

Financial Statements

MIDDLESEX COUNTY TRUST FUNDS

And Independent Auditors' Report thereon

Year ended December 31, 2018



KPMG LLP
140 Fullarton Street Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4800
Fax 519 672-5684

INDEPENDENT AUDITORS' REPORT

To the Stakeholders

Opinion

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

- the statement of financial position as at December 31, 2018
- the statement of earnings and fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

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

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



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

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

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

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

Auditors' 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 auditors' report that includes our opinion.

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

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

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

We also:

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

July 16, 2019

COUNTY OF MIDDLESEX TRUST FUNDS

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	Strathmere Lodge Trust Fund	Strathroy Library Trust Fund	Clark Wright Bequest Trust Fund	2018 Total	2017 Total
Assets:					
Cash	\$43,055	\$ -	\$ -	\$43,055	\$44,443
Due from County of Middlesex (note 4)	-	5,778	25,000	30,778	30,778
	43,055	5,778	25,000	73,833	75,221
Liabilities:					
Accounts payable and accrued liabilities	\$5,600	\$ -	\$ -	\$5,600	\$3,245
Fund Balances					
Fund balances	37,455	5,778	25,000	68,233	71,976
	\$43,055	\$5,778	\$25,000	\$73,833	\$75,221

See accompanying notes to financial statements.

COUNTY OF MIDDLESEX TRUST FUNDS

Statement of Earnings and Fund Balances

Year ended December 31, 2018, with comparative information for 2017

	Strathmere Lodge Trust Fund	Strathroy Library Trust Fund	Clark Wright Bequest Trust Fund	2018 Total	2017 Total
Revenues:					
Capital	\$196,070	\$ -	\$ -	\$196,070	\$218,196
Interest	-	55	238	293	293
	196,070	55	238	196,363	218,489
Expenditures:					
Resident withdrawals	199,813	-	-	199,813	210,425
Transfer to County of Middlesex Library Board	-	55	238	293	293
	199,813	55	238	200,106	210,718
Excess (deficiency) of revenue over expenditures	(3,743)	-	-	(3,743)	7,771
Fund balance, beginning of year	41,198	5,778	25,000	71,976	64,205
Fund balance, end of year	\$37,455	\$5,778	\$25,000	\$68,233	\$71,976

See accompanying notes to financial statements.

COUNTY OF MIDDLESEX TRUST FUNDS

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by:		
Operating activities:		
Excess (deficiency) of revenue over expenditures	\$(3,743)	\$7,771
Accounts Payable	2,355	(970)
Increase (decrease) in cash	(1,388)	6,801
Cash, beginning of year	44,443	37,642
Cash, end of year	\$43,055	\$44,443

See accompanying notes to financial statements.

COUNTY OF MIDDLESEX TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

(a) Trust funds financial statements:

The Strathmere Lodge Trust Fund reflects the assets, liabilities, receipts and expenditures of funds belonging to the residents of the County's home for the aged. The Strathroy Library Trust Fund and Mr. Clark Wright Bequest Trust Fund are required to be spent on the Strathroy library.

(b) Accrual basis of accounting:

The financial statements have been prepared using the accrual basis of accounting.

(c) Adoption of new accounting standards:

(i) Related party disclosures:

The County of Middlesex adopted Public Sector Accounting Board Standard PS 2200 Related Party Transactions effective for fiscal periods beginning on or after April 1, 2017. The standard defines related party and provides disclosure requirements. Disclosure is only required when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements. The standard also requires disclosure of related party transactions that have occurred where no amounts have been recognized. The County of Middlesex adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

(ii) Inter-entity transactions:

The County of Middlesex adopted Public Sector Accounting Board Standard PS 3420 Inter-entity Transactions effective for fiscal periods beginning on or after April 1, 2017. The standard specifies how to account for transactions between public sector entities within the government reporting entity.

COUNTY OF MIDDLESEX TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(c) Adoption of new accounting standards (continued):

(ii) Inter-entity transactions (continued):

Transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at the exchange amount. Transfers of an asset or liability at nominal or no consideration is recorded by the provider at the carrying amount and the recipient has the choice of using either the carrying amount or fair value. Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis. Unallocated costs for the provision of goods or services may be recorded by the recipient at the carrying amount or fair value unless otherwise dictated by policy, accountability structure or budget practice. All other transactions are measured at the carrying amount. The County of Middlesex adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

2. Strathroy Public Library Board:

On January 1, 1999, the Strathroy Public Library Board became a branch of the Middlesex County Library Board. The former trust fund of the Strathroy Public Library Board has been transferred to the County of Middlesex trust fund and the interest on that trust fund will be used towards expenditures of the Strathroy branch.

3. Clark Wright Bequest:

In 2014, Mr. Clark Wright willed a legacy donation in the amount of \$25,000 to the Strathroy Public Library. Per the terms of the will, this amount is to be invested in an endowment fund, the income from which is to be used to support the Book Budget.

4. Due from the County of Middlesex:

The County of Middlesex holds cash on behalf of the Strathroy Library Trust and Clark Wright Bequest Trust Funds.