Consolidated Financial Statements of the Township of Champlain

December 31, 2025

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, 2025, 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, 2025, 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.

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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.

MNP LLP

Hawkesbury ON
May 28, 2026

Chartered Professional Accountants
Licensed Public Accountants

	2025 Budget	**2025 Actual**	2024 Actual
	$	**$**	$
Revenues			
Taxation - all classes	17,677,734	**17,809,001**	16,890,617
Less: amounts received for counties and school boards (Note 3)	(7,765,923)	**(7,857,515)**	(7,581,732)
Net taxation for municipal purposes	9,911,811	**9,951,486**	9,308,885
User fees	3,565,766	**4,193,629**	4,185,383
Transfer payments and others			
Government of Canada	395,000	**248,876**	890,167
Province of Ontario	2,418,196	**1,828,123**	2,549,327
Other municipalities	560,053	**445,928**	603,156
Investment income	88,000	**120,081**	144,651
Penalties and interest	166,900	**197,128**	190,433
Other	53,750	**41,510**	46,284
Gain (loss) on disposal of tangible capital assets	-	**52,033**	(129,761)
Donations	4,000	**2,020**	6,224
	17,163,476	**17,080,814**	17,794,749
Expenses (Note 10)			
General government	2,457,304	**2,319,841**	2,246,588
Protection to person and property	3,322,930	**3,396,581**	3,173,390
Transportation services	2,936,690	**3,664,342**	3,677,928
Environmental services	3,637,872	**4,470,236**	4,342,543
Recreation and cultural services	1,688,799	**1,956,467**	1,920,154
Planning and zoning	263,731	**402,904**	1,021,452
	14,307,326	**16,210,371**	16,382,055
Annual surplus	2,856,150	**870,443**	1,412,694
Accumulated surplus, beginning of year	42,995,561	**42,995,561**	41,582,867
Accumulated surplus, end of year (Schedule 2)	45,851,711	**43,866,004**	42,995,561

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

Township of Champlain
Consolidated Statement of Financial Position
December 31, 2025

	2025	2024
	$	$
Assets		
Financial assets		
Cash	**4,059,806**	2,904,511
Taxes receivable	**1,505,868**	1,267,640
Accounts receivable	**1,873,363**	3,397,317
Other	**174,933**	1,969,286
	7,613,970	9,538,754
Liabilities		
Accounts payable and accrued liabilities (Note 5)	**4,697,357**	5,784,095
Deferred revenues	**193,618**	112,184
Debts (Note 6)	**12,498,897**	12,245,893
	17,389,872	18,142,172
Net debt	**(9,775,902)**	(8,603,418)
Commitments and contingencies (Notes 8 and 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	**53,331,700**	51,276,105
Inventories	**208,502**	195,357
Prepaid expenses	**101,704**	127,517
	53,641,906	51,598,979
Accumulated surplus (Schedule 2)	**43,866,004**	42,995,561

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

Approved by Council

________________________________, Mayor

________________________________, Chief Administrative Officer

Township of Champlain

Consolidated Statement of Change in Net Debt

For the year ended December 31, 2025

	2025 Budget	**2025 Actual**	2024 Actual
	$	**$**	$
Annual surplus	2,856,150	**870,443**	1,412,694
Amortization of tangible capital assets	-	**1,995,502**	1,896,644
(Gain) loss on disposal of tangible capital assets	-	**(52,033)**	129,761
Purchase of tangible capital assets	(5,677,635)	**(4,052,754)**	(3,443,759)
Proceeds from sale of tangible capital assets	-	**53,690**	17,180
Increase in inventories	-	**(13,145)**	(34,197)
Decrease (increase) in prepaid expenses	-	**25,813**	(16,435)
Increase in net debt	(2,821,485)	**(1,172,484)**	(38,112)
Net debt, beginning of year	(8,603,418)	**(8,603,418)**	(8,565,306)
Net debt, end of year	(11,424,903)	**(9,775,902)**	(8,603,418)

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

	2025	2024
	$	$
Operating activities		
Annual surplus	**870,443**	1,412,694
Change in non-cash assets and liabilities		
Increase in taxes receivable	**(238,228)**	(311,964)
Decrease in accounts receivable	**1,523,954**	572,814
Decrease (increase) in other assets	**1,794,353**	(822,733)
(Decrease) increase in accounts payable and accrued liabilities	**(2,218,060)**	869,603
Increase (decrease) in deferred revenues	**81,434**	(193,883)
Increase in inventories	**(13,145)**	(34,197)
Decrease (increase) in prepaid expenses	**25,813**	(16,435)
	956,121	63,205
Non-cash operating items		
Amortization of tangible capital assets	**1,995,502**	1,896,644
(Gain) loss on disposal of tangible capital assets	**(52,033)**	129,761
Increase of the liability of ARO	**28,853**	27,633
	1,972,322	2,054,038
Net increase in cash from operating activities	**3,798,886**	3,529,937
Capital activities		
Purchase of tangible capital assets	**(2,950,285)**	(4,459,675)
Proceeds from sale of tangible capital assets	**53,690**	17,180
	(2,896,595)	(4,442,495)
Financing activities		
Proceeds from debts	**972,158**	3,286,552
Debts principal repayment	**(719,154)**	(672,310)
	253,004	2,614,242
Net increase in cash	**1,155,295**	1,701,684
Cash, beginning of year	**2,904,511**	1,202,827
Cash, end of year	**4,059,806**	2,904,511

Additional information is presented in Note 11.

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

1. Future accounting standards

Effective on January 1, 2027

Conceptual Framework for Financial Reporting in the Public Sector

In December 2022, the Public Sector Accounting Board (PSAB) issued The Conceptual Framework for Financial Reporting in the Public Sector (the "Conceptual Framework"), which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework establishes the fundamental concepts that underpin financial reporting in the public sector, including the characteristics of public sector entities, the objectives of financial reporting, the primary users of financial statements, qualitative characteristics of financial information, and general concepts related to recognition, measurement, and presentation.

The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. Early adoption is permitted. Adoption of the Conceptual Framework is expected to primarily affect the basis for developing accounting policies and financial statement presentation rather than recognition or measurement amounts.

GAAP Designation of Application Guidance – PSA Handbook Appendices

In February 2025, PSAB issued amendments to clarify the generally accepted accounting principles (GAAP) designation of certain application guidance appendices in the Public Sector Accounting Handbook. These amendments elevate the GAAP status of selected appendices related to revenue, government transfers, financial instruments, and disclosure of allocated expenses, and clarify that application guidance appendices form an integral part of the standards they support rather than being merely illustrative. Related amendments were also made to Section PS 1150, Generally Accepted Accounting Principles.

These amendments are effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. The amendments are primarily clarifying in nature and are not expected to result in material changes to the Municipality's financial statements.

Financial Statement Presentation (Section PS 1202)

In October 2023, PSAB issued Section PS 1202, Financial Statement Presentation, which replaces Section PS 1201 and introduces a new financial reporting model based on the Conceptual Framework for Financial Reporting in the Public Sector. Section PS 1202 introduces changes to the presentation of the statement of financial position, including new categories of liabilities, the introduction of a statement of net financial assets or net financial liabilities, revisions to the statement of cash flows, and new requirements for presenting changes in net assets or net liabilities.

Section PS 1202 is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. Early adoption is permitted only if the Conceptual Framework is adopted at the same time, and comparative information will be restated upon adoption. Adoption of Section PS 1202 is expected to result in changes to the presentation of the Municipality's financial statements; however, no changes to recognition or measurement amounts are expected.

Effective on January 1, 2030

Tangible Capital Assets (Amendments to Section PS 3150)

In May 2025, PSAB issued amendments to Section PS 3150, Tangible Capital Assets. The amendments clarify definitions and guidance related to tangible capital assets, introduce new disclosure requirements for works of art, historical treasures and collections, and provide guidance for assets acquired at substantially below fair value.

These amendments are effective for fiscal years beginning on or after April 1, 2030, with earlier adoption permitted. The amendments are expected to be applied retroactively, with certain exceptions applied prospectively. Management does not expect these amendments to have a material impact on the Municipality's financial statements at this time but will continue to assess their impact prior to adoption.

2. Accounting policies

The consolidated financial statements of the Township of Champlain (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 investments 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 has not been under the control of Council and therefore does not meet the criteria for consolidation in the Municipality’s financial statements. Effective January 1, 2025, the Committee is also no longer administered by the Municipality.

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.

Financial instruments

The Municipality recognizes its financial instruments when the Municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has not made such an election during the year.

2. Accounting policies (continued)

Basis of accounting (continued)

Financial instruments (continued)

The Municipality subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Municipality has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Tangible capital assets

Tangible capital assets ("TCA") are recorded at cost, which includes all amounts that are directly attributable to the acquisition, 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:

Land improvements	10 - 30 years
Buildings and facilities	18 - 70 years
Vehicles	8 - 20 years
Roads	20 - 70 years
Machinery and equipment	5 - 20 years
ARO	25 years

Land is 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.

2. Accounting policies (continued)

Basis of accounting (continued)

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.

Asset retirement obligation liability

The Municipality recognizes the liability for an asset retirement obligation arising from the acquisition, development, construction or normal operation of a long-lived asset, in the year in which it is incurred and when a reasonable estimate of the amount of the obligation can be made. The liability is measured at the best estimate of the expenditure required to settle the present obligation.

The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life.

In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes to the liability resulting from revisions to either the original estimate of the undiscounted cash flows or the discount rate are accounted for as an adjustment to the carrying amount of the related long-lived asset.

The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 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
	$	$	$
2025			
Taxation	**2,306,372**	**5,485,746**	**7,792,118**
Grants in lieu	**15,797**	**49,600**	**65,397**
	2,322,169	**5,535,346**	**7,857,515**
2024			
Taxation	2,277,817	5,239,875	7,517,692
Grants in lieu	15,797	48,243	64,040
	2,293,614	5,288,118	7,581,732

4. Bank loan

The Municipality has an authorized line of credit of $1,000,000 ($1,000,000 in 2024), at prime rate minus 0.5% (minus 0.5% in 2024), of which $1,000,000 remained unused at year-end ($1,000,000 unused in 2024).

The Municipality has pre-authorized loans for tangible capital assets for a total of $6,500,000 ($6,500,000 in 2024), of which $5,345,772 ($3,333,765 in 2024) was unused at year-end.

5. Accounts payable and accrued liabilities

	2025	2024
	$	$
Suppliers	**2,060,168**	3,925,582
Liability for asset retirement obligation (ARO)	**1,834,524**	652,811
Other liabilities	**802,665**	1,205,702
	4,697,357	5,784,095

The Municipality opened a landfill site in September 2006 and is legally required to perform closure and post-closure activities upon retirement of this site over a period of 25 years. The Municipality recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost. The asset retirement cost is amortized on a straight-line basis over the useful life.

The Municipality estimated the amount of the liability using discounted future expenditures estimated to retire the tangible capital asset, at a discount rate of 4%. See Schedule 2, which shows an amount of $1,586,676 ($433,816 in 2024) which is unfinanced at year-end. The significant assumptions used to determine the best estimate of the liability include:

	2025	2024
	$	$
Balance, beginning of year	**652,811**	625,178
Remeasurement	**1,152,860**	-
Increase of the liability for ARO	**28,853**	27,633
Balance, end of year	**1,834,524**	652,811

6. Debts

	2025	2024
	$	$
Debts incurred by the Municipality with interest between 2.79% and 5.33%, maturing between 2026 and 2049, including those incurred on behalf of municipal utilities and outstanding at the end of the year, amount to	**12,498,897**	12,245,893

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

	2025	2024
	$	$
General taxation	**4,514,210**	3,878,320
User charges	**7,984,687**	8,367,573
	12,498,897	12,245,893

	$
2026	730,603
2027	751,216
2028	715,098
2029	671,583
2030	621,471
Thereafter	9,008,926
	12,498,897

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 and Housing.

7. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan, which, for 2025, was on behalf of 53 members (46 in 2024) 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 2025 was $279,816 ($266,775 in 2024) for current service and is included as an expense in the consolidated statement of operations.

8. 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 2021 and expires in 2026. The estimated disbursements over the next year total $684,000.

Solid waste collection

The Municipality entered into an agreement for solid waste collection. The agreement was signed in 2025 and expires in 2030. The estimated disbursements over the next five years total $2,922,000.

Solid waste disposal

The Municipality entered into an agreement for solid waste disposal. The agreement was signed in 2025 and expires in 2030. The estimated disbursements over the next five years total $1,039,000.

Water service

The Municipality entered into three agreements for the supply of water. Those agreements were signed between 1993 and 2005 and expire between 2032 and 2035. The estimated disbursements over the next ten years total $1,211,000.

Technological services

The Municipality entered into an agreement for technological service support. The agreement was signed in 2024 and expires in 2027. The estimated disbursements over the next two years total $61,000.

9. 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.

10. Expenses by object

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

	2025 Budget	**2025 Actual**	2024 Actual
	$	**$**	$
Salaries and benefits	5,525,842	**5,246,472**	4,819,079
Interest	467,761	**462,177**	413,978
Materials	2,953,480	**2,759,124**	2,556,472
Contracted services	5,115,407	**5,514,915**	6,467,025
Rent and financial expenses	149,481	**141,150**	140,488
Contributions to other organizations	66,500	**62,177**	60,736
Amortization of tangible capital assets	-	**1,995,502**	1,896,644
Increase of the liability of ARO	28,855	**28,854**	27,633
	14,307,326	**16,210,371**	16,382,055

11. Additional information relating to the consolidated statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of $4,052,754 ($3,443,759 in 2024), of which $1,152,860 ($100,371 in 2024) was paid after year-end, and $2,899,894 ($3,343,388 in 2024) was paid during the year.

There were $49,980 (nil in 2024) of previous years' acquisitions which are not paid yet.

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 March 2025 and can be renewed annually. The total estimated amount receivable in the next year is $30,800.

Fire protection services

The Municipality has entered into an agreement for fire protection services with the Corporation of the Township of North Glengarry. The agreement was signed in May 2021 and can be renewed annually. The total estimated amount receivable in the next year is $35,000.

13. Financial instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

<u>Interest rate risk</u>

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Municipality is exposed to price risk arising from variations in interest rates due to its bank loan and its debts, which bear interest at variable and fixed rates. Fixed interest rate instruments subject the Municipality to fair value risk since it varies inversely with variations in market interest rates. Variable rate instruments subject the Municipality to fluctuations in related future cash flows.

<u>Liquidity risk</u>

The Municipality’s objective is to have sufficient liquidity to meet its liabilities when due. The Municipality monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2025, the financial liabilities are the bank loan, the accounts payable and accrued liabilities and debts.

14. Budget amounts

The operating budget approved by the Municipality for 2025 is reflected in 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.

Township of Champlain
Consolidated Tangible Capital Assets
For the year ended December 31, 2025

Schedule 1

	Land and land improvements	Buildings and facilities	Vehicles	Roads	Machinery and equipment	ARO	Assets under construction	**2025**	2024
	$	$	$	$	$	$	$	**$**	$
Cost									
Beginning of year	2,830,874	39,891,528	3,496,103	27,983,915	5,164,946	433,816	74,439	**79,875,621**	76,757,500
Purchases	43,229	-	1,441,787	617,145	728,873	1,152,860	68,860	**4,052,754**	3,443,759
Disposals	-	-	(451,341)	-	(108,091)	-	-	**(559,432)**	(325,638)
End of year	2,874,103	39,891,528	4,486,549	28,601,060	5,785,728	1,586,676	143,299	**83,368,943**	79,875,621
Accumulated amortization									
Beginning of year	110,634	9,203,645	2,044,579	14,361,526	2,839,694	39,438	-	**28,599,516**	26,881,569
Amortization	24,759	746,116	231,002	688,824	285,082	19,719	-	**1,995,502**	1,896,644
Accumulated amortization on disposal	-	-	(451,338)	-	(106,437)	-	-	**(557,775)**	(178,697)
End of year	135,393	9,949,761	1,824,243	15,050,350	3,018,339	59,157	-	**30,037,243**	28,599,516
Net book value	2,738,710	29,941,767	2,662,306	13,550,710	2,767,389	1,527,519	143,299	**53,331,700**	51,276,105

Schedule 2

	2025	2024
	$	$
Reserves		
Working capital	**722,551**	474,049
Municipal elections	**30,000**	20,000
Fire department	**41,005**	253,287
Infrastructure	**1,976,469**	1,947,228
Equipment	**170,124**	151,000
Winter maintenance	**216,429**	216,429
Water and sewer	**698,089**	766,564
Recreation program	**230,099**	50,099
Roads	**548,995**	465,578
Library	**30,000**	30,000
	4,663,761	4,374,234
Reserve funds		
Parks	**822**	822
Tangible capital assets - Vankleek Hill ward	**143,146**	139,284
	143,968	140,106
	4,807,729	4,514,340
Invested in tangible capital assets	**40,832,803**	39,030,212
Operating		
Library	**98,178**	81,538
Decrease in taxation	**1,650,365**	1,575,995
Unfinanced tangible capital assets	**(44,200)**	(27,158)
Unfinanced tangible capital assets - asset retirement obligation	**(1,586,676)**	(433,816)
Unfinanced operation	**(1,892,195)**	(1,745,550)
	39,058,275	38,481,221
	43,866,004	42,995,561

Schedule 3

	2025 Budget	**2025 Actual**	2024 Actual
	$	**$**	$
Revenues			
Investments	-	**3,862**	6,106
Net transfers to reserves	967,706	**289,527**	(55,497)
Change in reserves and reserve funds	967,706	**293,389**	(49,391)
Reserves and reserve funds, beginning of year	4,514,340	**4,514,340**	4,563,731
Reserves and reserve funds, end of year (Schedule 2)	5,482,046	**4,807,729**	4,514,340

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, 2025, 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, 2025, 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.

MNP LLP

Hawkesbury ON
May 28, 2026

Chartered Professional Accountants
Licensed Public Accountants

Township of Champlain Public Library Board
Statement of Operations
For the year ended December 31, 2025

	2025 Budget	**2025 Actual**	2024 Actual
	$	**$**	$
Revenues			
Municipal contribution - operating	291,490	**289,684**	277,413
Grant from the Government of Canada	-	**1,806**	-
Grant from the Province of Ontario	17,063	**19,478**	17,924
Contract receipts	6,850	**6,692**	5,192
Non-resident fees, book fees, memberships and fines	2,575	**4,036**	4,032
Donations	2,200	**4,959**	4,251
	320,178	**326,655**	308,812
Expenses			
Salaries, wages and benefits	216,338	**209,572**	193,151
Materials, services and rents			
Books and videos	51,305	**47,579**	55,275
Utilities	10,840	**10,274**	9,847
Insurance	1,300	**1,643**	1,565
Maintenance and repairs	19,840	**20,243**	16,803
Professional services	13,055	**13,336**	9,828
Other	7,500	**7,368**	6,083
	320,178	**310,015**	292,552
Annual surplus	-	**16,640**	16,260
Accumulated surplus, beginning of year	111,538	**111,538**	95,278
Accumulated surplus, end of year	111,538	**128,178**	111,538
Consists of:			
Operating	81,538	**98,178**	81,538
Reserves	30,000	**30,000**	30,000
	111,538	**128,178**	111,538

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

	2025	2024
	$	$
Assets		
Financial assets		
Receivable from the Municipality	**128,178**	111,538
Accumulated surplus	**128,178**	111,538

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

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 standards

Effective on January 1, 2027

<u>Conceptual Framework for Financial Reporting in the Public Sector</u>

In December 2022, the Public Sector Accounting Board (PSAB) issued The Conceptual Framework for Financial Reporting in the Public Sector (the "Conceptual Framework"), which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework establishes the fundamental concepts that underpin financial reporting in the public sector, including the characteristics of public sector entities, the objectives of financial reporting, the primary users of financial statements, qualitative characteristics of financial information, and general concepts related to recognition, measurement, and presentation.

The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Board beginning January 1, 2027. Early adoption is permitted. Adoption of the Conceptual Framework is expected to primarily affect the basis for developing accounting policies and financial statement presentation rather than recognition or measurement amounts.

<u>GAAP Designation of Application Guidance – PSA Handbook Appendices</u>

In February 2025, PSAB issued amendments to clarify the generally accepted accounting principles (GAAP) designation of certain application guidance appendices in the Public Sector Accounting Handbook. These amendments elevate the GAAP status of selected appendices related to revenue, government transfers, financial instruments, and disclosure of allocated expenses, and clarify that application guidance appendices form an integral part of the standards they support rather than being merely illustrative. Related amendments were also made to Section PS 1150, Generally Accepted Accounting Principles.

These amendments are effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Board beginning January 1, 2027. The amendments are primarily clarifying in nature and are not expected to result in material changes to the Board's financial statements.

<u>Financial Statement Presentation (Section PS 1202)</u>

In October 2023, PSAB issued Section PS 1202, Financial Statement Presentation, which replaces Section PS 1201 and introduces a new financial reporting model based on the Conceptual Framework for Financial Reporting in the Public Sector. Section PS 1202 introduces changes to the presentation of the statement of financial position, including new categories of liabilities, the introduction of a statement of net financial assets or net financial liabilities, revisions to the statement of cash flows, and new requirements for presenting changes in net assets or net liabilities.

Section PS 1202 is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Board beginning January 1, 2027. Early adoption is permitted only if the Conceptual Framework is adopted at the same time, and comparative information will be restated upon adoption. Adoption of Section PS 1202 is expected to result in changes to the presentation of the Board's financial statements; however, no changes to recognition or measurement amounts are expected.

2. Future accounting standards (continued)

Effective on January 1, 2030

Tangible Capital Assets (Amendments to Section PS 3150)

In May 2025, PSAB issued amendments to Section PS 3150, Tangible Capital Assets. The amendments clarify definitions and guidance related to tangible capital assets, introduce new disclosure requirements for works of art, historical treasures and collections, and provide guidance for assets acquired at substantially below fair value.

These amendments are effective for fiscal years beginning on or after April 1, 2030, with earlier adoption permitted. The amendments are expected to be applied retroactively, with certain exceptions applied prospectively. Management does not expect these amendments to have a material impact on the Board's financial statements at this time but will continue to assess their impact prior to adoption.

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 investments 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.

3. Accounting policies (continued)

Basis of accounting (continued)

Financial instruments

The Board recognizes its financial instruments when the Board becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Board may irrevocably elect to subsequently measure any financial instrument at fair value. The Board has not made such an election during the year.

The Board subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Board has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Tangible capital assets

Tangible capital assets ("TCA") are recorded at cost, which includes all amounts that are directly attributable to the acquisition, 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:

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.

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. Financial instruments

The Board as part of its operations carries a number of financial instruments. It is management's opinion that the Board is not exposed to significant interest, liquidity, currency or credit risks arising from these financial instruments.

Schedule 1

	Machinery and equipment	**2025**	2024
	$	**$**	$
Cost			
Beginning of year	426,125	**426,125**	426,125
Purchases	-	**-**	-
End of year	426,125	**426,125**	426,125
Accumulated amortization			
Beginning of year	426,125	**426,125**	426,125
Amortization	-	**-**	-
End of year	426,125	**426,125**	426,125
Net book value	-	**-**	-