

The Corporation of the  
Village of Oil Springs  
Consolidated Financial Statements  
For the year ended December 31, 2019

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the Village of Oil Springs

### Opinion

We have audited the consolidated financial statements of The Corporation of the Village of Oil Springs (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2019, and its financial performance 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 Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario  
November 10, 2020

## The Corporation of the Village of Oil Springs Consolidated Statement of Financial Position

December 31	2019	2018
<b>Financial Assets</b>		
Cash	\$ 406,135	\$ 234,343
Temporary investments (Note 3)	131,813	125,335
Taxes receivable	96,654	110,807
Accounts receivable	221,642	196,642
Investment in Bluewater Power Corporation (Note 4)	172,883	161,046
	<u>1,029,127</u>	<u>828,173</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	136,408	116,334
Deferred revenue (Note 5)	1,000	39,219
Deposits	10,500	10,000
Municipal debt (Note 6)	1,234,332	685,117
	<u>1,382,240</u>	<u>850,670</u>
Net Financial Assets (Deficit)	<u>(353,113)</u>	<u>(22,497)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 8)	3,966,566	3,327,597
Prepaid expenses	19,079	23,141
	<u>3,985,645</u>	<u>3,350,738</u>
Accumulated surplus (Note 9)	<u>\$ 3,632,532</u>	<u>\$ 3,328,241</u>

On behalf of Council:

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**The Corporation of the Village of Oil Springs  
Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget 2019	Actual 2019	Actual 2018
	(Note 10)		
<b>Revenue</b>			
Taxation	\$ 455,161	\$ 461,306	\$ 415,124
Taxation from other governments	102,500	102,502	91,960
Fees and user charges	356,360	319,127	348,114
Grants	467,702	596,754	316,248
Other	27,645	75,012	47,475
Bluewater Power Corporation (Note 4)	6,403	18,272	20,550
	<u>1,415,771</u>	<u>1,572,973</u>	<u>1,239,471</u>
<b>Expenses</b>			
General government	291,593	317,437	301,218
Protection services	290,466	246,021	254,308
Transportation services	262,785	271,036	223,250
Environmental services	349,492	346,878	333,848
Health services	5,948	21,274	18,136
Recreation and cultural services	33,900	49,519	37,549
Planning and development	17,500	16,517	1,151
	<u>1,251,684</u>	<u>1,268,682</u>	<u>1,169,460</u>
Annual surplus	164,087	304,291	70,011
Accumulated surplus, beginning of year	<u>3,328,241</u>	<u>3,328,241</u>	<u>3,258,230</u>
Accumulated surplus, end of year	<u>\$ 3,492,328</u>	<u>\$ 3,632,532</u>	<u>\$ 3,328,241</u>

The Corporation of the Village of Oil Springs  
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31	Budget 2019	Actual 2019	Actual 2018
	(Note 10)		
Annual surplus	\$ 164,087	\$ 304,291	\$ 70,011
Acquisition of tangible capital assets	(165,662)	(821,478)	(598,873)
Amortization of tangible capital assets	182,500	182,509	149,723
Net change in prepaid expenses	-	4,062	(22,622)
Net change in net financial assets	180,925	(330,616)	(401,761)
Net financial assets, beginning of year	(22,497)	(22,497)	379,264
Net financial assets (deficit), end of year	\$ 158,428	\$ (353,113)	\$ (22,497)

## The Corporation of the Village of Oil Springs Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 304,291	\$ 70,011
Items not involving cash		
Amortization of tangible capital assets	182,509	149,723
Share of net income of Bluewater Power Corporation	(18,272)	(20,550)
	<u>468,528</u>	<u>199,184</u>
Net change in non-cash working capital items		
Taxes receivable	14,153	21,181
Accounts receivable	(25,000)	(61,435)
Long-term receivables	-	517
Accounts payable and accrued liabilities	20,074	13,495
Deferred revenue	(38,219)	38,219
Deposits	500	-
Prepaid expenses	4,062	(22,622)
	<u>(24,430)</u>	<u>(10,645)</u>
	<u>444,098</u>	<u>188,539</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(821,478)</u>	<u>(598,873)</u>
Investing activities		
Dividends from Bluewater Power Corporation	<u>6,435</u>	<u>6,402</u>
Financing activities		
Long-term debt advances	585,000	495,000
Repayment of municipal debt	(35,785)	(24,918)
	<u>549,215</u>	<u>470,082</u>
Net change in cash and cash equivalents	178,270	66,150
Cash and cash equivalents, beginning of year	<u>359,678</u>	<u>293,528</u>
Cash and cash equivalents, end of year	<u>\$ 537,948</u>	<u>\$ 359,678</u>
Comprised of:		
Cash	\$ 406,135	\$ 234,343
Temporary investments	<u>131,813</u>	<u>125,335</u>
	<u>\$ 537,948</u>	<u>\$ 359,678</u>

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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 1. Nature of Business

The Corporation of the Village of Oil Springs (the "Village") is a municipality in the Province of Ontario, Canada, and was founded in 1865. The Village conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

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### 2. Significant Accounting Policies

The consolidated financial statements of the Village are the representations of management prepared in accordance with accounting principles established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

#### (a) Basis of Reporting

##### (i) Reporting Entity

These consolidated financial statements reflect the financial assets, liabilities, reserves, surpluses/deficits, revenues and expenditures of all municipal organizations and committees which are controlled by Council. These entities included:

- Village of Oil Springs Fire Department
- Village of Oil Springs Waterworks
- Village of Oil Springs Cemetery Board - General Fund
- Oil Springs Electricity Holdings Inc.
- Oil Springs Parks and Recreation Board

All interfund financial assets, liabilities, reserves, surpluses/deficits, revenues and expenditures have been eliminated on consolidation.

##### (ii) Government Business Enterprises

The investment in Bluewater Power Corporation is accounted for on the modified equity basis which reflects the Village's investment in the enterprise and its share of net income since acquisition. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated.

##### (iii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Lambton are not reflected in these consolidated financial statements except to the extent that any amounts due to or from are reported on the Consolidated Statement of Financial Position. Taxation raised by the Village on their behalf is reflected as a deduction from total taxation on the Consolidated Statement of Operations and Accumulated Surplus.



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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 2. Significant Accounting Policies (Continued)

#### (a) Basis of Reporting (Continued)

##### (iv) Trust Funds

Trust funds and their related operations administered by the Village are not reflected in these consolidated financial statements, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

#### (b) Basis of Accounting

##### (i) Accrual Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

##### (ii) Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and short-term investments with maturities of three months or less and are stated at cost.

##### (iii) 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 Change in Net Financial Assets for the year.

##### (iv) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at their fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is provided over the estimated useful life of the assets, using the straight line method. The useful life of the assets is based on estimates determined by management. The following useful lives are used:

Buildings	50 years
Equipment	5 - 20 years
Fleet	5 - 20 years
Roads	20 - 75 years
Underground and other networks	40 - 80 years
Bridges and other structures	50 years

Assets under construction are not amortized until the asset is available for productive use.

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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 2. Significant Accounting Policies (Continued)

#### (b) Basis of Accounting (Continued)

##### (v) Intangible Assets

Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these consolidated financial statements.

##### (vi) Deferred Revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

##### (vii) Revenue Recognition

Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Village Council, incorporating amounts to be raised for local services, the requisition made by the County of Lambton in respect of County services and amounts the Village is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Village determines the taxes applicable and renders supplementary tax billings. Assessments and related property taxes are also subject to appeal. Each year management provides a best estimate of the affect of supplementary assessments and tax appeals on taxation revenue.

The Village is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

User fees and other revenues are recognized when related goods or services are provided and collectability is reasonably assured.

Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue on the daily accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when the monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 2. Significant Accounting Policies (Continued)

#### (b) Basis of Accounting (Continued)

##### (viii) Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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### 3. Temporary Investments

The temporary investments consist of guaranteed investment certificates stated at cost plus accrued interest, with maturity dates of less than one year and bear interest at an average rate of 2.12% (2018 - 1.82%)

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### 4. Investment in Bluewater Power Corporation

In recognition of the requirements of Bill 35 (The Energy Competition Act, 1998) the Village, along with the City of Sarnia, Town of Petrolia, Township of Warwick, Village of Point Edward and Village of Alvinston, effective October, 2000, merged their hydro-electrical operations and transferred all of their hydro-electrical assets and liabilities to Bluewater Power Corporation and its subsidiary.

In consideration of the transfers, each municipality took back a proportionate share of the common shares of Bluewater Power Corporation and promissory notes of its wholly owned subsidiary, Bluewater Power Distribution Corporation. The Village's proportionate share of the investment amounted to 0.33% (33 common shares).

The investment is composed of the following:

	<u>2019</u>	<u>2018</u>
Bluewater Power Corporation - common shares	\$ 59,506	\$ 59,506
Share of net income since acquisition, net of dividends received	<u>113,377</u>	<u>101,540</u>
	<u>\$ 172,883</u>	<u>\$ 161,046</u>

## The Corporation of the Village of Oil Springs Notes to the Consolidated Financial Statements

December 31, 2019

### 4. Investment in Bluewater Power Corporation (Continued)

#### Continuity of Investment

	2019	2018
Balance, beginning of year	\$ 161,046	\$ 146,898
Share of net income for the year	18,272	20,550
Less: Share of dividends for the year	6,435	6,402
Net increase in equity during the year	11,837	14,148
	\$ 172,883	\$ 161,046

#### Bluewater Power Corporation - Financial Position

	2019	2018
<b>Assets</b>		
Current assets	\$ 28,954,322	\$ 29,869,264
Property, plant and equipment	76,407,188	71,862,777
Other assets	6,061,392	6,189,274
Total assets	111,422,902	107,921,315
Regulatory balances	3,710,743	3,305,906
Total assets and regulatory balances	\$ 115,133,645	\$ 111,227,221

	2019	2018
<b>Liabilities</b>		
Current liabilities	\$ 19,469,389	\$ 18,602,719
Long-term liabilities	39,653,834	39,051,221
Total liabilities	59,123,223	57,653,940
<b>Equity</b>		
Share capital	18,032,105	18,032,105
Retained earnings	36,985,678	33,772,608
Accumulated other comprehensive loss	(2,629,199)	(3,002,997)
Total equity	52,388,584	48,801,716
Total liabilities and equity	111,511,807	106,455,656
Regulatory balances	3,621,838	4,771,565
Total liabilities, equity and regulatory balances	\$ 115,133,645	\$ 111,227,221

The Corporation of the Village of Oil Springs  
Notes to the Consolidated Financial Statements

December 31, 2019

4. Investment in Bluewater Power Corporation (Continued)

Bluewater Power Corporation - Results of Operations

	2019	2018
Revenues	\$ 132,786,008	\$ 129,969,833
Expenses	126,436,125	122,085,645
Income tax expense	1,927,000	1,851,000
Net income for the year	4,422,883	6,033,188
Net movement in regulatory balances, net of tax	1,448,564	(215,606)
Net loss from discontinued operation, net of tax	(708,229)	(789,673)
Other comprehensive income for the year	373,798	1,199,271
Total comprehensive income for the year	\$ 5,537,016	\$ 6,227,180
Village of Oil Springs share of net income at 0.33%	\$ 18,272	\$ 20,550
Dividends	\$ 1,950,148	\$ 1,940,098
Village of Oil Springs share of dividend at 0.33%	\$ 6,435	\$ 6,402
Net increase in equity during the year	\$ 11,837	\$ 14,148

5. Deferred Revenue

Provincial legislation restricts how certain funds may be used, and as well donors may stipulate specific uses for the donations. Deferred revenue related to these funds is comprised of the following:

	2019	2018
Donations and grants	\$ 1,000	\$ 39,219

The net change during the year in the deferred revenue balances is as follows:

	2019	2018
Balance, beginning of year	\$ 39,219	\$ 1,000
Donations and grants	50,000	128,205
Transfer to operations	89,219	129,205
	88,219	89,986
Balance, end of year	\$ 1,000	\$ 39,219

# The Corporation of the Village of Oil Springs Notes to the Consolidated Financial Statements

December 31, 2019

## 6. Municipal Debt

- (a) The balance of municipal debt reported on the Consolidated Statement of Financial Position consists of the following:

	2019	2018
Ontario Infrastructure debenture, bearing interest at 3.53%, repayable in blended semi-annual payments of \$9,117, maturing April 2032.	\$ 183,008	\$ 194,478
John Deere Credit loan, non-interest bearing, repayable in monthly payments of \$316, maturing June 2020.	1,896	5,689
Ontario Infrastructure debenture, bearing interest at 2.79%, repayable in blended semi-annual payments of \$13,258, maturing January 2028.	199,428	219,950
Ontario Infrastructure debenture, bearing interest at 2.43% repayable in semi-annual payments of \$26,957, maturing September 2039.	850,000	265,000
	\$ 1,234,332	\$ 685,117

- (b) The following schedule shows the principal repayments of long-term debt for fully disbursed debt expected over the next five fiscal years:

2020	\$ 68,333
2021	68,271
2022	70,156
2023	72,095
2024	74,089
Thereafter	881,388
	\$ 1,234,332

- (c) Total interest charges related to the municipal debt are reported in expenses in the Consolidated Statement of Operations and amounted to \$24,339 (2018 - \$13,132).

- (d) 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 and Housing.

## 7. Operating Line of Credit

The Village has an operating line of credit with a bank with a limit of \$100,000, none of which was drawn at year end. The line of credit is unsecured.

The Corporation of the Village of Oil Springs  
Notes to the Consolidated Financial Statements

December 31, 2019

8. Tangible Capital Assets  
2019

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
<b>Cost</b>								
Balance - December 31, 2018	\$ 223,535	\$ 490,096	\$ 464,133	\$ 647,097	\$ 1,688,193	\$ 3,655,728	\$ 252,246	\$ 7,421,028
Additions	-	-	39,897	7,370	643,493	130,718	-	821,478
Disposals	-	-	(4,079)	-	-	-	-	(4,079)
<b>Balance - December 31, 2019</b>	<b>\$ 223,535</b>	<b>\$ 490,096</b>	<b>\$ 499,951</b>	<b>\$ 654,467</b>	<b>\$ 2,331,686</b>	<b>\$ 3,786,446</b>	<b>\$ 252,246</b>	<b>\$ 8,238,427</b>
<b>Accumulated Amortization</b>								
Balance - December 31, 2018	\$ -	\$ 280,777	\$ 316,100	\$ 520,229	\$ 805,494	\$ 2,006,578	\$ 164,253	\$ 4,093,431
Amortization expense	-	7,108	21,257	25,961	64,491	59,168	4,524	182,509
Disposals	-	-	(4,079)	-	-	-	-	(4,079)
<b>Balance - December 31, 2019</b>	<b>\$ -</b>	<b>\$ 287,885</b>	<b>\$ 333,278</b>	<b>\$ 546,190</b>	<b>\$ 869,985</b>	<b>\$ 2,065,746</b>	<b>\$ 168,777</b>	<b>\$ 4,271,861</b>
<b>Net Book Value</b>	<b>\$ 223,535</b>	<b>\$ 202,211</b>	<b>\$ 166,673</b>	<b>\$ 108,277</b>	<b>\$ 1,461,701</b>	<b>\$ 1,720,700</b>	<b>\$ 83,469</b>	<b>\$ 3,966,566</b>

2018

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
<b>Cost</b>								
Balance - December 31, 2017	\$ 223,535	\$ 490,096	\$ 414,243	\$ 697,194	\$ 1,346,017	\$ 3,448,921	\$ 252,246	\$ 6,872,252
Additions	-	-	49,890	-	342,176	206,807	-	598,873
Disposals	-	-	-	(50,097)	-	-	-	(50,097)
<b>Balance - December 31, 2018</b>	<b>\$ 223,535</b>	<b>\$ 490,096</b>	<b>\$ 464,133</b>	<b>\$ 647,097</b>	<b>\$ 1,688,193</b>	<b>\$ 3,655,728</b>	<b>\$ 252,246</b>	<b>\$ 7,421,028</b>
<b>Accumulated Amortization</b>								
Balance - December 31, 2017	\$ -	\$ 272,114	\$ 296,953	\$ 536,784	\$ 777,282	\$ 1,950,944	\$ 159,728	\$ 3,993,805
Amortization expense	-	8,663	19,147	33,542	28,212	55,634	4,525	149,723
Disposals	-	-	-	(50,097)	-	-	-	(50,097)
<b>Balance - December 31, 2018</b>	<b>\$ -</b>	<b>\$ 280,777</b>	<b>\$ 316,100</b>	<b>\$ 520,229</b>	<b>\$ 805,494</b>	<b>\$ 2,006,578</b>	<b>\$ 164,253</b>	<b>\$ 4,093,431</b>
<b>Net Book Value</b>	<b>\$ 223,535</b>	<b>\$ 209,319</b>	<b>\$ 148,033</b>	<b>\$ 126,868</b>	<b>\$ 882,699</b>	<b>\$ 1,649,150</b>	<b>\$ 87,993</b>	<b>\$ 3,327,597</b>

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The Corporation of the Village of Oil Springs  
Notes to the Consolidated Financial Statements

December 31, 2019

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9. Accumulated Surplus

Accumulated surplus consists of the following individual fund surplus and reserves as follows:

	2019	2018
Surplus		
Invested in tangible capital assets	\$ 2,732,234	\$ 2,642,480
Reduce (recover from) future taxation	53,733	(72,797)
Reduce (recover from) future user fees	17,916	39,583
Equity in Bluewater Power Corporation	172,883	161,046
	<u>2,976,766</u>	<u>2,770,312</u>
Reserves set aside for specific purposes by Council for:		
Working capital	85,090	78,687
Replacement of equipment	60,290	54,290
Water	126,473	108,478
Sewer	192,413	199,263
Replacement of fire equipment	29,458	23,958
Youth centre equipment	3,501	3,001
EOC generator	6,750	6,300
Community hall maintenance and repairs	9,471	8,273
Policing	3,500	3,500
Growth committee	823	823
Youth centre capital	320	320
Replacement of fire equipment	62,380	62,380
Fire building addition	4,430	3,221
Cemetery memorial	5,435	5,435
Cannabis implementation	15,000	-
Salt bay	37,457	-
Sidewalks	12,975	-
	<u>655,766</u>	<u>557,929</u>
Total Reserves	<u>655,766</u>	<u>557,929</u>
Accumulated Surplus	<u>\$ 3,632,532</u>	<u>\$ 3,328,241</u>

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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 10. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2019 budget approved by Council. Budgets are not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards. Budgets anticipate using surpluses (or deficits) accumulated in previous years to reduce current year expenditures in excess of revenues to nil. In addition, the budget expensed all tangible capital assets rather than capitalizing them and recording amortization expense. The budget also expenses principal payments on debt and reserve transfers. As a result, the budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus represent the budget adopted by council with the following adjustments:

	<u>2019</u>
Budgeted surplus for the year	\$ 148,202
Adjustments for:	
Debt principal repayments	11,470
Capital expenditures	165,662
Reserve transfers	21,253
Amortization	<u>(182,500)</u>
Annual budgeted surplus	<u>\$ 164,087</u>

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### 11. Public Sector Salary Disclosure

During 2019, no Village employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

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### 12. Trust Funds

Trust funds administered by the Village amounting to \$87,844 (2018 - \$85,558) are not included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 13. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its funding, revenue streams, supply chain and staffing. Management is actively monitoring the effect on its financial condition, liquidity, operations, suppliers, industry, and workforce. In addition, if the impacts of COVID-19 continue there could be further impact on the Municipality, its suppliers and other third party business associates that could impact the timing of and amounts realized on the Municipality's financial statement. At this time, the full potential impact of COVID-19 on the Municipality is not known.

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### 14. Segmented Information

The Corporation of the Village of Oil Springs is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, building inspection, sewer, water, waste collection, waste disposal, recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The nature of the segments and the activities they encompass are as follows:

#### General Government

This item reports the revenues and expenses that relate to the governance and operations of the Village itself and cannot be directly attributed to a specific segment.

#### Protection to Persons and Property

Protection is comprised of police services, fire protection, emergency measures, animal control and building and structural inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

#### Transportation

Transportation is responsible for construction and maintenance of the Village's roadways, bridges, parking areas, sidewalks and streetlighting.

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# The Corporation of the Village of Oil Springs

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 14. Segmented Information (Continued)

#### Environmental

Environmental services consists of providing waste collection, waste disposal and recycling to its citizens as well as sewer and water services.

Sewer services is responsible for collecting and cleaning the sewage. Water services collects, treats and distributes the Village's drinking water. They ensure the Village's sewer and water systems meet all Provincial standards.

#### Health

Health services include the operations of the local cemetery.

#### Recreational and Cultural Services

This service area provides services meant to improve the health and development of the Village's citizens. The municipality operates and maintains parks and a community centre.

#### Planning and Development

This department is responsible for planning and zoning including the Official Plan. This service area also includes, promotion and events as well as business improvement area, weed control, and drainage.

The Corporation of the Village of Oil Springs  
Notes to the Consolidated Financial Statements

December 31, 2019

14. Segmented Information (Continued)

For the year ended December 31, 2019	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenue								
Taxation	\$ 432,696	\$ -	\$ -	\$ 28,610	\$ -	\$ -	\$ -	\$ 461,306
Taxation from other governments	-	102,502	-	-	-	-	-	102,502
Fees and user charges	(13,359)	7,295	-	306,254	-	18,937	-	319,127
Grants	596,754	-	-	-	-	-	-	596,754
Other	27,024	11,833	-	-	15,743	20,412	-	75,012
Bluewater Power Corporation	18,272	-	-	-	-	-	-	18,272
	<u>1,061,387</u>	<u>121,630</u>	<u>-</u>	<u>334,864</u>	<u>15,743</u>	<u>39,349</u>	<u>-</u>	<u>1,572,973</u>
Expenses								
Salaries and benefits	139,239	-	82,238	26,650	1,280	-	-	249,407
Materials and supplies	174,992	106,002	101,578	208,000	16,046	45,280	16,517	668,415
Contracted services	-	95,291	-	44,774	-	-	-	140,065
Interest on long-term debt	-	-	17,648	6,691	-	-	-	24,339
Amortization	3,206	44,728	69,572	60,763	-	4,239	-	182,508
Other	-	-	-	-	3,948	-	-	3,948
	<u>317,437</u>	<u>246,021</u>	<u>271,036</u>	<u>346,878</u>	<u>21,274</u>	<u>49,519</u>	<u>16,517</u>	<u>1,268,682</u>
Annual surplus (deficit)	<u>\$ 743,950</u>	<u>\$ (124,391)</u>	<u>\$ (271,036)</u>	<u>\$ (12,014)</u>	<u>\$ (5,531)</u>	<u>\$ (10,170)</u>	<u>\$ (16,517)</u>	<u>\$ 304,291</u>

The Corporation of the Village of Oil Springs  
Notes to the Consolidated Financial Statements

December 31, 2019

14. Segmented Information (Continued)

For the year ended December 31, 2018	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenue								
Taxation	\$ 394,732	\$ -	\$ -	\$ 20,392	\$ -	\$ -	\$ -	\$ 415,124
Taxation from other governments	-	91,960	-	-	-	-	-	91,960
Fees and user charges	7,683	8,552	-	310,020	-	21,859	-	348,114
Grants	316,248	-	-	-	-	-	-	316,248
Other	26,569	3,592	-	-	16,015	1,299	-	47,475
Bluewater Power Corporation	20,550	-	-	-	-	-	-	20,550
	765,782	104,104	-	330,412	16,015	23,158	-	1,239,471
Expenses								
Salaries and benefits	143,600	-	82,081	26,585	1,493	-	-	253,759
Materials and supplies	155,149	101,795	102,390	205,737	15,695	30,778	1,151	612,695
Contracted services	-	102,018	-	37,186	-	-	-	139,204
Interest on long-term debt	-	-	6,021	7,111	-	-	-	13,132
Amortization	2,469	50,495	32,758	57,229	-	6,771	-	149,722
Other	-	-	-	-	948	-	-	948
	301,218	254,308	223,250	333,848	18,136	37,549	1,151	1,169,460
Annual surplus (deficit)	\$ 464,564	\$ (150,204)	\$ (223,250)	\$ (3,436)	\$ (2,121)	\$ (14,391)	\$ (1,151)	\$ 70,011

The Corporation of the  
Village of Oil Springs  
Trust Funds  
Financial Statements  
For the year ended December 31, 2019

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers  
of The Corporation of the Village of Oil Springs

### Opinion

We have audited the trust fund financial statements of The Corporation of the Village of Oil Springs, which comprise the balance sheet as at December 31, 2019, and the statement of continuity of trust funds 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 Village of Oil Springs as at December 31, 2019, and its financial performance 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 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 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.



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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario  
November 10, 2020



The Corporation of the Village of Oil Springs  
Trust Funds  
Balance Sheet

December 31	2019	2018
<b>Assets</b>		
Cash	\$ 3,772	\$ 1,296
Temporary investments	92,752	92,874
	\$ 96,524	\$ 94,170
<b>Liabilities and Accumulated Net Assets</b>		
Due to The Corporation of the Village of Oil Springs	\$ 8,680	\$ 8,612
Accumulated net assets	87,844	85,558
	\$ 96,524	\$ 94,170

The Corporation of the Village of Oil Springs  
Trust Funds  
Statement of Continuity

For the year ended December 31	2019	2018
Balance, beginning of year	\$ 85,558	\$ 84,048
<b>Receipts</b>		
Interest earned	2,086	1,511
Monument fund	200	-
	2,286	1,511
<b>Expenditures</b>		
Cost of perpetual care	-	1
Balance, end of year	\$ 87,844	\$ 85,558

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The Corporation of the Village of Oil Springs  
Trust Funds  
Notes to the Consolidated Financial Statements

December 31, 2019

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1. Significant Accounting Policies

(a) Management Responsibility

The financial statements of The Corporation of the Village of Oil Springs (the "Village") Trust Funds are the representations 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.

(b) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Investments

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

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