

**Corporation of the Village of Oil Springs  
Consolidated Financial Statements  
December 31, 2023**

## Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Village of Oil Springs (the "Village") are the responsibility of the Village's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Village's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

The consolidated financial statements have been audited by MNP LLP, independent external auditors and appointed by the Village. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Village's consolidated financial statements.

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**Martha Gawley**  
Clerk - Treasurer

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**Date**

The Corporation of the Village of Oil Springs  
Consolidated Financial Statements  
For The Year Ended December 31, 2023

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## Town Council

Mayor

Ian Veen

Councillors

Connie McFadden

Jordan Newport

Adam Veen

Larry Wagner

## Town Administration

Clerk-Treasurer

Martha Gawley

Deputy Clerk-Treasurer

Jami Hornbostel-Slade

Superintendent of Public Works

Darren Morningstar

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

### Opinion

We have audited the consolidated financial statements of The Corporation of the Village of Oil Spings and its subsidiaries (the "Village"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, 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 consolidated financial position of the Village as at December 31, 2023, and the results of its consolidated operations, changes in its net debt and its consolidated 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 Village 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.

### Other Matter

The consolidated financial statements of the The Corporation of the Village of Oil Spings for the year ended December 31, 2022 were audited by Baker Tilly Sarnia LLP of Sarnia, Ontario, Canada, prior to its merger with MNP LLP. Baker Tilly Sarnia LLP expressed an unmodified opinion on those statements on August 1, 2023.

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

Management is responsible for the preparation and fair presentation of the 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 Village'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 Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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 Village'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 Village'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 Village 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.

Sarnia, Ontario

July 9, 2024

*MNP* LLP

Chartered Professional Accountants

Licensed Public Accountants

Corporation of the Village of Oil Springs  
 Consolidated Statement Of Financial Position  
 December 31, 2023

	2023	2022
<b>Assets</b>		
<b>Financial Assets</b>		
Cash	\$ 388,083	\$ 565,428
Temporary Investments (note 2)	98,653	49,477
Taxes receivable (note 3)	113,725	45,702
Accounts receivable	332,527	345,642
Other receivables	5,707	35,111
Investment in Bluewater Power Corporation (note 4)	<u>231,030</u>	<u>218,332</u>
<b>Total financial assets</b>	<u>1,169,725</u>	<u>1,259,692</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	127,602	106,695
Deposits	16,753	18,692
Municipal debt (note 5)	<u>963,004</u>	<u>1,038,084</u>
<b>Total liabilities</b>	<u>1,107,359</u>	<u>1,163,471</u>
<b>Net Financial Surplus</b>	62,366	96,221
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	3,739,138	3,810,679
Prepaid expenses	<u>13,498</u>	<u>8,462</u>
<b>Accumulated Surplus (note 8)</b>	<u>\$ 3,815,002</u>	<u>\$ 3,915,362</u>

Approved on Behalf of Council

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(Ian Veen - Mayor)

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(Martha Gawley - Clerk-Treasurer)

The accompanying notes are an integral part of this financial statement.

Corporation of the Village of Oil Springs  
Consolidated Statement Of Financial Activities, Accumulated Surplus and Net Financial Balance  
For The Year Ended December 31, 2023

	Budget 2023 (Note 10)	Actual 2023	Actual 2022
<b>Revenues</b>			
Net municipal taxation	\$ 576,353	\$ 598,984	\$ 559,566
Taxation from other governments	118,451	131,703	115,001
User charges	443,248	451,060	401,212
Grants	352,918	320,992	436,254
Other	132,553	148,593	80,149
Bluewater Power Corporation	<u>17,466</u>	<u>12,698</u>	<u>17,466</u>
<b>Total Revenues</b>	<u>1,640,989</u>	<u>1,664,030</u>	<u>1,609,648</u>
<b>Expenditures</b>			
General government	412,104	391,872	406,744
Protection to persons and property	309,271	356,502	300,263
Transportation services	349,267	403,613	251,966
Environmental services	454,752	462,572	441,507
Health services	23,926	22,320	23,229
Recreation and cultural	67,943	104,421	65,964
Planning and development	<u>7,815</u>	<u>23,090</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,625,078</u>	<u>1,764,390</u>	<u>1,489,673</u>
<b>Annual Surplus (Deficit)</b>	15,911	(100,360)	119,975
<b>Accumulated Surplus, Beginning of Year</b>	<u>3,915,362</u>	<u>3,915,362</u>	<u>3,795,387</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ 3,915,362</u>	<u>\$ 3,815,002</u>	<u>\$ 3,915,362</u>
<b>Annual surplus (deficit)</b>	\$ 15,911	\$ (100,360)	\$ 119,975
Amortization of tangible capital assets	120,000	184,710	202,748
Acquisition of tangible capital assets	(120,000)	(113,169)	(231,944)
Net change in prepaid expenses	-	(5,036)	5,534
Loss on disposal of tangible capital assets	-	-	-
<b>Increase (decrease) in net financial assets</b>	15,911	(33,855)	96,313
<b>Net financial surplus (deficit), beginning of year</b>	<u>96,221</u>	<u>96,221</u>	<u>(92)</u>
<b>Net financial surplus, end of year</b>	<u>\$ 112,132</u>	<u>\$ 62,366</u>	<u>\$ 96,221</u>

The accompanying notes are an integral part of this financial statement.

Corporation of the Village of Oil Springs  
Consolidated Statement Of Cash Flows  
For The Year Ended December 31, 2023

	2023	2022
<b>Operating Transactions</b>		
Annual surplus (deficit)	\$ (100,360)	\$ 119,975
Items not requiring cash		
Amortization	184,710	202,748
Share of net income of Bluewater Power Distribution	(19,531)	(29,240)
Prior year Bluewater Power adjustment	<u>-</u>	<u>4,956</u>
	64,819	298,439
Taxes receivable	(68,023)	109,459
Accounts receivable	13,115	(129,663)
Other receivables	29,404	(35,111)
Accounts payable and accrued liabilities	20,907	(26,204)
Deposits	(1,939)	6,939
Prepaid expenses	<u>(5,036)</u>	<u>5,534</u>
	<u>53,247</u>	<u>229,393</u>
<b>Capital Transactions</b>		
Acquisition of tangible capital assets	<u>(113,169)</u>	<u>(231,944)</u>
<b>Investing Transactions</b>		
Dividend from Bluewater Power Corporation	<u>6,833</u>	<u>6,818</u>
<b>Financing Transactions</b>		
Repayment of municipal debt	<u>(75,080)</u>	<u>(73,141)</u>
Net Increase In Cash	(128,169)	(68,874)
Cash And Equivalents, Beginning	<u>614,905</u>	<u>683,779</u>
Cash And Equivalents, Ending	<u>\$ 486,736</u>	<u>\$ 614,905</u>
<b>Comprised of:</b>		
Cash	\$ 388,083	\$ 565,428
Temporary investments	<u>98,653</u>	<u>49,477</u>
	<u>\$ 486,736</u>	<u>\$ 614,905</u>

The accompanying notes are an integral part of this financial statement.

## 1. Significant Accounting Policies

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The Financial Statements of the Corporation of the Village of Oil Springs (the "Village") are the representation of management prepared in accordance with local government accounting standards 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.

Significant accounting policies adopted include:

- (a) (i) **Reporting Entity**

These statements reflect the financial assets, liabilities, revenues and expenditures of the Village of Oil Springs, Village of Oil Springs Fire Department, Village of Oil Springs Waterworks, Village of Oil Springs Cemetery Board - General Fund, Oil Springs Electricity Holdings Inc., and the Oil Springs Parks and Recreation Board.
  - (ii) **Government Business Enterprise**

The investment in Bluewater Power Corporation is accounted for using the modified equity basis which reflects the Village of Oil Spring'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 Village 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 financial statements except that any amounts due to or from these organizations are reported on the statement of financial position. Taxation raised by the Village on behalf of these organizations is reflected as a deduction from total taxation on the Statement of Operations and Accumulated Surplus.
  - (vi) **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 Continuity and Balance Sheet.
- (b) **Basis of Accounting**
    - (i) **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.
    - (ii) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on account and short-term investments with original maturities of three months or less and are stated at cost, which approximates market value.

Notes continued on page 5....

1. Significant Accounting Policies cont'd...

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(iii) Non-Financial assets

Non-financial assets are 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 expenditures, provides the Change in Net Financial Assets for the year.

(a) 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 estimated residual value, of the tangible capital assets is amortized on the 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

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

(b) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(iv) Investment income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income on deferred revenue is added to the fund balance and forms part of the respective deferred revenue balance.

(v) Revenue Recognition

User fees and other revenues are recognized when related goods or services are provided.

Investment income earned on surplus funds (other than deferred revenue) are reported as revenue as earned. Investment income earned on deferred revenue is recorded directly to each fund.

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 assets are recognized in the period in which eligible expenditures are made.

**1. Significant Accounting Policies cont'd...**

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Taxation revenues are recorded when the tax rates are set by by-laws and assessment roll is issued by the assessment office. Supplementary taxation revenue is recorded once a supplementary assessment roll is received and supplementary tax bills are issued. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. Interest and penalties on overdue taxes are recorded in the period the interest and penalties are levied.

**(vi) Financial Instruments**

This category includes long-term investment equity instruments quoted in an active market. The Village has also designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the Village manages and reports performance of it on a fair value basis.

They are initially recognized at cost and subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of Remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from the accumulated remeasurement gains and losses and recognized in the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

**(vii) Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Items requiring the use of significant estimates include those related to the useful life of assets, allowance for doubtful accounts, and accrued accounts payable. Actual results could differ from these estimates.

**(iv) Asset Retirement Obligations**

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Village to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the financial statement reporting date. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

**1. Significant Accounting Policies cont'd...**

(iv) **Asset Retirement Obligations cont'd..**

As of December 31, 2023, management's best estimate based on their information available does not recognize any asset retirement obligations, and therefore no liability exists. Management will continue to address the new standard and review the policy to determine if any asset retirement obligations are to be reported.

**2. Temporary Investments**

The temporary investments consist of guaranteed investment certificates stated at cost, with maturity dates of less than one year and bear interest at an average rate of 3.75% (2022 - 3.45%).

<b>3. Taxes and Tax Interest Receivable</b>	<b>2023</b>	<b>2022</b>
Current year	\$ 93,691	\$ 17,519
Arrears from previous years	20,034	97,170
Allowance for doubtful taxes and interest receivable	<u>-</u>	<u>(68,987)</u>
	<u>\$ 113,725</u>	<u>\$ 45,702</u>

**4. Hydro Investments**

In recognition of the requirements of Bill 35 (The Energy Competition Act, 1998) the Village, along with the City of Sarnia, Town of Petrolia, Village of Point Edward, Township of Warwick and Village of Alvinston passed in the year 2000 transfer by-laws that transferred, effective October 31, 2000, all of the their hydro assets and liabilities to Bluewater Power Distribution Corporation. Upon determination of the fair value of assets and liabilities transferred, each municipality received a promissory note from Bluewater Power Distribution Corporation and shares of Bluewater Power Corporation, which owns 100% of Bluewater Power Distribution Corporation, equal to the percentage of the fair market value of assets and liabilities each municipality contributed compared to the total fair market value of the assets and liabilities contributed by the municipalities. The fair market value of the assets and liabilities contributed by the Village of Oil Springs was determined to be 0.33% of the fair market value of all of the assets and liabilities contributed by all of the six participating municipalities.

Corporation of the Village of Oil Springs  
Notes To Consolidated Financial Statements  
December 31, 2023

4. Hydro Investments cont'd...

	2023	2022
<b>Continuity of Investment</b>		
Balance, beginning of year	\$ 218,332	\$ 200,866
Share of net income for the year	19,531	29,240
Prior year adjustment	-	(4,956)
Dividends received during the year	<u>(6,833)</u>	<u>(6,818)</u>
Net increase in equity during the year	<u>12,698</u>	<u>17,466</u>
Balance, end of year	<u>\$ 231,030</u>	<u>\$ 218,332</u>

The following tables provide condensed financial information from the Village's government business enterprises.

<b>Bluewater Power Corporation - Financial Position</b>	2023	2022
<b>Assets</b>		
Current assets	\$ 36,535,515	\$ 31,702,654
Property, plant and equipment	101,615,249	95,027,706
Other assets	<u>8,234,149</u>	<u>8,396,653</u>
Total assets	146,384,913	135,127,013
Regulatory balances	<u>6,777,728</u>	<u>8,349,095</u>
Total assets and regulatory balances	<u>\$ 153,162,641</u>	<u>\$ 143,476,108</u>
<b>Liabilities</b>		
Current liabilities	\$ 24,765,027	\$ 30,042,847
Long-term liabilities	<u>56,930,689</u>	<u>44,260,708</u>
	<u>81,695,716</u>	<u>74,303,555</u>
<b>Equity</b>		
Share capital	18,032,105	18,032,105
Retained earnings	52,577,061	48,112,287
Accumulated other comprehensive gain (loss)	<u>(600,132)</u>	<u>16,907</u>
Total equity	<u>70,009,034</u>	<u>66,161,299</u>
Total liabilities and equity	151,704,750	140,464,854
Regulatory balances	<u>1,457,891</u>	<u>3,011,254</u>
Total Liabilities, Equity and Regulatory Balances	<u>\$ 153,162,641</u>	<u>\$ 143,476,108</u>

Notes continued on page 9....

Corporation of the Village of Oil Springs  
Notes To Consolidated Financial Statements  
December 31, 2023

4. Hydro Investments cont'd...	2023	2022
<b>Bluewater Power Corporation - Results of Operations</b>		
Revenues	\$ 139,839,712	\$ 143,731,056
Expenditures	131,236,400	137,236,671
Income tax expense	<u>2,205,000</u>	<u>2,245,000</u>
Net income for the year	6,398,312	4,249,385
Net movement in regulatory balances, net of tax	136,996	1,084,508
Net loss from discontinued operations, net of tax	-	1,206,002
Other comprehensive income (loss) for the year	<u>(617,039)</u>	<u>1,063,406</u>
Total comprehensive income for the year	<u>\$ 5,918,269</u>	<u>\$ 7,603,301</u>
Village of Oil Springs share of net income @ 0.33%	<u>\$ 19,531</u>	<u>\$ 29,240</u>
Prior year adjustment	<u>\$ -</u>	<u>\$ (4,956)</u>
Dividends	<u>\$ 2,070,534</u>	<u>\$ 2,065,974</u>
Village of Oil Springs, dividend @ 0.33%	<u>\$ 6,833</u>	<u>\$ 6,818</u>
Change in Equity	<u>\$ 12,698</u>	<u>\$ 17,466</u>

**5. Municipal Debt**

(a) The balance of municipal debt reported on the statement of financial position is comprised of the following loans and debentures:

	2023	2022
John Deere Credit loan, non-interest bearing, repayable in monthly payments of \$249, maturing August 2025.	\$ 7,528	\$ 10,513
Ontario Infrastructure debenture, bearing interest at 2.79%, repayable in blended semi-annual payments of \$13,258, maturing January 2028.	111,410	134,337
Ontario Infrastructure debenture, bearing interest at 3.53%, repayable in blended semi-annual payments of \$9,117, maturing in April 2032.	132,897	146,090
Ontario Infrastructure debenture, bearing interest at 2.43%, repayable in semi-annual payments of \$26,957, maturing September 2039.	<u>711,169</u>	<u>747,144</u>
	<u>\$ 963,004</u>	<u>\$ 1,038,084</u>

Notes continued on page 10....

**5. Municipal Debt cont'd...**

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(b) Principal repayments are as follows:

2024	\$	77,073
2025		79,123
2026		79,805
2027		80,414
2028 and beyond		<u>646,589</u>
	\$	<u>963,004</u>

(c) Total interest charges for the year for municipal debt which is reported on the "Statement of Financial Position" was \$26,569 (2022- \$28,508).

(d) Municipal debt approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt limit prescribed by the Ministry of Municipal Affairs and Housing.

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**6. Operating Line of Credit**

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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.

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**7. Change in Accounting Policy**

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**PS 3280 Asset Retirement Obligations**

PS 3280 establishes accounting standards on how to account for and report a liability for an asset retirement obligation related to tangible capital assets. The standard is effective for annual periods beginning on or after April 1, 2023. The Village is assessing the impact of these new standards, and as of December 31, 2023, management has not recognized any asset retirement obligations.

**8. Accumulated Surplus**

Accumulated surplus consists of the following individual surplus funds, reserves and reserve funds:

	2023	2022
<b>Surplus</b>		
Invested in tangible capital assets	\$ 3,739,138	\$ 3,810,679
Township surplus (deficit)	(261,155)	44,421
Equity in Bluewater Power Corporation	231,030	218,332
Unfunded	<u>(782,154)</u>	<u>(1,002,911)</u>
	<u>\$ 2,926,859</u>	<u>\$ 3,070,521</u>
 <b>Reserves Set Aside by Council</b>		
Working capital	\$ 202,890	\$ 201,590
Replacement of equipment	65,387	110,987
Youth centre equipment	4,501	4,501
EOC generator	7,650	7,650
Community hall maintenance and repairs	11,871	11,871
Policing	4,977	3,500
Growth committee	823	823
Youth centre capital	5,320	320
Fire building addition	50,039	50,039
Cemetery memorial	11,855	5,435
Cannabis implementation	15,000	15,000
Reserve park events	32,663	9,363
Administrative building	30,000	30,000
Animal control	5,693	2,840
Planning official review	1,500	500
Insurance	7,000	3,500
Municipal Election	2,500	1,250
Sidewalks	5,000	-
Storm Drains	15,000	-
Asset Management	2,500	-
Legal	2,500	-
Emergency Management	1,000	-
	<u>\$ 485,669</u>	<u>\$ 459,169</u>
 <b>Reserve Funds</b>		
Water	\$ 161,781	\$ 169,486
Sewer	<u>240,693</u>	<u>216,186</u>
Total Reserve Funds	<u>\$ 402,474</u>	<u>\$ 385,672</u>
 <b>Accumulated Surplus</b>	 <u>\$ 3,815,002</u>	 <u>\$ 3,915,362</u>

Corporation of the Village of Oil Springs  
Notes To Consolidated Financial Statements  
December 31, 2023

**9. Tangible Capital Assets**

**Asset Cost 2023**

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
Balance, beginning	\$ 223,535	\$ 560,110	\$ 499,951	\$ 823,808	\$ 2,500,448	\$ 3,817,963	\$ 252,246	\$ 8,678,061
Additions	-	-	-	48,023	65,146	-	-	113,169
Disposals	-	-	-	(120,099)	-	-	-	(120,099)
<b>Balance, ending</b>	<b>\$ 223,535</b>	<b>\$ 560,110</b>	<b>\$ 499,951</b>	<b>\$ 751,732</b>	<b>\$ 2,565,594</b>	<b>\$ 3,817,963</b>	<b>\$ 252,246</b>	<b>\$ 8,671,131</b>

**Accumulated Amortization 2023**

Balance, beginning	\$ -	\$ 311,908	\$ 390,141	\$ 620,880	\$ 1,115,613	\$ 2,246,491	\$ 182,349	\$ 4,867,382
Amortization	-	8,241	9,470	17,571	83,999	60,905	4,524	184,710
Disposals	-	-	-	(120,099)	-	-	-	(120,099)
<b>Balance, ending</b>	<b>\$ -</b>	<b>\$ 320,149</b>	<b>\$ 399,611</b>	<b>\$ 518,352</b>	<b>\$ 1,199,612</b>	<b>\$ 2,307,396</b>	<b>\$ 186,873</b>	<b>\$ 4,931,993</b>

<b>Net Book Value</b>	<b>\$ 223,535</b>	<b>\$ 239,961</b>	<b>\$ 100,340</b>	<b>\$ 233,380</b>	<b>\$ 1,365,982</b>	<b>\$ 1,510,567</b>	<b>\$ 65,373</b>	<b>\$ 3,739,138</b>
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**Asset Cost 2022**

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
Balance, beginning	\$ 223,535	\$ 560,110	\$ 499,951	\$ 656,295	\$ 2,467,534	\$ 3,786,446	\$ 252,246	\$ 8,446,117
Additions	-	-	-	167,513	32,914	31,517	-	231,944
Disposals	-	-	-	-	-	-	-	-
<b>Balance, ending</b>	<b>\$ 223,535</b>	<b>\$ 560,110</b>	<b>\$ 499,951</b>	<b>\$ 823,808</b>	<b>\$ 2,500,448</b>	<b>\$ 3,817,963</b>	<b>\$ 252,246</b>	<b>\$ 8,678,061</b>

**Accumulated Amortization 2022**

Balance, beginning	\$ -	\$ 303,667	\$ 373,675	\$ 591,208	\$ 1,032,279	\$ 2,185,980	\$ 177,825	\$ 4,664,634
Amortization	-	8,241	16,466	29,672	83,334	60,511	4,524	202,748
Disposals	-	-	-	-	-	-	-	-
<b>Balance, ending</b>	<b>\$ -</b>	<b>\$ 311,908</b>	<b>\$ 390,141</b>	<b>\$ 620,880</b>	<b>\$ 1,115,613</b>	<b>\$ 2,246,491</b>	<b>\$ 182,349</b>	<b>\$ 4,867,382</b>

<b>Net Book Value</b>	<b>\$ 223,535</b>	<b>\$ 248,202</b>	<b>\$ 109,810</b>	<b>\$ 202,928</b>	<b>\$ 1,384,835</b>	<b>\$ 1,571,472</b>	<b>\$ 69,897</b>	<b>\$ 3,810,679</b>
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Notes continued on page 13....

**10. Budget Data**

The unaudited budget data presented in these financial statements is based upon the 2023 budget approved by Council. Budgets are not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards which is allowable as per Ontario Regulation 284/09 of the Municipal Act. Budgets anticipate using surpluses (or deficits) accumulated in previous years to reduce current 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 Statement of Operations and Accumulated Surplus represent the budget adopted by the Town's council with the following adjustments.

	2023 Budget Amount
Budgeted deficit for the year	\$ (119,169)
Adjustments to budgeted surplus:	
Debt principal repayments	75,080
Capital expenditures	120,000
Net reserve transfers	60,000
Amortization	<u>(120,000)</u>
<b>Annual Budgeted Surplus</b>	<b><u>\$ 15,911</u></b>

**11. 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 inhabitants such as policing, fire protection, water distribution, sewage collection and treatment, waste collection and disposal, recycling services, recreational services, library facilities, and planning. Distinguishable functional segments have been in the segmented information.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payment-in-lieu, OMPF Grant, net income of government business enterprise and shared other revenue consisting of penalty and interest on taxes, investment income, have been allocated to those segments that are funded by these amounts based on the net surplus for the year.

## 11. Segmented Information cont'd

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

### **General Government**

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

### **Protection to Persons and Property**

Protection to persons and property is comprised of police services, fire protection, animal control and building inspections. The police services work to ensure the safety and protection of the inhabitants and their property. The fire department, whose members are all volunteers, is responsible to provide for fighting services, fire prevention programs, training and education. The building inspections provides a number of services including enforcement of building and construction codes and a review of all property development plans through its application process.

### **Transportation Services**

Transportation is responsible for maintenance and construction of the Township's roadways, bridges, parking areas, street lighting and winter control.

### **Environmental Services**

Environmental services consist of providing water treatment and distribution, sanitary sewage collection and treatment and ensuring that the Township's sewer and water systems meet all Provincial standards. In addition, environmental services consists of providing solid waste collection and recycling services.

### **Health Services**

Health services consists of cemetery operations

### **Recreational and Cultural Services**

This service provides services to improve health and development of the Township inhabitants. This is accomplished by the Village operating and maintaining an arena, splash pad, parks and ball parks, a bicycle park and providing library facilities.

### **Planning and Development Services**

The Township is responsible for planning and zoning including the Official Plan. In addition, this area of service includes tourist information, promotion and events, drainage, and commercial and residential development.

Corporation of the Village of Oil Springs  
Notes To Consolidated Financial Statements  
December 31, 2023

11. Segmented Information cont'd...

For the Year Ended December 31, 2023	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Cultural	Planning Development	Total
Revenue								
Taxation	\$ 544,186	\$ -	\$ -	\$ 54,798	\$ -	\$ -	\$ -	\$ 598,984
Taxation from other governments	-	131,703	-	-	-	-	-	131,703
Fees and User charges	32,093	9,494	-	355,879	19,388	13,670	20,536	451,060
Grants	183,070	1,477	136,445	-	-	-	-	320,992
Other	44,657	83,872	5,550	-	7,241	7,273	-	148,593
Bluewater Power Corporation	12,698	-	-	-	-	-	-	12,698
	<u>816,704</u>	<u>226,546</u>	<u>141,995</u>	<u>410,677</u>	<u>26,629</u>	<u>20,943</u>	<u>20,536</u>	<u>1,664,030</u>
Expenditures								
Salaries and benefits	192,052	256	83,942	16,305	5,560	28,143	5,829	332,087
Materials and supplies	197,568	216,842	209,416	250,011	16,460	72,836	17,261	980,394
Contracted services	-	113,623	-	126,471	-	-	-	240,094
Interest	-	-	17,938	8,631	-	-	-	26,569
Amortization and loss on disposal of assets	2,016	25,781	92,317	61,154	-	3,442	-	184,710
Other	236	-	-	-	300	-	-	536
	<u>391,872</u>	<u>356,502</u>	<u>403,613</u>	<u>462,572</u>	<u>22,320</u>	<u>104,421</u>	<u>23,090</u>	<u>1,764,390</u>
Surplus (Deficit)	\$ <u>424,832</u>	\$ <u>(129,956)</u>	\$ <u>(261,618)</u>	\$ <u>(51,895)</u>	\$ <u>4,309</u>	\$ <u>(83,478)</u>	\$ <u>(2,554)</u>	\$ <u>(100,360)</u>

Notes continued on page 16....

Corporation of the Village of Oil Springs  
Notes To Consolidated Financial Statements  
December 31, 2023

11. Segmented Information cont'd....

For the Year Ended December 31, 2022	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Cultural	Planning Development	Total
Revenue								
Taxation	\$ 509,968	\$ -	\$ -	\$ 49,598	\$ -	\$ -	\$ -	\$ 559,566
Taxation from other governments	-	115,001	-	-	-	-	-	115,001
Fees and User charges	21,672	12,277	-	351,881	9,685	5,697	-	401,212
Grants	215,703	-	220,551	-	-	-	-	436,254
Other	42,224	16,611	5,000	2,395	11,150	2,769	-	80,149
Bluewater Power Corporation	<u>17,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,466</u>
	<u>807,033</u>	<u>143,889</u>	<u>225,551</u>	<u>403,874</u>	<u>20,835</u>	<u>8,466</u>	<u>-</u>	<u>1,609,648</u>
Expenditures								
Salaries and benefits	184,963	-	52,666	24,992	3,521	23,575	-	289,717
Materials and supplies	148,251	153,939	83,336	228,506	19,408	38,947	-	672,387
Contracted services	-	101,890	-	117,538	-	-	-	219,428
Interest	-	-	24,312	9,711	-	-	-	34,023
Amortization and loss on disposal of assets	2,460	44,434	91,652	60,760	-	3,442	-	202,748
Other	<u>71,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>71,370</u>
	<u>406,744</u>	<u>300,263</u>	<u>251,966</u>	<u>441,507</u>	<u>23,229</u>	<u>65,964</u>	<u>-</u>	<u>1,489,673</u>
Surplus (Deficit)	\$ <u>400,289</u>	\$ <u>(156,374)</u>	\$ <u>(26,415)</u>	\$ <u>(37,633)</u>	\$ <u>(2,394)</u>	\$ <u>(57,498)</u>	\$ <u>-</u>	\$ <u>119,975</u>

Notes continued on page 17 ....

**12. Trust Funds**

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Trust funds administered by the Township amounting to \$105,927 (2022 - \$101,597) are not included in the Statement of Financial Position nor have their operations been included in the Statement of Financial Activities.

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**13. Comparative Figures**

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

To the Members off The Village of Oil Spings Cemetery Board - Trust Funds:

### Opinion

We have audited the consolidated financial statements of The Village of Oil Spings Cemetery Board - Trust Funds and its subsidiaries (the "Trust Funds"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, 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 consolidated financial position of the Trust Funds as at December 31, 2023, and the results of its consolidated operations, changes in its net debt and its consolidated 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 Village 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.

### Other Matter

The consolidated financial statements of the The Village of Oil Spings Cemetery Board - Trust Funds for the year ended December 31, 2022 were audited by Baker Tilly Sarnia LLP of Sarnia, Ontario, Canada, prior to its merger with MNP LLP. Baker Tilly Sarnia LLP expressed an unmodified opinion on those statements on August 1, 2023.

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

Management is responsible for the preparation and fair presentation of the 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 Trust Funds 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds 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 Trust Funds 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 Trust Funds 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 Trust Funds 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.

Sarnia, Ontario

July 9, 2024

*MNP* LLP

Chartered Professional Accountants

Licensed Public Accountants

Corporation Of The Village of Oil Springs - Trust Funds  
Statement Of Continuity  
For the Year Ended December 31, 2023

	2023	2022
Balance, Beginning	\$ <u>101,597</u>	<u>90,816</u>
Receipts		
Interest	5,405	1,238
Monument fund	-	750
Transfer from Village	<u>-</u>	<u>13,770</u>
	<u>5,405</u>	<u>15,758</u>
Expenditures		
Transfer to Village	<u>1,075</u>	<u>4,977</u>
Balance, Ending	\$ <u><u>105,927</u></u>	\$ <u><u>101,597</u></u>

Corporation of The Village of Oil Springs - Trust Funds  
Statement of Financial Position  
December 31, 2023

	2023	2022
<b>Assets</b>		
Temporary Investments	\$ <u><u>105,927</u></u>	\$ <u><u>101,597</u></u>
<b>Capital</b>		
Capital	101,597	90,816
Income	<u>4,330</u>	<u>10,781</u>
	<u>105,927</u>	<u>101,597</u>
	\$ <u><u>105,927</u></u>	\$ <u><u>101,597</u></u>

**1. Accounting Policy**

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**Basis Of Accounting**

Capital receipts and income are reported on the cash basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures 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.

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**2. Investments**

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