

**THE CORPORATION OF  
THE VILLAGE OF OIL SPRINGS  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**



**THE CORPORATION OF  
THE VILLAGE OF OIL SPRINGS**

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**DECEMBER 31, 2014**

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Chartered Professional Accountants

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Village of Oil Springs, which comprise of the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of accumulated surplus, consolidated operations, consolidated changes in net financial assets and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Village's preparation and fair presentation of the consolidated financial statements 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 Village's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Oil Springs as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

London, Ontario  
June 9, 2015

*Davis Martindale LLP*

Chartered Accountants  
Licensed Public Accountants



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Financial Assets</b>		
Cash	\$ 157,022	\$ 137,435
Marketable securities (note 4)	89,386	188,328
Taxes receivable	136,360	80,517
Accounts receivable	118,464	116,759
Investments (note 5)	<u>151,223</u>	<u>156,711</u>
	<u>652,455</u>	<u>679,750</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	108,086	106,965
Deferred revenue (note 6)	11,250	-
Deposits	11,500	11,500
Long-term liabilities (note 7)	<u>236,546</u>	<u>246,174</u>
	<u>367,382</u>	<u>364,639</u>
<b>Net Financial Assets</b>	<b>285,073</b>	<b>315,111</b>
<b>Non-Financial Assets</b>		
Tangible capital assets	3,007,077	3,135,180
Prepaid expenses	<u>9,097</u>	<u>-</u>
	<u>3,016,174</u>	<u>3,135,180</u>
<b>Accumulated Surplus (note 9)</b>	<b><u>\$3,301,247</u></b>	<b><u>\$3,450,291</u></b>

**Approved on behalf of Council by:**

\_\_\_\_\_  
 Ian Veen, Mayor

\_\_\_\_\_  
 Jennifer Turk, Clerk-Treasurer

*The accompanying Independent Auditors' Report and notes are an integral part of these audited consolidated financial statements.*



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
<b>Accumulated Surplus, Beginning of Year</b>	\$3,450,291	\$3,563,306
<b>Annual Surplus (Deficit)</b>	<u>(149,044)</u>	<u>(113,015)</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$3,301,247</u>	<u>\$3,450,291</u>

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**

**CONSOLIDATED STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Budget 2014 (unaudited)</b>	<b>Actual 2014</b>	<b>Actual 2013</b>
<b>Revenues</b>			
Taxation	\$ 321,368	\$ 332,886	\$ 315,238
Taxation from other governments	70,284	62,014	72,324
User charges	308,812	294,423	286,002
Government grants	260,452	263,106	255,410
Other	20,655	50,420	54,360
Gain on disposal of assets	<u>-</u>	<u>-</u>	<u>860</u>
<b>Total Revenues</b>	<b>981,571</b>	<b>1,002,849</b>	<b>984,194</b>
<b>Expenditures</b>			
General government	300,337	295,653	271,181
Protection to persons and property	190,552	225,159	205,981
Transportation services	137,076	197,568	190,253
Environmental services	251,421	338,441	334,251
Health services	1,500	13,338	11,706
Recreation and cultural services	44,625	57,924	65,990
Planning and development	<u>33,000</u>	<u>23,810</u>	<u>17,847</u>
<b>Total Expenditures</b>	<b><u>958,511</u></b>	<b><u>1,151,893</u></b>	<b><u>1,097,209</u></b>
 <b>Annual Surplus (Deficit)</b>	 <b><u>\$ 23,060</u></b>	 <b><u>\$ (149,044)</u></b>	 <b><u>\$ (113,015)</u></b>

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Budget 2014 (unaudited)</b>	<b>Actual 2014</b>	<b>Actual 2013</b>
<b>Annual Surplus (Deficit)</b>	\$ 23,060	\$ (149,044)	\$ (113,015)
Acquisition of tangible capital assets	(116,228)	(57,776)	(37,480)
Amortization of tangible capital assets	-	185,879	185,692
Change in prepaid expense	<u>-</u>	<u>(9,097)</u>	<u>-</u>
<b>(Decrease) Increase in Net Financial Assets</b>	<b>(93,168)</b>	<b>(30,038)</b>	<b>35,197</b>
<b>Net Financial Assets, Beginning of Year</b>	<u>315,111</u>	<u>315,111</u>	<u>279,914</u>
<b>Net Financial Assets, End of Year</b>	<u><b>\$ 221,943</b></u>	<u><b>\$ 285,073</b></u>	<u><b>\$ 315,111</b></u>

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Cash Flows from Operating Activities</b>		
Annual surplus (deficit)	\$ (149,044)	\$ (113,015)
Items not requiring an outlay of cash:		
Amortization	<u>185,879</u>	<u>185,692</u>
	36,835	72,677
Changes in non-cash working capital:		
Taxes receivable	(55,843)	68,509
Accounts receivable	(1,705)	(9,882)
Prepaid expenses	(9,097)	-
Accounts payable and accrued liabilities	1,121	9,336
Deposits	-	2,000
Deferred revenue	<u>11,250</u>	<u>(21,994)</u>
	<u>(54,274)</u>	<u>47,969</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	(17,439)	120,646
<b>Cash Flows from Investing Activities</b>		
Decrease in investments	5,488	7,201
Acquisition of tangible capital assets	<u>(57,776)</u>	<u>(37,480)</u>
<b>Net Cash Used in Investing Activities</b>	(52,288)	(30,279)
<b>Cash Flows from Financing Activities</b>		
Decrease in long-term debt	<u>(9,628)</u>	<u>(9,298)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(79,355)	81,069
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>325,763</u>	<u>244,694</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 246,408</u>	<u>\$ 325,763</u>
<b>Represented By:</b>		
Cash	\$ 157,022	\$ 137,435
Marketable securities	<u>89,386</u>	<u>188,328</u>
	<u>\$ 246,408</u>	<u>\$ 325,763</u>
<b>Supplemental Cash Flow Information</b>		
Interest paid	<u>\$ 8,551</u>	<u>\$ 8,825</u>

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**1. Nature of Business**

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

**2. Significant Accounting Policies**

The consolidated financial statements of the Village are the representation of management, prepared in accordance with Canadian public sector accounting standards for local governments. Those policies that are considered to be particularly significant are as follows:

**(a) Basis of Consolidation**

**(i) Consolidated Entities**

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the reporting entity. The reporting entity is comprised of all committees and local boards that are accountable for their administration of their financial affairs and resources and are owned or controlled by the Village.

These entities include:

- 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 inter-fund assets and liabilities and revenues and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other funds of the municipality and the resulting interest income and expenditures.



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**2. Significant Accounting Policies - continued**

(ii) *Government Business Enterprise*

The Village's investment in Bluewater Power Corporation ("BPC") is accounted for on a modified equity basis, consistent with Canadian public sector accounting standards for investments in government business enterprises. Under the modified equity basis, BPC's accounting policies are not adjusted to conform to those of the Village and inter-organizational transactions and balances are not eliminated. The Village recognizes its equity interest in the annual income or loss of BPC in its consolidated statement of operations with corresponding increase or decrease in its investment asset account. Any dividends that the Village may receive from BPC will be reflected as reductions in the investment account.

(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. Over levies (under levies) are reported on the Consolidated Statement of Financial Position as "accounts payable and accrued liabilities" or "accounts receivable".

(iv) *Trust Funds*

Trust funds and their related operations administered by the Village are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position.

(b) **Basis of Accounting**

(i) *Accrual 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; 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.



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**2. Significant Accounting Policies - continued**

*(ii) 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 cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis, over their estimated useful lives as follows:

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

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

*(iii) Deferred Revenue*

The Village receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or service performed.

*(vi) Government Transfers*

Transfers are recognized in the consolidated financial statements as revenues in the period in which the event giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

*(v) Use of Estimates*

The preparation of the consolidated financial statements of the Village in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**3. Trust Funds**

Trust funds administered by the Village amounting to \$75,688 (2013 - \$75,088) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

**4. Marketable Securities**

The marketable securities are stated at cost plus accrued interest. These funds are invested in guaranteed investment certificates, with maturity dates of one year and bear interest at an average rate of 1.08%.

**5. Investments**

	<b>2014</b>	<b>2013</b>
Sewer loan receivable	\$ 13,952	\$ 26,951
Waterline Connection debenture receivable	1,187	1,386
Municipal drain debenture receivable	-	1,314
33 common shares of Bluewater Power Corporation	<u>136,084</u>	<u>127,060</u>
	<u>\$ 151,223</u>	<u>\$ 156,711</u>

- a) The sewer loan receivable represents the estimated remaining balance owing by benefiting landowners to the Village for sewers that were installed in 1975. The municipality purchased the loan receivable from the Ontario Clean Water Agency in 1998. The estimated balance is based on an interest rate of 7.2% and fixed annual payments of \$14,975. The final payment of the loan will be collected from benefiting landowners on their 2017 taxes.
  
- b) The waterline connection debenture receivable represents waterline connection charges owing by benefiting landowners to the Village. The balance bears interest at 6% per annum and is repayable in annual blended instalments of \$282. The final payment of the loan will be collected from benefiting landowners on their 2019 taxes.
  
- c) The municipal drain debenture receivable represents construction charges owing by benefiting landowners to the Village for municipal drain construction. The balance bears interest at 6% per annum and is repayable in annual blended instalments of \$1,392. The final payment of the loan will be collected from benefiting landowners on their 2014 taxes.

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**5. Investments - continued**

d) The 33 common shares of BPC represent a 0.33% ownership of the company. The investment in BPC is reflected in these statements using the modified equity method.

BPC is a government business enterprise setup and owned by the City of Sarnia, Town of Petrolia, Village of Point Edward, Village of Alvinston, Township of Warwick and the Village of Oil Springs. The corporation was incorporated on October 20, 2000 for the purpose of distributing electricity.

The Village of Oil Springs' 0.33% of BPC is represented as follows:

**Condensed Balance Sheet of Bluewater Power Corporation**  
**As at December 31, 2014**

Current assets	\$ 116,202
Plant, property and equipment	210,838
Goodwill	<u>1,531</u>
Total assets	<u>\$ 328,571</u>
Current liabilities	\$ 73,232
Deposits	4,178
Long-term debt	83,972
Employee future benefits	31,105
Shareholders' equity	<u>136,084</u>
Total liabilities and shareholders' equity	<u>\$ 328,571</u>

**Condensed Income Statement of Bluewater Power Corporation**  
**For the year ended December 31, 2014**

Total revenues	\$ 90,942
Total expenditures	<u>77,352</u>
Net income	<u>\$ 13,590</u>

**6. Deferred Revenue**

Deferred revenue is comprised of funding that relates to the subsequent period.

During the year, funding in the amount of \$11,250 (2013 - \$nil) was received. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**7. Long-term Liabilities**

a) Net long-term liabilities

The balance of the net long-term liabilities reported on the "Consolidated Statement of Financial Position" is made up of the following:

	<b>2014</b>	<b>2013</b>
Long-term liabilities issued by Ontario Infrastructure at an interest rate of 3.53% with a maturity date of April 2032.	<u>\$ 236,546</u>	<u>\$ 246,174</u>

b) Principal payments due

Of the net long-term liabilities reported in (a) of this note, the following principal payments are required, as follows:

	<b>2015 to 2019</b>	<b>Thereafter</b>
From general municipal revenues	<u>\$ 53,537</u>	<u>\$ 183,009</u>

c) The long-term liabilities in (a) issued in the name of the Village were issued after January 1, 1993 and have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

**8. Credit Facility**

The Village has a revolving line of credit with a Canadian Bank at year end for which the balance outstanding was \$nil. This credit facility bears interest at the bank's prime rate plus 1.00% with a limit of \$50,000.



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**9. Municipal Fund Balances at the End of the Year**

	<b>2014</b>	<b>2013</b>
For general reduction in taxation	\$ (39,332)	\$ 19,883
For general reduction in user charges	(75,467)	(40,121)
Invested in tangible capital assets	2,770,531	2,889,005
Reserves and reserve funds	<u>645,515</u>	<u>581,524</u>
	<u><b>\$3,301,247</b></u>	<u><b>\$3,450,291</b></u>

**10. Reserves and Reserve Funds**

The total balances of reserves and reserve funds of \$577,700 (2013 - \$518,209) and \$67,815 (2013 - \$63,315) are made up of the following:

	<b>2014</b>	<b>2013</b>
Reserves set aside for specific purpose by Council:		
- for working capital	\$ 71,064	\$ 71,364
- for replacement of equipment	18,660	14,660
- for water	126,851	102,608
- for sewer	201,515	178,991
- for replacement of fire equipment	6,458	6,458
- for youth centre equipment	1,001	1,001
- for EOC generator	4,500	4,500
- for community hall maintenance and repairs	7,745	7,745
- for policing	3,500	3,500
- for youth centre capital	320	320
- Bluewater Power Corporation	<u>136,086</u>	<u>127,062</u>
Total reserves	<u>577,700</u>	<u>518,209</u>
Reserve funds set aside by council:		
- for replacement of fire equipment	62,380	57,880
- for cemetery memorial	<u>5,435</u>	<u>5,435</u>
	<u>67,815</u>	<u>63,315</u>
Total reserves and reserve funds	<u><b>\$ 645,515</b></u>	<u><b>\$ 581,524</b></u>

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**11. Public Sector Salary Disclosure Act 1996**

The Public Sector Salary Disclosure Act, 1996 (the “Act”) requires the disclosure of the salaries and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The Village complies with the Act by providing the information to the Ontario Ministry of Municipal Affairs and Housing for disclosure on the public website at [www.fin.gov.on.ca](http://www.fin.gov.on.ca).

**12. Financial Instruments**

*Fair Value*

Management estimates that the fair value of all financial assets and liabilities are not materially different from their carrying values.

*Credit Risk*

Credit risk is the risk that a counter party will fail to discharge its obligation to the Village reducing the expected cash inflow from the Village's assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. The Village has assessed that there are no significant concentrations of credit risk.

*Interest Rate Risk*

The following table identifies the Village's financial assets and liabilities which are sensitive to interest rate movements and those which are non-interest rate sensitive as they are either non-interest bearing or bear interest at fixed rates. The Village does not currently hold any financial instruments that mitigate either of these risks.

	2014		2013	
	Interest sensitive	Non-interest sensitive	Interest sensitive	Non-interest sensitive
Marketable securities	\$ 89,386	\$ -	\$ 188,327	\$ -
Long-term liabilities (note 7)	<u>-</u>	<u>236,546</u>	<u>-</u>	<u>246,174</u>
	<u>\$ 89,386</u>	<u>\$ 236,546</u>	<u>\$ 188,327</u>	<u>\$ 246,174</u>

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**13. Segment Reporting**

The Village has identified segments by major function. The segments and activities performed by the segments are as follows:

- general government - general administration
- protection to persons - police and fire protection
- transportation services - public works
- environmental services - water and sewer administration and waste management
- health services - cemetery administration
- recreation and cultural services - recreation facilities
- planning and development - municipal planning and development

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**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**13. Segment Reporting - continued**

**REVENUES 2014**

	Taxation	Other Taxation	User Charges	Government Grants	Other	Total
General government	\$ 310,383	-	\$ 20,071	\$ 242,739	\$ 30,146	\$ 603,339
Protection services	-	62,014	7,296	-	1,051	70,361
Environmental services	22,503	-	249,304	-	-	271,807
Health services	-	-	-	-	11,139	11,139
Recreation and cultural services	-	-	17,752	20,367	8,084	46,203
<b>Total</b>	<b>\$ 332,886</b>	<b>\$ 62,014</b>	<b>\$ 294,423</b>	<b>\$ 263,106</b>	<b>\$ 50,420</b>	<b>\$ 1,002,849</b>

**REVENUES 2013**

	Taxation	Other Taxation	User Charges	Government Grants	Other	Total
General government	\$ 291,697	-	\$ 17,894	\$ 235,043	\$ 28,931	\$ 573,565
Protection services	-	72,324	8,270	-	2,172	82,766
Environmental services	23,541	-	237,745	-	-	261,286
Health services	-	-	-	-	11,239	11,239
Recreation and cultural services	-	-	22,093	20,367	12,750	55,210
Planning and development	-	-	-	-	128	128
<b>Total</b>	<b>\$ 315,238</b>	<b>\$ 72,324</b>	<b>\$ 286,002</b>	<b>\$ 255,410</b>	<b>\$ 55,220</b>	<b>\$ 984,194</b>

*The accompanying Independent Auditors' Report and notes are an integral part of these audited consolidated financial statements.*



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

13. Segment Reporting - continued

EXPENDITURES 2014

	Salaries and Wages	Materials	Contracted Services	Other	Total
General government	\$ 123,037	\$ 171,208	\$ -	\$ 1,408	\$ 295,653
Protection services	-	100,856	71,839	52,464	225,159
Transportation services	88,913	70,879	-	37,776	197,568
Environmental services	27,971	180,084	34,061	96,325	338,441
Health services	23	11,992	-	1,323	13,338
Recreation and cultural services	-	51,467	-	6,457	57,924
Planning and development	-	23,810	-	-	23,810
Total	<u>\$ 239,944</u>	<u>\$ 610,296</u>	<u>\$ 105,900</u>	<u>\$ 195,753</u>	<u>\$ 1,151,893</u>

EXPENDITURES 2013

	Salaries and Wages	Materials	Contracted Services	Other	Total
General government	\$ 122,328	\$ 147,445	\$ -	\$ 1,408	\$ 271,181
Protection services	-	85,835	67,199	52,947	205,981
Transportation services	43,797	110,207	-	36,249	190,253
Environmental services	25,616	177,011	34,171	97,453	334,251
Health services	79	10,548	-	1,079	11,706
Recreation and cultural services	-	59,531	-	6,459	65,990
Planning and development	-	17,847	-	-	17,847
Total	<u>\$ 191,820</u>	<u>\$ 608,424</u>	<u>\$ 101,370</u>	<u>\$ 195,595</u>	<u>\$ 1,097,209</u>

The accompanying Independent Auditors' Report and notes are an integral part of these audited consolidated financial statements.



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Land</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Fleet</b>
<b>Cost</b>				
Balance, beginning of year	\$ 223,535	\$ 415,007	\$ 359,826	\$ 691,883
Additions during the year	<u>-</u>	<u>-</u>	<u>4,946</u>	<u>-</u>
Balance, end of year	223,535	415,007	364,772	691,883
<b>Accumulated Amortization</b>				
Balance, beginning of year	<u>-</u>	242,867	229,256	364,353
Amortization for the year	<u>-</u>	<u>5,513</u>	<u>19,942</u>	<u>50,449</u>
Balance, end of year	<u>-</u>	<u>248,380</u>	<u>249,198</u>	<u>414,802</u>
<b>Net Book Value</b>	<b><u>\$ 223,535</u></b>	<b><u>\$ 166,627</u></b>	<b><u>\$ 115,574</u></b>	<b><u>\$ 277,081</u></b>

	<b>Roads</b>	<b>Underground and Other Networks</b>	<b>Bridges and Other Structures</b>	<b>2014 Total</b>	<b>2013 Total</b>
<b>Cost</b>					
Balance, beginning of year	\$ 1,047,842	\$ 3,448,921	\$ 252,246	\$ 6,439,260	\$ 6,401,780
Additions during the year	<u>52,830</u>	<u>-</u>	<u>-</u>	<u>57,776</u>	<u>37,480</u>
Balance, end of year	1,100,672	3,448,921	252,246	6,497,036	6,439,260
<b>Accumulated Amortization</b>					
Balance, beginning of year	690,803	1,635,169	141,632	3,304,080	3,118,388
Amortization for the year	<u>22,125</u>	<u>83,326</u>	<u>4,524</u>	<u>185,879</u>	<u>185,692</u>
Balance, end of year	<u>712,928</u>	<u>1,718,495</u>	<u>146,156</u>	<u>3,489,959</u>	<u>3,304,080</u>
<b>Net Book Value</b>	<b><u>\$ 387,744</u></b>	<b><u>\$ 1,730,426</u></b>	<b><u>\$ 106,090</u></b>	<b><u>\$ 3,007,077</u></b>	<b><u>\$ 3,135,180</u></b>

*This schedule is provided for information purposes only and is unaudited*



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Chartered Professional Accountants

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Village of Oil Springs, which comprise of the statement of financial position as at December 31, 2014 and the statements of the continuity of trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Village's preparation and fair presentation of the financial statements 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 Village's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the 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, 2014, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.

*Davis Martindale LLP*

Chartered Accountants  
Licensed Public Accountants

London, Ontario  
June 9, 2015

**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**

**STATEMENT OF FINANCIAL POSITION**

**TRUST FUNDS**

**AS AT DECEMBER 31, 2014**

**ASSETS**

	<b>2014</b>	<b>2013</b>
Cash	\$ 2,152	\$ 302
Marketable securities	<u>84,424</u>	<u>84,585</u>
	<u>\$ 86,576</u>	<u>\$ 84,887</u>

**LIABILITIES AND ACCUMULATED NET ASSETS**

Due to general fund	\$ 10,888	\$ 9,799
Accumulated net assets	<u>75,688</u>	<u>75,088</u>
	<u>\$ 86,576</u>	<u>\$ 84,887</u>

*The accompanying Independent Auditors' Report and notes are an integral part of these audited consolidated financial statements.*



**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**STATEMENT OF CONTINUITY OF TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>2014</b>	<b>2013</b>
<b>Balance, Beginning of the Year</b>	\$ 75,088	\$ 73,838
<b>Revenues</b>		
Interest earned	1,274	1,239
Monument fund	100	-
Transfer from general fund	<u>500</u>	<u>1,250</u>
	<u>76,962</u>	<u>76,327</u>
<b>Expenditures</b>		
Cost of perpetual care	<u>1,274</u>	<u>1,239</u>
<b>Balance, End of the Year</b>	<u>\$ 75,688</u>	<u>\$ 75,088</u>

*The accompanying Independent Auditors' Report and notes are an integral part of these audited consolidated financial statements.*





**THE CORPORATION OF THE VILLAGE OF OIL SPRINGS**  
**NOTES TO TRUST FUNDS FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

**1. Significant Accounting Policies**

The financial statements for the trust funds of the Corporation of the Village of Oil Springs are the representation of management, prepared in accordance with Canadian public sector accounting standards. Those policies that are considered to be particularly significant are outlined below:

*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; 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.

**2. Purpose of Fund**

The Corporation of the Village of Oil Springs - Cemetery Board Perpetual Care Trust Fund was created to invest funds received for the perpetual care of cemetery plots, as required by the Cemeteries Act. The interest earned on the invested funds is to be used by the Cemetery Board to provide perpetual care.

**3. Marketable Securities**

The marketable securities of the trust are stated at cost plus accrued interest. These funds are invested in guaranteed investment certificates with maturity dates of one to two years and bear interest at an average rate of 1.43%.

