

**THE CORPORATION OF
THE TOWNSHIP OF BILLINGS**

Consolidated Financial Statements

Year Ended December 31, 2016

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, 2016**, 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, 2016, 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
May 15, 2017

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Financial Position

December 31, 2016 with comparative figures for 2015

	2016	2015
	\$	\$
Financial Assets		
Cash and cash equivalents	2,003,105	1,732,724
Term deposits	10,911	10,792
Taxes receivable (note 2)	209,356	298,243
User charges receivable	27,179	28,878
Grants receivable	-	57,347
Other accounts receivable	63,047	153,977
	2,313,598	2,281,961
Liabilities		
Accounts payable and accrued liabilities	247,770	475,584
Deferred contributions (note 3)	2,311	55,839
Long-term debt (note 4)	97,680	113,960
Landfill closure and post-closure liability (note 5)	245,281	224,055
	593,042	869,438
Net Assets (note 6)	1,720,556	1,412,523
Non-financial Assets (note 7)		
Tangible capital assets (note 8)	8,797,486	8,812,409
Inventory	1,726	4,624
Prepaid expenses	5,161	6,133
	8,804,373	8,823,166
Accumulated Surplus	10,524,929	10,235,689

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, 2016 with comparative figures for 2015

	2016 Budget \$	2016 Actual \$	2015 Actual \$
Revenue			
Taxation			
Residential and farm		1,809,002	1,686,224
Commercial, industrial and business		44,474	43,308
Other governments and agencies		7,983	7,923
	1,867,287	1,861,459	1,737,455
Deduct:			
Amounts raised on behalf of the school boards	329,667	320,957	308,570
	1,537,620	1,540,502	1,428,885
Government Transfers			
Government of Canada	32,088	34,824	62,902
Province of Ontario	475,575	757,664	1,914,940
Other municipalities	-	1,488	-
	507,663	793,976	1,977,842
User Charges			
Sewer and water charges	225,800	231,855	226,921
Fees, service charges and donations	60,040	225,484	248,211
	285,840	457,339	475,132
Other			
Licences and permits	29,290	11,771	9,883
Investment income	19,000	16,746	21,230
Penalties and interest charges	42,100	52,095	48,129
Rents, royalties and other	73,833	68,106	82,598
(Loss) gain on sale of tangible capital assets	-	-	(68,074)
	164,223	148,718	93,766
Total Revenue	2,495,346	2,940,535	3,975,625
Expenditure			
General government	467,716	391,550	476,332
Protection to persons and property	319,758	316,499	298,295
Transportation services	533,510	517,993	538,037
Environment services	319,989	441,536	378,107
Health services	237,153	219,453	228,290
Social and family services	164,620	557,110	565,714
Recreation and cultural services	240,532	183,099	163,655
Planning and development	18,500	24,055	22,892
Total Expenditure	2,301,778	2,651,295	2,671,322
Annual Surplus	193,568	289,240	1,304,303
Accumulated Surplus, beginning of year	10,235,689	10,235,689	8,931,386
Accumulated Surplus, end of year	10,429,257	10,524,929	10,235,689

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, 2016 with comparative figures for 2015

	2016 Budget \$	2016 Actual \$	2015 Actual \$
Annual Surplus	193,568	289,240	1,304,303
Acquisition of tangible capital assets	(30,768)	(379,619)	(1,682,012)
Amortization of tangible capital assets	-	394,542	339,311
Proceeds on disposal of tangible capital assets	-	-	3,512
Loss (gain) on sale of tangible capital assets	-	-	68,074
Change in inventory	-	2,898	(2,358)
Change in prepaid expenses	-	972	(889)
Change in net assets	162,800	308,033	29,941
Net Assets, beginning of year	1,412,523	1,412,523	1,382,582
Net Assets, end of year	1,575,323	1,720,556	1,412,523

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, 2016 with comparative figures for 2015

	2016 \$	2015 \$
Cash flows from operations		
Annual Surplus	289,240	1,304,303
Items not involving cash		
Amortization of tangible capital assets	394,542	339,311
Gain on sale of tangible capital assets	-	68,074
Landfill closures and post-closure liability	21,226	8,617
	705,008	1,720,305
Changes in non-cash assets and liabilities		
Taxes receivable	88,887	(33,851)
User charges receivable	1,699	2,692
Grants receivable	57,347	(57,347)
Other accounts receivable	90,930	(47,894)
Accounts payable and accrued liabilities	(227,814)	322,901
Deferred contributions	(53,528)	(674,397)
Inventory	2,898	(2,358)
Prepaid expenses	972	(889)
	666,399	1,229,162
Capital transactions		
Proceeds on disposal of tangible capital assets	-	3,512
Cash used to acquire tangible capital assets	(379,619)	(1,682,012)
	(379,619)	(1,678,500)
Investing transactions		
Investment in term deposits	(119)	(92)
Financing transactions		
Repayment of long-term debt	(16,280)	(116,279)
Increase in cash and cash equivalents	270,381	(565,709)
Cash and cash equivalents, beginning of year	1,732,724	2,298,433
Cash and cash equivalents, end of year	2,003,105	1,732,724

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, 2016

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, 2016

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, 2016

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.

User charges and other revenues are recognized in the period that the goods or services are provided.

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, 2016

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:

	2016	2015
	\$	\$
Taxes receivable	196,359	261,772
Interest receivable on outstanding tax balances	12,997	36,471
	209,356	298,243

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2016

3. DEFERRED CONTRIBUTIONS

The balance in deferred contributions is summarized as follows:

	2016	2015
	\$	\$
Deferred contributions, beginning of year	55,839	730,236
Contributions received during the year - Federal Gas Tax	30,768	29,303
Contributions received (repaid) during the year - Small, Rural and Northern Municipal Infrastructure Fund capital grant	(47,128)	428,220
Amounts recognized as revenue during year - Federal Gas Tax	(30,768)	(29,303)
Amounts recognized as revenue during year - Small, Rural and Northern Municipal Infrastructure Fund capital grant	(8,711)	(1,102,617)
Other contributions received for future expenditures	2,311	-
Deferred contributions, end of year	2,311	55,839

Deferred contributions consists of the following:

Small, Rural and Northern Municipal Infrastructure Fund capital grant	-	55,839
Amounts related to the Manitoulin Planning Board	2,311	-
	2,311	55,839

4. LONG-TERM DEBT

	2016	2015
	\$	\$
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	97,680	113,960

Anticipated principal payments on the long-term debt over the next 2 years are as follows:

2017	16,272
2018	81,408
	97,680

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2016

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	12 years
Closure and acquisition costs	\$289,579
Monitoring period post-closure	25 years
Annual monitoring costs	\$7,426
Total estimated liability	\$327,042
Current estimated liability	\$245,281
Amount remaining to be recognized	\$81,761

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:

	2016	2015
	\$	\$
To be used:		
- for the general (increase) decrease in taxation and user charges	523,883	559,912
- for the recovery from taxation and user charges for the repayment of long-term debt and land fill liability	342,961	338,015
- for the general operations of joint and local boards	25,555	19,564
- for reserves and reserve funds	828,157	495,032
	1,720,556	1,412,523

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, 2016

8. TANGIBLE CAPITAL ASSETS

	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges and Culverts \$	Vehicles \$	Equipment \$	Water Treatment and Sewer \$	Marina \$	Work in Progress \$	2016 Total \$
Cost										
Balance, beginning 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
Additions	126,456	14,999	16,133	188,885	-	33,146	-	-	-	379,619
Disposals	-	-	-	-	-	-	-	-	-	-
Balance, end of year	623,972	129,893	4,418,171	4,080,563	1,199,274	236,697	3,135,426	54,724	-	13,878,720
Accumulated Amortization										
Balance, beginning of year	-	45,636	1,404,562	2,164,928	401,663	58,350	556,829	54,724	-	4,686,692
Disposals	-	-	-	-	-	-	-	-	-	-
Amortization expense	-	4,225	110,286	111,519	67,822	13,270	87,420	-	-	394,542
Balance, end of year	-	49,861	1,514,848	2,276,447	469,485	71,620	644,249	54,724	-	5,081,234
Net book value	623,972	80,032	2,903,323	1,804,116	729,789	165,077	2,491,177	-	-	8,797,486

	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges and Culverts \$	Vehicles \$	Equipment \$	Water Treatment and Sewer \$	Marina \$	Work in Progress \$	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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2016

9. TRUST FUND

Trust funds administered by the Township amounting to \$40,194 (2015 - \$37,732) 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, 2016

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.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2016

11. SEGMENTED DISCLOSURE (continued)

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	2016 Total	2015 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Taxation	1,540,502	-	-	-	-	-	-	1,540,502	1,428,885
Grants	438,500	1,488	55,768	18,267	260,388	17,201	2,364	793,976	1,977,842
User charges	11,248	-	2,104	233,445	137,252	66,529	6,761	457,339	475,132
Other	125,341	11,771	-	8,394	2,846	-	366	148,718	93,766
	2,115,591	13,259	57,872	260,106	400,486	83,730	9,491	2,940,535	3,975,625
Expenditures									
Salaries, wages and benefits	197,169	27,214	189,812	32,437	-	44,105	-	490,737	466,498
Purchase of goods and materials	139,393	49,271	163,889	128,107	425,545	114,202	23,744	1,044,151	1,182,155
Contracts and services	36,046	210,041	-	112,738	-	83	-	358,908	323,160
Interest on long-term debt	-	4,171	-	-	-	-	-	4,171	5,106
Amortization	11,174	25,802	164,292	168,254	-	24,709	311	394,542	339,311
Financial expenses	7,768	-	-	-	-	-	-	7,768	-
Other transfers	-	-	-	-	351,018	-	-	351,018	355,092
	391,550	316,499	517,993	441,536	776,563	183,099	24,055	2,651,295	2,671,322
Excess (deficiency) of revenue over expenditures	1,724,041	(303,240)	(460,121)	(181,430)	(376,077)	(99,369)	(14,564)	289,240	1,304,303

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2016

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.

	2016	2015
	\$	\$
Sudbury District Health Unit	21,144	20,496
Manitoulin-Sudbury District Services Board	329,874	334,594
	351,018	355,090

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

	2016	2015
	%	%
Sudbury District Health Unit	0.307	0.305
Manitoulin-Sudbury District Services Board	3.359	3.315

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:

	\$
2017	106,974

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2016

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:

	2016 \$
Budget surplus approved by Council	-
Add: Budgeted transfers to reserves and reserve funds	121,000
Add: Budgeted repayment of long-term debt	41,800
Add: Budgeted tangible capital asset additions	30,768
Budget surplus per consolidated financial statements	193,568

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, 2016

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 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, 2016

	Total \$	Working Fund \$	Subdivision \$	Fire Department \$	Roads \$	Water Works System \$	CBO Training \$	Library \$
RESERVES								
Balance, beginning of year	414,930	385,763	-	9,600	11,139	5,746	600	2,082
Appropriations from (to)								
- current operations	333,125	308,125	-	-	25,000	-	-	-
Balance, end of year	748,055	693,888	-	9,600	36,139	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 and reserve funds	828,157							

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, 2016**, 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, 2016, 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
May 15, 2017

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Statement of Financial Position

December 31, 2016 with comparative figures for 2015

	Cemetery Perpetual Care \$	Community Centre Replacement \$	Total 2016 \$	Total 2015 \$
Assets				
Cash	36,144	2,750	38,894	36,432
Due from municipality	1,300	-	1,300	1,300
Net Assets	37,444	2,750	40,194	37,732

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, 2016 with comparative figures for 2015

	Cemetery Perpetual Care	Community Centre Replacement	Total 2016	Total 2015
	\$	\$	\$	\$
Net assets, beginning of year	34,982	2,750	37,732	37,569
Revenues				
Plot sales	2,450	-	2,450	-
Interest income	12	-	12	163
	2,462	-	2,462	163
Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	2,462	-	2,462	163
Net assets, end of year	37,444	2,750	40,194	37,732

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, 2016

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. 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, 2016**, 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, 2016, 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
May 15, 2017

BILLINGS AND EAST ALLAN PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2016 with comparative figures for 2015

	2016	2015
	\$	\$
Financial Assets		
Cash	3,794	6,542
Accounts receivable	3,774	4,377
Total Assets	7,568	10,919
Financial Liabilities		
Accounts payable and accrued liabilities	557	324
Net assets (note 2)	7,011	10,595

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, 2016 with comparative figures for 2015

	2016	2015
	\$	\$
Revenues		
Municipal contribution	15,000	15,000
Province of Ontario - operating	9,582	7,244
Fundraising and book sales	9,502	4,600
Rent and Other	-	3,822
Donations	565	1,577
Fines, e-mail and copies	168	113
Total Revenues	34,817	32,356
Expenditures		
Wages and employee benefits	14,754	12,569
Books, videos and supplies	8,873	7,722
Telephone and utilities	3,978	3,596
Repairs and maintenance	2,577	2,191
Computer supplies	2,574	2,482
Miscellaneous	2,285	1,260
Supplies and stationary	1,608	193
Licenses, fees and dues	1,395	1,160
Advertising	357	524
Total Expenditures	38,401	31,697
Annual surplus (deficit)	(3,584)	659
Net assets, beginning of year	10,595	9,936
Net assets, end of year	7,011	10,595

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

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, 2016

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 account receivables.

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

2. NET ASSETS

	2016	2015
	\$	\$
For the general reduction of user charges	4,929	8,513
Reserves	2,082	2,082
	7,011	10,595

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.