



Consolidated financial statements of the

# **Township of Champlain**

December 31, 2019



# Township of Champlain

December 31, 2019

## Table of contents

	Page
Independent Auditor's Report .....	1 - 2
Consolidated statement of operations .....	3
Consolidated statement of financial position.....	4
Consolidated statement of change in net debt .....	5
Consolidated statement of cash flow .....	6
Notes to the consolidated financial statements .....	7 - 13
 Schedules	
Consolidated tangible capital assets – Schedule 1 .....	14
Consolidated accumulated surplus – Schedule 2 .....	15
Consolidated statement of operations for the reserves and reserve funds – Schedule 3 .....	16
 Township of Champlain Public Library Board	
Independent Auditor's Report .....	17 - 18
Statement of operations.....	19
Statement of financial position .....	20
Notes to the financial statements .....	21 - 23
Tangible capital assets – Schedule 1 .....	24

## Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the  
Township of Champlain

### Opinion

We have audited the consolidated financial statements of the Township of Champlain (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2019, and the results of its operations, change in its net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality 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 PSAS, 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

### 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 GAAS 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 GAAS, 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 Municipality'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 Municipality'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 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 Municipality 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

May 14, 2020



# Township of Champlain

## Consolidated statement of operations

### year ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation – all classes	14,143,310	<b>14,274,916</b>	13,651,589
Less: amounts received for counties and school boards (Note 3)	(6,569,852)	<b>(6,635,343)</b>	(6,425,353)
Net taxation for municipal purposes	7,573,458	<b>7,639,573</b>	7,226,236
User fees	3,900,079	<b>3,970,892</b>	4,344,457
Transfer payments			
Government of Canada	1,591,884	<b>409,558</b>	1,179,840
Province of Ontario	1,968,679	<b>3,161,815</b>	3,923,323
Other municipalities	795,809	<b>1,039,301</b>	803,745
Investment income	35,750	<b>53,519</b>	56,607
Penalties and interest	166,000	<b>176,961</b>	164,203
Other	83,000	<b>101,525</b>	112,807
Loss on disposal of tangible capital assets	-	<b>(252,401)</b>	(2,192,142)
Donations	-	<b>33,566</b>	17,500
	<b>16,114,659</b>	<b>16,334,309</b>	15,636,576
<b>Expenses (Note 9)</b>			
General government	1,490,377	<b>1,502,340</b>	1,392,417
Protection to person and property	2,739,827	<b>3,116,830</b>	2,695,647
Transportation services	2,399,837	<b>4,180,611</b>	4,892,088
Environmental services	3,140,891	<b>3,612,774</b>	3,223,836
Social and family services	1,031,547	<b>1,184,385</b>	1,136,410
Recreation and cultural services	1,453,787	<b>1,640,443</b>	1,619,651
Planning and zoning	298,957	<b>277,313</b>	499,927
	<b>12,555,223</b>	<b>15,514,696</b>	15,459,976
Annual surplus	3,559,436	<b>819,613</b>	176,600
Accumulated surplus, beginning of year	33,600,490	<b>33,600,490</b>	33,423,890
<b>Accumulated surplus, end of year (Schedule 2)</b>	<b>37,159,926</b>	<b>34,420,103</b>	33,600,490

The accompanying notes and schedules are an integral part of the consolidated financial statements.



# Township of Champlain

## Consolidated statement of financial position

### As at December 31, 2019

	2019	2018
	\$	\$
<b>Assets</b>		
Financial assets		
Cash	1,051,654	976,873
Taxes receivable	1,249,709	1,107,019
Accounts receivable	3,049,549	2,751,472
Other	311,351	307,038
	<b>5,662,263</b>	<b>5,142,402</b>
<b>Liabilities</b>		
Temporary loan (Note 4)	-	2,600,000
Accounts payable and accrued liabilities	2,515,748	3,507,520
Deferred revenues	503,676	175,013
Debts (Note 5)	9,309,951	6,248,452
	<b>12,329,375</b>	<b>12,530,985</b>
Net debt	<b>(6,667,112)</b>	<b>(7,388,583)</b>
Commitments and contingencies (Notes 7 and 8)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	40,979,220	40,883,993
Inventories	93,542	93,380
Prepaid expenses	14,453	11,700
	<b>41,087,215</b>	<b>40,989,073</b>
<b>Accumulated surplus (Schedule 2)</b>	<b>34,420,103</b>	<b>33,600,490</b>

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Approved by Council

\_\_\_\_\_, Mayor

\_\_\_\_\_, Chief Administrative Officer

\_\_\_\_\_, Treasurer



# Township of Champlain

## Consolidated statement of change in net debt year ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
<b>Annual surplus</b>	3,559,426	<b>819,613</b>	176,600
Amortization of tangible capital assets	-	<b>1,474,575</b>	1,360,235
Loss on disposal of tangible capital assets	-	<b>252,401</b>	2,192,142
Purchase of tangible capital assets	(4,267,031)	<b>(1,831,489)</b>	(4,916,309)
Proceeds from sale of tangible capital assets	-	<b>9,286</b>	18,234
(Increase) decrease in inventories	-	<b>(162)</b>	7,342
(Increase) decrease in prepaid expenses	-	<b>(2,753)</b>	23,288
Decrease (increase) in net debt	(707,605)	<b>721,471</b>	(1,138,468)
Net debt, beginning of year	(7,388,583)	<b>(7,388,583)</b>	(6,250,115)
<b>Net debt, end of year</b>	<b>(8,096,188)</b>	<b>(6,667,112)</b>	<b>(7,388,583)</b>

The accompanying notes and schedules are an integral part of the consolidated financial statements.



# Township of Champlain

## Consolidated statement of cash flow

### year ended December 31, 2019

	2019	2018
	\$	\$
<b>Operating activities</b>		
Annual surplus	819,613	176,600
Change in non-cash assets and liabilities		
Increase in taxes receivable	(142,690)	(108,165)
Increase in accounts receivable	(298,077)	(1,106,545)
Increase in other assets	(4,313)	(81,724)
Increase (decrease) in accounts payable and accrued liabilities	230,875	(577,845)
Increase (decrease) in deferred revenues	328,663	(1,325,142)
(Increase) decrease in inventories	(162)	7,342
(Increase) decrease in prepaid expenses	(2,753)	23,288
	<b>111,543</b>	<b>(3,168,791)</b>
Non-cash operating items		
Amortization of tangible capital assets	1,474,575	1,360,235
Loss on disposal of tangible capital assets	252,401	2,192,142
	<b>1,726,976</b>	<b>3,552,377</b>
Net increase in cash from operating activities	<b>2,658,132</b>	<b>560,186</b>
<b>Capital activities</b>		
Purchase of tangible capital assets	(3,054,136)	(3,317,292)
Proceeds from sale of tangible capital assets	9,286	18,234
	<b>(3,044,850)</b>	<b>(3,299,058)</b>
<b>Financing activities</b>		
Increase in temporary loan	-	800,000
Proceeds from debts	991,792	-
Debts principal repayment	(530,293)	(454,195)
	<b>461,499</b>	<b>345,805</b>
Net increase (decrease) in cash	<b>74,781</b>	<b>(2,393,067)</b>
Cash and temporary investments, beginning of year	<b>976,873</b>	<b>3,369,940</b>
<b>Cash, end of year</b>	<b>1,051,654</b>	<b>976,873</b>

Additional information is presented in Note 10.

The accompanying notes and schedules are an integral part of the consolidated financial statements.

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019

---



#### 1. Future accounting policies

*Effective date: April 1<sup>st</sup>, 2019*

##### Section PS 1201, Financial statement presentation

This section establishes general reporting principles and standards for the disclosure of information in government financial statements.

The Township of Champlain (the "Municipality") is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

*Effective date: April 1<sup>st</sup>, 2021*

##### Section PS 2601, Foreign currency translation

This section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

##### Section PS 3041, Portfolio investments

This section establishes standards on how to account for and report portfolio investments in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

##### Section PS 3280, Asset retirement obligations

This section establishes standards on how to account for and report a liability for asset retirement obligations.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

##### Section PS 3450, Financial instruments

This section establishes standards on how to account for and report all types of financial instruments including derivatives.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

*Effective date: April 1<sup>st</sup>, 2022*

##### Section PS 3400, Revenue

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The Municipality is currently evaluating the impacts of this new standard, which may be applied retroactively or prospectively.

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019

---



## 2. Accounting policies

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position reports financial assets and liabilities and non-financial assets of the Municipality. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net debt is the difference between financial assets and liabilities.

### *Reporting entity*

#### Consolidated financial statements

These consolidated financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets of the Municipality and include the activities of all committees of Council and the following board which is under the control of Council:

Township of Champlain Public Library Board

### *Non-consolidated entity*

#### Hawkesbury Regional Joint Recycling Committee

The committee is not under Council's control.

The committee's statement of financial position and its related operations administered by the Municipality are consequently not consolidated and are reported under separate financial statements.

### *Basis of accounting*

#### Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenses are recognized in the period the goods and services are acquired and responsibility is incurred.

#### Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net debt.

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019

---



## 2. Accounting policies (continued)

### *Basis of accounting (continued)*

#### Tangible capital assets

Tangible capital assets (TCA) are recorded at cost, which includes all amounts that are directly attributable to acquisitions, construction, development or betterment of the asset. The cost, less residual value of the TCA, is amortized on a straight-line basis over their estimated useful life as follows:

Buildings and facilities	18 – 70 years
Vehicles	8 – 20 years
Roads	20 – 70 years
Machinery and equipment	5 – 20 years

Lands and lands improvements are not amortized.

Assets under construction are not amortized until the TCA are available for productive use.

The Municipality has a capitalization threshold of \$25,000 for civil infrastructure systems and pooled assets and \$10,000 for all other assets. Items of lesser value are expensed, unless they are pooled because, collectively, they have significant value or for operational reasons. Examples of pools are desktop computer systems, cars, utility poles and defibrillators.

#### Contribution of tangible capital assets

TCA received as contributions are recorded in the consolidated statement of financial position at their fair value at the date of receipt, and that fair value is also recorded as revenue. Transfers of TCA to other organizations are recorded as an expense at the net book value as of the date of transfer.

#### Leases

Leases are classified as capital or operating leases. Leases, which transfer substantially all the benefits and risks incidental to ownership of property, are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost. Cost is determined on a first in, first out basis.

#### Deferred revenues

Funds received for specific purposes are accounted for as deferred revenues until the Municipality discharges its obligation, which led to receipt of the funds.

#### Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019

---



## 2. Accounting policies (continued)

### *Basis of accounting (continued)*

#### Reserves and reserve funds

Reserves and reserve funds consist of funds set aside by Council for specific purposes.

#### Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the consolidated statement of operations and within the related notes for both the prior and current years sufficiently disclose information of all appropriate segments and therefore no additional disclosure is required.

#### Use of estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful life of TCA and the amount of certain accrued liabilities including an amount for the closure of the landfill site. Actual results could differ from these estimates.

## 3. Operations of school boards and the United Counties of Prescott and Russell

The taxation of the school boards and the United Counties of Prescott and Russell is composed of the following:

	School boards	United Counties	Total
	\$	\$	\$
<b>2019</b>			
Taxation	<b>2,299,083</b>	<b>4,282,956</b>	<b>6,582,039</b>
Grants in lieu	<b>15,912</b>	<b>37,392</b>	<b>53,304</b>
	<b>2,314,995</b>	<b>4,320,348</b>	<b>6,635,343</b>
<b>2018</b>			
Taxation	2,302,768	4,075,071	6,377,839
Grants in lieu	15,916	31,598	47,514
	2,318,684	4,106,669	6,425,353

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019



#### 4. Bank loan

The Municipality has an authorized line of credit of \$2,500,000 (\$1,000,000 in 2018), at prime rate plus 0.5% (plus 0.5% in 2018), renewable in 2020, which remained unused at year-end.

In 2018, the Municipality was approved for a debenture in the amount of \$2,958,162 for a capital project of which \$2,600,000 was advanced. The project was completed during the year and the temporary loan was converted into a debenture.

#### 5. Debts

	2019	2018
	\$	\$
Debts incurred by the Municipality with interest between 2.67% and 6.00%, maturing between 2020 and 2049 including those incurred on behalf of municipal utilities and outstanding at the end of the year amount to	<b>9,362,061</b>	6,309,315
Of the debts shown above, the responsibility for payment of principal and interest charges for tile drainage loans with interest of 6.00%, maturing between 2020 and 2027 has been assumed by individuals. At the end of the year, the outstanding principal amount is	<b>(52,110)</b>	(60,863)
	<b>9,309,951</b>	6,248,452

Of the debts reported above, principal payments for the next fiscal years are as follows:

	2019	2018
	\$	\$
General taxation	<b>1,374,763</b>	976,886
User charges	<b>7,935,188</b>	5,271,566
	<b>9,309,951</b>	6,248,452
		\$
2020		684,242
2021		510,861
2022		506,388
2023		501,968
2024		473,819
Thereafter		6,632,673
		<b>9,309,951</b>

The annual principal and interest payments required to service these debts are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs.

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019

---



#### 6. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan, which, for 2019, was on behalf of 50 members (48 in 2018) 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 2019 was \$251,040 (\$221,723 in 2018) for current service and is included as an expense in the consolidated statement of operations.

#### 7. Commitments

##### *Ontario Clean Water Agency*

The Municipality has entered into an agreement with the Ontario Clean Water Agency to maintain and operate the water treatment and distribution systems in its municipality. A contract was signed in 2016 and expires in 2021. Total estimated disbursements over the next two years are \$1,148,000.

##### *Solid waste collection*

The Municipality entered into an agreement for solid waste collection. The agreement was signed in 2015 and expires in 2025. The total estimated disbursements over the next six years are \$2,330,000.

##### *Solid waste disposal*

The Municipality entered into an agreement for solid waste disposal. The agreement was signed in 2015 and expires in 2025. The estimated disbursements over the next six years are \$912,000.

##### *Water service*

The Municipality entered into an agreement for the supply of water. The agreement was signed in 2002 and expires in 2025. The estimated disbursements over the next six years are \$1,734,000.

#### 8. Contingencies

Proceedings have been initiated against the Municipality by third parties. It is not possible at this time to determine the amount, if any, of any awards that may be made against the Municipality. Any amount awarded in excess of any applicable insurance proceeds as a result of these procedures will be charged to operations in the year incurred. No provision has been recorded.

# Township of Champlain

## Notes to the consolidated financial statements

### December 31, 2019



#### 9. Expenses by object

Current expenses for the year, reported on the consolidated statement of operations, are as follows:

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
Salaries and benefits	4,648,720	4,857,633	4,332,300
Interest	386,934	364,354	283,928
Materials	2,734,775	2,726,891	2,645,071
Contracted services	4,549,140	5,840,034	6,589,529
Rent and financial expenses	196,837	214,012	153,642
Contributions to other organizations	38,817	37,197	95,271
Amortization of tangible capital assets	-	1,474,575	1,360,235
	12,555,223	15,514,696	15,459,976

#### 10. Additional information relating to the consolidated statement of cash flow

##### *Non-cash transactions*

During the year, TCA were acquired at an aggregate cost of \$1,831,489 (\$4,916,309 in 2018), of which \$376,370 (\$1,599,017 in 2018) were paid after year-end, and \$1,455,119 (\$3,317,292 in 2018) were paid during the year.

#### 11. Budget amounts

The operating budget approved by the Municipality for 2019 is reflected on the consolidated statement of operations. The budget established for capital investments in TCA is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual acquisition amounts.

For the purposes of these consolidated financial statements, budget figures have been presented on a basis consistent with the presentation of actual figures.

#### 12. Contractual rights

##### *Rental agreement*

The Municipality has entered into a rental space agreement with the United Counties of Prescott and Russell. The agreement was signed in December 2019 and expires in January 2025. The total estimated amounts receivable in the next five years are \$131,000.

#### 13. Subsequent events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Municipality in future periods.

Management does not expect the impact of COVID-19 to be significant.

# Township of Champlain

## Consolidated tangible capital assets year ended December 31, 2019

### Schedule 1

	Lands and land improvements	Buildings and facilities	Vehicles	Roads	Machinery and equipment	Assets under construction	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Beginning of year	1,414,904	30,147,376	2,866,161	21,866,542	3,573,324	1,139,872	<b>61,008,179</b>	61,506,821
Purchases	291,471	183,433	339,697	708,685	22,320	285,883	<b>1,831,489</b>	4,916,309
Transfers	150,324	979,929	-	-	202,102	(1,332,355)	-	-
Disposals	-	(52,204)	(329,239)	(469,661)	-	-	<b>(851,104)</b>	(5,414,951)
End of year	1,856,699	31,258,534	2,876,619	22,105,566	3,797,746	93,400	<b>61,988,564</b>	61,008,179
<b>Accumulated amortization</b>								
Beginning of year	-	5,952,454	1,716,342	10,814,242	1,641,148	-	<b>20,124,186</b>	21,968,526
Amortization	5,877	522,688	150,062	625,482	170,466	-	<b>1,474,575</b>	1,360,235
Accumulated amortization on disposal	-	(52,204)	(306,649)	(230,564)	-	-	<b>(589,417)</b>	(3,204,575)
End of year	5,877	6,422,938	1,559,755	11,209,160	1,811,614	-	<b>21,009,344</b>	20,124,186
<b>Net book value</b>	1,850,822	24,835,596	1,316,864	10,896,406	1,986,132	93,400	<b>40,979,220</b>	40,883,993



# Township of Champlain

Consolidated accumulated surplus  
year ended December 31, 2019

## Schedule 2

	2019	2018
	\$	\$
<b>Reserves</b>		
Working capital	415,155	415,155
Municipal elections	10,000	9,488
Fire department	267,907	52,103
Infrastructure	1,636,464	1,076,475
Equipment	41,500	-
Winter maintenance	241,043	241,043
Water and sewer	1,120,185	1,166,271
Recreation program	101,305	56,305
Roads	-	75,000
Library	4,713	4,713
	<b>3,838,272</b>	<b>3,096,553</b>
<b>Reserve funds</b>		
Parks	822	5,998
Sacha's Park fund	-	6,391
Tangible capital assets – Vankleek Hill ward	120,865	205,376
	<b>121,687</b>	<b>217,765</b>
	<b>3,959,959</b>	<b>3,314,318</b>
Invested in tangible capital assets	<b>31,669,268</b>	34,635,541
Operating		
Library	20,710	7,269
Decrease in taxation	509,953	411,260
Unfinanced tangible capital assets	(1,416,225)	(4,559,632)
Unfinanced operation	(323,562)	(208,266)
	<b>30,460,144</b>	<b>30,286,172</b>
	<b>34,420,103</b>	<b>33,600,490</b>



# Township of Champlain

Consolidated statement of operations for the reserves and reserve funds  
year ended December 31, 2019

---

## Schedule 3

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
<b>Revenues</b>			
Investments	-	242	1,023
Net transfers to reserves	5,821	645,399	631,216
Change in reserves and reserve funds	5,821	645,641	632,239
Reserves and reserve funds, beginning of year	3,314,318	3,314,318	2,682,079
<b>Reserves and reserve funds, end of year (Schedule 2)</b>	<b>3,320,139</b>	<b>3,959,959</b>	<b>3,314,318</b>

## Independent Auditor's Report

To the Board Members of the  
Township of Champlain Public Library Board

### Opinion

We have audited the financial statements of the Township of Champlain Public Library Board (the "Board"), which comprise the statement of financial position as at December 31, 2019, and the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board 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 PSAS, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

### 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 GAAS 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 GAAS, 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 Board'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 Board'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 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 Board 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

May 14, 2020



# Township of Champlain Public Library Board

Statement of operations  
year ended December 31, 2019

	2019 Budget	2019 Actual	2018 Actual
	\$	\$	\$
<b>Revenues</b>			
Municipal contribution – operating	179,256	<b>179,256</b>	169,547
Municipal contribution – capital	-	<b>54,535</b>	-
Grant of the Province of Ontario	15,263	<b>16,626</b>	17,768
Contract receipts	4,810	<b>4,926</b>	4,746
Non-resident fees, book fees, memberships and fines	4,400	<b>4,329</b>	3,659
Donations	800	<b>5,121</b>	827
	<u>204,529</u>	<u><b>264,793</b></u>	<u>196,547</u>
<b>Expenses</b>			
Salaries, wages and benefits	124,409	<b>123,299</b>	120,326
Materials, services and rents			
Books and videos	42,630	<b>39,175</b>	41,127
Utilities	9,100	<b>8,178</b>	8,429
Insurance	2,000	<b>2,090</b>	2,028
Maintenance and repairs	16,890	<b>14,992</b>	16,050
Amortization of tangible capital assets	-	<b>4,370</b>	3,413
Other	9,500	<b>9,085</b>	10,752
	<u>204,529</u>	<u><b>201,189</b></u>	<u>202,125</u>
Annual surplus (deficit)	-	<b>63,604</b>	(5,578)
Accumulated surplus, beginning of year	63,197	<b>63,197</b>	68,775
<b>Accumulated surplus, end of year</b>	<u>63,197</u>	<u><b>126,801</b></u>	<u>63,197</u>
Consists of:			
Invested in tangible capital assets	51,215	<b>101,378</b>	51,215
Operating	7,269	<b>20,710</b>	7,269
Reserves	4,713	<b>4,713</b>	4,713
	<u>63,197</u>	<u><b>126,801</b></u>	<u>63,197</u>

The accompanying notes and schedule are an integral part of the financial statements.



# Township of Champlain Public Library Board

## Statement of financial position

As at December 31, 2019

---

	2019	2018
	\$	\$
<b>Assets</b>		
Financial assets		
Receivable from the Municipality	25,423	11,982
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	101,378	51,215
<b>Accumulated surplus</b>	<b>126,801</b>	<b>63,197</b>

---

The accompanying notes and schedule are an integral part of the financial statements.



# Township of Champlain Public Library Board

Notes to the financial statements

December 31, 2019

---

## 1. Description of the Board

The Township of Champlain Public Library Board (the "Board") offers residents and local organizations reading material, services and activities that meet the educational, informational and recreational needs of the community.

## 2. Future accounting policies

*Effective date: April 1<sup>st</sup>, 2019*

### Section PS 1201, Financial statement presentation

This section establishes general reporting principles and standards for the disclosure of information in government financial statements.

The Board is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

*Effective date: April 1<sup>st</sup>, 2021*

### Section PS 2601, Foreign currency translation

This section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

The Board is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

### Section PS 3041, Portfolio investments

This section establishes standards on how to account for and report portfolio investments in government financial statements.

The Board is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

### Section PS 3280, Asset retirement obligations

This section establishes standards on how to account for and report a liability for asset retirement obligations.

The Board is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

### Section PS 3450, Financial instruments

This section establishes standards on how to account for and report all types of financial instruments including derivatives.

The Board is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

*Effective date: April 1<sup>st</sup>, 2022*

### Section PS 3400, Revenue

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The Board is currently evaluating the impacts of this new standard, which may be applied retroactively or prospectively.



# Township of Champlain Public Library Board

## Notes to the financial statements

December 31, 2019

---

### 3. Accounting policies

The financial statements of the Board are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The statement of financial position reports financial assets and liabilities and non-financial assets of the Board. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets are the difference between financial assets and liabilities.

#### *Reporting entity*

#### Financial statements

These financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets of the Board.

#### *Basis of accounting*

#### Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

#### Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets.

#### Tangible capital assets

Tangible capital assets (TCA) are recorded at cost, which includes all amounts that are directly attributable to acquisitions, construction, development or betterment of the asset. The cost, less residual value of the TCA, is amortized on a straight-line basis over their estimated useful life as follows:

Buildings and facilities	35 – 70 years
Machinery and equipment	20 years

Assets under construction are not amortized until the TCA are available for productive use.

The Board has a capitalization threshold of \$25,000 for civil infrastructure systems and pooled assets and \$10,000 for all other assets. Items of lesser value are expensed, unless they are pooled because, collectively, they have significant value or for operational reasons.

#### Contribution of tangible capital assets

TCA received as contributions are recorded in the statement of financial position at their fair value at the date of receipt, and that fair value is also recorded as revenue. Transfers of TCA to other organizations are recorded as an expense at the net book value as of the date of transfer.

#### Leases

Leases are classified as capital or operating leases. Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.



# Township of Champlain Public Library Board

Notes to the financial statements

December 31, 2019

---

### 3. Accounting policies (continued)

*Basis of accounting (continued)*

#### Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

#### Reserves

Reserves consist of funds set aside by Council for specific purposes.

#### Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the useful life of TCA. Actual results could differ from these estimates

### 4. Statements of cash flow and change in net financial assets not presented

The statements of cash flow and change in net financial assets are not presented since the information is readily apparent from other financial statements and related notes.

### 5. Subsequent events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.

Management does not expect the impact of COVID-19 to be significant.



# Township of Champlain Public Library Board

Tangible capital assets  
year ended December 31, 2019

## Schedule 1

	Buildings and facilities	Machinery and equipment	<b>2019</b>	2018
	\$	\$	\$	\$
<b>Cost</b>				
Beginning of year	117,567	426,125	<b>543,692</b>	543,692
Purchases	54,535	-	<b>54,535</b>	-
End of year	172,102	426,125	<b>598,227</b>	543,692
<b>Accumulated amortization</b>				
Beginning of year	66,354	426,125	<b>492,479</b>	489,064
Amortization	4,370	-	<b>4,370</b>	3,413
End of year	70,724	426,125	<b>496,849</b>	492,477
<b>Net book value</b>	101,378	-	<b>101,378</b>	51,215