

**The Corporation of the Municipality of
Strathroy-Caradoc
Trust Funds
Financial Statements
For the year ended December 31, 2020**

Draft for Council Approval

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Strathroy-Caradoc

Opinion

We have audited the trust fund financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the Municipality), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus and cash flows 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 the trust funds of The Corporation of the Municipality of Strathroy-Caradoc as at December 31, 2020, and the results of operations and cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

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 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.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Municipality to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

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 related 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.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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.

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario
TBD

The Corporation of the Municipality of Strathroy-Caradoc
Trust Funds
Statement of Financial Position

December 31	2020	2019
Assets		
Cash	\$ 16,964	\$ 34,168
Portfolio investments (Note 2)	640,025	652,212
Due from The Municipality of Strathroy-Caradoc	59,631	44,543
	<u>\$ 716,620</u>	<u>\$ 730,923</u>
 Accumulated Surplus (Note 3)	 \$ 716,620	 \$ 730,923

**The Corporation of the Municipality of Strathroy-Caradoc
Trust Funds
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2020	2019
Revenues		
Net investment income	\$ (1,762)	\$ 20,932
Commissions	-	1,250
Capital receipts	15,088	13,751
	<u>13,326</u>	<u>35,933</u>
Expenditures		
The Municipality of Strathroy-Caradoc	688	694
Tri Township Arena	17,510	-
Transaction costs	9,431	15,894
	<u>27,629</u>	<u>16,588</u>
Annual surplus (deficit)	(14,303)	19,345
Accumulated surplus, beginning of year	730,923	711,578
Accumulated surplus, end of year	\$ 716,620	\$ 730,923

The Corporation of the Municipality of Strathroy-Caradoc
Trust Funds
Statement of Cash Flows

<u>For the year ended December 31</u>	<u>2020</u>	<u>2019</u>
Cash provided by (used in)		
Operating Activities		
Annual surplus (deficit)	\$ (14,303)	\$ 19,345
Increase in due from The Municipality of Strathroy-Caradoc	(15,088)	(13,753)
Decrease in due from Tri-Township Arena	-	1,250
	<u>(29,391)</u>	<u>6,842</u>
Investing Activities		
Decrease (increase) in portfolio investments	<u>12,187</u>	<u>(1,095)</u>
Net change in cash and cash equivalents	(17,204)	5,747
Cash and cash equivalents, beginning of year	<u>34,168</u>	<u>28,421</u>
Cash and cash equivalents, end of year	<u>\$ 16,964</u>	<u>\$ 34,168</u>

The Corporation of the Municipality of Strathroy-Caradoc

Trust Funds

Notes to the Financial Statements

December 31, 2020

1. Summary of Significant Accounting Policies

Management Responsibility	The financial statements of The Corporation of the Municipality of Strathroy Caradoc Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.
Basis of Accounting	The financial statements have been prepared in accordance with Canadian public sector accounting standards. Revenues and expenditures are reported on the accrual basis of 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.
Financial Instruments	The financial instruments of the trust funds consist of cash, investments, due from The Municipality of Strathroy-Caradoc and due from Tri-Township Arena. The carrying values of these financial assets approximate their fair values unless otherwise disclosed. The investments are held by the Public Trustee.
Use of Estimates	The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the period. Actual results could differ from these estimates.
Portfolio Investments	Portfolio investments are recorded at cost. Portfolio investments are written down when there has been a loss in value that is other than a temporary decline.

The Corporation of the Municipality of Strathroy-Caradoc
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December 31, 2020

2. Portfolio investments

The trust fund portfolio investments consist of mutual funds and preferred shares with a carrying value of \$640,025 (2019 - \$652,212) and a market value of \$662,864 (2019 - \$647,736). The investments are held by the Public Trustee and Scotia Wealth Management.

3. Accumulated Surplus

The accumulated surplus of the trust funds is comprised of the following:

	2020	2019
Tri-Township Arena Board Trust Fund	\$ 13	\$ 17,290
Burwell Cemetery Trust Fund	564	574
Campbell Cemetery Trust Fund	7,225	7,355
Strathroy Cemetery Trust Fund	708,818	705,704
	<u>\$ 716,620</u>	<u>\$ 730,923</u>