

**THE CORPORATION OF
THE TOWNSHIP OF BILLINGS**

Consolidated Financial Statements

Year Ended December 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Corporation of the Township of Billings ("the Township") are the responsibility of the Township'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 these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township'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 regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Reeve

Clerk-Treasurer

INDEPENDENT AUDITOR'S REPORT

To: The Members of Council of the Corporation of the Township of Billings

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **The Corporation of the Township of Billings**, which comprise the consolidated statement of financial position as at **December 31, 2015**, and the consolidated statements of operations and changes in accumulated surplus, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Billings as at December 31, 2015, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 7, 2016

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Financial Position

December 31, 2015 with comparative figures for 2014

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents	1,732,724	2,298,433
Term deposits	10,792	10,700
Taxes receivable (note 2)	298,243	264,392
User charges receivable	28,878	31,570
Grants receivable	57,347	-
Other accounts receivable	153,977	106,083
	2,281,961	2,711,178
Liabilities		
Accounts payable and accrued liabilities	475,584	152,683
Deferred contributions (note 3)	55,839	730,236
Long-term debt (note 4)	113,960	230,239
Landfill closure and post-closure liability (note 5)	224,055	215,438
	869,438	1,328,596
Net assets (note 6)	1,412,523	1,382,582
Non-financial Assets (note 7)		
Tangible capital assets (note 8)	8,812,409	7,541,294
Inventory	4,624	2,266
Prepaid expenses	6,133	5,244
	8,823,166	7,548,804
Accumulated Surplus	10,235,689	8,931,386

Contingent liabilities (note 10)

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2015 with comparative figures for 2014

	2015 Budget \$	2015 Actual \$	2014 Actual \$
Revenue			
Taxation			
Residential and farm	1,684,667	1,686,224	1,563,579
Commercial, industrial and business	44,140	43,308	41,650
Other governments and agencies	6,816	7,923	9,181
	1,735,623	1,737,455	1,614,410
Deduct:			
Amounts raised on behalf of the school boards	308,539	308,570	297,053
	1,427,084	1,428,885	1,317,357
Government Transfers			
Government of Canada	30,455	62,902	31,901
Province of Ontario	497,530	1,914,940	852,522
Other municipalities	-	-	207
	527,985	1,977,842	884,630
User Charges			
Sewer and water charges	224,700	226,921	228,016
Fees, service charges and donations	66,850	248,211	258,784
	291,550	475,132	486,800
Other			
Licences and permits	30,193	9,883	11,806
Investment income	26,850	21,230	27,330
Penalties and interest charges	38,700	48,129	41,102
Rents, royalties and other	107,000	82,598	113,097
(Loss) gain on sale of tangible capital assets	-	(68,074)	800
	202,743	93,766	194,135
Total Revenue	2,449,362	3,975,625	2,882,922
Expenditure			
General government	377,027	476,332	332,863
Protection to persons and property	280,017	298,295	251,497
Transportation services	547,392	538,037	542,531
Environment services	295,760	378,107	347,059
Health services	229,194	228,290	210,846
Social and family services	156,701	565,714	562,319
Recreation and cultural services	185,037	163,655	161,554
Planning and development	15,234	22,892	23,543
Total Expenditure	2,086,362	2,671,322	2,432,212
Annual surplus	363,000	1,304,303	450,710
Accumulated surplus, beginning of year	8,931,386	8,931,386	8,480,676
Accumulated surplus, end of year	9,294,386	10,235,689	8,931,386

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS**Consolidated Statement of Changes in Net Assets****Year ended December 31, 2015 with comparative figures for 2014**

	2015 Budget \$	2015 Actual \$	2014 Actual \$
Annual surplus	363,000	1,304,303	450,710
Acquisition of tangible capital assets	(54,300)	(1,682,012)	(416,092)
Amortization of tangible capital assets	-	339,311	293,574
Proceeds on disposal of tangible capital assets	-	3,512	22,000
Loss (gain) on sale of tangible capital assets	-	68,074	(800)
Change in inventory	-	(2,358)	2,214
Change in prepaid expenses	-	(889)	(1,119)
Change in net assets	308,700	29,941	350,487
Net assets, beginning of year	1,382,582	1,382,582	1,032,095
Net assets, end of year	1,691,282	1,412,523	1,382,582

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Cash Flows

Year ended December 31, 2015 with comparative figures for 2014

	2015 \$	2014 \$
Cash flows from operations		
Annual surplus	1,304,303	450,710
Items not involving cash		
Amortization of tangible capital assets	339,311	293,574
Gain on sale of tangible capital assets	68,074	(800)
Landfill closures and post-closure liability	8,617	(5,303)
	1,720,305	738,181
Changes in non-cash assets and liabilities		
Taxes receivable	(33,851)	(85,183)
User charges receivable	2,692	(16,555)
Grants receivable	(57,347)	-
Other current receivables	(47,894)	42,919
Accounts payable and accrued liabilities	322,901	(66,565)
Deferred contributions	(674,397)	730,236
Inventory	(2,358)	2,214
Prepaid expenses	(889)	(1,119)
	1,229,162	1,344,128
Capital transactions		
Proceeds on disposal of tangible capital assets	3,512	22,000
Cash used to acquire tangible capital assets	(1,682,012)	(416,092)
	(1,678,500)	(394,092)
Investing transactions		
Purchase of term deposits	(92)	(160)
Financing transactions		
Repayment of long-term debt	(116,279)	(36,280)
Increase in cash and cash equivalents	(565,709)	913,596
Cash and cash equivalents, beginning of year	2,298,433	1,384,837
Cash and cash equivalents, end of year	1,732,724	2,298,433

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township are the representation of management. The financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of Consolidation

i) Local Boards

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Township and include the activities of all committees of Council and the following local boards which are under the control of Council:

Billings and East Allen Public Library Board

ii) Joint Local Boards

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council, as expenses in the consolidated statement of operations:

Sudbury and District Health Unit
Manitoulin-Sudbury District Services Board

The assets, liabilities, revenues and expenses of the joint local boards have not been proportionally consolidated in these financial statements.

iii) Proportionally Consolidated Entities

These consolidated financial statements reflect proportionally the Township's share of the assets, liabilities, revenues and expenses of the following boards:

Manitoulin Centennial Manor
Manitoulin Planning Board

iv) Accounting for School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements

v) Trust Funds

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Funds financial statements.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Accounting

i) Accrual Accounting

The accrual basis of accounting recognizes revenues as they are earned 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 hand, amounts held in bank and highly liquid securities with maturities of three months or less.

iii) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Township provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

	<u>Years</u>
Land improvement	25 -40
Buildings	20-40
Roads, bridges and culverts	20-40
Vehicles	15-20
Equipment	20
Water treatment and sewer	80
Marina	20

Additions are amortized at one half of the annual rate in the year of acquisition.

iv) Inventory

Inventories held for consumption are recorded at the lower of cost and replacement cost.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Revenue Recognition

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Supplementary taxation revenues are recorded at the time these bills are issued.

Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of appeals are recorded when the result of the appeal is known.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the accounts in the period the interest and penalties are levied.

Government transfers are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met; and, the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred contributions and are recognized as revenue in the period in which all of these criteria are met.

vi) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements are the landfill closure and post-closure liability and estimated useful lives of tangible capital assets.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

vii) Financial Instruments

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Township subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, term deposits, taxes receivable, user charges receivable and other account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

2. TAXES RECEIVABLE

The components of taxes receivable are as follows:

	2015	2014
	\$	\$
Taxes receivable	261,772	238,054
Interest receivable on outstanding tax balances	36,471	26,338
	298,243	264,392

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

3. DEFERRED CONTRIBUTIONS

The balance in deferred contributions is summarized as follows:

	2015	2014
	\$	\$
Deferred contributions, beginning of year	730,236	-
Contributions received during the year - Federal Gas Tax	29,303	30,186
Contributions received during the year - Small, Rural and Northern Municipal Infrastructure Fund capital grant	428,220	785,070
Amounts recognized as revenue during year - Federal Gas Tax	(29,303)	(30,186)
Amounts recognized as revenue during year - Small, Rural and Northern Municipal Infrastructure Fund capital grant	(1,102,617)	(54,834)
Deferred contributions, end of year	55,839	730,236

Deferred contributions consists of the following:

Small, Rural and Northern Municipal Infrastructure Fund capital grant	55,839	730,236
---	--------	---------

4. LONG-TERM DEBT

	2015	2014
	\$	\$
BMO Bank of Montreal fixed rate term loan, repayable in monthly instalments of \$1,356 plus interest at 3.92% per annum, maturing January 2018, unsecured	113,960	130,240
BMO Bank of Montreal fixed rate term loan, repayable in monthly instalments of \$1,667 plus interest at 4.2% per annum, paid in full in January 2015.	-	99,999
	-	99,999

Anticipated principal payments on the long-term debt over the next 3 years are as follows:

2016	16,272
2017	16,272
2018	(32,544)
	-

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

5. LANDFILL SITE CLOSURE AND POST-CLOSURE

Under environmental law in the province of Ontario, there is a requirement for the Town to provide for closure and post-closure care of all active and inactive solid waste landfill sites. Accounting standards require that the costs associated with this requirement are provided for in the accounts over the service life of the landfill site based on its usage on a volumetric basis. The reported liability is based on estimates and assumptions regarding future events using the best information available to management. Actual results will vary from the estimated amounts and the change in the estimate will be recognized on a prospective basis as a change in accounting estimate in the year the change is determined.

The liability for closure and post-closure care represents the discounted future cashflows of estimated closure and post-closure care costs using the following rates and assumptions.

Remaining life	14 years
Closure and acquisition costs	\$289,579
Monitoring period post-closure	25 years
Annual monitoring costs	\$7,000
Total estimated liability	\$314,463
Current estimated liability	\$224,055

Future cash flows have been discounted using a long-term interest rate of 4% and an estimated inflation rate of 3%.

6. NET ASSETS

The balance on the Consolidated Statement of Financial Position of net assets at the end of the year is comprised of the following:

	2015	2014
	\$	\$
To be used:		
- for the general (increase) decrease in taxation and user charges	559,912	351,923
- for the recovery from taxation and user charges for the repayment of long-term debt	338,015	445,677
- for the general operations of joint and local boards	19,564	28,007
- for reserves and reserve funds	495,032	556,975
	1,412,523	1,382,582

7. NON-FINANCIAL ASSETS

Tangible capital assets and other non-financial assets are accounted for as assets by the Township because they can be used to provide services to residents and ratepayers of the Township in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

8. TANGIBLE CAPITAL ASSETS

	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges and Culverts \$	Vehicles \$	Equipment \$	Water Treatment and Sewer \$	Marina \$	Work in Process \$	2015 Total \$
Cost										
Balance, beginning of year	497,516	114,894	4,389,216	3,758,322	1,121,203	189,258	1,849,369	54,724	60,927	12,035,429
Additions	-	-	12,822	133,356	296,411	14,293	1,286,057	-	(60,927)	1,682,012
Disposals	-	-	-	-	(218,340)	-	-	-	-	(218,340)
Balance, end of year	497,516	114,894	4,402,038	3,891,678	1,199,274	203,551	3,135,426	54,724	-	13,499,101
Accumulated Amortization										
Balance, beginning of year	-	41,712	1,295,004	2,063,043	490,475	47,617	501,560	54,724	-	4,494,135
Disposals	-	-	-	-	(146,754)	-	-	-	-	(146,754)
Amortization expense	-	3,924	109,558	101,885	57,942	10,733	55,269	-	-	339,311
Balance, end of year	-	45,636	1,404,562	2,164,928	401,663	58,350	556,829	54,724	-	4,686,692
Net book value	497,516	69,258	2,997,476	1,726,750	797,611	145,201	2,578,597	-	-	8,812,409

	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges and Culverts \$	Vehicles \$	Equipment \$	Water Treatment and Sewer \$	Marina \$	Work in Process \$	2014 Total \$
Cost										
Balance, beginning of year	497,516	114,894	4,264,355	3,635,612	1,140,925	189,142	1,849,369	54,724	-	11,746,537
Additions	-	-	124,861	122,710	107,478	116	-	-	60,927	416,092
Disposals	-	-	-	-	(127,200)	-	-	-	-	(127,200)
Balance, end of year	497,516	114,894	4,389,216	3,758,322	1,121,203	189,258	1,849,369	54,724	60,927	12,035,429
Accumulated Amortization										
Balance, beginning of year	-	37,787	1,187,420	1,969,693	540,944	37,550	478,443	54,724	-	4,306,561
Disposals	-	-	-	-	(106,000)	-	-	-	-	(106,000)
Amortization expense	-	3,925	107,584	93,350	55,531	10,067	23,117	-	-	293,574
Balance, end of year	-	41,712	1,295,004	2,063,043	490,475	47,617	501,560	54,724	-	4,494,135
Net book value	497,516	73,182	3,094,212	1,695,279	630,728	141,641	1,347,809	-	60,927	7,541,294

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

9. TRUST FUND

Trust funds administered by the Township amounting to \$37,732 (2014 - \$37,569) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

10. CONTINGENT LIABILITIES

The Township receives transfers from the governments of Canada and Ontario. Some government transfers are subject to audit by the transferring government with adjustments, if any, repayable to the transferring government. Audit adjustments, if any, are recorded in the accounts in the year in which they become known.

11. SEGMENTED DISCLOSURE

The Township is a diversified municipal government institution that provides a wide range of services to citizens. Services include water, roads, fire, police, waste management, recreation programs, economic development, land use planning and health and social services. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, and are as follows:

General Government

General Government consists of: Office of the Reeve, Council expenses, administrative services (including clerks, elections, communications, legal and information technology services), human resources and financial departments. Areas within the general government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

Protection Services

This section consists of: fire, police, animal control, building services, emergency measures and management of Provincial Offences Act. Police services ensure the safety of the lives and property of citizens; preserve peace and order; prevent crimes from occurring, detect offenders and enforce the law. Fire Services is responsible to provide fire suppression service; fire prevention programs, training and education related to prevention, detection and extinguishment of fires. The building services division processes permit applications and ensure compliance with the Ontario Building Code and with By-Laws enacted by Council.

Transportation Services

This area is responsible for management of Roadways including traffic, bridges and winter control.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

11. SEGMENTED DISCLOSURE (continued)

Environmental Services

In addition to the management of waterworks, this area is responsible for waste collection, waste disposal and recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water system.

Health and Social Services

This section consists of assistance to aged persons, cemetery services as well as the Township's contribution to the Sudbury and District Health Unit and Manitoulin-Sudbury District Services Board.

Recreation and Cultural Services

This section provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services. This section also contributes to the information needs of the Township's citizens through the provision of library and cultural services and by preserving local history and managing archived data.

Planning and Development

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities, and to ensure that the Township is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles.

Certain allocation methodologies are employed in the preparation of segmented financial information.

11. SEGMENTED DISCLOSURE (continued)

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health and Social Services \$	Recreation and Cultural Services \$	Planning and Development \$	2015 Total \$	2014 Total \$
Revenues									
Taxation	1,428,885	-	-	-	-	-	-	1,428,885	1,317,357
Grants	463,500	-	29,303	1,175,118	260,209	47,721	1,991	1,977,842	884,630
User charges	22,779	-	1,370	240,086	140,564	63,639	6,694	475,132	486,800
Other	81,449	-	-	8,193	3,913	-	211	93,766	194,135
	1,996,613	-	30,673	1,423,397	404,686	111,360	8,896	3,975,625	2,882,922
Expenditures									
Salaries, wages and benefits	188,305	27,213	175,474	30,045	-	45,461	-	466,498	444,578
Purchase of goods and materials	238,892	63,585	222,067	100,887	438,912	95,029	22,783	1,182,155	1,047,112
Contracts and services	38,121	173,966	-	111,073	-	-	-	323,160	287,760
Interest on long-term debt	-	4,809	297	-	-	-	-	5,106	10,175
Amortization	11,014	28,722	140,199	136,102	-	23,165	109	339,311	293,574
Financial expenses	-	-	-	-	-	-	-	-	83
Other transfers	-	-	-	-	355,092	-	-	355,092	348,930
	476,332	298,295	538,037	378,107	794,004	163,655	22,892	2,671,322	2,432,212
Excess (deficiency) of revenue over expenditures	1,520,281	(298,295)	(507,364)	1,045,290	(389,318)	(52,295)	(13,996)	1,304,303	450,710

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

12. CONTRIBUTIONS TO JOINT LOCAL BOARDS

Further to note 1(a)(ii), the following contributions were made by the Township to these joint local boards.

	2015	2014
	\$	\$
Sudbury District Health Unit	20,496	19,968
Manitoulin-Sudbury District Services Board	334,594	328,029
	355,090	347,997

The Township's share of the assets liabilities, revenues and expenses of these joint local boards are as follows:

	2015	2014
	%	%
Sudbury District Health Unit	0.305	0.303
Manitoulin-Sudbury District Services Board	3.315	3.456

13. COMMITMENT

The Township has entered into a management services agreement with the Ontario Clean Water Agency (OCWA) to operate and maintain the Township's water treatment plant and distribution system. The agreement is for a five year period ending December 31, 2017, at an annual cost before consumer price index adjustment (years' two through five) as follows:

	\$
2016	106,974
2017	106,974

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

14. BUDGET

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results in these consolidated financial statements. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require the full accrual basis. The budget figures include principal repayments on long-term debt as well as a transfer of the anticipated annual surplus to reserves. In addition, the budget expenses all tangible capital acquisitions and does not include a provision for amortization expense. As a result, the budget figures presented in the consolidated statements of operations and changes in accumulated surplus represent the budget adopted by Council, adjusted as follows:

	2015 \$
Budget surplus approved by Council	-
Add: Budgeted transfers to reserves and reserve funds	-
Add: Budgeted repayment of long-term debt	308,700
Add: Budgeted tangible capital asset additions	54,300
Budget surplus per consolidated financial statements	363,000

15. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring, to another party, financial risks. The Township is exposed to the following risks associated with financial instruments and transactions it is a party to:

a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Township is exposed to this risk relating to its cash, term deposits and accounts receivable.

The Township holds its cash accounts and term deposits with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The Township is exposed to credit risk in accounts receivable which includes rate payers, government and other receivables. The Township measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts. The Township minimizes this risk through management's on-going monitoring of accounts receivable balances and collections.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2015

15. FINANCIAL INSTRUMENTS (continued)

b) Liquidity risk

Liquidity risk is the risk that the Township cannot repay its obligations when they become due to its creditors. The Township is exposed to this risk relating to its accounts payable and accrued liabilities.

The Township reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash to repay trade creditors as payables become due.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Schedule of Continuity of Reserves and Reserve Funds
Year end December 31, 2015

	Total \$	Working Fund \$	Subdivision \$	Fire Department \$	Roads \$	Water Works System \$	CBO Training \$	Library \$
RESERVES								
Balance, beginning of year	476,873	347,706	-	9,600	111,139	5,746	600	2,082
Appropriations from (to)								
- current operations	(61,943)	38,057	-	-	(100,000)	-	-	-
Balance, end of year	414,930	385,763	-	9,600	11,139	5,746	600	2,082
RESERVE FUNDS								
Balance, beginning of year	80,102	-	80,102	-	-	-	-	-
Appropriations from (to)								
- current operations	-	-	-	-	-	-	-	-
Balance, end of year	80,102	-	80,102	-	-	-	-	-
Total reserves & reserve funds	495,032							

INDEPENDENT AUDITOR'S REPORT

**To: The Members of
Council, Inhabitants and Ratepayers of the Corporation of the Township of Billings**

Report on the Financial Statements

We have audited the accompanying financial statements of the **Trust Funds of the Corporation of the Township of Billings**, which comprise the statement of financial position as at **December 31, 2015**, and the statement of operations and changes in net assets 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 is 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 disclosures 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 control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Billings as at December 31, 2015, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 7, 2016

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Statement of Financial Position

December 31, 2015 with comparative figures for 2014

	Cemetery Perpetual Care \$	Community Centre Replacement \$	Total 2015 \$	Total 2014 \$
Assets				
Cash	33,682	2,750	36,432	31,269
Investments (note 2)	-	-	-	5,000
Due from municipality	1,300	-	1,300	1,300
Net Assets	34,982	2,750	37,732	37,569

The accompanying notes are an integral part of these financial statements.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Statement of Operations and Changes in Net Assets
Year ended December 31, 2015 with comparative figures for 2014

	Cemetery Perpetual Care \$	Community Centre Replacement \$	Total 2015 \$	Total 2014 \$
Net assets, beginning of year	34,885	2,684	37,569	34,909
Revenues				
Plot sales	-	-	-	2,750
Interest income	97	66	163	6
	97	66	163	2,756
Expenditures				
Bank service charges	-	-	-	96
Excess (deficiency) of revenues over expenditures	97	66	163	2,660
Net assets, end of year	34,982	2,750	37,732	37,569

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Notes to the Financial Statements
Year ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The Trust Funds have not been consolidated with the financial statements of the Corporation of the Township of Billings.

b) 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 legal obligation to pay.

2. INVESTMENTS

The total investments are reported at cost.

3. CASH FLOW STATEMENT

A cash flow statement has not been presented because it would not provide any additional information which is not readily apparent in the financial statements.

INDEPENDENT AUDITOR'S REPORT

**To: The Members of
Council, Inhabitants and Ratepayers of the Corporation of the Township of Billings**

Report on the Financial Statements

We have audited the accompanying financial statements of the **Billings and East Allan Public Library Board of the Corporation of the Township of Billings**, which comprise the statement of financial position as at **December 31, 2015**, and the statement of operations and changes in net assets 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 is 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 disclosures 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 control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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, these financial statements present fairly, in all material respects, the financial position of the Billings and East Allan Public Library Board of the Corporation of the Town of Billings as at December 31, 2015, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

FREELANDT CALDWELL REILLY LLP
Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Sudbury, Ontario
June 7, 2016

BILLINGS AND EAST ALLAN PUBLIC LIBRARY BOARD**Statement of Financial Position**

December 31, 2015 with comparative figures for 2014

	2015	2014
	\$	\$
<hr/>		
Financial Assets		
Cash and cash equivalents	6,542	5,583
Accounts receivable	4,377	4,677
<hr/>		
Total Assets	10,919	10,260
<hr/>		
Financial Liabilities		
Accounts payable and accrued liabilities	324	324
<hr/>		
Net assets (note 2)	10,595	9,936

The accompanying notes are in integral part of this financial statements.

BILLINGS AND EAST ALLAN PUBLIC LIBRARY BOARD

Statement of Operations and Changes in Net Assets

Year ended December 31, 2015 with comparative figures for 2014

	2015	2014
	\$	\$
Revenues		
Municipal contribution	15,000	14,000
Province of Ontario - operating	7,244	3,137
Fundraising and book sales	4,600	2,230
Rent and Other	3,822	1,018
Donations	1,577	6,790
Fines, e-mail and copies	113	1,062
Total Revenues	32,356	28,237
Expenditure		
Wages and employee benefits	12,569	17,026
Books, videos and supplies	7,722	9,320
Telephone and utilities	3,596	4,086
Computer supplies	2,482	1,524
Repairs and maintenance	2,191	2,522
Miscellaneous	1,260	293
Licenses, fees and dues	1,160	254
Advertising	524	186
Supplies and stationary	193	679
Furniture and equipment	-	600
Total Expenditures	31,697	36,490
Annual surplus (deficit)	659	(8,253)
Net assets, beginning of year	9,936	18,189
Net assets, end of year	10,595	9,936

The accompanying notes are in integral part of this financial statements.

BILLINGS AND EAST ALLAN PUBLIC LIBRARY BOARD

Notes to the Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Billings and East Allan Public Library Board are the representation of management prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximation. These have been made using careful judgement.

a) Basis of Accounting

i) Accrual accounting

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

ii) Inventories of books and supplies

No value is attached to inventories for municipal reporting purposes. Book acquisitions are reported as an expenditure in the statement of operations in the year of acquisition.

iii) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All other revenues are recognized at the time services are delivered if received or receivable and the amount to be received can be reasonably estimated and collection is reasonably assured.

BILLINGS AND EAST ALLAN PUBLIC LIBRARY BOARD

Notes to the Financial Statements

December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**iv) Financial instruments**

The Library Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Library Board subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents and account receivables.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities.

2. NET ASSETS

	2015	2014
	\$	\$
For the general reduction of user charges	8,513	7,854
Reserves	2,082	2,082
	10,595	9,936

3. STATEMENT OF CASH FLOWS

Inclusion of a statement of cash flows would not provide any additional information that is not evident from the financial statements already presented. Therefore, a statement of cash flows has not been presented.