

**MUNICIPALITY OF MIDDLESEX CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

DRAFT

**MUNICIPALITY OF MIDDLESEX CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Middlesex Centre

Opinion

We have audited the accompanying financial statements of Municipality of Middlesex Centre (the "Municipality"), which comprise the Statement of Financial Position as at December 31, 2018, and Statements of Operations and Accumulated Surplus, Cash Flows and Changes in Net Financial Assets (Liabilities) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Municipality of Middlesex Centre as at December 31, 2018 and its financial performance and its cash flows and changes in net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 19, 2019
London, Canada

LICENSED PUBLIC ACCOUNTANT

**MUNICIPALITY OF MIDDLESEX CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	2017
FINANCIAL ASSETS		
Cash (note 5)	\$ 22,411,686	\$ 13,059,684
Taxes receivable	1,702,751	1,716,164
User charges receivable	132,190	600,232
Accounts receivable	5,839,041	3,601,863
Land held for resale	120,000	120,000
	30,205,668	19,097,943
LIABILITIES		
Capital loan (note 10)	8,263,483	-
Accounts payable and accrued liabilities	9,238,345	3,793,161
Other current liabilities	1,066,828	1,468,412
Deferred revenue - obligatory reserve funds (note 7)	(12,796,845)	(4,741,838)
Liability for Workplace Safety and Insurance (note 14)	708,579	721,808
Long-term debt (note 8.a)	22,233,114	21,416,595
	28,713,504	22,658,138
NET FINANCIAL ASSETS (LIABILITIES) (page 6)	1,492,164	(3,560,195)
NON-FINANCIAL ASSETS (note 1.d)		
Tangible capital assets (note 1.g) (Schedule 1)	207,461,475	206,916,932
Capital work in progress	15,772,497	5,067,442
Prepaid expenditures	223,869	53,542
	223,457,841	212,037,916
ACCUMULATED SURPLUS (page 4) (note 9)	\$ 224,950,005	\$ 208,477,721

The accompanying notes are an integral part of these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget 2018	Actual 2018	Actual 2017
REVENUE			
Property taxation	\$ 16,656,352	\$ 17,147,228	\$ 15,581,339
User charges	10,038,755	10,765,187	10,198,466
Government grants	1,442,944	1,478,976	1,432,399
Investment income	117,316	318,255	241,455
Penalty and interest on taxes	244,120	257,695	275,001
Other revenue	1,091,624	1,084,536	110,214
	29,591,111	31,051,877	27,838,874
EXPENDITURES			
General government	1,856,090	2,086,658	1,823,621
Protection to persons and property	4,484,760	4,826,197	4,406,513
Transportation services	6,343,817	8,907,830	8,814,760
Environmental services	4,444,252	5,917,444	5,874,718
Health services	14,688	12,420	14,416
Recreation and cultural development	3,682,378	4,304,961	4,239,261
Planning and development	1,011,858	571,916	718,286
	21,837,843	26,627,426	25,891,575
Excess operating revenue over expenditures before other	7,753,268	4,424,451	1,947,299
OTHER			
Government and other transfers related to capital	1,563,830	1,630,299	1,006,630
Developer and user contributions related to capital	10,779,465	10,279,550	13,419,726
Gain (loss) on disposal of tangible capital assets	589,648	124,755	9,867
Change in liability for WSIB (note 14)	-	13,229	(721,808)
	12,932,943	12,047,833	13,714,415
EXCESS OF REVENUE OVER EXPENDITURES	20,686,211	16,472,284	15,661,714
Accumulated surplus, beginning of year (note 14)	208,477,721	208,477,721	192,816,007
ACCUMULATED SURPLUS, END OF YEAR	\$ 229,163,932	\$ 224,950,005	\$ 208,477,721

The accompanying notes are an integral part of these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATIONS		
Excess of revenue over expenditures (page 4)	\$ 16,472,284	\$ 15,661,714
Non- cash charges to operations		
Amortization	6,639,164	6,384,185
Net change in non-cash working capital related to operations (A)	(4,780,359)	(5,177,023)
Cash provided by (used in) operating transactions	18,331,089	16,868,876
CAPITAL		
Acquisition of tangible capital assets	(7,295,473)	(15,062,256)
Decrease (increase) in work in progress	(10,705,055)	(3,569,687)
Net disposal of tangible capital assets	111,766	118,591
Net change in prepaid expenditures	(170,327)	(16,324)
Cash provided by (used in) capital transactions	(18,059,089)	(18,529,676)
FINANCING		
Advances (repayments) - long-term debt	816,519	(210,199)
Cash provided by (used in) financing transactions	816,519	(210,199)
Increase (decrease) in cash and cash equivalents	1,088,519	(1,870,999)
Cash and cash equivalents, beginning of year	13,059,684	14,930,683
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,148,203	\$ 13,059,684
COMPRISED OF:		
Cash	\$ 22,411,686	\$ 13,059,684
Capital loan	(8,263,483)	-
	\$ 14,148,203	\$ 13,059,684

(A) Net change in non-cash working capital includes the net change in taxes, user charges and accounts receivable and accounts payable and accrued liabilities, other current liabilities, deferred revenue and liability for WSIB.

The accompanying notes are an integral part of these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	2017
Excess of revenue over expenditures (page 4)	\$ 16,472,284	\$ 15,661,714
Amortization of tangible capital assets	6,639,164	6,384,185
Net disposal of tangible capital assets	111,766	118,591
Decrease (increase) in work in progress	(10,705,055)	(3,569,687)
Decrease (increase) in prepaid expenditures	(170,327)	(16,324)
Acquisition of tangible capital assets	(7,295,473)	(15,062,256)
Increase in net financial assets	5,052,359	3,516,223
Net financial assets (liabilities), beginning of year	(3,560,195)	(7,076,418)
NET FINANCIAL ASSETS (LIABILITIES), END OF YEAR	\$ 1,492,164	\$ (3,560,195)

The accompanying notes are an integral part of these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The Municipality of Middlesex Centre is a lower-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 financial statements of the Municipality of Middlesex Centre ("the Municipality") are the representation of management prepared in accordance with Canadian public sector accounting standards.

The focus of these financial statements is on the financial position of the Municipality and changes thereto. The Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represents the financial position of the Municipality and is the difference between financial assets and liabilities. This information explains the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

a. Reporting entity

These financial statements reflect the financial assets, liabilities, operating revenues and expenditures and accumulated surpluses/deficits and changes in investment in tangible capital assets of the Municipality of Middlesex Centre and all committees of Council.

All interfund assets and liabilities and revenues and expenditures have been eliminated.

There are no local boards, joint local boards, municipal enterprises or utilities.

b. Accrual accounting

The accrual basis of accounting recognizes revenues as they become available 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.

c. Trust funds

Trust funds and their related operations administered by the Municipality are not reported on these financial statements, but are reported separately on the Trust Fund Financial Statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant accounting policies continued

d. 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 expenditures, provides the Change in Net Financial Assets (Liabilities) for the year.

e. Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for servicing.

f. Financial instruments

Financial instruments of the Municipality consist mainly of cash, accounts and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

g. Tangible capital assets

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

Land improvements	15 years
Buildings and fixtures	10 to 50 years
Vehicles	5 to 10 years
Machinery and equipment	10 years
Water and waste	
Underground networks	50 to 100 years
Wastewater facilities	50 to 75 years
Water utility facilities	50 to 75 years
Water utility infrastructure	50 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and culverts	25 to 75 years

Amortization is charged for a half year in the year of acquisition and in the year of disposal.

The Municipality has a capitalization threshold of \$10,000 on all capital assets excluding land, which is always capitalized, so that individual assets of lesser value are expensed unless they are pooled because collectively they have a significant value. The capitalization threshold for pooled assets is \$25,000.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant accounting policies continued

g. Tangible capital assets continued

i. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

ii. Contributions of tangible capital assets

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

h. Temporary investments

Temporary investments are recorded at cost. Market value approximates cost.

i. Deferred revenue

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

j. Revenue recognition

Government grants and 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, and eligibility criteria have been met, and reasonable estimates of the amounts can be made.

k. Government transfers

Government 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 determined.

l. Accounting for County and School Board transactions

The Municipality is required to bill, collect and remit provincial education and upper tier taxation in respect of residential and other properties on behalf of the school boards and upper tier. The Municipality has no jurisdiction or control over the school board or upper tier's operations or their tax rate. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Middlesex are not reflected in these financial statements.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. Significant accounting policies continued

m. Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Tax revenue

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date which was used by the Municipality in computing the 2018 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the County of Middlesex and the appropriate school boards.

3. Trust funds

Trust funds administered by the Municipality amounting to \$53,922 (2017 - \$51,559) have not been included in the financial statements.

4. Operations of School Boards and the County of Middlesex

Further to note 1.1, the taxation revenues of the school boards and County of Middlesex are comprised of the following:

	School Boards	County
Taxation and user charges	\$ 7,970,117	\$ 11,374,214
Requisitions	\$ 7,970,117	\$ 11,374,214

5. Investments

As at December 31, 2018, the Municipality did not hold any short-term investments.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

6. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay. The amount contributed to OMERS for 2018 was \$403,501 (2017 - \$369,186) for current service and is included as an expenditure on the Statement of Operations and Accumulated Surplus. The Municipality had no obligation, as at December 31, 2018, under the past service provisions. The OMERS funding ratio for 2018 is 96.0% (2017 - 94.2%), with the goal of being fully funded by 2025.

7. Deferred revenue - obligatory reserve funds

A requirement of the Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The Municipality plans to issue long-term funding to cover the deficit in development charges to be repaid through future development charges. The balances in the obligatory reserve funds of the Municipality are summarized as follows:

	2018	2017
Parkland	\$ 237,719	\$ 203,602
Federal Gas Tax	54,425	323,346
Development charges	(13,088,989)	(5,268,786)
	\$ (12,796,845)	\$ (4,741,838)

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

8. Long-term liabilities

	2018	2017
a. The balance of long-term liabilities reported on the Statement of Financial Position is made up of the following:		
Total long-term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 22,375,627	\$ 21,538,612
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drain loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(142,513)	(122,017)
Net long-term liabilities, end of the year	\$ 22,233,114	\$ 21,416,595

b. Debt to be retired over the next five years:

2019	\$ 1,378,876
2020	\$ 1,251,676
2021	\$ 1,258,362
2022	\$ 1,234,672
2023	\$ 1,240,016

c. Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

d. The Municipality is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the principal and interest had been assumed by other municipalities, school board and local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 2018 is \$142,513 (2017 - \$122,017) and is not recorded on the Statement of Financial Position.

e. Interest paid on long-term liabilities for 2018 was \$755,015 (2017 - \$778,470).

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

9. Accumulated surplus

The accumulated surplus at the end of the year are comprised of the following:

	2018	2017
Current fund	\$ -	\$ -
Investment in non-financial assets (net of debt)	204,293,602	191,620,952
Workplace Safety and Insurance to be recovered (note 14)	(708,579)	(721,808)
Reserves set aside for specific purpose	1,682,123	1,682,123
Reserve funds set aside for specific purpose	19,682,859	15,896,454
Accumulated surplus	\$ 224,950,005	\$ 208,477,721

10. Capital loan

During 2018, the Municipality entered into a financing agreement with Ontario Infrastructure and Lands Corporation (OILC) for a floating rate capital loan up to a maximum of \$13,344,000 for five capital projects. This financing will be converted to long-term debentures upon completion of the related projects. It is anticipated this will occur in 2019. As of December 31, 2018, \$8,263,483 is outstanding. The Municipality is paying interest only payments at a rate of interest as determined by OILC as their cost of borrowing.

11. Budget figures

The Municipality's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2018 is reflected on the Statement of Operations and Accumulated Surplus.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

12. Commitments

- a. On July 13, 1998, The Corporation of the City of London received a Notice of Transfer for the Lake Huron Primary Water System (the System). The final transfer order was effective September 15, 2000. Under the transfer order the works, properties and all assets, liabilities, rights and obligations of the system are conveyed, assigned and transferred to the City of London as Trustee. The Municipality is a member of the Lake Huron Water Supply System and represents approximately 1.23% of the total System. This percentage is based on the annual flows of water supplied during 2018. As long as the municipality is serviced by the System, it has a beneficial ownership interest in the System. The System is governed by a joint board of management of which one of the eleven representatives is from the Municipality. As at December 31, 2018, the Municipality's share of the System's accumulated surplus is \$2,151,882 which is not reflected in the accompanying financial statements.
- b. The Municipality contracts directly with the Ontario Provincial Police for policing services provided to the Municipality. The contract price, net of adjustments, for 2018 was \$2,091,767 (2017 - \$2,052,600).

13. Contingent liability

Landfill post-closure costs

The Municipality has closed the one landfill site they own and expense any post-closure costs in the year they occur.

14. Liability for Workplace Safety and Insurance (WSIB)

The Municipality transferred from Schedule 2 to Schedule 1 classification under the Workplace Safety and Insurance Act effective January 1, 2013. The Municipality received its estimate of future benefit costs and administrative loading for the year ending December 31, 2018 under its former Schedule 2 classification from the Workplace Safety and Insurance Board of \$656,105. This estimate is based on provincial averages and was disclosed as a contingent liability in prior year's financial statements.

During 2018, the Municipality contracted with an independent third party to provide a valuation of this liability based on the Municipality's specific circumstances. This valuation estimated the Municipality's actuarial obligation as at December 31, 2018 at \$708,579 (2017 - \$721,808). This amount will be recovered from future taxation as payments are made against this obligation. The prior year financial statements have been adjusted for this valuation which has resulted in a decrease in the excess of revenue over expenditures and accumulated surplus at December 31, 2017 of \$721,808 and an offsetting increase in liabilities and net financial liabilities of \$721,808.

**MUNICIPALITY OF MIDDLESEX CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

14. Liability for Workplace Safety and Insurance (WSIB) continued

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

Municipality's borrowing rate	4.00%
Inflation rate	1.75%
Discount rate	2.25%
Weighted average of WSIB benefits	1.01%
Administration fees charged by WSIB	30.0%

15. Public sector salary disclosure

There were six employees paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

16. Contaminated sites

The Canadian public sector accounting standard 3510 requires municipalities to evaluate sites owned by the municipality for potential contamination. This standard requires the Municipality to disclose the liability, if any, related to remediation of such sites. The Municipality has determined they do not own properties that meet this criterion and therefore no accrual is required.

17. Segmented information

Segmented information is presented on Schedule 2. The Municipality is a diversified municipality and provides a wide range of services to its citizens including fire, police, through a contracted service described in note 12, transportation, water, wastewater and waste disposal and community services, including recreation and planning. The general government segment includes such functions as finance, council and administrative services.

18. Comparative balances

Certain comparative balances have been reclassified to conform with the current year's presentation. In addition, as per note 14, the comparative balances have been changed for the liability for WSIB.

**MUNICIPALITY OF MIDDLESEX CENTRE
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Land and Land Improvements	Buildings	Fleet	Equipment	Infrastructure Roads	Storm Sewers	Wastewater	Water	2018 Total	2017 Total
COST										
Balance, beginning of year	\$ 9,142,886	\$ 70,416,050	\$ 10,525,014	\$ 2,987,988	\$113,202,522	\$ 27,283,016	\$ 29,600,668	\$ 42,777,937	\$ 305,936,081	\$ 291,403,126
Add:										
Additions during the year	321,563	3,930,320	630,847	196,815	2,184,467	-	-	31,461	7,295,473	15,062,256
Less:										
Disposals during the year	-	(575,000)	(213,818)	(314,835)	(6,000)	-	-	-	(1,109,653)	(529,301)
Balance, end of year	9,464,449	73,771,370	10,942,043	2,869,968	115,380,989	27,283,016	29,600,668	42,809,398	312,121,901	305,936,081
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	15,300,362	4,413,849	1,689,032	58,711,905	5,469,628	5,731,542	7,702,831	99,019,149	93,045,674
Add:										
Amortization during the year	10,746	1,518,326	732,348	228,446	2,787,854	340,804	462,588	558,052	6,639,164	6,384,185
Less:										
Disposals during the year	-	(575,000)	(209,021)	(207,866)	(6,000)	-	-	-	(997,887)	(410,710)
Balance, end of year	10,746	16,243,688	4,937,176	1,709,612	61,493,759	5,810,432	6,194,130	8,260,883	104,660,426	99,019,149
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 9,453,703	\$ 57,527,682	\$ 6,004,867	\$ 1,160,356	\$ 53,887,230	\$ 21,472,584	\$ 23,406,538	\$ 34,548,515	\$ 207,461,475	\$ 206,916,932

This schedule is provided for information purposes only.

**MUNICIPALITY OF MIDDLESEX CENTRE
SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
REVENUE								
Taxation	\$17,147,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$17,147,228
User fees	262,410	1,001,886	36,384	7,137,551	1,250	2,087,177	238,529	10,765,187
Government grants	2,218,568	163,348	640,604	28,000	-	37,860	20,895	3,109,275
Investment income	317,611	-	-	-	644	-	-	318,255
Penalty and interest on taxes	257,695	-	-	-	-	-	-	257,695
Other	217,059	262,653	2,891,925	7,938,723	-	191,710	-	11,502,070
	20,420,571	1,427,887	3,568,913	15,104,274	1,894	2,316,747	259,424	43,099,710
EXPENDITURES								
Salaries and benefits	1,171,899	1,313,315	1,727,027	648,269	480	1,664,632	150,950	6,676,572
Goods and services	828,097	3,225,226	3,758,534	3,212,869	11,940	1,854,058	420,966	13,311,690
Amortization	86,662	287,656	3,422,269	2,056,306	-	786,271	-	6,639,164
	2,086,658	4,826,197	8,907,830	5,917,444	12,420	4,304,961	571,916	26,627,426
EXCESS REVENUE OVER EXPENDITURES	\$18,333,913	\$ (3,398,310)	\$ (5,338,917)	\$ 9,186,830	\$ (10,526)	\$ (1,988,214)	\$ (312,492)	\$16,472,284

This schedule is provided for information purposes only.