

**THE CORPORATION OF
THE TOWNSHIP OF BILLINGS**

Consolidated Financial Statements

Year Ended December 31, 2022

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.

Mayor

Clerk-Treasurer

December 19, 2023

Date

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of **The Corporation of the Township of Billings**, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and changes in accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **The Corporation of the Township of Billings** as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

We also:

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

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

FREELANDT CALDWELL REILLY LLP

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Espanola, Ontario
December 19, 2023

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Financial Position

December 31, 2022 with comparative figures for 2021

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	4,480,091	2,950,125
Term deposits	8,189	7,879
Taxes receivable (note 2)	273,965	216,305
User charges receivable	52,874	35,103
Grants receivable	159,659	1,861,722
Other accounts receivable	173,274	142,361
	5,148,052	5,213,495
Liabilities		
Temporary borrowing (note 3)	-	500,000
Accounts payable and accrued liabilities	526,141	703,179
Deferred contributions (note 4)	767,462	197,246
Deferred contributions - obligatory reserves (note 5)	80,229	65,725
Long-term debt (note 6)	-	16,280
Contaminated site remediation liability (note 7)	225,757	219,182
Landfill closure and post-closure liability (note 8)	234,111	206,691
	1,833,700	1,908,303
Net Assets (note 9)	3,314,352	3,305,192
Non-financial Assets (note 10)		
Tangible capital assets (note 11)	14,891,773	14,476,585
Inventory	13,212	5,040
Prepaid expenses	18,789	19,064
	14,923,774	14,500,689
Accumulated Surplus	18,238,126	17,805,881

Contingent liabilities (note 13)

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGSConsolidated Statement of Operations and Changes in Accumulated Surplus
Year ended December 31, 2022 with comparative figures for 2021

	2022	2022	2021
	Budget	Actual	Actual
	\$	\$	\$
Revenue			
Taxation			
Residential and farm		2,236,677	2,144,817
Commercial, industrial and business		72,344	67,600
Other governments and agencies		8,949	7,570
	2,300,493	2,317,970	2,219,987
Deduct:			
Amounts raised on behalf of the school boards	298,542	298,542	292,913
	2,001,951	2,019,428	1,927,074
Government Transfers			
Government of Canada	471,490	268,120	299,530
Province of Ontario	1,307,300	1,190,255	4,470,425
	1,778,790	1,458,375	4,769,955
User Charges			
Sewer and water charges	265,402	257,911	259,794
User fees and service charges	83,950	276,488	254,327
	349,352	534,399	514,121
Other			
Penalties and interest charges	50,940	45,343	49,110
Donations	51,250	34,484	40,134
Licences and permits	26,887	21,683	24,541
Investment income	14,765	97,581	13,989
Rents, royalties and other	128,370	111,926	105,077
Loss on disposal of tangible capital assets	-	-	(352,542)
	272,212	311,017	(119,691)
Total Revenue	4,402,305	4,323,219	7,091,459
Expenditure			
General government	888,308	768,448	714,193
Protection to persons and property	357,307	373,617	381,481
Transportation services	501,773	795,268	605,286
Environment services	382,430	522,613	492,574
Health services	262,693	262,944	257,027
Social and family services	173,100	782,514	688,537
Recreation and cultural services	236,204	358,252	325,685
Planning and development	19,480	27,318	27,149
Total Expenditure	2,821,295	3,890,974	3,491,932
Annual Surplus	1,581,010	432,245	3,599,527
Accumulated Surplus, beginning of year	17,805,881	17,805,881	14,206,354
Accumulated Surplus, end of year	19,386,891	18,238,126	17,805,881

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2022 with comparative figures for 2021

	2022	2022	2021
	Budget	Actual	Actual
	\$	\$	\$
Annual Surplus	1,581,010	432,245	3,599,527
Acquisition of tangible capital assets	(2,645,200)	(1,138,332)	(4,796,132)
Amortization of tangible capital assets	-	723,144	549,442
Loss on disposal of tangible capital assets	-	-	352,542
Change in inventory	-	(8,172)	621
Change in prepaid expenses	-	275	832
Change in net assets	(1,064,190)	9,160	(293,168)
Net Assets, beginning of year	3,305,192	3,305,192	3,598,360
Net Assets, end of year	2,241,002	3,314,352	3,305,192

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Cash Flows

Year ended December 31, 2022 with comparative figures for 2021

	2022	2021
	\$	\$
Cash flows from operations		
Annual Surplus	432,245	3,599,527
Items not involving cash		
Amortization of tangible capital assets	723,144	549,442
Loss on disposal of tangible capital assets	-	352,542
Contaminated site remediation liability	6,575	6,384
Landfill closures and post-closure liability	27,420	17,332
	1,189,384	4,525,227
Changes in non-cash assets and liabilities		
Taxes receivable	(57,660)	35,852
User charges receivable	(17,771)	(997)
Grants receivable	1,702,063	(303,306)
Other accounts receivable	(30,913)	52,371
Accounts payable and accrued liabilities	(177,038)	217,434
Deferred contributions	570,216	142,114
Deferred contributions - obligatory reserves	14,504	39,257
Inventory	(8,172)	621
Prepaid expenses	275	832
	3,184,888	4,709,405
Capital transactions		
Cash used to acquire tangible capital assets	(1,138,332)	(4,796,132)
Investing transactions		
Redemption of term deposits	(310)	-
Financing transactions		
Temporary borrowing (repayments)	(500,000)	500,000
Repayment of long-term debt	(16,280)	(16,280)
	(516,280)	483,720
Increase in cash and cash equivalents	1,529,966	396,993
Cash and cash equivalents, beginning of year	2,950,125	2,553,132
Cash and cash equivalents, end of year	4,480,091	2,950,125

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township are the representation of management. The financial statements are prepared using 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) 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.

ii) 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

iii) 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.

iv) 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, 2022

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. Inventories held for resale are recorded at the lower of cost and net realizable value. Cost is determined using the actual cost method.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

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 expenditures 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, contaminated site remediation liability, and estimated useful lives of tangible capital assets.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

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 and cash equivalents, term deposits, taxes receivable, user charges receivable, grants receivable and other account receivables.

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

2. TAXES RECEIVABLE

The components of taxes receivable are as follows:

	2022	2021
	\$	\$
Taxes receivable	240,955	187,954
Interest receivable on outstanding tax balances	33,010	28,351
	<u>273,965</u>	<u>216,305</u>

3. TEMPORARY BORROWING

BMO Bank of Montreal has authorized a non-revolving demand loan to a maximum of \$2,000,000 which is unsecured, bearing interest at the bank's prime rate of interest plus 0.5% per annum. At December 31, 2022, \$NIL (2021 - \$500,000) has been drawn on this credit facility.

BMO Bank of Montreal has also authorized a corporate Mastercard facility to a maximum of \$10,000. At December 31, 2022, \$5,534 has been drawn on this credit facility, the balance of which is included in accounts payable and accrued liabilities.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

4. DEFERRED CONTRIBUTIONS

The balance in deferred contributions is summarized as follows:

	2022	2021
	\$	\$
Deferred contributions, beginning of year	197,246	55,132
Amounts received (recognized) during the year		
- Ontario Trillium Foundation	450,000	-
Amounts received (recognized) during the year		
- Ontario Trillium Foundation	(10,300)	-
Amounts received (recognized) during the year		
- Ministry of Natural Resources	153,572	-
Amounts received (recognized) during the year		
- Employment and Social Development Canada	-	100,000
Amounts received (recognized) during the year		
- Ministry of Municipal Affairs & Housing	(32,884)	32,487
Amounts received during the year - Ministry of Finance	-	5,000
Other contributions received (recognized) for future expenditures	9,828	4,627
Deferred contributions, end of year	767,462	197,246

Deferred contributions consists of the following:

Ontario Trillium Foundation	439,700	-
Ministry of Natural Resources	153,572	-
Employment and Social Development Canada	100,000	100,000
Ministry of Municipal Affairs & Housing	31,660	64,544
Ministry of Finance	10,000	10,000
Amounts related to Manitoulin Centennial Manor	30,122	19,370
Amounts related to the Manitoulin Planning Board	2,408	3,332
	767,462	197,246

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

5. DEFERRED CONTRIBUTIONS – OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred contributions. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserves funds of the Township are summarized below:

	2022	2021
	\$	\$
Deferred contributions - obligatory reserves, beginning of year	65,725	26,468
Contributions received during the year - Federal Gas Tax	38,248	75,017
Amounts recognized as revenue during year - Federal Gas Tax	(23,744)	(35,760)
Deferred contributions - obligatory reserves, end of year	80,229	65,725

Deferred contributions - obligatory reserves consist of the following:

Federal Gas Tax	80,229	65,725
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6. LONG-TERM DEBT

	2022	2021
	\$	\$
BMO Bank of Montreal fixed rate term loan, repayable in monthly instalments of \$1,356 plus interest at 3.92% per annum, matured in December 2022, unsecured	-	16,280

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

7. CONTAMINATED SITE REMEDIATION LIABILITY

The Township has recognized a contaminated site remediation liability in the amount of \$225,757. This liability is the estimated cost based on the professional assessment of a contracted engineering firm for the in-situ remediation of PHC impacted groundwater and soils located under the municipal office located at 15 Old Mill Road. This cost represents a scope of work including groundwater remediation, cleaning of the crawl space, and continued environmental monitoring of the site. As the Township owns the building and land on which the contamination exists, the Township is directly responsible for its remediation.

8. 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 capacity	16,264 m3
Remaining life	16 years
Closure and acquisition costs	\$242,518
Monitoring period post-closure	25 years
Annual monitoring costs	\$8,867
Total estimated liability	\$394,524
Current estimated liability	\$234,111
Amount remaining to be recognized	\$160,413

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

9. 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:

	2022	2021
	\$	\$
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To be used:		
- for the general decrease in taxation and user charges	1,535,180	1,257,250
- for the recovery from taxation and user charges for the repayment of long-term debt, land fill liability, contaminated site remediation	459,868	442,153
- for the general operations of joint and local boards	57,044	66,339
- for reserves and reserve funds	1,262,260	1,539,450
	<hr/>	<hr/>
	3,314,352	3,305,192
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10. 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, 2022

11. TANGIBLE CAPITAL ASSETS

2022	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges and Culverts \$	Vehicles \$	Equipment \$	Water Treatment and Sewer \$	Marina \$	2022 Total \$
Cost									
Balance, beginning of year	623,972	129,893	4,722,976	8,174,695	1,606,037	373,512	3,392,647	2,510,673	21,534,405
Additions	-	-	654,237	345,161	11,807	8,923	45,110	73,094	1,138,332
Disposals	-	-	(70,836)	(94,669)	-	-	-	-	(165,505)
Balance, end of year	623,972	129,893	5,306,377	8,425,187	1,617,844	382,435	3,437,757	2,583,767	22,507,232
Accumulated Amortization									
Balance, beginning of year	-	72,486	2,076,905	2,656,098	821,921	177,827	1,092,602	159,981	7,057,820
Disposals	-	-	(70,836)	(94,669)	-	-	-	-	(165,505)
Amortization expense	-	4,525	119,339	277,525	81,638	25,223	90,635	124,259	723,144
Balance, end of year	-	77,011	2,125,408	2,838,954	903,559	203,050	1,183,237	284,240	7,615,459
Net book value	623,972	52,882	3,180,969	5,586,233	714,285	179,385	2,254,520	2,299,527	14,891,773
2021	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges and Culverts \$	Vehicles \$	Equipment \$	Water Treatment and Sewer \$	Marina \$	2021 Total \$
Cost									
Balance, beginning of year	623,972	129,893	4,663,129	4,718,730	1,314,813	373,259	3,392,647	2,090,711	17,307,154
Additions	-	-	59,847	4,024,846	291,224	253	-	419,962	4,796,132
Disposals	-	-	-	(568,881)	-	-	-	-	(568,881)
Balance, end of year	623,972	129,893	4,722,976	8,174,695	1,606,037	373,512	3,392,647	2,510,673	21,534,405
Accumulated Amortization									
Balance, beginning of year	-	67,961	1,961,699	2,737,653	747,859	152,854	1,001,967	54,724	6,724,717
Disposals	-	-	-	(216,339)	-	-	-	-	(216,339)
Amortization expense	-	4,525	115,206	134,784	74,062	24,973	90,635	105,257	549,442
Balance, end of year	-	72,486	2,076,905	2,656,098	821,921	177,827	1,092,602	159,981	7,057,820
Net book value	623,972	57,407	2,646,071	5,518,597	784,116	195,685	2,300,045	2,350,692	14,476,585

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

12. TRUST FUND

Trust funds administered by the Township amounting to \$49,499 (2021 - \$48,307) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

13. 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.

14. 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 Mayor, 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.

14. 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, 2022

14. SEGMENTED DISCLOSURE (continued)

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health and Social Services \$	Recreation and Cultural Services \$	Planning and Development \$	2022 Total \$	2021 Total \$
Revenues									
Taxation	2,019,428	-	-	-	-	-	-	2,019,428	1,927,074
Grants	656,384	-	\$ 23,744	92,053	443,507	239,769	2,918	1,458,375	4,769,955
User fees and service charges	1,630	-	905	265,955	159,347	88,322	18,240	534,399	514,121
Other	245,024	22,483	-	2,496	4,906	35,586	522	311,017	(119,691)
	2,922,466	22,483	24,649	360,504	607,760	363,677	21,680	4,323,219	7,091,459
Expenditures									
Salaries, wages and benefits	393,134	52,929	233,419	40,580	-	75,475	-	795,537	724,766
Purchase of goods and materials	250,079	48,199	214,058	190,278	651,218	119,601	27,219	1,500,652	1,301,285
Contracts and services	97,382	251,598	-	118,848	-	-	-	467,828	465,634
Interest on long-term debt	-	-	-	-	-	-	-	-	1,000
Amortization	18,280	20,891	347,791	172,907	-	163,176	99	723,144	549,442
Financial expenses	9,573	-	-	-	-	-	-	9,573	26,288
Other transfers	-	-	-	-	394,240	-	-	394,240	423,517
	768,448	373,617	795,268	522,613	1,045,458	358,252	27,318	3,890,974	3,491,932
Excess (deficiency) of revenues over expenditures	2,154,018	(351,134)	(770,619)	(162,109)	(437,698)	5,425	(5,638)	432,245	3,599,527

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

15. CONTRIBUTIONS TO JOINT LOCAL BOARDS

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

	2022	2021
	\$	\$
Sudbury District Health Unit	27,696	25,881
Manitoulin-Sudbury District Services Board	366,544	358,257
	394,240	384,138

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

	2022	2021
	%	%
Sudbury District Health Unit	0.305	0.305
Manitoulin-Sudbury District Services Board	3.360	3.360

16. 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 ten-year period ending December 31, 2027, at an annual cost including consumer price index adjustment (years' two through ten) estimated as follows:

	\$
2023	116,248
2024	117,992
2025	119,762
2026	121,558
2027	123,381

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2022

17. 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:

	2022
	\$
Budget surplus approved by Council	-
Less: Budgeted transfers from reserves and reserve funds	(1,064,190)
Add: Budgeted acquisition of tangible capital assets	2,645,200
Budget surplus per consolidated financial statements	1,581,010

18. 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, 2022

18. 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 ended December 31, 2022

	Total	Working	Asset		Fire		Water Works	CBO
	\$	Fund	Management	Subdivision	Department	Roads	System	Training
	\$	\$	\$	\$	\$	\$	\$	\$
RESERVES								
Balance, beginning of year	1,367,348	1,186,246	54,000	-	9,617	111,139	5,746	600
Appropriations from (to)								
- current operations	(227,190)	(227,190)	-	-	-	-	-	-
Balance, end of year	1,140,158	959,056	54,000	-	9,617	111,139	5,746	600

RESERVE FUNDS

Balance, beginning of year	172,102	-	-	172,102	-	-	-	-
Appropriations from (to)								
- current operations	(50,000)	-	-	(50,000)	-	-	-	-
Balance, end of year	122,102	-	-	122,102	-	-	-	-

Total Reserves and Reserve Funds 1,262,260



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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, 2022, and the statements of operations, and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2022, and it's the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

We also:

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

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

FREELANDT CALDWELL REILLY LLP



Chartered Professional Accountants
Licensed Public Accountants

Espanola, Ontario
December 19, 2023

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Statement of Financial Position

December 31, 2022 with comparative figures for 2021

	Cemetery Perpetual Care \$	Monument Care \$	Community Centre Replacement \$	Total 2022 \$	Total 2021 \$
Assets					
Cash	45,260	838	2,805	48,903	46,357
Due from (to) municipality	596	-	-	596	1,950
Net Assets	45,856	838	2,805	49,499	48,307

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Statement of Operations and Changes in Net Assets
Year ended December 31, 2022 with comparative figures for 2021

	Cemetery Perpetual Care \$	Monument Care \$	Community Centre Replacement \$	Total 2022 \$	Total 2021 \$
Net assets, beginning of year	44,706	829	2,772	48,307	46,043
Revenues					
Plot sales	1,150	-	-	1,150	2,200
Interest income	-	9	33	42	64
	1,150	9	33	1,192	2,264
Expenditures					
	-	-	-	-	-
Excess of revenues over expenditures	1,150	9	33	1,192	2,264
Net assets, end of year	45,856	838	2,805	49,499	48,307

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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Notes to the Financial Statements
Year ended December 31, 2022

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.