

The Corporation of the
Village of Oil Springs
Consolidated Financial Statements
For the year ended December 31, 2016

	Contents
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7
Trust Funds Financial Statements	21
Trust Funds Independent Auditor's Report	22
Trust Funds Balance Sheet	23
Trust Funds Statement of Continuity	23



Tel: 519 352 4130
Fax: 519 352 2744
www.bdo.ca

BDO Canada LLP
555 Richmond Street
Suite 301
Chatham ON N7M 1R2 Canada

Independent Auditor's 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 the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 controls 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.

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 disclosures 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario
May 9, 2017

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

December 31	2016	2015
Financial Assets		
Cash	\$ 293,844	\$ 227,835
Temporary investments (Note 3)	97,406	95,559
Taxes receivable	127,586	128,502
Accounts receivable	149,340	119,525
Long-term receivables (Note 4)	753	7,953
Investment in Bluewater Power Corporation (Note 5)	140,368	136,289
	809,297	715,663
Liabilities		
Accounts payable and accrued liabilities	182,313	152,426
Deferred revenue (Note 6)	1,000	6,231
Deposits	10,000	12,000
Municipal debt (Note 7)	229,523	243,641
	422,836	414,298
Net Financial Assets	386,461	301,365
Non-Financial Assets		
Tangible capital assets (Note 8)	2,773,577	2,852,056
Accumulated surplus (Note 9)	\$ 3,160,038	\$ 3,153,421

On behalf of Council:



Ian Veen, Mayor



Jennifer Turk, Clerk-Treasurer

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

For the year ended December 31	Budget 2016	Actual 2016	Actual 2015
	(Note 10)		
Revenue			
Taxation	\$ 385,340	\$ 380,170	\$ 337,807
Taxation from other governments	83,031	79,767	77,933
Fees and user charges	316,915	311,859	291,680
Grants	303,204	303,811	329,778
Other	21,550	49,450	38,130
Bluewater Power Corporation (Note 5)	5,670	9,359	9,175
	1,115,710	1,134,416	1,084,503
Expenses			
General government	295,586	274,561	267,648
Protection services	275,788	248,345	231,235
Transportation services	176,793	167,912	201,420
Environmental services	346,185	363,308	366,167
Health services	1,901	18,709	13,048
Recreation and cultural services	44,144	43,781	102,685
Planning and development	20,000	11,183	50,126
	1,160,397	1,127,799	1,232,329
Annual surplus (deficit)	(44,687)	6,617	(147,826)
Accumulated surplus, beginning of year	3,153,421	3,153,421	3,301,247
Accumulated surplus, end of year	\$ 3,108,734	\$ 3,160,038	\$ 3,153,421

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

For the year ended December 31	Budget 2016	Actual 2016	Actual 2015
	(Note 10)		
Annual surplus (deficit)	\$ (44,687)	\$ 6,617	\$ (147,826)
Acquisition of tangible capital assets	(59,822)	(100,124)	(56,280)
Amortization of tangible capital assets	178,600	178,603	184,534
Loss on sale of tangible capital assets	-	-	19,643
Proceeds on sale of tangible capital assets	-	-	7,124
Net change prepaid expenses	-	-	9,097
Net change in net financial assets	74,091	85,096	16,292
Net financial assets, beginning of year	301,365	301,365	285,073
Net financial assets, end of year	\$ 375,456	\$ 386,461	\$ 301,365

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

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 6,617	\$ (147,826)
Items not involving cash		
Amortization of capital assets	178,603	184,534
Loss on sale of tangible capital asset	-	19,643
Share of net income of Bluewater Power Corporation	(9,359)	(9,175)
	<u>175,861</u>	<u>47,176</u>
Net change in non-cash working capital items		
Taxes receivable	916	7,858
Accounts receivables	(29,815)	(1,061)
Long-term receivables	7,200	7,186
Accounts payable and accrued liabilities	29,887	44,340
Deferred revenue	(5,231)	(5,019)
Deposits	(2,000)	500
Prepaid expenses	-	9,097
	<u>957</u>	<u>62,901</u>
	<u>176,818</u>	<u>110,077</u>
Capital transactions		
Acquisition of tangible capital assets	(100,124)	(56,280)
Proceeds from sale of tangible capital assets	-	7,124
	<u>(100,124)</u>	<u>(49,156)</u>
Investing activities		
Dividends from Bluewater Power Corporation	5,280	8,970
	<u>5,280</u>	<u>8,970</u>
Financing activities		
Long-term debt advances	-	18,964
Repayment of municipal debt	(14,118)	(11,869)
	<u>(14,118)</u>	<u>7,095</u>
Net change in cash and cash equivalents	<u>67,856</u>	<u>76,986</u>
Cash and cash equivalents, beginning of year	<u>323,394</u>	<u>246,408</u>
Cash and cash equivalents, end of year	<u>\$ 391,250</u>	<u>\$ 323,394</u>
Comprised of:		
Cash	\$ 293,844	\$ 227,835
Temporary investments	97,406	95,559
	<u>\$ 391,250</u>	<u>\$ 323,394</u>

The Corporation of the Village of Oil Springs

Notes to the Consolidated Financial Statements

December 31, 2016

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.

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.

The Corporation of the Village of Oil Springs

Notes to the Consolidated Financial Statements

December 31, 2016

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.

The Corporation of the Village of Oil Springs

Notes to the Consolidated Financial Statements

December 31, 2016

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.

The Corporation of the Village of Oil Springs

Notes to the Consolidated Financial Statements

December 31, 2016

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.

3. Temporary Investments

The temporary investments consists of guaranteed investment certificates and are stated at cost plus accrued interest, with maturity dates of less than one year and bear interest at an average rate of 1.23% (2015 - 0.76%)

4. Long-term Receivables

Long-term receivables consist of the following:

	2016	2015
Sewer loan receivable (i)	\$ -	\$ 6,976
Waterline connection debenture receivable (ii)	753	977
	<u>\$ 753</u>	<u>\$ 7,953</u>

(i) The sewer loan receivable represents the estimated remaining balance owing by benefiting landowners to the Village for sewers that were installed in 1975. The Village 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 was collected from benefiting landowners on their 2016 taxes.

(ii) 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.

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

December 31, 2016

5. 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 the 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:

	2016	2015
Bluewater Power Corporation - common shares	\$ 59,506	\$ 59,506
Share of net income since acquisition, net of dividends received	80,862	76,783
	\$ 140,368	\$ 136,289

Continuity of Investment

	2016	2015
Balance, beginning of year	\$ 136,289	\$ 136,084
Adjustment to equity due to change in accounting policy	-	(3,442)
	136,289	132,642
Share of net income for the year	9,359	12,617
Less: Dividends for the year	5,280	8,970
Net increase in equity during the year	4,079	3,647
	\$ 140,368	\$ 136,289

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

December 31, 2016

5. Investment in Bluewater Power Corporation (Continued)

Bluewater Power Corporation - Financial Position

	2016	2015
Assets		
Current assets	\$ 33,630,344	\$ 32,798,683
Property, plant and equipment	61,077,118	55,279,649
Other assets	7,031,258	7,775,288
Total assets	101,738,720	95,853,620
Regulatory balances	2,572,446	6,660,625
Total assets and regulatory balances	\$ 104,311,166	\$ 102,514,245
	2016	2015
Liabilities		
Current liabilities	\$ 20,466,249	\$ 22,046,594
Long-term liabilities	37,797,675	35,592,704
Total liabilities	58,263,924	57,639,298
Equity		
Share capital	18,032,105	18,032,105
Retained earnings	27,599,833	24,383,305
Accumulated other comprehensive loss	(3,096,319)	(1,115,849)
Total equity	42,535,619	41,299,561
Total liabilities and equity	100,799,543	98,938,859
Regulatory balances	3,511,623	3,575,386
Total liabilities, equity and regulatory balances	\$ 104,311,166	\$ 102,514,245

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

December 31, 2016

5. Investment in Bluewater Power Corporation (Continued)

Bluewater Power Corporation - Results of Operations

	2016	2015
Revenues	\$ 148,739,522	\$ 136,449,483
Expenses	138,839,584	133,687,739
Income tax expense	1,560,000	1,351,000
Net income for the year	8,339,938	1,410,744
Net movement in regulatory balances, net of tax	(3,523,416)	2,449,358
Other comprehensive loss for the year	(1,980,470)	(36,741)
Total comprehensive income for the year	\$ 2,836,052	\$ 3,823,361
Village of Oil Springs share of net income at 0.33%	\$ 9,359	\$ 12,617
Dividends	\$ 1,599,994	\$ 2,718,282
Village of Oil Springs share of dividend at 0.33%	\$ 5,280	\$ 8,970
Net increase in equity during the year	\$ 4,079	\$ 3,647

6. 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:

	2016	2015
Donations and grants	\$ 1,000	\$ 6,231

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

	2016	2015
Balance, beginning of year	\$ 6,231	\$ 11,250
Gas tax funding received	21,404	20,385
Donations and grants	61,107	65,582
	88,742	97,217
Transfer to operations	87,742	90,986
Balance, end of year	\$ 1,000	\$ 6,231

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

December 31, 2016

7. Municipal Debt

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

	<u>2016</u>	<u>2015</u>
Ontario infrastructure debenture, bearing interest at 3.53%, repayable in blended semi-annual payments of \$9,117, maturing April 2032.	\$ 216,248	\$ 226,574
John Deere Credit loan, non-interest bearing, repayable in monthly payments of \$316, maturing June 2020.	<u>13,275</u>	<u>17,067</u>
	<u>\$ 229,523</u>	<u>\$ 243,641</u>

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

2017	\$ 14,487
2018	14,868
2019	15,262
2020	13,775
2021	12,301
Thereafter	<u>158,830</u>
	<u>\$ 229,523</u>

- (c) Total interest charges related to the municipal debt are reported in expenses in the Consolidated Statement of Operations and amounted to \$7,819 (2015 - \$8,121).
- (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.
-

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

December 31, 2016

8. Tangible Capital Assets

2016

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
Cost								
Balance - December 31, 2015	\$ 223,535	\$ 415,007	\$ 387,778	\$ 681,170	\$ 1,109,745	\$ 3,448,921	\$ 252,246	\$ 6,518,402
Additions	-	75,089	15,764	-	9,271	-	-	100,124
Disposals	-	-	(500)	-	-	-	-	(500)
Balance - December 31, 2016	\$ 223,535	\$ 490,096	\$ 403,042	\$ 681,170	\$ 1,119,016	\$ 3,448,921	\$ 252,246	\$ 6,618,026
Accumulated Amortization								
Balance - December 31, 2015	\$ -	\$ 255,541	\$ 268,462	\$ 454,773	\$ 735,069	\$ 1,801,821	\$ 150,680	\$ 3,666,346
Amortization expense	-	7,911	18,715	43,198	20,929	83,326	4,524	178,603
Disposals	-	-	(500)	-	-	-	-	(500)
Balance - December 31, 2016	\$ -	\$ 263,452	\$ 286,677	\$ 497,971	\$ 755,998	\$ 1,885,147	\$ 155,204	\$ 3,844,449
Net Book Value	\$ 223,535	\$ 226,644	\$ 116,365	\$ 183,199	\$ 363,018	\$ 1,563,774	\$ 97,042	\$ 2,773,577

2015

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
Cost								
Balance - December 31, 2014	\$ 223,535	\$ 415,007	\$ 364,772	\$ 691,883	\$ 1,100,672	\$ 3,448,921	\$ 252,246	\$ 6,497,036
Additions	-	-	23,006	24,201	9,073	-	-	56,280
Disposals	-	-	-	(34,914)	-	-	-	(34,914)
Balance - December 31, 2015	\$ 223,535	\$ 415,007	\$ 387,778	\$ 681,170	\$ 1,109,745	\$ 3,448,921	\$ 252,246	\$ 6,518,402
Accumulated Amortization								
Balance - December 31, 2014	\$ -	\$ 248,380	\$ 249,198	\$ 414,802	\$ 712,928	\$ 1,718,495	\$ 146,156	\$ 3,489,959
Amortization expense	-	7,161	19,264	48,118	22,141	83,326	4,524	184,534
Disposals	-	-	-	(8,147)	-	-	-	(8,147)
Balance - December 31, 2015	\$ -	\$ 255,541	\$ 268,462	\$ 454,773	\$ 735,069	\$ 1,801,821	\$ 150,680	\$ 3,666,346
Net Book Value	\$ 223,535	\$ 159,466	\$ 119,316	\$ 226,397	\$ 374,676	\$ 1,647,100	\$ 101,566	\$ 2,852,056

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

December 31, 2016

9. Accumulated Surplus

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

	2016	2015
Surplus		
Invested in tangible capital assets	\$ 2,544,054	\$ 2,608,415
Reduce (recover from) future taxation	3,477	(43,955)
Reduce (recover from) future user fees	(97,553)	(82,840)
Equity in Bluewater Power Corporation	140,368	136,289
	2,590,346	2,617,909
Reserves set aside for specific purposes by Council for:		
Working capital	62,742	71,064
Replacement of equipment	39,690	22,660
Water	170,428	148,665
Sewer	197,224	186,882
Replacement of fire equipment	12,958	7,458
Youth centre equipment	2,001	1,501
EOC generator	5,400	4,950
Community hall maintenance and repairs	5,878	20,697
Policing	3,500	3,500
Growth committee	929	-
Youth centre capital	320	320
Replacement of fire equipment	62,380	62,380
Fire building addition	807	-
Cemetery memorial	5,435	5,435
Total Reserves	569,692	535,512
Accumulated Surplus	\$ 3,160,038	\$ 3,153,421

The Corporation of the Village of Oil Springs

Notes to the Consolidated Financial Statements

December 31, 2016

10. Budget Data

The unaudited budget data presented in these consolidated financial statements is based upon the 2016 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>2016</u>
Budgeted surplus (deficit) for the year	\$ 16,565
Adjustments for:	
Debt principal repayments	10,327
Capital expenditures	59,822
Reserve transfers	47,202
Amortization	<u>(178,603)</u>
Annual budgeted deficit	<u>\$ (44,687)</u>

11. Public Sector Salary Disclosure

During 2016, no Village employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

12. Trust Funds

Trust funds administered by the Village amounting to \$82,607 (2015 - \$78,837) are not included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

13. Comparative Figures

Some of the prior year figures have been reclassified to conform to the current year's presentation.

The Corporation of the Village of Oil Springs

Notes to the Consolidated Financial Statements

December 31, 2016

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.

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, 2016

14. Segmented Information (Continued)

For the year ended December 31, 2016	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenue								
Taxation	\$ 351,748	\$ -	\$ -	\$ 28,422	\$ -	\$ -	\$ -	\$ 380,170
Taxation from other governments	-	79,767	-	-	-	-	-	79,767
Fees and user charges	6,625	8,110	-	275,859	-	21,265	-	311,859
Grants	302,454	-	-	-	-	1,357	-	303,811
Other	18,447	2,598	-	-	17,389	11,016	-	49,450
Bluewater Power Corporation	9,359	-	-	-	-	-	-	9,359
	\$ 688,633	\$ 90,475	\$ -	\$ 304,281	\$ 17,389	\$ 33,638	\$ -	\$ 1,134,416
Expenses								
Salaries and benefits	\$ 122,311	\$ -	\$ 85,305	\$ 25,010	\$ 302	\$ -	\$ -	\$ 232,928
Materials and supplies	149,410	87,445	53,282	210,760	16,706	36,118	11,183	564,904
Contracted services	-	107,046	-	34,799	-	-	-	141,845
Interest on long-term debt	-	-	-	7,819	-	-	-	7,819
Amortization	2,840	53,854	29,325	84,920	-	7,663	-	178,602
Other	-	-	-	-	1,701	-	-	1,701
	\$ 274,561	\$ 248,345	\$ 167,912	\$ 363,308	\$ 18,709	\$ 43,781	\$ 11,183	\$ 1,127,799
Annual surplus (deficit)	\$ 414,072	\$ (157,870)	\$ (167,912)	\$ (59,027)	\$ (1,320)	\$ (10,143)	\$ (11,183)	\$ 6,617

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

December 31, 2016

14. Segmented Information (Continued)

For the year ended December 31, 2015	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreational and Cultural Services	Planning and Development	Total
Revenue								
Taxation	\$ 309,372	\$ -	\$ -	\$ 28,435	\$ -	\$ -	\$ -	\$ 337,807
Taxation from other governments	-	77,933	-	-	-	-	-	77,933
Fees and user charges	3,394	7,138	-	261,758	-	19,390	-	291,680
Grants	273,752	-	-	-	-	56,026	-	329,778
Other	19,221	1,323	-	-	12,974	4,612	-	38,130
Bluewater Power Corporation	9,175	-	-	-	-	-	-	9,175
	\$ 614,914	\$ 86,394	\$ -	\$ 290,193	\$ 12,974	\$ 80,028	\$ -	\$ 1,084,503
Expenses								
Salaries and benefits	\$ 120,116	\$ -	\$ 105,790	\$ 26,316	\$ 144	\$ -	\$ -	\$ 252,366
Materials and supplies	125,492	88,739	60,171	211,046	11,604	94,580	50,126	641,758
Contracted services	-	89,456	-	35,151	-	-	-	124,607
Interest on long-term debt	-	-	-	8,121	-	-	-	8,121
Amortization	2,397	53,040	35,459	85,533	-	8,105	-	184,534
Other	19,643	-	-	-	1,300	-	-	20,943
	\$ 267,648	\$ 231,235	\$ 201,420	\$ 366,167	\$ 13,048	\$ 102,685	\$ 50,126	\$ 1,232,329
Annual surplus (deficit)	\$ 347,266	\$ (144,841)	\$ (201,420)	\$ (75,974)	\$ (74)	\$ (22,657)	\$ (50,126)	\$ (147,826)

**The Corporation of the
Village of Oil Springs
Trust Funds
Financial Statements
For the year ended December 31, 2016**



Tel: 519 352 4130
Fax: 519 352 2744
www.bdo.ca

BDO Canada LLP
555 Richmond Street
Suite 301
Chatham ON N7M 1R2 Canada

Independent Auditor's Report

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

We have audited the accompanying trust fund financial statements of The Corporation of the Village of Oil Springs, which comprise the balance sheet as at December 31, 2016 and the statement of continuity 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 trust fund financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines is necessary to enable the preparation of trust fund 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 trust fund 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 trust fund financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the trust fund financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the trust fund financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the trust fund 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 entity'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 trust fund 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 trust fund financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Oil Springs trust funds as at December 31, 2016 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Chatham, Ontario
May 9, 2017

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

December 31	2016	2015
Assets		
Cash	\$ 668	\$ 804
Temporary investments	89,027	86,645
	\$ 89,695	\$ 87,449
Liabilities and Accumulated Net Assets		
Due to The Corporation of the Village of Oil Springs	\$ 7,088	\$ 8,612
Accumulated net assets	82,607	78,837
	\$ 89,695	\$ 87,449

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

For the year ended December 31	2016	2015
Balance, beginning of year	\$ 78,837	\$ 75,688
Receipts		
Interest earned	1,276	1,259
Monument fund	500	650
Transfer from The Corporation of the Village of Oil Springs	2,650	2,500
	4,426	4,409
Expenditures		
Cost of perpetual care	656	1,260
Balance, end of year	\$ 82,607	\$ 78,837

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

December 31, 2016

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.
