6,887,351	\$5,381,263	\$5,453,074
Ontario conditional grants	8,438,502	10,246,827	7,938,792
<i>Total revenues</i>	\$15,325,853	\$15,628,090	\$13,391,866
Expenditures			
Salary, wages and benefits	\$1,568,478	\$1,412,180	\$1,384,489
Goods and services	96,890	15,614	25,131
External transfers	13,561,722	14,093,309	11,904,219
<i>Total expenditures</i>	\$15,227,090	\$15,521,103	\$13,313,839

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$3,445,368	\$2,997,239	\$2,591,088
Ontario conditional grants	8,344,272	10,171,433	9,597,592
Fees and service charges	4,443,861	4,261,576	4,203,696
Other revenue/gain (loss) sale of assets	-	(5,580)	(24,520)
<i>Total revenues</i>	\$16,233,501	\$17,424,668	\$16,367,856
Expenditures			
Salary, wages and benefits	\$12,315,464	\$13,061,744	\$12,409,442
Goods and services	1,720,824	1,647,599	1,615,752
External transfers	612,977	946,274	750,249
Debt servicing	196,297	196,298	238,273
Amortization expense	739,314	730,064	749,463
<i>Total expenditures</i>	\$15,584,876	\$16,581,979	\$15,763,179

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. Segmented information (continued):

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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$1,225,282	\$1,378,191	\$1,465,501
Ontario conditional grants	-	18,328	29,069
Other municipalities	141,673	167,633	143,636
Fees and service charges	8,000	4,014	8,415
<i>Total revenues</i>	<i>\$1,374,955</i>	<i>\$1,568,166</i>	<i>\$1,646,621</i>
Expenditures			
Salary, wages and benefits	\$1,182,378	\$1,152,055	\$1,197,241
Goods and services	420,498	299,023	324,379
Amortization expense	187,269	282,723	187,122
<i>Total expenditures</i>	<i>\$1,790,145</i>	<i>\$1,733,801</i>	<i>\$1,708,742</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$3,666,633	\$3,121,191	\$4,553,773
Ontario conditional grants	839,047	1,204,059	975,563
Other municipalities	-	-	20,000
Fees and service charges	106,500	102,259	99,590
Other revenue/gain (loss) sale of assets	15,000	7,966	10,648
<i>Total revenues</i>	<i>\$4,627,180</i>	<i>\$4,435,475</i>	<i>\$5,659,574</i>
Expenditures			
Salary, wages and benefits	\$2,951,424	\$2,907,085	\$2,481,483
Goods and services	535,916	954,396	875,839
External transfers	1,050,290	814,063	1,339,111
Amortization expense	483,713	472,071	487,986
<i>Total expenditures</i>	<i>\$5,021,343</i>	<i>\$5,147,615</i>	<i>\$5,184,419</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. Segmented information (continued):

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

Segment Reporting	Planning		
	<i>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$1,270,396	\$1,249,150	\$1,154,614
Ontario conditional grants	-	2,060	1,952
Canada conditional grants	-	1,296	-
Fees and service charges	60,000	94,200	76,800
Other revenue/gain (loss) sale of assets	1,000	20,163	40
<i>Total revenues</i>	<i>\$1,331,396</i>	<i>\$1,366,869</i>	<i>\$1,233,406</i>
Expenditures			
Salary, wages and benefits	\$1,139,477	\$1,183,659	\$1,090,693
Goods and services	138,906	136,981	136,567
External transfers	35,000	114,166	75,333
<i>Total expenditures</i>	<i>\$1,313,383</i>	<i>\$1,434,806</i>	<i>\$1,302,593</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$687,876	\$627,392	\$511,748
Ontario conditional grants	-	55,397	601
Canada conditional grants	55,017	45,612	166,078
Other revenue/gain (loss) sale of assets	25,000	(2,391)	13,534
<i>Total revenues</i>	<i>\$767,893</i>	<i>\$726,010</i>	<i>\$691,961</i>
Expenditures			
Salary, wages and benefits	\$336,983	\$312,170	\$268,008
Goods and services	38,542	142,048	124,514
External transfers	392,905	279,244	307,005
Amortization expense	2,789	2,789	2,789
<i>Total expenditures</i>	<i>\$771,219</i>	<i>\$736,251</i>	<i>\$702,316</i>

THE CORPORATION OF THE COUNTY OF MIDDLESEX

Notes to Consolidated Financial Statements (continued)

December 31, 2021, with comparative information for 2020

17. 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>2021 Budget</i>	<i>2021 Actual</i>	<i>2020 Actual</i>
Revenues			
Tax revenue	\$790,458	\$728,561	\$652,361
Ontario conditional grants	492,452	432,400	508,600
<i>Total revenues</i>	\$1,282,910	\$1,160,961	\$1,160,961
Expenditures			
External transfers	1,282,910	1,160,961	1,160,961
<i>Total expenditures</i>	\$1,282,910	\$1,160,961	\$1,160,961

18. Other risks:

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Corporation's operations and financial position is not known at this time.

These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated surpluses to sustain operations. An estimate of the financial effect of the pandemic on the Corporation is not practicable at this time.