

**THE CORPORATION OF  
THE TOWNSHIP OF BILLINGS**

Consolidated Financial Statements

Year Ended December 31, 2021

DRAFT - APRIL 16, 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

---

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, 2021, 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, 2021, 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.

### *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.

## INDEPENDENT AUDITORS' REPORT (continued)

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**

Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
TBD

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Consolidated Statement of Financial Position

December 31, 2021 with comparative figures for 2020

	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	2,950,125	2,553,132
Term deposits	7,879	7,879
Taxes receivable (note 2)	216,305	252,157
User charges receivable	35,103	34,106
Grants receivable	1,861,722	1,558,416
Other accounts receivable	142,361	194,732
	5,213,495	4,600,422
<b>Liabilities</b>		
Temporary borrowing	500,000	-
Accounts payable and accrued liabilities	703,179	485,745
Deferred contributions (note 3)	197,246	55,132
Deferred contributions - obligatory reserves (note 4)	65,725	26,468
Long-term debt (note 5)	16,280	32,560
Contaminated site remediation liability (note 6)	219,182	212,798
Landfill closure and post-closure liability (note 7)	206,691	189,359
	1,908,303	1,002,062
<b>Net Assets (note 8)</b>	3,305,192	3,598,360
<b>Non-financial Assets (note 9)</b>		
Tangible capital assets (note 10)	14,476,585	10,582,437
Inventory	5,040	5,661
Prepaid expenses	19,064	19,896
	14,500,689	10,607,994
<b>Accumulated Surplus</b>	17,805,881	14,206,354

Contingent liabilities (note 12)

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, 2021 with comparative figures for 2020

	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
<b>Taxation</b>			
Residential and farm		2,144,817	2,098,724
Commercial, industrial and business		67,600	68,862
Other governments and agencies		7,570	7,570
	2,217,590	2,219,987	2,175,156
<b>Deduct:</b>			
Amounts raised on behalf of the school boards	292,907	292,913	288,198
	1,924,683	1,927,074	1,886,958
<b>Government Transfers</b>			
Government of Canada	235,118	299,530	820,718
Province of Ontario	4,229,237	4,470,425	1,899,619
Other municipalities	-	-	-
	4,464,355	4,769,955	2,720,337
<b>User Charges</b>			
Sewer and water charges	268,886	259,794	254,782
User fees and service charges	68,850	254,327	202,569
	337,736	514,121	457,351
<b>Other</b>			
Donations	10,200	40,134	6,314
Licences and permits	14,100	24,541	14,105
Investment income	18,000	13,989	24,872
Penalties and interest charges	44,500	49,110	44,495
Loss on disposal of tangible capital assets	-	(352,542)	-
Rents, royalties and other	129,700	105,077	118,468
	216,500	(119,691)	208,254
<b>Total Revenue</b>	<b>6,943,274</b>	<b>7,091,459</b>	<b>5,272,900</b>
<b>Expenditure</b>			
General government	820,044	714,193	624,292
Protection to persons and property	398,714	381,481	356,615
Transportation services	926,351	605,286	584,766
Environment services	383,821	492,574	450,472
Health services	290,180	257,027	246,757
Social and family services	169,500	688,537	646,060
Recreation and cultural services	394,264	325,685	172,377
Planning and development	29,400	27,149	27,786
<b>Total Expenditure</b>	<b>3,412,274</b>	<b>3,491,932</b>	<b>3,109,125</b>
<b>Annual Surplus</b>	<b>3,531,000</b>	<b>3,599,527</b>	<b>2,163,775</b>
<b>Accumulated Surplus, beginning of year</b>	<b>14,206,354</b>	<b>14,206,354</b>	<b>12,042,579</b>
<b>Accumulated Surplus, end of year</b>	<b>17,737,354</b>	<b>17,805,881</b>	<b>14,206,354</b>

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, 2021 with comparative figures for 2020

---

	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Annual Surplus</b>	3,531,000	3,599,527	2,163,775
Acquisition of tangible capital assets	(4,217,000)	(4,796,132)	(2,332,261)
Amortization of tangible capital assets	-	549,442	445,382
Proceeds on disposal of tangible capital assets	-	-	-
Loss on disposal of tangible capital assets	-	352,542	-
Change in inventory	-	621	206
Change in prepaid expenses	-	832	(233)
Change in net assets	(686,000)	(293,168)	276,869
<b>Net Assets, beginning of year</b>	3,598,360	3,598,360	3,321,491
<b>Net Assets, end of year</b>	2,912,360	3,305,192	3,598,360

---

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, 2021 with comparative figures for 2020

	2021	2020
	\$	\$
<b>Cash flows from operations</b>		
<b>Annual Surplus</b>	3,599,527	2,163,775
<b>Items not involving cash</b>		
Amortization of tangible capital assets	549,442	445,382
Loss on disposal of tangible capital assets	352,542	
Contaminated site remediation liability	6,384	6,198
Landfill closures and post-closure liability	17,332	16,304
	4,525,227	2,631,659
<b>Changes in non-cash assets and liabilities</b>		
Taxes receivable	35,852	24,604
User charges receivable	(997)	9,234
Grants receivable	(303,306)	(1,412,248)
Other accounts receivable	52,371	(146,720)
Accounts payable and accrued liabilities	217,434	261,825
Deferred contributions	142,114	29,833
Deferred contributions - obligatory reserves	39,257	(5,765)
Inventory	621	206
Prepaid expenses	832	(233)
	4,709,405	1,392,395
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	(4,796,132)	(2,332,261)
<b>Investing transactions</b>		
Redemption of term deposits	-	(11)
<b>Financing transactions</b>		
Temporary borrowing	500,000	-
Repayment of long-term debt	(16,280)	(16,280)
	483,720	(16,280)
<b>Increase in cash and cash equivalents</b>	396,993	(956,157)
<b>Cash and cash equivalents, beginning of year</b>	2,553,132	3,509,289
<b>Cash and cash equivalents, end of year</b>	2,950,125	2,553,132

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, 2021

---

## 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) 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, 2021

---

**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, 2021

---

## 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, 2021

---

**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 accounts payable and accrued liabilities and long-term debt.

**2. TAXES RECEIVABLE**

The components of taxes receivable are as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Taxes receivable	187,954	232,253
Interest receivable on outstanding tax balances	28,351	19,904
	<b>216,305</b>	<b>252,157</b>

---

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Notes to the Consolidated Financial Statements

December 31, 2021

---

**3. DEFERRED CONTRIBUTIONS**

The balance in deferred contributions is summarized as follows:

	2021	2020
	\$	\$
Deferred contributions, beginning of year	55,132	25,299
Amounts received (recognized) during the year		
- Employment and Social Development Canada	100,000	-
Amounts received during the year - Ministry of Finance	5,000	-
Amounts received (recognized) during the year		
- FedNor Industry Canada	-	(18,358)
Amounts received (recognized) during the year		
- Ministry of Municipal Affairs & Housing	32,487	32,057
Other contributions received (recognized) for future expenditures	4,627	16,134
Deferred contributions, end of year	197,246	55,132

Deferred contributions consists of the following:

Employment and Social Development Canada	100,000	-
Ministry of Municipal Affairs & Housing	64,544	32,057
Amounts related to Manitoulin Centennial Manor	19,370	16,078
Ministry of Finance	10,000	5,000
Amounts related to the Manitoulin Planning Board	3,332	1,997
	197,246	55,132

---

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Notes to the Consolidated Financial Statements

December 31, 2021

---

**4. DEFERRED REVENUE – 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:

	<b>2021</b>	<b>2020</b>
	\$	\$
Deferred contributions - obligatory reserves, beginning of year	26,468	32,233
Contributions received during the year - Federal Gas Tax	75,017	36,585
Amounts recognized as revenue during year - Federal Gas Tax	(35,760)	(42,350)
Deferred contributions - obligatory reserves, end of year	65,725	26,468

Deferred contributions - obligatory reserves consist of the following:

Federal Gas Tax	65,725	26,468
-----------------	--------	--------

**5. LONG-TERM DEBT**

	<b>2021</b>	<b>2020</b>
	\$	\$
BMO Bank of Montreal fixed rate term loan, repayable in monthly instalments of \$1,356 plus interest at 3.92% per annum, maturing December 2022, unsecured	16,280	32,560

Anticipated principal payments on the long-term debt are as follows:

2022	16,280
------	--------

---

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Notes to the Consolidated Financial Statements

December 31, 2021

---

**6. CONTAMINATED SITE REMEDIATION LIABILITY**

The Township has recognized a contaminated site remediation liability in the amount of \$219,182. 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.

**7. 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	17,334 m <sup>3</sup>
Remaining life	17 years
Closure and acquisition costs	\$235,454
Monitoring period post-closure	25 years
Annual monitoring costs	\$8,609
Total estimated liability	\$364,760
Current estimated liability	\$206,691
Amount remaining to be recognized	\$158,069

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, 2021

---

**8. 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:

	2021	2020
	\$	\$
To be used:		
- for the general decrease in taxation and user charges	1,257,250	881,266
- for the recovery from taxation and user charges for the repayment of long-term debt, land fill liability, contaminated site remediation	442,153	434,717
- for the general operations of joint and local boards	66,339	56,927
- for reserves and reserve funds	1,539,450	2,225,450
	<u>3,305,192</u>	<u>3,598,360</u>

**9. 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.

DRAFT - APRIL 16, 2022



# THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2021

## 10. TANGIBLE CAPITAL ASSETS

	Land	Land	Buildings	Roads and	Vehicles	Equipment	Water	Marina	2021
	Improvements	Improvements		Bridges and			Treatment		Total
				Culverts			and Sewer		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
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
<b>Accumulated Amortization</b>									
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
<b>2020</b>									
	Land	Land	Buildings	Roads and	Vehicles	Equipment	Water	Marina	Total
	Improvements	Improvements		Bridges and			Treatment		
				Culverts			and Sewer		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
Balance, beginning of year	623,972	129,893	4,442,316	4,441,798	1,280,149	328,480	3,392,647	335,638	14,974,893
Additions	-	-	220,813	276,932	34,664	44,779	-	1,755,073	2,332,261
Disposals	-	-	-	-	-	-	-	-	-
Balance, end 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
<b>Accumulated Amortization</b>									
Balance, beginning of year	-	63,436	1,847,901	2,591,143	681,346	129,453	911,332	54,724	6,279,335
Disposals	-	-	-	-	-	-	-	-	-
Amortization expense	-	4,525	113,798	146,510	66,513	23,401	90,635	-	445,382
Balance, end of year	-	67,961	1,961,699	2,737,653	747,859	152,854	1,001,967	54,724	6,724,717
Net book value	623,972	61,932	2,701,430	1,981,077	566,954	220,405	2,390,680	2,035,987	10,582,437

**11. TRUST FUND**

Trust funds administered by the Township amounting to \$48,307 (2020 - \$46,043) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

**12. 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.

**13. 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.

**13. 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.

DRAFT - APRIL 2022

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Notes to the Consolidated Financial Statements

December 31, 2021

**13. SEGMENTED DISCLOSURE (continued)**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health and Social Services \$	Recreation and Cultural Services \$	Planning and Development \$	2021 Total \$	2020 Total \$
<b>Revenues</b>									
Taxation	1,927,074	-	-	-	-	-	-	1,927,074	1,886,958
Grants	606,133	4,700	3,484,698	19,316	377,493	275,107	2,508	4,769,955	2,720,337
User fees and service charges	4,100	-	1,836	268,474	146,796	85,195	7,720	514,121	457,351
Other	161,484	24,541	(352,542)	-	6,842	39,984	-	(119,691)	208,254
	2,698,791	29,241	3,133,992	287,790	531,131	400,286	10,228	7,091,459	5,272,900
<b>Expenditures</b>									
Salaries, wages and benefits	348,238	54,375	222,016	33,192	-	66,945	-	724,766	719,652
Purchase of goods and materials	220,603	55,907	185,795	171,821	522,047	118,033	27,079	1,301,285	1,123,434
Contracts and services	101,007	249,308	-	114,654	-	665	-	465,634	409,274
Interest on long-term debt	-	1,000	-	-	-	-	-	1,000	1,532
Amortization	18,057	20,891	197,475	172,907	-	140,042	70	549,442	445,382
Financial expenses	26,288	-	-	-	-	-	-	26,288	10,556
Other transfers	-	-	-	-	423,517	-	-	423,517	399,295
	714,193	381,481	605,286	492,574	945,564	325,685	27,149	3,491,932	3,109,125
Excess (deficiency) of revenues over expenditures	1,984,598	(352,240)	2,528,706	(204,784)	(414,433)	74,601	(16,921)	3,599,527	2,163,775

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Notes to the Consolidated Financial Statements

December 31, 2021

**14. CONTRIBUTIONS TO JOINT LOCAL BOARDS**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Sudbury District Health Unit	25,881	22,594
Manitoulin-Sudbury District Services Board	358,257	350,481
	<b>384,138</b>	<b>373,075</b>

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

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Sudbury District Health Unit	0.305	0.305
Manitoulin-Sudbury District Services Board	3.360	3.310

**15. 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:

	<b>\$</b>
2022	114,530
2023	116,248
2024	117,992
2025	119,762
2026	121,558

# THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2021

## 16. 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:

	2021
	\$
Budget surplus approved by Council	-
Less: Budgeted transfers from reserves and reserve funds	(686,000)
Add: Budgeted acquisition of tangible capital assets	4,217,000
Budget surplus per consolidated financial statements	3,531,000

## 17. 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.

**17. 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.

**18. COVID-19 PANDEMIC**

The COVID-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at December 31, 2021, and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date. Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption and related financial impact cannot be reasonably estimated at this time. The Township's ability to continue to service debt and meet obligations as they come due is dependent on its continued ability to generate cash flows. At this time, the full potential impact of COVID-19 on the Township is not known.

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**

Schedule of Continuity of Reserves and Reserve Funds

Year ended December 31, 2021

	<b>Total</b>	<b>Working</b>	<b>Asset</b>		<b>Fire</b>		<b>Water Works</b>	<b>CBO</b>
	<b>\$</b>	<b>Fund</b>	<b>Management</b>	<b>Subdivision</b>	<b>Department</b>	<b>Roads</b>	<b>System</b>	<b>Training</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>RESERVES</b>								
Balance, beginning of year	2,053,348	1,872,246	54,000	-	9,617	111,139	5,746	600
Appropriations from (to)								
- current operations	(686,000)	(686,000)	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>1,367,348</b>	<b>1,186,246</b>	<b>54,000</b>	<b>-</b>	<b>9,617</b>	<b>111,139</b>	<b>5,746</b>	<b>600</b>
<b>RESERVE FUNDS</b>								
Balance, beginning of year	172,102	-	-	172,102	-	-	-	-
Appropriations from (to)								
- current operations	-	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>172,102</b>	<b>-</b>	<b>-</b>	<b>172,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Reserves and Reserve Funds</b>	<b><u>1,539,450</u></b>							

DRAFT - APRIL 16, 2022



## 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, 2021, 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, 2021, 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.

### *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.

## INDEPENDENT AUDITORS' REPORT (continued)

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

Sudbury, Ontario  
TBD

---

**THE CORPORATION OF THE TOWNSHIP OF BILLINGS**  
**TRUST FUNDS**

Statement of Financial Position

December 31, 2021 with comparative figures for 2020

---

	<b>Cemetery Perpetual Care \$</b>	<b>Monument Care \$</b>	<b>Community Centre Replacement \$</b>	<b>Total 2021 \$</b>	<b>Total 2020 \$</b>
<b>Assets</b>					
Cash	42,756	829	2,772	46,357	45,793
Due from (to) municipality	1,950	-	-	1,950	250
<b>Net Assets</b>	<b>44,706</b>	<b>829</b>	<b>2,772</b>	<b>48,307</b>	<b>46,043</b>

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, 2021 with comparative figures for 2020

	<b>Cemetery Perpetual Care \$</b>	<b>Monument Care \$</b>	<b>Community Centre Replacement \$</b>	<b>Total 2021 \$</b>	<b>Total 2020 \$</b>
<b>Net assets, beginning of year</b>	42,447	827	2,769	46,043	45,954
<b>Revenues</b>					
Plot sales	2,200	-		2,200	-
Interest income	59	2	3	64	89
	2,259	2	3	2,264	89
<b>Expenditures</b>					
	-	-	-	-	-
<b>Excess of revenues over expenditures</b>	2,259	2	3	2,264	89
<b>Net assets, end of year</b>	44,706	829	2,772	48,307	46,043

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, 2021

---

**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.