

**THE CORPORATION OF
THE TOWNSHIP OF BILLINGS**

Consolidated Financial Statements

Year Ended December 31, 2023

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, 2023, 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, 2023, 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 AUDITOR'S REPORT (continued)

Auditor's 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
September 17, 2024

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Consolidated Statement of Financial Position

December 31, 2023 with comparative figures for 2022

	2023	2022
	\$	\$
		(restated - note 2)
Financial Assets		
Cash and cash equivalents	3,319,808	4,480,091
Term deposits	3,867	8,189
Taxes receivable (note 3)	212,787	273,965
User charges receivable	56,529	52,874
Grants receivable	880,291	159,659
Other accounts receivable	139,942	173,274
	<hr/> 4,613,224	<hr/> 5,148,052
Liabilities		
Accounts payable and accrued liabilities	788,185	526,141
Deferred contributions (note 5)	241,218	767,462
Deferred contributions - obligatory reserves (note 6)	120,141	80,229
Long-term debt (note 7)	200,000	-
Contaminated site remediation liability (note 8)	232,530	225,757
Asset retirement obligation (note 9)	487,259	473,067
	<hr/> 2,069,333	<hr/> 2,072,656
Net Assets	<hr/> 2,543,891	<hr/> 3,075,396
Non-financial Assets (note 11)		
Tangible capital assets (note 12)	17,906,148	14,891,773
Inventory	9,866	13,212
Prepaid expenses	19,790	18,789
	<hr/> 17,935,804	<hr/> 14,923,774
Accumulated Surplus	<hr/> 20,479,695	<hr/> 17,999,170

Contingent liabilities (note 14)

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, 2023 with comparative figures for 2022

	2023	2022
	Actual	Actual
	\$	\$
		(restated - note 2)
Revenue		
Taxation		
Residential and farm	2,311,390	2,236,677
Commercial, industrial and business	82,786	72,344
Other governments and agencies	9,069	8,949
	2,403,245	2,317,970
Deduct:		
Amounts raised on behalf of the school boards	303,701	298,542
	2,099,544	2,019,428
Government Transfers		
Province of Ontario	2,834,880	1,190,255
Government of Canada	725,511	268,120
	3,560,391	1,458,375
User Charges		
User fees and service charges	299,367	276,488
Sewer and water charges	256,062	257,911
	555,429	534,399
Other		
Investment income	188,400	97,581
Donations	75,423	34,484
Penalties and interest charges	44,322	45,343
Licences and permits	26,253	21,683
Rents, royalties and other	86,423	111,926
	420,821	311,017
Total Revenue	6,636,185	4,323,219
Expenditure		
General government	861,575	768,448
Protection to persons and property	365,456	373,617
Transportation services	847,994	795,268
Environment services	559,150	508,972
Health services	273,981	262,944
Social and family services	820,477	782,514
Recreation and cultural services	391,263	358,252
Planning and development	35,764	27,318
Total Expenditure	4,155,660	3,877,333
Annual Surplus	2,480,525	445,886
Accumulated Surplus, beginning of year	17,999,170	17,805,881
Adjustment on adoption of asset retirement obligation standard (note 2)	-	(252,597)
Accumulated Surplus, beginning of year, as restated	17,999,170	17,553,284
Accumulated Surplus, end of year	20,479,695	17,999,170

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, 2023 with comparative figures for 2022

	2023	2022
	Actual	Actual
	\$	\$
		(restated - note 2)
Annual Surplus	2,480,525	445,886
Acquisition of tangible capital assets	(3,756,073)	(1,138,332)
Amortization of tangible capital assets	741,698	723,144
Change in inventory	3,346	(8,172)
Change in prepaid expenses	(1,001)	275
Change in net assets	(531,505)	22,801
Net Assets, beginning of year	3,075,396	3,305,192
Adjustment on adoption of asset retirement obligation standard (note 2)	-	(252,597)
Net Assets, beginning of year, as restated	3,075,396	3,052,595
Net Assets, end of year	2,543,891	3,075,396

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, 2023 with comparative figures for 2022

	2023	2022
	\$	\$
		(restated - note 2)
Cash flows from operations		
Annual Surplus	2,480,525	445,886
Items not involving cash		
Amortization of tangible capital assets	741,698	723,144
Contaminated site remediation liability	6,773	6,575
Accretion of asset retirement obligation	14,192	13,779
	3,243,188	1,189,384
Changes in non-cash assets and liabilities		
Taxes receivable	61,178	(57,660)
User charges receivable	(3,655)	(17,771)
Grants receivable	(720,632)	1,702,063
Other accounts receivable	33,332	(30,913)
Accounts payable and accrued liabilities	262,044	(177,038)
Deferred contributions	(526,244)	570,216
Deferred contributions - obligatory reserves	39,912	14,504
Inventory	3,346	(8,172)
Prepaid expenses	(1,001)	275
	2,391,468	3,184,888
Capital transactions		
Cash used to acquire tangible capital assets	(3,756,073)	(1,138,332)
Investing transactions		
Redemption of term deposits	4,322	(310)
Financing transactions		
Temporary borrowing (repayments)	200,000	(500,000)
Repayment of long-term debt	-	(16,280)
	200,000	(516,280)
Increase in cash and cash equivalents	(1,160,283)	1,529,966
Cash and cash equivalents, beginning of year	4,480,091	2,950,125
Cash and cash equivalents, end of year	3,319,808	4,480,091

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, 2023

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, 2023

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, 2023

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, 2023

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.

viii) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage time and for any revisions to the timing, amount required to settle the obligation, the inflation rate or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2022, the Township adopted the new Canadian public sector accounting standard PS 3280 – Asset Retirement Obligations. As a result of this adoption, the amounts presented as comparative figures in these financial statements have been restated from the prior year.

This new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities and replaces PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. This change in accounting policy was adopted using the modified retrospective basis and reflects the following adjustments at the date of adoption:

- a) January 1, 2022: A \$459,288 increase in the asset retirement obligation liability, a \$206,691 decrease in landfill closure and post-closure liability and a \$252,597 decrease in accumulated surplus.
- b) December 31, 2022: A \$13,779 increase in the asset retirement obligation liability resulting in an increase in accretion expense of \$13,779, and a decrease in landfill expense of \$27,420 resulting in an increase in the annual surplus of \$13,641.

3. TAXES RECEIVABLE

The components of taxes receivable are as follows:

	2023	2022
	\$	\$
Taxes receivable	189,829	240,955
Interest receivable on outstanding tax balances	22,958	33,010
	<u>212,787</u>	<u>273,965</u>

4. 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, 2023, \$NIL (2022 - \$NIL) has been drawn on this credit facility.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

5. DEFERRED CONTRIBUTIONS

The balance in deferred contributions is summarized as follows:

	2023	2022
	\$	\$
Deferred contributions, beginning of year	767,462	197,246
Amounts received (recognized) during the year		
- Ontario Trillium Foundation	-	450,000
Amounts received (recognized) during the year		
- Ontario Trillium Foundation	(253,982)	(10,300)
Contributions repayable to funder - Ontario Trillium Foundation	(185,718)	-
Amounts received (recognized) during the year		
- Ministry of Natural Resources	(20,754)	153,572
Amounts received (recognized) during the year		
- Employment and Social Development Canada	(13,757)	-
Amounts received (recognized) during the year		
- JBR Ventures	5,000	-
Amounts received (recognized) during the year		
- Ministry of Municipal Affairs & Housing	(31,660)	(32,884)
Other contributions received (recognized) for future expenditures	(25,373)	9,828
Deferred contributions, end of year	241,218	767,462

Deferred contributions consists of the following:

Ministry of Natural Resources	132,818	153,572
Employment and Social Development Canada	86,243	100,000
Ontario Trillium Foundation	-	439,700
Ministry of Finance	10,000	10,000
JBR Ventures	5,000	
Ministry of Municipal Affairs & Housing	-	31,660
Amounts related to Manitoulin Centennial Manor	6,538	30,122
Amounts related to the Manitoulin Planning Board	619	2,408
	241,218	767,462

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

6. 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:

	2023	2022
	\$	\$
Deferred contributions - obligatory reserves, beginning of year	80,229	65,725
Contributions received during the year - Federal Gas Tax	39,912	38,248
Amounts recognized as revenue during year - Federal Gas Tax	-	(23,744)
Deferred contributions - obligatory reserves, end of year	120,141	80,229

Deferred contributions - obligatory reserves consist of the following:

Federal Gas Tax	120,141	80,229
-----------------	---------	--------

7. LONG-TERM DEBT

	2023	2022
	\$	\$
Ontario Infrastructure and Lands Corporation fully registered amortizing debenture, unsecured, repayable in bi-annual payments of \$27,278 commencing August 1, 2024 plus interest at 4.53% per annum, maturing February 1, 2054	200,000	-

Subsequent to year-end, the Township received a final advance on the debenture in the amount of \$698,199 bringing the total amount of funds advanced on the debenture to \$898,199.

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

8. CONTAMINATED SITE REMEDIATION LIABILITY

The Township has recognized a contaminated site remediation liability in the amount of \$232,530. 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.

9. ASSET RETIREMENT OBLIGATION

A liability is recognized for future retirement obligations associated with the Township's landfill. The amount recognized is the net present value of estimated future expenditures required to fund the closure and post-closure monitoring requirements of the landfill. On initial measurement of the asset retirement obligation, a corresponding asset retirement cost was added to the carrying value of the related tangible capital asset for the landfill. This asset is being amortized on a straight-line basis over the useful life of the landfill.

The asset retirement obligation is calculated using the current estimated costs to close and monitor the landfill at the end of its useful life, inflated to the estimated closure date and discounted to current present value. The asset retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the landfill. Future closure and monitoring expenditures will be charged against the accumulated liability as incurred.

Estimating the asset retirement obligation requires the estimation of costs many years into the future. Inherent in the calculation are numerous assumptions and estimates, including the expected future closure and monitoring costs, inflation factors, discount rates and the timing of settlement of obligations. Future revisions to any of these estimates may result in material changes to the asset retirement obligation amount recognized.

At December 31, 2023, the estimated total undiscounted inflation-adjusted amount required to settle the asset retirement obligation is \$881,517. The estimated closure and post-closure monitoring costs are inflated at a rate of 3.0% per annum. The cash flows are also discounted at the rate of 3.0% per annum. The landfill is estimated to close in 2037 with the site continuing to be monitored for an additional 25 years post-closure.

	2023	2022
	\$	\$
Asset retirement obligation, beginning of year	473,067	459,288
Accretion expense	14,192	13,779
Asset retirement obligation, end of year	487,259	473,067

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

10. 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:

	2023	2022
	\$	\$
<hr/>		
To be used:		
- for the general decrease in taxation and user charges	1,544,895	2,319,528
- for the recovery from taxation and user charges for the repayment of long-term debt, asset retirement obligation, contaminated site remediation liability	919,789	698,824
- for the general operations of joint and local boards	79,207	57,044
	<hr/>	<hr/>
	2,543,891	3,075,396
	<hr/>	<hr/>

11. 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, 2023

12. TANGIBLE CAPITAL ASSETS

2023	Land	Land	Buildings	Roads and	Vehicles	Equipment	Water	Marina	2023
	\$	Improvements	\$	Bridges and	\$	\$	Treatment	\$	Total
				Culverts			and Sewer		\$
				\$			\$		
Cost									
Balance, beginning 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
Additions			1,435,132	521,083		55,129	1,744,729	-	3,756,073
Disposals									-
Balance, end of year	623,972	129,893	6,741,509	8,946,270	1,617,844	437,564	5,182,486	2,583,767	26,263,305
Accumulated Amortization									
Balance, beginning of year	-	77,011	2,125,408	2,838,954	903,559	203,050	1,183,237	284,240	7,615,459
Disposals									-
Amortization expense		4,525	118,466	289,582	77,296	23,741	102,374	125,714	741,698
Balance, end of year	-	81,536	2,243,874	3,128,536	980,855	226,791	1,285,611	409,954	8,357,157
Net book value	623,972	48,357	4,497,635	5,817,734	636,989	210,773	3,896,875	2,173,813	17,906,148
2022									
	Land	Land	Buildings	Roads and	Vehicles	Equipment	Water	Marina	2022
	\$	Improvements	\$	Bridges and	\$	\$	Treatment	\$	Total
				Culverts			and Sewer		\$
				\$			\$		
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

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

13. TRUST FUND

Trust funds administered by the Township amounting to \$51,569 (2022 - \$49,499) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

14. CONTINGENT LIABILITIES

- a) 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.
- b) The Township has been named as a defendant in an action claiming damages in the amount of \$600,000 alleging negligence relating to an incident with a road grader. It is too early in the proceedings to determine the outcome of the claim, if any, and management believes that the Township has valid defences in place. As such, no amount has been accrued in the accounts as a result of this claim.

15. PENSION PLAN

Beginning in July 2023, the Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2023 was \$4,280 for current service and is included as an expenditure on the consolidated statement of operations.

At December 31, 2023, the OMERS pension plan had total assets of \$152.5 billion (2022 - \$155.8 billion) and an accumulated deficit of \$4.202 million (2022 - \$6,678 million deficit)

16. 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.

16. SEGMENTED DISCLOSURE (continued)*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.

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, 2023

16. SEGMENTED DISCLOSURE (continued)

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health and Social Services \$	Recreation and Cultural Services \$	Planning and Development \$	2023 Total \$	2022 Total \$ (restated - note 2)
Revenues									
Taxation	2,099,544	-	-	-	-	-	-	2,099,544	2,019,428
Grants	590,117	695,832	\$ 462,787	1,195,284	479,797	129,748	6,826	3,560,391	1,458,375
User fees and service charges	1,585	-	897	263,402	173,977	91,890	23,678	555,429	534,399
Other	353,744	19,761	-	2,489	6,013	38,814	-	420,821	311,017
	3,044,990	715,593	463,684	1,461,175	659,787	260,452	30,504	6,636,185	4,323,219
Expenditures									
Purchase of goods and materials	323,747	44,404	208,496	207,214	686,568	137,861	35,670	1,643,960	1,487,011
Salaries, wages and benefits	452,062	56,629	283,991	40,949	-	87,083	-	920,714	795,537
Amortization	16,417	19,185	355,507	184,176	-	166,319	94	741,698	723,144
Contracts and services	44,627	245,238	-	126,811	-	-	-	416,676	467,828
Interest on long-term debt	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	407,890	-	-	407,890	394,240
Financial expenses	24,722	-	-	-	-	-	-	24,722	9,573
	861,575	365,456	847,994	559,150	1,094,458	391,263	35,764	4,155,660	3,877,333
Excess (deficiency) of revenues over expenditures	2,183,415	350,137	(384,310)	902,025	(434,671)	(130,811)	(5,260)	2,480,525	445,886

THE CORPORATION OF THE TOWNSHIP OF BILLINGS

Notes to the Consolidated Financial Statements

December 31, 2023

17. CONTRIBUTIONS TO JOINT LOCAL BOARDS

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

	2023	2022
	\$	\$
Manitoulin-Sudbury District Services Board	377,213	366,544
Sudbury District Health Unit	30,677	27,696
	407,890	394,240

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

	2023	2022
	%	%
Sudbury District Health Unit	0.326	0.305
Manitoulin-Sudbury District Services Board	3.371	3.360

18. 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:

	\$
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, 2023

19. BUDGET

The Township does not prepare a consolidated budget in a format consistent with the accompanying consolidated financial statements. Accordingly, budget information has not been presented in these consolidated financial statements.

20. 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.

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.

INDEPENDENT AUDITOR'S REPORT

To: The Members of Council 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, 2023, 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, 2023, 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 AUDITOR'S REPORT (continued)

Auditor's 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

Freelandt Caldwell Reilly LLP

Chartered Professional Accountants
Licensed Public Accountants

Espanola, Ontario
September 17, 2024

THE CORPORATION OF THE TOWNSHIP OF BILLINGS
TRUST FUNDS

Statement of Financial Position

December 31, 2023 with comparative figures for 2022

	Cemetery Perpetual Care \$	Monument Care \$	Community Centre Replacement \$	Total 2023 \$	Total 2022 \$
Assets					
Cash	47,829	861	2,879	51,569	48,903
Due from municipality	-	-	-	-	596
Net Assets	47,829	861	2,879	51,569	49,499

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, 2023 with comparative figures for 2022

	Cemetery Perpetual Care \$	Monument Care \$	Community Centre Replacement \$	Total 2023 \$	Total 2022 \$
Net assets, beginning of year	45,856	838	2,805	49,499	48,307
Revenues					
Plot sales	580	-	-	580	1,150
Interest income	1,393	23	74	1,490	42
	1,973	23	74	2,070	1,192
Expenditures					
	-	-	-	-	-
Excess of revenues over expenditures	1,973	23	74	2,070	1,192
Net assets, end of year	47,829	861	2,879	51,569	49,499

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, 2023

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.