

**THE CORPORATION OF
THE VILLAGE OF OIL SPRINGS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**



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

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DECEMBER 31, 2013

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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 accompanying consolidated financial statements of The Corporation of the Village of Oil Springs, which comprise of the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of accumulated surplus, consolidated operations, consolidated changes in net financial assets and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Village's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of Oil Springs as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

London, Ontario
June 3, 2014

Davis Martindale LLP


Chartered Accountants
Licensed Public Accountants



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013

	2013	2012
Financial Assets		
Cash	\$ 137,435	\$ 211,176
Marketable securities (note 4)	188,328	33,518
Taxes receivable	80,517	149,026
Accounts receivable	116,759	106,877
Investments (note 5)	<u>156,711</u>	<u>163,912</u>
	<u>679,750</u>	<u>664,509</u>
Liabilities		
Accounts payable and accrued liabilities	106,965	97,629
Deferred revenue (note 6)	-	21,994
Deposits	11,500	9,500
Long-term liabilities (note 7)	<u>246,174</u>	<u>255,472</u>
	<u>364,639</u>	<u>384,595</u>
Net Financial Assets	315,111	279,914
Non-Financial Assets		
Tangible capital assets	<u>3,135,180</u>	<u>3,283,392</u>
Accumulated Surplus (note 9)	<u>\$3,450,291</u>	<u>\$3,563,306</u>

Approved on behalf of Council by:



 Ian Veen, Mayor



 Jennifer Turk, Clerk-Treasurer

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Accumulated Surplus, Beginning of Year	\$3,563,306	\$3,652,306
Annual Surplus (Deficit)	<u>(113,015)</u>	<u>(89,000)</u>
Accumulated Surplus, End of Year	<u>\$3,450,291</u>	<u>\$3,563,306</u>

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THE CORPORATION OF THE VILLAGE OF OIL SPRINGS

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget 2013 (unaudited)	Actual 2013	Actual 2012
Revenues			
Taxation	\$ 321,368	\$ 315,238	\$ 307,111
Taxation from other governments	70,284	72,324	70,284
User charges	304,622	286,002	270,898
Government grants	231,161	255,410	221,030
Other	31,672	54,360	63,377
Gain on disposal of assets	<u>-</u>	<u>860</u>	<u>-</u>
Total Revenues	959,107	984,194	932,700
Expenditures			
General government	300,738	271,181	246,070
Protection to persons and property	166,860	205,981	214,170
Transportation services	143,305	190,253	132,786
Environmental services	245,255	334,251	319,674
Health services	1,300	11,706	20,864
Recreation and cultural services	42,360	65,990	68,653
Planning and development	<u>16,100</u>	<u>17,847</u>	<u>19,483</u>
Total Expenditures	<u>915,918</u>	<u>1,097,209</u>	<u>1,021,700</u>
 Annual Surplus (Deficit)	 <u>\$ 43,189</u>	 <u>\$ (113,015)</u>	 <u>\$ (89,000)</u>

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THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget 2013 (unaudited)	Actual 2013	Actual 2012
Annual Surplus (Deficit)	\$ 43,189	\$ (113,015)	\$ (89,000)
Acquisition of tangible capital assets	(138,490)	(37,480)	(50,920)
Amortization of tangible capital assets	<u>-</u>	<u>185,692</u>	<u>177,637</u>
(Decrease) Increase in Net Financial Assets	(95,301)	35,197	37,717
Net Financial Assets, Beginning of Year	<u>279,914</u>	<u>279,914</u>	<u>242,197</u>
Net Financial Assets, End of Year	<u>\$ 184,613</u>	<u>\$ 315,111</u>	<u>\$ 279,914</u>

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THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Cash Flows from Operating Activities		
Annual surplus (deficit)	\$ (113,015)	\$ (89,000)
Items not requiring an outlay of cash:		
Amortization	<u>185,692</u>	<u>177,637</u>
	72,677	88,637
Changes in non-cash working capital:		
Taxes receivable	68,509	(26,429)
Accounts receivable	(9,882)	43,397
Accounts payable and accrued liabilities	9,336	12,416
Deposits	2,000	(1,000)
Deferred revenue	<u>(21,994)</u>	<u>21,994</u>
	<u>47,969</u>	<u>50,378</u>
Net Cash Provided by Operating Activities	120,646	139,015
Cash Flows from Investing Activities		
Decrease in investments	7,201	4,154
Acquisition of tangible capital assets	<u>(37,480)</u>	<u>(50,920)</u>
Net Cash Used in Investing Activities	(30,279)	(46,766)
Cash Flows from Financing Activities		
Increase (decrease) in long-term debt	<u>(9,298)</u>	<u>70,472</u>
Net Increase in Cash and Cash Equivalents	81,069	162,721
Cash and Cash Equivalents, Beginning of Year	<u>244,694</u>	<u>81,973</u>
Cash and Cash Equivalents, End of Year	<u>\$ 325,763</u>	<u>\$ 244,694</u>
Represented By:		
Cash	\$ 137,435	\$ 211,176
Marketable securities	<u>188,328</u>	<u>33,518</u>
	<u>\$ 325,763</u>	<u>\$ 244,694</u>
Supplemental Cash Flow Information		
Interest paid	<u>\$ 8,825</u>	<u>\$ 8,810</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Nature of Business

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

2. Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Consolidated Entities

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

These entities include:

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

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2. Significant Accounting Policies - continued

(ii) *Government Business Enterprise*

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

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

The taxation, other revenues, expenditures, assets, and liabilities with respect to the operations of the school boards and the County of Lambton are not reflected in these consolidated financial statements. Over levies (under levies) are reported on the Consolidated Statement of Financial Position as "accounts payable and accrued liabilities" or "accounts receivable".

(iv) *Trust Funds*

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

(b) **Basis of Accounting**

(i) *Accrual Accounting*

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

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2. Significant Accounting Policies - continued

(ii) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis, over their estimated useful lives as follows:

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

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

(iii) Deferred Revenue

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

(vi) Government Transfers

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

(v) Use of Estimates

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

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



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

FOR THE YEAR ENDED DECEMBER 31, 2013

3. Trust Funds

Trust funds administered by the Village amounting to \$75,088 (2012 - \$73,838) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

4. Marketable Securities

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

5. Investments

	2013	2012
Sewer loan receivable	\$ 26,951	\$ 39,063
Waterline Connection debenture receivable	1,386	1,573
Municipal drain debenture receivable	1,314	2,553
33 common shares of Bluewater Power Corporation	<u>127,060</u>	<u>120,723</u>
	<u>\$ 156,711</u>	<u>\$ 163,912</u>

- a) The sewer loan receivable represents the estimated remaining balance owing by benefiting landowners to the Village for sewers that were installed in 1975. The municipality purchased the loan receivable from the Ontario Clean Water Agency in 1998. The estimated balance is based on an interest rate of 7.2% and fixed annual payments of \$14,975. The final payment of the loan will be collected from benefiting landowners on their 2017 taxes.

- b) The waterline connection debenture receivable represents waterline connection charges owing by benefiting landowners to the Village. The balance bears interest at 6% per annum and is repayable in annual blended instalments of \$282. The final payment of the loan will be collected from benefiting landowners on their 2019 taxes.

- c) The municipal drain debenture receivable represents construction charges owing by benefiting landowners to the Village for municipal drain construction. The balance bears interest at 6% per annum and is repayable in annual blended instalments of \$1,392. The final payment of the loan will be collected from benefiting landowners on their 2014 taxes.

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THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

5. Investments - continued

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

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

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

Condensed Balance Sheet of Bluewater Power Corporation
As at December 31, 2013

Current assets	\$ 111,694
Plant, property and equipment	207,073
Goodwill	<u>1,531</u>
Total assets	<u>\$ 320,298</u>
Current liabilities	\$ 65,419
Deposits	4,084
Long-term debt	93,685
Employee future benefits	30,050
Shareholders' equity	<u>127,060</u>
Total liabilities and shareholders' equity	<u>\$ 320,298</u>

Condensed Income Statement of Bluewater Power Corporation
For the year ended December 31, 2013

Total revenues	\$ 85,033
Total expenditures	<u>70,936</u>
Net income	<u>\$ 14,097</u>

6. Deferred Revenue

Deferred revenue is comprised of gas tax which are funds restricted by the Association of Municipalities of Ontario (AMO) for the purpose of investing in environmentally sustainable municipal infrastructure (ESMI) and capacity building projects.

During the year, funding in the amount of \$21,994 (2012 - \$21,994) was received. The full amount was spent in the current fiscal year.

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

7. Long-term Liabilities

a) Net long-term liabilities

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

	2013	2012
Long-term liabilities issued by Ontario Infrastructure at an interest rate of 3.53% with a maturity date of April 2032.	\$ <u>246,174</u>	\$ <u>255,472</u>
Net long-term liabilities at the end of the year	\$ <u>246,174</u>	\$ <u>255,472</u>

b) Principal payments due

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

	2013 to 2017	Thereafter
From general municipal revenues	\$ <u>51,696</u>	\$ <u>194,478</u>

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

8. Credit Facility

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



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

FOR THE YEAR ENDED DECEMBER 31, 2013

9. Municipal Fund Balances at the End of the Year

	2013	2012
For general reduction in taxation	\$ 19,883	\$ 1,497
For general reduction in user charges	(40,121)	(9,707)
Invested in tangible capital assets	2,889,005	3,027,913
Reserves and reserve funds	<u>581,524</u>	<u>543,603</u>
	<u>\$3,450,291</u>	<u>\$3,563,306</u>

10. Reserves and Reserve Funds

The total balances of reserves and reserve funds of \$518,209 (2012 - \$484,788) and \$63,315 (2012 - \$58,815) are made up of the following:

	2013	2012
Reserves set aside for specific purpose by Council:		
- for working capital	\$ 71,364	\$ 73,456
- for replacement of equipment	14,660	10,660
- for water	102,608	65,028
- for sewer	178,991	188,092
- for replacement of fire equipment	6,458	5,458
- for youth centre equipment	1,001	500
- for EOC generator	4,500	4,050
- for community hall maintenance and repairs	7,745	13,000
- for policing	3,500	3,500
- for youth centre capital	320	320
- Bluewater Power Corporation	<u>127,062</u>	<u>120,724</u>
Total reserves	518,209	484,788
Reserve funds set aside by council:		
- for replacement of fire equipment	57,880	53,380
- for cemetery memorial	<u>5,435</u>	<u>5,435</u>
	<u>63,315</u>	<u>58,815</u>
Total reserves and reserve funds	<u>\$ 581,524</u>	<u>\$ 543,603</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

11. Public Sector Salary Disclosure Act 1996

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

12. Financial Instruments

Fair Value

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

Credit Risk

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

Interest Rate Risk

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

	2013		2012	
	Interest sensitive	Non-interest sensitive	Interest sensitive	Non-interest sensitive
Marketable securities	\$ 188,327	\$ -	\$ 33,517	\$ -
Long-term liabilities (note 7)	<u>-</u>	<u>246,174</u>	<u>-</u>	<u>255,472</u>
	<u>\$ 188,327</u>	<u>\$ 246,174</u>	<u>\$ 33,517</u>	<u>\$ 255,472</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

13. Segment Reporting

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

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

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

13. Segment Reporting - continued

REVENUES 2013

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

REVENUES 2012

	Taxation	Other Taxation	User Charges	Government Grants	Other	Total
General government	\$ 282,662	\$ -	\$ 18,581	\$ 193,955	\$ 29,505	\$ 524,703
Protection services	-	70,284	5,790	-	2,114	78,188
Environmental services	24,449	-	223,400	27,075	-	274,924
Health services	-	-	-	-	18,579	18,579
Recreation and cultural services	-	-	23,127	-	13,036	36,163
Planning and development	-	-	-	-	143	143
Total	<u>\$ 307,111</u>	<u>\$ 70,284</u>	<u>\$ 270,898</u>	<u>\$ 221,030</u>	<u>\$ 63,377</u>	<u>\$ 932,700</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

13. Segment Reporting - continued

EXPENDITURES 2013

	Salaries and Wages	Materials	Contracted Services	Other	Total
General government	\$ 122,328	\$ 147,445	\$ -	\$ 1,408	\$ 271,181
Protection services	-	85,835	67,199	52,947	205,981
Transportation services	43,797	110,207	-	36,249	190,253
Environmental services	25,616	177,011	34,171	97,453	334,251
Health services	79	10,627	-	1,000	11,706
Recreation and cultural services	-	59,531	-	6,459	65,990
Planning and development	<u>-</u>	<u>17,847</u>	<u>-</u>	<u>-</u>	<u>17,847</u>
 Total	 <u>\$ 191,820</u>	 <u>\$ 608,503</u>	 <u>\$ 101,370</u>	 <u>\$ 195,516</u>	 <u>\$1,097,209</u>

EXPENDITURES 2012

	Salaries and Wages	Materials	Contracted Services	Other	Total
General government	\$ 119,142	\$ 125,556	\$ -	\$ 1,371	\$ 246,069
Protection services	-	94,592	67,503	52,075	214,170
Transportation services	43,624	61,592	-	27,570	132,786
Environmental services	23,177	164,485	35,102	96,910	319,674
Health services	-	19,864	-	1,000	20,864
Recreation and cultural services	-	60,131	-	8,523	68,654
Planning and development	<u>-</u>	<u>19,483</u>	<u>-</u>	<u>-</u>	<u>19,483</u>
 Total	 <u>\$ 185,943</u>	 <u>\$ 545,703</u>	 <u>\$ 102,605</u>	 <u>\$ 187,449</u>	 <u>\$1,021,700</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS
SCHEDULE 1 - SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Land	Buildings	Equipment	Fleet
Cost				
Balance, beginning of year	\$ 223,535	\$ 415,007	\$ 350,406	\$ 689,187
Additions during the year	-	-	9,420	2,696
Disposals during the year	-	-	-	-
Balance, end of year	<u>223,535</u>	<u>415,007</u>	<u>359,826</u>	<u>691,883</u>
Accumulated Amortization				
Balance, beginning of year	-	237,355	205,729	313,993
Amortization for the year	-	5,512	23,527	50,360
Disposals during the year	-	-	-	-
Balance, end of year	<u>-</u>	<u>242,867</u>	<u>229,256</u>	<u>364,353</u>
Net Book Value	<u>\$ 223,535</u>	<u>\$ 172,140</u>	<u>\$ 130,570</u>	<u>\$ 327,530</u>

	Roads	Underground and Other Networks	Bridges and Other Structures	2013 Total	2012 Total
Cost					
Balance, beginning of year	\$ 1,022,478	\$ 3,448,921	\$ 252,246	\$ 6,401,780	\$ 6,350,860
Additions during the year	25,364	-	-	37,480	50,920
Disposals during the year	-	-	-	-	-
Balance, end of year	<u>1,047,842</u>	<u>3,448,921</u>	<u>252,246</u>	<u>6,439,260</u>	<u>6,401,780</u>
Accumulated Amortization					
Balance, beginning of year	672,898	1,551,826	136,587	3,118,388	2,940,751
Amortization for the year	17,905	83,343	5,045	185,692	177,637
Disposals during the year	-	-	-	-	-
Balance, end of year	<u>690,803</u>	<u>1,635,169</u>	<u>141,632</u>	<u>3,304,080</u>	<u>3,118,388</u>
Net Book Value	<u>\$ 357,039</u>	<u>\$ 1,813,752</u>	<u>\$ 110,614</u>	<u>\$ 3,135,180</u>	<u>\$ 3,283,392</u>

This schedule is provided for information purposes only and is unaudited





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Village of Oil Springs, which comprise of the statement of financial position as at December 31, 2013 and the statements of the continuity of trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Village of Oil Springs as at December 31, 2013, and its financial performance for the year then ended in accordance with Canadian public sector accounting standards.

Davis Martindale LLP

Chartered Accountants
Licensed Public Accountants

London, Ontario
June 3, 2014

THE CORPORATION OF THE VILLAGE OF OIL SPRINGS

STATEMENT OF FINANCIAL POSITION

TRUST FUNDS

AS AT DECEMBER 31, 2013

ASSETS

	2013	2012
Cash	\$ 302	\$ 6,302
Marketable securities	<u>84,585</u>	<u>78,396</u>
	<u>\$ 84,887</u>	<u>\$ 84,698</u>

LIABILITIES AND ACCUMULATED NET ASSETS

Due to general fund	\$ 9,799	\$ 10,860
Accumulated net assets	<u>75,088</u>	<u>73,838</u>
	<u>\$ 84,887</u>	<u>\$ 84,698</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS

STATEMENT OF CONTINUITY OF TRUST FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Balance, Beginning of the Year	\$ 73,838	\$ 72,888
Revenues		
Interest earned	1,239	1,354
Monument fund	-	200
Transfer from general fund	<u>1,250</u>	<u>750</u>
	76,327	75,192
Expenditures		
Cost of perpetual care	<u>1,239</u>	<u>1,354</u>
Balance, End of the Year	<u>\$ 75,088</u>	<u>\$ 73,838</u>

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



THE CORPORATION OF THE VILLAGE OF OIL SPRINGS

NOTES TO TRUST FUNDS FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. Significant Accounting Policies

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

Basis of Accounting

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

2. Purpose of Fund

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

3. Marketable Securities

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

