

**Corporation of the Village of Oil Springs
Consolidated Financial Statements
December 31, 2021**

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 Baker Tilly Sarnia 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.

Martha Gawley
Clerk - Treasurer

Date

Town Council

Mayor

Ian Veen

Councillors

Connie McFadden

Matt Strangway

Adam Veen

Larry Wagner

Town Administration

Clerk-Treasurer

Martha Gawley

Deputy Clerk-Treasurer

Jami Hornbostel-Slade

Superintendent of Public Works

Darren Morningstar

The Corporation of the Village of Oil Springs

Consolidated Financial Statements

For The Year Ended December 31, 2021

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Independent Auditors' Report

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

We have audited the consolidated financial statements of the Corporation of the Village of Oil Springs, (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of operations and accumulated surplus, change in net financial assets, remeasurement gains and losses 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, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021 and the results of its consolidated operations, its consolidated accumulated surplus, change in net financial assets, remeasurement gains and losses and 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 Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The financial statements of The Corporation of the Village of Oil Springs for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements November 10, 2020. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the Corporation of the Village of Oil Springs with respect to any adjustments made in the period and, accordingly, we do not express an opinion on any other form of assurance on the 2019 financial statements taken as a whole.

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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

**Independent
Auditor's Report cont'd...**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
September 13, 2022**

**Chartered Professional Accountants
Licensed Public Accountants**

**Corporation of the Village of Oil Springs
Consolidated Statement Of Financial Position
December 31, 2021**

	2021	2020
Assets		
Financial Assets		
Cash	\$ 620,648	\$ 545,733
Temporary Investments (note 2)	63,131	137,380
Taxes receivable (note 3)	155,161	136,678
Accounts receivable	215,979	165,335
Investment in Bluewater Power Corporation (note 4)	<u>200,866</u>	<u>181,902</u>
Total financial assets	<u>1,255,785</u>	<u>1,167,028</u>
Liabilities		
Accounts payable and accrued liabilities	132,899	134,979
Deferred revenue (note 5)	-	13,000
Deposits	11,753	6,504
Municipal debt (note 6)	<u>1,111,225</u>	<u>1,165,999</u>
Total liabilities	<u>1,255,877</u>	<u>1,320,482</u>
Net Financial Deficit	(92)	(153,454)
Non-Financial Assets		
Tangible capital assets (note 9)	3,781,483	3,862,353
Prepaid expenses	<u>13,996</u>	<u>14,325</u>
Accumulated Surplus (note 8)	<u>\$ 3,795,387</u>	<u>\$ 3,723,224</u>

Approved on Behalf of Council

(Ian Veen - Mayor)

(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, 2021**

	Budget 2021 (Note 10)	Actual 2021	Actual 2020
Revenues			
Net municipal taxation	\$ 531,994	\$ 540,569	\$ 524,618
Taxation from other governments	105,750	106,313	102,504
User charges	412,793	370,709	377,480
Grants	241,300	333,144	281,378
Other	26,114	39,856	54,078
Bluewater Power Corporation	6,452	24,948	15,471
Total Revenues	<u>1,324,403</u>	<u>1,415,539</u>	<u>1,355,529</u>
Expenditures			
General government	313,984	358,959	263,809
Protection to persons and property	264,376	288,221	262,189
Transportation services	270,696	257,061	271,774
Environmental services	314,851	372,392	406,063
Health services	3,800	16,358	17,809
Recreation and cultural	36,500	46,841	41,122
Planning and development	3,000	3,544	2,071
Total Expenditures	<u>1,207,207</u>	<u>1,343,376</u>	<u>1,264,837</u>
Annual Surplus	117,196	72,163	90,692
Accumulated Surplus, Beginning of Year	<u>3,723,224</u>	<u>3,723,224</u>	<u>3,632,532</u>
Accumulated Surplus, End of Year	<u>\$ 3,723,224</u>	<u>\$ 3,795,387</u>	<u>\$ 3,723,224</u>
Annual surplus			
Amortization of tangible capital assets	\$ 117,196	\$ 72,163	\$ 90,692
Acquisition of tangible capital assets	198,700	198,732	199,341
Net change in prepaid expenses	(16,000)	(117,862)	(107,493)
Loss on disposal of tangible capital assets	-	329	4,754
Proceeds on sale of tangible capital assets	-	-	6,365
	<u>-</u>	<u>-</u>	<u>6,000</u>
Increase in net financial assets	299,896	153,362	199,659
Net financial deficit, beginning of year	<u>(153,454)</u>	<u>(153,454)</u>	<u>(353,113)</u>
Net financial surplus (deficit), end of year	<u>\$ 146,442</u>	<u>\$ (92)</u>	<u>\$ (153,454)</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, 2021**

	2021	2020
Operating Transactions		
Annual surplus	\$ 72,163	\$ 90,692
Items not requiring cash		
Amortization	198,732	199,341
Share of net income of Bluewater Power Distribution	(24,948)	(15,471)
Loss on disposal of tangible capital assets	<u>-</u>	<u>6,365</u>
	245,947	280,927
Taxes receivable	(18,483)	(40,024)
Accounts receivable	(50,644)	56,307
Accounts payable and accrued liabilities	(2,080)	(1,429)
Deferred revenue	(13,000)	12,000
Deposits	5,249	(3,996)
Prepaid expenses	<u>329</u>	<u>4,754</u>
	167,318	308,539
Capital Transactions		
Proceeds from sale of tangible capital assets	-	6,000
Acquisition of tangible capital assets	<u>(117,862)</u>	<u>(107,493)</u>
	(117,862)	(101,493)
Investing Transactions		
Dividend from Bluewater Power Corporation	<u>5,984</u>	<u>6,452</u>
Financing Transactions		
Repayment of municipal debt	<u>(54,774)</u>	<u>(68,333)</u>
Net Increase In Cash	666	145,165
Cash And Equivalents, Beginning	<u>683,113</u>	<u>537,948</u>
Cash And Equivalents, Ending	<u>\$ 683,779</u>	<u>\$ 683,113</u>
Comprised of:		
Cash	\$ 620,648	\$ 545,733
Temporary investments	<u>63,131</u>	<u>137,380</u>
	<u>\$ 683,779</u>	<u>\$ 683,113</u>

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

Corporation of the Village of Oil Springs
Notes to Consolidated Financial Statements
December 31, 2020

1. Significant Accounting Policies

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 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 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 municipality 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.

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

1. Significant Accounting Policies cont'd...

(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.

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

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

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 Municipality has also designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the Municipality 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.

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 0.45% (2020 - 1.23%).

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

3. Taxes and Tax Interest Receivable	2021	2020
Current year	\$ 61,997	\$ 72,902
Arrears from previous years	<u>93,164</u>	<u>63,776</u>
	<u>\$ 155,161</u>	<u>\$ 136,678</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.

	2021	2020
Continuity of Investment		
Balance, beginning of year	\$ 181,902	\$ 172,883
Share of net income for the year	24,948	15,471
Dividends received during the year	<u>(5,984)</u>	<u>(6,452)</u>
Net increase in equity during the year	<u>18,964</u>	<u>9,019</u>
Balance, end of year	<u>\$ 200,866</u>	<u>\$ 181,902</u>

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

4. Hydro Investments cont'd...

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

Bluewater Power Corporation - Financial Position	2021	2020
Assets		
Current assets	\$ 31,147,750	\$ 31,820,186
Property, plant and equipment	89,339,408	83,109,097
Other assets	<u>8,040,772</u>	<u>8,249,185</u>
Total assets	128,527,930	123,178,468
Regulatory balances	<u>6,602,712</u>	<u>5,731,053</u>
Total assets and regulatory balances	\$ <u>135,130,642</u>	\$ <u>128,909,521</u>
Liabilities		
Current liabilities	\$ 25,548,180	\$ 23,301,982
Long-term liabilities	<u>45,181,373</u>	<u>46,351,925</u>
	<u>70,729,553</u>	<u>69,653,907</u>
Equity		
Share capital	18,032,105	18,032,105
Retained earnings	45,404,161	40,720,749
Accumulated other comprehensive loss	<u>(2,567,698)</u>	<u>(3,631,104)</u>
Total equity	<u>60,868,568</u>	<u>55,121,750</u>
Total liabilities and equity	131,598,121	124,775,657
Regulatory balances	<u>3,532,521</u>	<u>4,133,864</u>
Total Liabilities, Equity and Regulatory Balances	\$ <u>135,130,642</u>	\$ <u>128,909,521</u>

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

4. Hydro Investments cont'd...

2021

2020

Bluewater Power Corporation - Results of Operations

Revenues	\$ 134,872,866	\$ 146,388,973
Expenditures	128,889,680	140,209,769
Income tax expense	<u>1,777,000</u>	<u>2,074,000</u>
Net income for the year	<u>4,206,186</u>	<u>4,105,204</u>
Net movement in regulatory balances, net of tax	1,084,508	1,756,284
Net loss from discontinued operations, net of tax	1,206,002	(171,329)
Other comprehensive income for the year	<u>1,063,406</u>	<u>(1,001,905)</u>
Total comprehensive income for the year	<u>\$ 7,560,102</u>	<u>\$ 4,688,254</u>
Village of Oil Springs share of net income @ 0.33%	<u>\$ 24,948</u>	<u>\$ 15,471</u>
Dividends	<u>\$ 1,813,284</u>	<u>\$ 1,955,088</u>
Village of Oil Springs, dividend @ 0.33%	<u>\$ 5,984</u>	<u>\$ 6,452</u>
Change in Equity	<u>\$ 18,964</u>	<u>\$ 9,019</u>

5. Deferred Revenue

2021

2020

Provincial legislation restricts how certain funds can be used, and donors may designate specific uses for the donations. The deferred revenue is comprised of the following funds:

Donations and grants	\$ <u> -</u>	\$ <u>13,000</u>
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The net change during the year in deferred revenue is as follows:

Balance beginning	\$ 13,000	\$ 1,000
Donations and grants received	<u> -</u>	<u>12,000</u>
	13,000	13,000
Transfer to revenue	<u>13,000</u>	<u> -</u>
Balance end of year	<u>\$ <u> -</u></u>	<u>\$ <u>13,000</u></u>

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

6. Municipal Debt

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

	2021	2020
John Deere Credit loan, non-interest bearing, repayable in monthly payments of \$249, maturing August 2025.	\$ 13,497	\$ -
Ontario Infrastructure debenture, bearing interest at 2.79%, repayable in blended semi-annual payments of \$13,258, maturing January 2028.	156,638	178,330
Ontario Infrastructure debenture, bearing interest at 3.53%, repayable in blended semi-annual payments of \$9,117, maturing in April 2032.	158,829	171,130
Ontario Infrastructure debenture, bearing interest at 2.43%, repayable in semi-annual payments of \$26,957, maturing September 2039.	<u>782,261</u>	<u>816,539</u>
	<u>\$ 1,111,225</u>	<u>\$ 1,165,999</u>

- (b) Principal repayments are as follows:

2022	\$ 71,255
2023	73,141
2024	75,080
2025	77,073
2026	77,696
2027 and beyond	<u>736,980</u>
	<u>\$ 1,111,225</u>

- (c) Total interest charges for the year for municipal debt which is reported on the "Statement of Financial Position" was \$29,784 (2020- \$32,227).
- (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.

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

**Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021**

7. Operating Line of Credit

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

8. Accumulated Surplus

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

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 3,781,483	\$ 3,862,353
Township surplus (deficit)	17,451	(48,941)
Equity in Bluewater Power Corporation	200,866	181,902
Unfunded	<u>(945,356)</u>	<u>(973,184)</u>
	<u>\$ 3,054,444</u>	<u>\$ 3,022,130</u>
Reserves Set Aside by Council		
Working capital	\$ 101,590	\$ 95,090
Replacement of equipment	91,290	81,290
Village's fire	69,458	49,458
Youth centre equipment	4,501	4,001
EOC generator	7,650	7,200
Community hall maintenance and repairs	11,871	10,671
Policing	3,500	3,500
Growth committee	823	823
Youth centre capital	320	320
Replacement of fire equipment	62,380	62,380
Fire building addition	6,830	5,630
Cemetery memorial	5,435	5,435
Cannabis implementation	15,000	15,000
Reserve park events	<u>6,961</u>	<u>6,961</u>
	<u>\$ 387,609</u>	<u>\$ 347,759</u>
Reserve Funds		
Water	\$ 150,627	\$ 150,627
Sewer	<u>202,707</u>	<u>202,707</u>
Total Reserve Funds	<u>\$ 353,334</u>	<u>\$ 353,334</u>
Accumulated Surplus	<u>\$ 3,795,387</u>	<u>\$ 3,723,223</u>

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

9. Tangible Capital Assets

Asset Cost 2021

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
Balance, beginning	\$ 223,535	\$ 560,110	\$ 499,951	\$ 656,295	\$ 2,349,672	\$ 3,786,446	\$ 252,246	\$ 8,328,255
Additions	-	-	-	-	117,862	-	-	117,862
Disposals	-	-	-	-	-	-	-	-
Balance, ending	\$ 223,535	\$ 560,110	\$ 499,951	\$ 656,295	\$ 2,467,534	\$ 3,786,446	\$ 252,246	\$ 8,446,117

Accumulated Amortization 2021

Balance, beginning	\$ -	\$ 295,426	\$ 355,184	\$ 565,724	\$ 950,453	\$ 2,125,814	\$ 173,301	\$ 4,465,902
Amortization	-	8,241	18,491	25,484	81,826	60,166	4,524	198,732
Disposals	-	-	-	-	-	-	-	-
Balance, ending	\$ -	\$ 303,667	\$ 373,675	\$ 591,208	\$ 1,032,279	\$ 2,185,980	\$ 177,825	\$ 4,664,634

Net Book Value

Value	\$ 223,535	\$ 256,443	\$ 126,276	\$ 65,087	\$ 1,435,255	\$ 1,600,466	\$ 74,421	\$ 3,781,483
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Asset Cost 2020

	Land	Buildings	Equipment	Fleet	Roads	Underground and Other Networks	Bridges and Other Structures	Total
Balance, beginning	\$ 223,535	\$ 490,096	\$ 499,951	\$ 654,467	\$ 2,331,686	\$ 3,786,446	\$ 252,246	\$ 8,238,427
Additions	-	70,014	-	19,493	17,986	-	-	107,493
Disposals	-	-	-	(17,665)	-	-	-	(17,665)
Balance, ending	\$ 223,535	\$ 560,110	\$ 499,951	\$ 656,295	\$ 2,349,672	\$ 3,786,446	\$ 252,246	\$ 8,328,255

Accumulated Amortization 2020

Balance, beginning	\$ -	\$ 287,885	\$ 333,278	\$ 546,190	\$ 869,985	\$ 2,065,746	\$ 168,777	\$ 4,271,861
Amortization	-	7,541	21,906	24,834	80,468	60,068	4,524	199,341
Disposals	-	-	-	(5,300)	-	-	-	(5,300)
Balance, ending	\$ -	\$ 295,426	\$ 355,184	\$ 565,724	\$ 950,453	\$ 2,125,814	\$ 173,301	\$ 4,465,902

Net Book Value

Value	\$ 223,535	\$ 264,684	\$ 144,767	\$ 90,571	\$ 1,399,219	\$ 1,660,632	\$ 78,945	\$ 3,862,353
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The accompanying notes are an integral part of this financial statement.

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

10. Budget Data

The unaudited budget data presented in these financial statements is based upon the 2021 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.

	2021
	Budget Amount
Budgeted surplus for the year	\$ 181,681
Adjustments to budgeted surplus:	
Debt principal repayments	56,801
Capital expenditures	19,000
Reserve transfers	58,414
Amortization	<u>(198,700)</u>
Annual Budgeted Surplus	<u>\$ 117,196</u>

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.

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

**Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021**

11. Segmented Information cont'd

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 municipality 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.

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

11. Segmented Information cont'd...

For the Year Ended December 31, 2021	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Cultural	Planning Development	Total
Revenue								
Taxation	\$ 494,414	\$ -	\$ -	\$ 46,155	\$ -	\$ -	\$ -	\$ 540,569
Taxation from other governments	-	106,313	-	-	-	-	-	106,313
Fees and User charges	29,313	19,585	-	315,591	-	6,220	-	370,709
Grants	333,144	-	-	-	-	-	-	333,144
Other	10,230	5,248	-	10,090	14,161	127	-	39,856
Bluewater Power Corporation	24,948	-	-	-	-	-	-	24,948
	<u>892,049</u>	<u>131,146</u>	<u>-</u>	<u>371,836</u>	<u>14,161</u>	<u>6,347</u>	<u>-</u>	<u>1,415,539</u>
Expenditures								
Salaries and benefits	165,910	-	62,605	10,794	3,496	-	-	242,805
Materials and supplies	190,589	157,351	79,853	240,913	12,562	43,399	3,544	728,211
Contracted services	-	88,598	-	54,337	-	-	-	142,935
Interest	-	-	24,460	5,933	-	-	-	30,393
Amortization and loss on disposal of assets	2,460	42,272	90,143	60,415	-	3,442	-	198,732
Other	-	-	-	-	300	-	-	300
	<u>358,959</u>	<u>288,221</u>	<u>257,061</u>	<u>372,392</u>	<u>16,358</u>	<u>46,841</u>	<u>3,544</u>	<u>1,343,376</u>
Surplus (Deficit)	\$ <u>533,090</u>	\$ <u>(157,075)</u>	\$ <u>(257,061)</u>	\$ <u>(556)</u>	\$ <u>(2,197)</u>	\$ <u>(40,494)</u>	\$ <u>(3,544)</u>	\$ <u>72,163</u>

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

Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021

11. Segmented Information cont'd...

For the Year Ended December 31, 2020	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Cultural	Planning Development	Total
Revenue								
Taxation	\$ 487,160	\$ -	\$ -	\$ 37,458	\$ -	\$ -	\$ -	\$ 524,618
Taxation from other governments	-	102,504	-	-	-	-	-	102,504
Fees and User charges	30,522	15,467	-	316,891	-	14,600	-	377,480
Grants	281,378	-	-	-	-	-	-	281,378
Other	15,691	3,702	-	2,700	22,792	9,193	-	54,078
Bluewater Power Corporation	<u>15,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,471</u>
	<u>830,222</u>	<u>121,673</u>	<u>-</u>	<u>357,049</u>	<u>22,792</u>	<u>23,793</u>	<u>-</u>	<u>1,355,529</u>
Expenditures								
Salaries and benefits	136,408	-	84,506	29,329	3,247	-	-	253,490
Materials and supplies	124,694	125,373	73,961	254,230	14,262	37,680	2,071	632,271
Contracted services	-	92,050	-	55,158	-	-	-	147,208
Interest	-	-	25,871	6,356	-	-	-	32,227
Amortization and loss on disposal of assets	2,707	44,766	87,436	60,990	-	3,442	-	199,341
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
	<u>263,809</u>	<u>262,189</u>	<u>271,774</u>	<u>406,063</u>	<u>17,809</u>	<u>41,122</u>	<u>2,071</u>	<u>1,264,837</u>
Surplus (Deficit)	\$ <u>566,413</u>	\$ <u>(140,516)</u>	\$ <u>(271,774)</u>	\$ <u>(49,014)</u>	\$ <u>4,983</u>	\$ <u>(17,329)</u>	\$ <u>(2,071)</u>	\$ <u>90,692</u>

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

**Corporation of the Village of Oil Springs
Notes To Consolidated Financial Statements
December 31, 2021**

12. Trust Funds

Trust funds administered by the Township amounting to \$90,816 (2020 - \$89,659) are not included in the Statement of Financial Position nor have their operations been included in the Statement of Financial Activities.

13. COVID-19 Impact

In March 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these consolidated financial statements, the Municipality has experienced the following financial implications, and undertaken the following activities in relation to the COVID-19 pandemic:

- Municipal facilities were closed to all access on March 20, 2020. In August the Municipal office re-opened with limited access and appropriate COVID-19 safety protocols in place.
- The federal and provincial governments provided the Town with COVID-19 operating financial relief under the COVID-19 Safe Restart Agreement.

In 2021 the Municipality had adopted several specific measures, which include the cancellation of festivals, events and public gatherings, as well as the closure of facilities. Estimates and assumptions have been made by management to try and quantify the financial effect of these activities. A detailed review of the 2021 Budget was conducted, and the results of this work was presented to Council. Management worked to manage all aspects of the budget very closely.

14. Comparative Figures

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

Independent Auditors' Report

To The Members of The Village of Oil Springs Cemetery Board

Opinion

We have audited the accompanying financial statements of the Village of Oil Springs Cemetery Board - Trust Funds (the Trust Funds) which comprise the statement of financial position as at December 31, 2021, the statement of continuity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2021 and the results of its operations for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Independent
Auditor's Report cont'd...**

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Sarnia, Ontario
September 13, 2022**

**Chartered Professional Accountants
Licensed Public Accountants**

Corporation Of The Village of Oil Springs - Trust Funds
Statement Of Continuity
For the Year Ended December 31, 2021

	2021	2020
Balance, Beginning	\$ <u>89,659</u>	<u>87,844</u>
Receipts		
Interest	407	1,515
Monument fund	<u>750</u>	<u>300</u>
	<u>1,157</u>	<u>1,815</u>
Balance, Ending	\$ <u><u>90,816</u></u>	\$ <u><u>89,659</u></u>

Corporation of The Village of Oil Springs - Trust Funds
Statement of Financial Position
December 31, 2021

	2021	2020
Assets		
Cash	\$ 4,862	\$ 106
Temporary Investments	<u>96,307</u>	<u>91,854</u>
	<u><u>\$ 101,169</u></u>	<u><u>\$ 91,960</u></u>
Liabilities		
Due to the Corporation of the Village of Oil Springs	\$ <u>10,353</u>	\$ <u>2,301</u>
Capital		
Capital	89,659	87,844
Income	<u>1,157</u>	<u>1,815</u>
	<u><u>90,816</u></u>	<u><u>89,659</u></u>
	<u><u>\$ 101,169</u></u>	<u><u>\$ 91,960</u></u>

Corporation Of The Township Of Warwick - Trust Funds
Notes to Financial Statements
December 31, 2021

1. Accounting Policy

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.

2. Investments

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.