

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATION OF THE TOWNSHIP OF SELWYN

For The Year Ended December 31, 2022

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Selwyn are the responsibility of management and have been approved by Council.

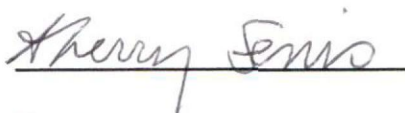
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Selwyn. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.



Mayor



Treasurer

June 6, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Selwyn

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Selwyn and its local board (the Township), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 15, 2023



CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$ (Restated - Note 2)
FINANCIAL ASSETS		
Cash	6,891,435	20,296,424
Investments (note 4)	17,312,242	4,259,389
Accounts receivable	1,794,097	1,707,432
Taxes receivable	1,972,327	1,623,043
Inventories held for resale	7,166	5,381
TOTAL FINANCIAL ASSETS	27,977,267	27,891,669
LIABILITIES		
Accounts payable and accrued liabilities	3,813,529	3,347,937
Deferred revenue - obligatory reserve funds (note 5)	1,345,672	1,813,601
Deferred revenue - other (note 6)	489,340	759,733
Long-term debt (note 7)	434,756	537,937
Landfill closure and post-closure liability (note 8)	505,500	698,000
Employee future benefits payable (note 9)	1,406,600	1,409,400
TOTAL LIABILITIES	7,995,397	8,566,608
NET FINANCIAL ASSETS	19,981,870	19,325,061
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	65,512,587	64,272,432
ACCUMULATED SURPLUS (note 11)	85,494,457	83,597,493

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$ (Restated - Note 2)
	(Unaudited)		
REVENUES			
Property taxation	11,214,496	11,353,818	10,971,143
User charges	5,615,873	5,518,239	5,165,270
Government of Canada	207,062	247,636	25,042
Province of Ontario	2,410,882	2,390,122	2,118,818
Other municipalities	162,685	173,170	204,865
Penalties and interest on taxes	275,000	280,771	266,568
Investment income	325,655	490,263	139,575
Donations	5,000	6,307	9,377
Contributed tangible capital assets	-	-	1,837,254
Other grants	107,952	118,619	46,987
Developer contributions earned	196,546	200,663	133,176
Canada Community-Building Fund earned	930,762	930,762	826,469
TOTAL REVENUES	21,451,913	21,710,370	21,744,544
EXPENSES			
General government	2,737,922	2,561,508	2,140,156
Protection services	5,768,471	5,616,270	5,616,373
Transportation services	5,211,420	5,209,541	3,984,949
Environmental services	3,257,653	3,027,013	3,100,807
Recreation and cultural services	2,593,963	2,739,799	2,307,024
Planning and development	797,446	659,275	746,865
TOTAL EXPENSES	20,366,875	19,813,406	17,896,174
ANNUAL SURPLUS	<u>1,085,038</u>	1,896,964	3,848,370
ACCUMULATED SURPLUS - beginning of year		83,597,493	79,749,123
ACCUMULATED SURPLUS - end of year		85,494,457	83,597,493

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$ (Restated - Note 2)
	(Unaudited)		
ANNUAL SURPLUS	1,085,038	1,896,964	3,848,370
Amortization of tangible capital assets	2,864,550	2,982,165	2,882,974
Purchase of tangible capital assets	(4,565,768)	(4,226,123)	(4,030,298)
Loss/(gain) on disposal of tangible capital assets	(21,500)	634	(18,138)
Proceeds on sale of tangible capital assets	21,500	3,169	30,575
Contributed tangible capital assets	-	-	(1,837,254)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(616,180)	656,809	876,229
NET FINANCIAL ASSETS - beginning of year	19,325,061	19,325,061	18,448,832
NET FINANCIAL ASSETS - end of year	18,708,881	19,981,870	19,325,061

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022 \$	2021 \$ (Restated - Note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,896,964	3,848,370
Items not involving cash		
Amortization of tangible capital assets	2,982,165	2,882,974
Loss/(gain) on disposal of tangible capital assets	634	(18,138)
Contributed tangible capital assets	-	(1,837,254)
Change in landfill closure and post-closure liability	(192,500)	18,000
Change in employee future benefits payable	(2,800)	26,500
Change in non-cash assets and liabilities		
Accounts receivable	(86,665)	(175,805)
Taxes receivable	(349,284)	324,524
Inventories held for resale	(1,785)	(760)
Accounts payable and accrued liabilities	465,592	414,680
Deferred revenue - obligatory reserve funds	(467,929)	352,372
Deferred revenue - other	(270,393)	55,832
Net change in cash from operating activities	3,973,999	5,891,295
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,226,123)	(4,030,298)
Proceeds on disposal of tangible capital assets	3,169	30,575
Net change in cash from capital activities	(4,222,954)	(3,999,723)
INVESTING ACTIVITIES		
Purchase of investments	(13,052,853)	(1,024,127)
Redemption of investments	-	970,778
Net change in cash from investing activities	(13,052,853)	(53,349)
FINANCING ACTIVITIES		
Debt principal repayments	(103,181)	(101,069)
NET CHANGE IN CASH	(13,404,989)	1,737,154
CASH - beginning of year	20,296,424	18,559,270
CASH - end of year	6,891,435	20,296,424

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

The Township of Selwyn is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Selwyn Public Library Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Investment

The investments are carried at cost and are adjusted for any permanent decrease in value.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Facilities	25 to 60 years
Roadways	5 to 60 years
Water and sewer	15 to 100 years
Vehicles and equipment	5 to 20 years
Solar systems	20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary or omitted assessments, can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits which are recognized when the permits are issued.

Investment income is recorded when earned.

Canada Community-Building Fund, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

Contributed tangible capital assets are recognized as revenue in the year the amounts are received and they can be reasonably determined.

(f) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(g) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(i) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Township's significant estimates are:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The amounts recorded for employee future benefits payable depend on certain actuarial and economic assumptions.

2. PRIOR PERIOD ADJUSTMENT

The Township has restated its 2021 consolidated financial statements to recognize tangible capital assets that were previously omitted. Adjustments necessary to the 2021 financial information as a result of the prior period adjustment are as follows.

Adjustment to Closing 2021 Tangible Capital Assets

Cost of tangible capital assets, as previously recorded	\$ 109,793,597
Accumulated amortization, as previously recorded	(45,776,939)
Capital asset additions, not previously recorded	589,888
Accumulated amortization not previously recorded for 2021	<u>(334,114)</u>
Closing 2021 net book value of tangible capital assets as restated	<u>\$ 64,272,432</u>

Adjustment to Opening 2021 Accumulated Surplus

Accumulated surplus as previously stated	
Tangible capital assets	\$ 60,174,843
Surplus (deficit)	(2,247,384)
Reserves and reserve funds	21,547,464
Contributed assets not previously recorded	589,888
Amortization expense not previously recorded	<u>(315,688)</u>
Opening 2021 accumulated surplus as restated	<u>\$ 79,749,123</u>

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

2. PRIOR PERIOD ADJUSTMENT, continued

Adjustment to 2021 Annual Surplus

2021 annual surplus as previously stated	\$ 3,866,796
Less: Amortization expense not previously recorded	<u>(18,426)</u>
2021 annual surplus as restated	<u>\$ 3,848,370</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2022, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	6,583,544	12,927,987

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. INVESTMENTS

Investments consist of cash, government bonds, and a GIC invested with CIBC Trust Corporation. The bonds have various maturity dates from 2023 to 2031 with interest rates ranging from 1.40% to 3.75% per annum. The GIC has a maturity date in 2023 with an interest rate equal to the CIBC prime rate less 1.40%. The investments of \$17,312,242 (2021 - \$4,259,389) are recorded at cost with a market value of \$16,977,063 (2021 - \$4,262,962).

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2022	2021
	\$	\$
Development charges	252,107	384,194
Parkland fees	688,813	646,742
Canada Community-Building Fund	404,752	782,665
	1,345,672	1,813,601

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2022	2021
	\$	\$
Balance - beginning of year	1,813,601	1,461,229
Add amounts received:		
Development charges received	61,233	193,968
Parkland fees received	22,009	4,027
Canada Community-Building Fund received	541,060	1,061,197
Interest received	39,194	52,825
	663,496	1,312,017
Less transfer to operations:		
Development charges earned	200,663	133,176
Canada Community-Building Fund earned	930,762	826,469
	1,131,425	959,645
Balance - end of year	1,345,672	1,813,601

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2022	2021
	\$	\$
Ontario Community Infrastructure Fund	399,519	442,479
Community Transportation Grant Program	-	255,659
Other	89,821	61,595
	489,340	759,733

The continuity of deferred revenue - other is as follows:

	2022	2021
	\$	\$
Balance - beginning of year	759,733	703,901
Add amounts received:		
Ontario Community Infrastructure Fund	421,320	178,490
Community Transportation Grant Program	259,427	378,982
Other	572,928	115,213
	1,253,675	672,685
Less transfer to operations:		
Ontario Community Infrastructure Fund	472,863	101,760
Community Transportation Grant Program	515,086	329,473
Safe Restart Grant	-	118,689
Other	536,119	66,931
	1,524,068	616,853
Balance - end of year	489,340	759,733

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

7. LONG-TERM DEBT

- (a) The balance of long-term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2022	2021
	\$	\$
Debenture from Ontario Infrastructure and Lands Corporation, repayable in blended semi-annual instalments of \$56,918 with interest at 2.08% per annum, due October 3, 2026.	434,756	537,937

- (b) The long-term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (c) Interest paid during the year on long-term debt amounted to \$10,655 (2021 - \$12,768).

- (d) The long-term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2023	105,340	8,497	113,837
2024	107,541	6,296	113,837
2025	109,790	4,047	113,837
2026	112,085	1,752	113,837
	434,756	20,592	455,348

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the two sites the Township owns is \$505,500 (2021 - \$698,000). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The Township's practice is to cover the landfill cells as they are utilized with material from other Township properties. The remaining capacity of the Smith landfill site is estimated at 90,860 m³ (2021 - 97,550 m³) which is 17.0% (2021 - 18.2%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$585,280 (2021 - \$823,563) as at December 31, 2022 using a discount rate of 4.73% and an inflation rate of 3%. The Smith landfill is expected to reach its capacity in 2035 and the Ennismore landfill was closed by the Township in 2006.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

9. EMPLOYEE FUTURE BENEFITS PAYABLE

The Township provides certain employees benefits that will require funding in future periods.

	2022	2021
	\$	\$
Accrued benefit obligation	937,200	1,141,700
Unamortized actuarial gain	469,400	267,700
Employee future benefits payable	1,406,600	1,409,400

The Township sponsors benefit plans to pay costs of extended health, vision benefits and dental for eligible employees after they retire. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age of 65, at which time the benefits cease. In the event of the death of a former eligible employee, the benefit coverage continues to the surviving spouse for a period of 2 years. The accrued benefit obligation also includes the succession management plan benefit that can be obtained by employees if they provide the Township with 6 months' notice before retirement. The plans are not funded by the Township until paid.

The actuarial valuation as at December 31, 2022 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which was 15 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate	3.0%
Future health care premiums rates - first year 2022	8.175%
- decreasing over 20 years to	4.5%
Future dental care premiums rates - first year 2022	6.15%
- decreasing over 10 years to	4.5%
Interest rate	4.6%

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

	2022	2021
	\$	\$
Current service costs	78,000	79,600
Amortized actuarial gain	(35,700)	(27,500)
Interest on accrued benefit obligation	31,700	33,000
Employee future benefits expense	74,000	85,100

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

10. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2022	2021 (Restated - Note 2)
	\$	\$
General		
Land	6,297,084	6,297,084
Facilities	15,781,868	15,447,991
Vehicles and equipment	4,680,850	5,315,418
Infrastructure		
Roadways	17,163,295	16,101,679
Water and sewer	19,730,683	19,451,908
Solar systems	770,047	827,386
	64,423,827	63,441,466
Assets under construction	1,088,760	830,966
	65,512,587	64,272,432

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022	2021 (Restated - Note 2)
	\$	\$
General government	4,393,424	4,196,410
Protection services	3,198,025	3,353,569
Transportation services	21,336,928	20,708,451
Environmental services	21,307,904	20,934,909
Health services	1	1
Recreation and cultural services	15,276,305	15,079,092
	65,512,587	64,272,432

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021 (Restated - Note 2)
	\$	\$
Surplus/(Deficit)		
Lakefield-Smith Community Centre	(82,355)	(90,870)
Fire services	(55,031)	(38,606)
Ennismore arena	(38,688)	(65,038)
Unfunded landfill closure and post-closure costs	(505,500)	(698,000)
Unfunded employee future benefits	(1,406,600)	(1,409,400)
	(2,088,174)	(2,301,914)
Invested In Capital Assets		
Tangible capital assets - net book value	65,512,587	64,272,432
Long-term debt	(434,756)	(537,937)
Unfunded capital projects - see (b) below	(95,000)	(16,314)
	64,982,831	63,718,181
Surplus	62,894,657	61,416,267
Reserves		
General government - operating	188,276	142,069
General government - capital	4,061,190	4,184,260
Protection to persons and property - operating	3,330,461	3,496,887
Protection to persons and property - capital	663,604	414,599
Transportation services - operating	484,984	581,572
Transportation services - capital	3,649,045	3,365,116
Environmental services - operating	436,585	330,545
Environmental services - capital	7,741,549	7,489,299
Environmental services - landfill	18,245	123,715
Health services - operating	60,794	55,273
Recreation and cultural services - operating	160,162	253,916
Recreation and cultural services - capital	879,001	810,124
Planning and development - operating	201,300	204,269
Planning and development - capital	218,248	210,424
Total Reserves	22,093,444	21,662,068

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. ACCUMULATED SURPLUS, continued

	2022	2021 (Restated - Note 2)
	\$	\$
Reserve Funds		
For acquisition of recreation and cultural services capital assets	419,374	434,709
Parking	86,982	84,449
Total Reserve Funds	506,356	519,158
	85,494,457	83,597,493

(b) Unfunded capital projects consist of:

	2022	2021
	\$	\$
Boat ramp	(95,000)	-
Solar systems	-	(16,314)
	(95,000)	(16,314)

12. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
	(Unaudited)		(Restated - Note 2)
Salaries and benefits	6,734,632	6,764,734	5,979,924
Interest charges	10,655	10,655	12,768
Materials	4,916,670	4,505,763	3,657,766
Contracted services	5,298,106	5,003,442	4,823,228
Rents and financial	180,183	153,635	127,028
External transfers	383,579	392,378	430,624
Amortization	2,864,550	2,982,165	2,882,974
Loss (gain) on disposal of tangible capital assets	(21,500)	634	(18,138)
	20,366,875	19,813,406	17,896,174

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

13. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an overdraft or demand note. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2022-004. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).

14. TRUST FUNDS

Trust fund administered by the Township amounting to \$45,578 (2021 - \$45,578) has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

15. BUDGET FIGURES

The budget, approved by the Township, for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

16. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2022 were \$422,995 (2021 - \$385,045).

17. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

18. SEGMENTED INFORMATION

The Township of Selwyn is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services and emergency planning.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roadways, winter control and street lighting.

Water and Sewer

This function is responsible for providing water and sewer services in specified areas of the Township.

Other Environmental Services

This function is responsible for providing waste collection and waste disposal services to ratepayers.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General			Infrastructure			Assets Under Construction	Totals
	Land	Facilities	Vehicles and Equipment	Roadways	Water and Sewer	Solar Systems		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year - restated (Note 2)	6,297,084	21,830,655	11,310,547	40,560,539	28,406,923	1,146,771	830,966	110,383,485
Add: additions during the year	-	202,908	105,400	1,061,041	75,990	-	2,780,784	4,226,123
Less: disposals during the year	-	-	69,744	-	11,600	-	-	81,344
Internal transfers	-	547,608	-	1,150,760	824,622	-	(2,522,990)	-
Balance, end of year	6,297,084	22,581,171	11,346,203	42,772,340	29,295,935	1,146,771	1,088,760	114,528,264
ACCUMULATED AMORTIZATION								
Balance, beginning of year - restated (note 2)	-	6,382,664	5,995,129	24,458,860	8,955,015	319,385	-	46,111,053
Add: additions during the year	-	416,639	739,607	1,150,185	618,395	57,339	-	2,982,165
Less: disposals during the year	-	-	69,383	-	8,158	-	-	77,541
Balance, end of year	-	6,799,303	6,665,353	25,609,045	9,565,252	376,724	-	49,015,677
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	6,297,084	15,781,868	4,680,850	17,163,295	19,730,683	770,047	1,088,760	65,512,587

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,952,591	4,814,127	2,768,849	-	453,195	1,175,451	189,605	11,353,818
User charges	251,768	581,047	125,584	2,742,498	427,491	1,212,586	177,265	5,518,239
Government transfers - operating	327,959	145,112	1,010,085	225,000	-	292,193	-	2,000,349
Government transfers - capital	-	-	288,205	132,926	-	216,278	-	637,409
Other municipalities	-	161,003	12,167	-	-	-	-	173,170
Penalties and interest on taxes	280,771	-	-	-	-	-	-	280,771
Investment income	364,345	-	-	107,826	-	18,092	-	490,263
Donations	-	-	-	-	-	6,307	-	6,307
Other grants	-	-	115,119	-	-	3,500	-	118,619
Developer contributions earned	5,638	8,386	106,797	-	-	79,842	-	200,663
Canada Community-Building Fund earned	-	-	930,762	-	-	-	-	930,762
Total revenues	3,183,072	5,709,675	5,357,568	3,208,250	880,686	3,004,249	366,870	21,710,370
Expenses								
Salaries and benefits	1,714,407	1,297,458	1,549,535	113,180	287,820	1,404,395	397,939	6,764,734
Interest charges	10,655	-	-	-	-	-	-	10,655
Materials	511,066	840,537	1,664,182	314,677	265,904	872,513	36,884	4,505,763
Contracted services	215,596	2,852,336	441,125	1,143,381	172,218	46,705	132,081	5,003,442
Rents and financial	55,112	37,926	50,582	217	5,378	3,897	523	153,635
External transfers	64,007	254,838	-	-	-	-	73,533	392,378
Amortization	109,292	281,038	1,504,117	657,223	18,206	412,289	-	2,982,165
Loss (gain) on disposal of tangible capital assets	-	(2,807)	-	3,441	-	-	-	634
Internal transfers	(118,627)	54,944	-	45,368	-	-	18,315	-
Total expenses	2,561,508	5,616,270	5,209,541	2,277,487	749,526	2,739,799	659,275	19,813,406
Net surplus/(deficit)	621,564	93,405	148,027	930,763	131,160	264,450	(292,405)	1,896,964

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - Restated (note 2) For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,781,581	4,655,396	2,756,306	-	496,146	1,092,109	189,605	10,971,143
User charges	262,039	898,316	84,150	2,829,663	428,182	560,207	102,713	5,165,270
Government transfers - operating	632,637	91,525	932,605	160,233	1,198	325,662	-	2,143,860
Other municipalities	-	170,224	34,641	-	-	-	-	204,865
Penalties and interest on taxes	266,568	-	-	-	-	-	-	266,568
Investment income	95,193	-	-	26,728	-	17,654	-	139,575
Donations	-	-	-	-	-	9,377	-	9,377
Contributed tangible capital assets	1,837,254	-	-	-	-	-	-	1,837,254
Other grants	-	20,350	21,637	-	-	5,000	-	46,987
Developer contributions earned	-	7,006	106,154	-	-	20,016	-	133,176
Canada Community-Building Fund earned	-	-	826,469	-	-	-	-	826,469
Total revenues	4,875,272	5,842,817	4,761,962	3,016,624	925,526	2,030,025	292,318	21,744,544
Expenses								
Salaries and benefits	1,555,870	1,135,083	1,388,508	111,884	279,138	1,185,470	323,971	5,979,924
Interest charges	12,768	-	-	-	-	-	-	12,768
Materials	417,559	797,846	1,107,723	279,588	258,287	673,877	122,886	3,657,766
Contracted services	83,272	3,061,496	42,286	1,120,639	354,736	49,381	111,418	4,823,228
Rents and financial	54,388	50,734	1,204	8,541	6,627	5,534	-	127,028
External transfers	23,169	236,647	-	-	-	-	170,808	430,624
Amortization	108,302	274,026	1,461,577	613,876	18,206	406,987	-	2,882,974
Loss (gain) on disposal of tangible capital assets	-	7,197	(16,349)	5,239	-	(14,225)	-	(18,138)
Internal transfers	(115,172)	53,344	-	44,046	-	-	17,782	-
Total expenses	2,140,156	5,616,373	3,984,949	2,183,813	916,994	2,307,024	746,865	17,896,174
Net surplus/(deficit)	2,735,116	226,444	777,013	832,811	8,532	(276,999)	(454,547)	3,848,370

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Selwyn

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Township of Selwyn (the Trust Fund), which comprise the statement of financial position as at December 31, 2022, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2022, and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Trust Fund'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 Trust Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund'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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund'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 Trust Fund'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 Trust Fund 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 15, 2023

CORPORATION OF THE TOWNSHIP OF SELWYN

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022 Ontario Home Renewal Program \$	2021 Ontario Home Renewal Program \$
FINANCIAL ASSETS		
Cash	5,851	5,747
Loans receivable	6,881	6,881
Due from Township	33,026	32,950
	45,758	45,578
FUND BALANCE	45,578	45,578

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	2022 Ontario Home Renewal Program \$	2021 Ontario Home Renewal Program \$
BALANCE - beginning of year	45,578	45,578
RECEIPTS		
Interest earned	105	26
EXPENSES		
Administration fee	105	26
BALANCE - end of year	45,578	45,578

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Receipts and expenses are reported on the accrual basis of accounting which 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

Ontario Home Renewal Program loans receivable at December 31, 2022 are comprised of repayable loans of \$6,881 (2021 - \$6,881).

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province annually.

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT**To the Members of the Selwyn Public Library Board, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Selwyn****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Qualified Opinion*

We have audited the financial statements of the Selwyn Public Library Board of the Corporation of the Township of Selwyn (the Board), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user charges, fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to user charges, fundraising and donations revenue, annual surplus/(deficit), assets and accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 15, 2023

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	575	475
Due from the Township of Selwyn	687,102	731,693
NET FINANCIAL ASSETS	687,677	732,168
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	235,177	228,302
ACCUMULATED SURPLUS (note 3)	922,854	960,470

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Township of Selwyn contribution			
Levy	542,336	542,336	494,795
Safe Restart grant	-	-	6,489
Development charges earned	24,630	24,630	20,016
Provincial grants	87,362	88,818	89,388
Federal grants	4,200	8,036	3,990
Other grants	2,000	3,500	5,000
User charges	11,150	11,235	6,103
Fundraising	24,500	29,317	25,801
Interest income	-	18,092	17,654
Donations	5,000	3,974	8,224
TOTAL REVENUES	701,178	729,938	677,460
EXPENSES			
Salaries and benefits	447,458	482,729	404,760
Materials, periodicals and audio	14,850	11,660	12,802
Office and administration	83,655	73,177	66,792
Insurance	11,138	11,138	10,507
Maintenance and utilities	49,283	52,698	40,733
Fundraising	14,250	15,351	9,680
Equipment and furnishings	95,975	52,317	47,276
Amortization	54,421	57,246	54,771
Contribution to Township reserve	11,238	11,238	9,133
TOTAL EXPENSES	782,268	767,554	656,454
ANNUAL SURPLUS/(DEFICIT)	<u>(81,090)</u>	(37,616)	21,006
ACCUMULATED SURPLUS - beginning of year		960,470	939,464
ACCUMULATED SURPLUS - end of year		922,854	960,470

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(81,090)	(37,616)	21,006
Amortization of tangible capital assets	54,421	57,246	54,771
Acquisition of tangible capital assets	(63,326)	(64,121)	(68,052)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(89,995)	(44,491)	7,725
NET FINANCIAL ASSETS - beginning of year	732,168	732,168	724,443
NET FINANCIAL ASSETS - end of year	642,173	687,677	732,168

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(37,616)	21,006
Items not involving cash		
Amortization of tangible capital assets	57,246	54,771
Change in non-cash assets and liabilities		
Due from the Township of Selwyn	44,591	(7,775)
Net change in cash from operating activities	64,221	68,002
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(64,121)	(68,052)
NET CHANGE IN CASH	100	(50)
CASH - beginning of year	475	525
CASH - end of year	575	475

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding and other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

User charges, donations and fundraising are recorded as received, or as receivable if the amount can be reasonably determined and if collection is reasonably assured.

Interest income is recorded annually on the reserve and reserve fund balances based on an allocation from the Township using an annual average interest rate of 3.0% for 2022 and 2021.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates are:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(d) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(f) Reserves and Reserve Funds

Certain amounts, as approved by the Board, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Inter-Entity Transactions

The Selwyn Public Library Board is a Board of the Township of Selwyn and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

2. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	2022 Books \$	2021 Books \$
COST		
Balance, beginning of year	400,723	383,400
Add: additions during the year	64,121	68,052
Less: disposals during the year	62,529	50,729
Balance, end of year	402,315	400,723
ACCUMULATED AMORTIZATION		
Balance, beginning of year	172,421	168,379
Add: additions during the year	57,246	54,771
Less: disposals during the year	62,529	50,729
Balance, end of year	167,138	172,421
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	235,177	228,302

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	235,177	228,302
Surplus	235,177	228,302
Reserves		
Working capital	66,525	126,040
Acquisition of capital assets	379,080	363,972
Total Reserves	445,605	490,012
Reserve Fund		
Acquisition of capital assets	242,072	242,156
	922,854	960,470

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are 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 expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Selwyn.

The interest income reported on the Statement of Operations and Accumulated Surplus is an allocation from the Township in the amount of \$18,092 (2021 - \$17,654) on the reserve and reserve funds.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2022	2021
	\$	\$
Allocated costs:		
Insurance	11,138	10,507
	11,138	10,507

In addition, the following services are provided to the Board by the Township at no cost:

- Accounting and administrative services
- Professional services
- Rental of buildings

All balances with the Township of Selwyn have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.