

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED FINANCIAL STATEMENTS

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TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Remeasurement Gains and Losses	3
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 22
Schedule of Tangible Capital Assets	23
Schedules of Segment Disclosure	24 - 25
TRUST FUND	
Independent Auditor's Report	26
Statement of Financial Position	28
Statement of Continuity	28
Notes to the Financial Statements	29
LOCAL BOARD	
Selwyn Public Library Board	30 - 42

CORPORATION OF THE TOWNSHIP OF SELWYN

For The Year Ended December 31, 2023

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

December 9, 2025

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Peterborough, ON
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INDEPENDENT AUDITOR'S REPORT

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

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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, 2023, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, 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, 2023, 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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

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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
December 19, 2025



CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	5,667,557	6,891,435
Investments (note 3)	18,159,664	17,312,242
Accounts receivable	1,651,983	1,794,097
Taxes receivable	2,351,338	1,972,327
Inventories held for resale	8,207	7,166
TOTAL FINANCIAL ASSETS	27,838,749	27,977,267
LIABILITIES		
Accounts payable and accrued liabilities	3,691,845	3,813,529
Deferred revenue - obligatory reserve funds (note 4)	835,936	1,345,672
Deferred revenue - other (note 5)	470,066	489,340
Long-term debt (note 6)	329,417	434,756
Landfill closure and post-closure liability (note 18)	-	505,500
Asset retirement obligations (note 7)	4,595,500	-
Employee future benefits payable (note 8)	1,356,000	1,406,600
TOTAL LIABILITIES	11,278,764	7,995,397
NET FINANCIAL ASSETS	16,559,985	19,981,870
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	72,406,861	65,512,587
	88,966,846	85,494,457
Comprised of:		
Accumulated surplus (note 10)	89,150,927	85,494,457
Accumulated remeasurement losses	(184,081)	-
	88,966,846	85,494,457

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, 2023

	Budget 2023 \$ (note 14)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	11,712,537	11,803,156	11,353,818
User charges	5,283,098	5,688,929	5,518,239
Government of Canada	705,899	637,031	247,636
Province of Ontario	2,347,258	2,050,758	2,390,122
Other municipalities	166,142	167,266	173,170
Penalties and interest on taxes	280,000	319,913	280,771
Investment income	671,283	1,237,162	490,263
Donations	9,600	11,120	6,307
Other grants	235,661	218,292	118,619
Developer contributions earned (note 4)	132,172	214,277	200,663
Canada Community-Building Fund earned (note 4)	957,548	969,337	930,762
TOTAL REVENUES	22,501,198	23,317,241	21,710,370
EXPENSES			
General government	2,836,597	2,475,546	2,561,508
Protection services	5,871,143	5,792,545	5,616,270
Transportation services	4,712,434	4,621,384	5,209,541
Environmental services	3,217,556	3,150,415	3,027,013
Recreation and cultural services	2,759,559	3,017,066	2,739,799
Planning and development	734,674	603,815	659,275
TOTAL EXPENSES	20,131,963	19,660,771	19,813,406
ANNUAL SURPLUS	<u>2,369,235</u>	3,656,470	1,896,964
ACCUMULATED SURPLUS - beginning of year		85,494,457	83,597,493
ACCUMULATED SURPLUS - end of year		89,150,927	85,494,457

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
ACCUMULATED REMEASUREMENT GAINS AND LOSSES		
- beginning of year	-	-
Adjustment on adoption of the financial instruments standard	(335,178)	-
Unrealized gain/(loss) on portfolio investments during the year	194,826	-
Realized gain/(loss) on portfolio investments reclassified to operations	(43,729)	-
ACCUMULATED REMEASUREMENT GAINS AND LOSSES		
- end of year	(184,081)	-

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	Budget 2023 \$ (note 14)	Actual 2023 \$	Actual 2022 \$
ANNUAL SURPLUS	2,369,235	3,656,470	1,896,964
Amortization of tangible capital assets	2,982,165	3,310,775	2,982,165
Purchase of tangible capital assets	(7,623,262)	(6,046,791)	(4,226,123)
Loss/(gain) on disposal of tangible capital assets	-	(149,113)	634
Proceeds on sale of tangible capital assets	-	389,155	3,169
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(2,271,862)	1,160,496	656,809
NET FINANCIAL ASSETS - beginning of year	19,981,870	19,981,870	19,325,061
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 18)	-	(4,398,300)	-
ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD (note 18)	-	(335,178)	-
NET FINANCIAL ASSETS - beginning of year, as restated	19,981,870	15,248,392	19,325,061
DECREASE IN ACCUMULATED REMEASUREMENT LOSSES	-	151,097	-
NET FINANCIAL ASSETS - end of year	17,710,008	16,559,985	19,981,870

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, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,656,470	1,896,964
Items not involving cash		
Amortization of tangible capital assets	3,310,775	2,982,165
Loss/(gain) on disposal of tangible capital assets	(149,113)	634
Accretion expense	128,700	-
Change in landfill closure and post-closure liability for closed landfill site	(505,500)	(192,500)
Asset retirement obligation	68,500	-
Change in employee future benefits payable	(50,600)	(2,800)
Change in non-cash assets and liabilities		
Accounts receivable	142,114	(86,665)
Taxes receivable	(379,011)	(349,284)
Inventories held for resale	(1,041)	(1,785)
Accounts payable and accrued liabilities	(121,684)	465,592
Deferred revenue - obligatory reserve funds	(509,736)	(467,929)
Deferred revenue - other	(19,274)	(270,393)
Net change in cash from operating activities	5,570,600	3,973,999
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(6,046,791)	(4,226,123)
Proceeds on disposal of tangible capital assets	389,155	3,169
Net change in cash from capital activities	(5,657,636)	(4,222,954)
INVESTING ACTIVITIES		
Purchase of investments	(14,764,439)	(13,052,853)
Redemption of investments	13,732,936	-
Net change in cash from investing activities	(1,031,503)	(13,052,853)
FINANCING ACTIVITIES		
Debt principal repayments	(105,339)	(103,181)
NET CHANGE IN CASH	(1,223,878)	(13,404,989)
CASH - beginning of year	6,891,435	20,296,424
CASH - end of year	5,667,557	6,891,435

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, 2023

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) 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

Property 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 that 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 assets are received.

(e) 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.

(f) 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

(h) 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 amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(j) and related costs added to tangible capital assets - See Note 1(c)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)
- Employee future benefits payable depend on certain actuarial and economic assumptions

In addition, the Township's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments:	
Government bonds	Fair Value
High interest savings account	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long-term debt	Amortized Cost

Fair value category: The Township manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several assets and the remediation of the three gravel pits operated by the Township has also been recognized based on estimated future expenses for remediation or disposal.

The landfill liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (c).

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2023, 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	6,551,658	13,695,407

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

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. INVESTMENTS

Investments consist of the following:

	2023	2022
	\$	\$
Investments held at amortized cost		
Government bonds, interest rates from 1.40% to 3.75%, maturing from June 2024 to June 2031	-	4,312,242
Guaranteed investment certificate, interest rate of 5.05%, maturing December 2023	-	13,000,000
High interest savings account	14,000,110	-
	14,000,110	17,312,242
Investments held at market		
Government bonds, interest rates from 1.40% to 3.75%, maturing from June 2024 to June 2031	4,159,554	-
	18,159,664	17,312,242

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

4. 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:

	2023	2022
	\$	\$
Development charges	116,379	252,107
Parkland fees	719,557	688,813
Canada Community-Building Fund	-	404,752
	835,936	1,345,672

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

	2023	2022
	\$	\$
Balance - beginning of year	1,345,672	1,813,601
Add amounts received:		
Development charges received	75,159	61,233
Parkland fees received	9,786	22,009
Canada Community-Building Fund received	564,585	541,060
Interest received	24,348	39,194
	673,878	663,496
Less transfer to operations:		
Development charges earned	214,277	200,663
Canada Community-Building Fund earned	969,337	930,762
	1,183,614	1,131,425
Balance - end of year	835,936	1,345,672

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2023	2022
	\$	\$
Ontario Community Infrastructure Fund	422,066	399,519
Other	48,000	89,821
	470,066	489,340

The continuity of deferred revenue - other is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	489,340	759,733
Add amounts received:		
Ontario Community Infrastructure Fund	358,122	421,320
Community Transportation Grant Program	319,631	259,427
Other	128,764	572,928
	806,517	1,253,675
Less transfer to operations:		
Ontario Community Infrastructure Fund	335,575	472,863
Community Transportation Grant Program	319,631	515,086
Other	170,585	536,119
	825,791	1,524,068
Balance - end of year	470,066	489,340

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. LONG-TERM DEBT

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

	2023	2022
	\$	\$

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.

329,417	434,756
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- (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 \$8,498 (2022 - \$10,655).

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

	Principal \$	Interest \$	Total \$
2024	107,541	6,296	113,837
2025	109,790	4,047	113,837
2026	112,086	1,751	113,837
	329,417	12,094	341,511

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

7. ASSET RETIREMENT OBLIGATION

The Township's asset retirement obligation consists of the following:

(a) Landfill obligation

The Township owns two landfill sites, one closed site and one operational site. The liability for the landfills been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.5% and an inflation rate of 2.5%.

(b) Asbestos obligation

The Township owns and operates underground networks that are known to have asbestos, which represents a health hazard upon removal of the asset and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Township recognized an obligation relating to the removal of the asbestos in these assets as estimated at January 1, 2023.

(c) Other

The Township owns and operates gravel pits. The liability for the closure of these sites and the costs to return the property to its original state has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of closure of the sites.

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfill obligation \$	Asbestos removal \$	Other \$	Total \$
Opening balance - January 1, 2023	-	-	-	-
Adjustment on adoption of the asset retirement obligation standard	3,050,000	274,900	1,141,900	4,466,800
Opening balance, as restated	3,050,000	274,900	1,141,900	4,466,800
Accretion expense	128,700	-	-	128,700
Closing balance	3,178,700	274,900	1,141,900	4,595,500

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. EMPLOYEE FUTURE BENEFITS PAYABLE

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

	2023	2022
	\$	\$
Accrued benefit obligation	935,700	937,200
Unamortized actuarial gain	420,300	469,400
Employee future benefits payable	1,356,000	1,406,600

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	6.0%
- 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:

	2023	2022
	\$	\$
Current service costs	60,100	78,000
Amortized actuarial gain	(49,100)	(35,700)
Interest on accrued benefit obligation	43,500	31,700
Employee future benefits expense	54,500	74,000

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

9. TANGIBLE CAPITAL ASSETS

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

	2023	2022
	\$	\$
General		
Land	9,915,971	6,297,084
Facilities	16,042,964	15,781,868
Vehicles and equipment	4,665,669	4,680,850
Infrastructure		
Roadways	18,352,892	17,163,295
Water and sewer	20,720,809	19,730,683
Solar systems	712,708	770,047
	70,411,013	64,423,827
Assets under construction	1,995,848	1,088,760
	72,406,861	65,512,587

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

During the year there were no write-downs of assets (2022 - \$Nil), no interest capitalized (2022 - \$Nil) and no contributed assets (2022 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2023	2022
	\$	\$
General government	5,896,211	4,393,424
Protection services	3,080,625	3,198,025
Transportation services	23,572,345	21,336,928
Environmental services	24,677,821	21,307,904
Health services	1	1
Recreation and cultural services	15,179,858	15,276,305
	72,406,861	65,512,587

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2023	2022
	\$	\$
Surplus/(Deficit)		
Lakefield-Smith Community Centre	(36,972)	(82,355)
Fire services	(53,298)	(55,031)
Ennismore arena	(34,465)	(38,688)
Unfunded landfill closure and post-closure costs	-	(505,500)
Unfunded employee future benefits	(1,356,000)	(1,406,600)
	(1,480,735)	(2,088,174)
Invested In Capital Assets		
Tangible capital assets - net book value	72,406,861	65,512,587
Long-term debt	(329,417)	(434,756)
Unfunded capital projects - see (b) below	(142,978)	(95,000)
Unfunded asset retirement obligation	(4,595,500)	-
	67,338,966	64,982,831
Surplus	65,858,231	62,894,657
Reserves		
General government - operating	235,938	188,276
General government - capital	3,922,246	4,061,190
Protection to persons and property - operating	3,157,952	3,330,461
Protection to persons and property - capital	728,917	663,604
Transportation services - operating	521,358	484,984
Transportation services - capital	3,391,565	3,649,045
Environmental services - operating	613,687	436,585
Environmental services - capital	8,510,573	7,741,549
Environmental services - landfill	58,435	18,245
Health services - operating	58,755	60,794
Recreation and cultural services - operating	127,132	160,162
Recreation and cultural services - capital	929,312	879,001
Planning and development - operating	213,552	201,300
Planning and development - capital	279,400	218,248
Total Reserves	22,748,822	22,093,444

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. ACCUMULATED SURPLUS, continued

	2023	2022
	\$	\$
Reserve Funds		
For acquisition of recreation and cultural services capital assets	454,282	419,374
Parking	89,592	86,982
Total Reserve Funds	543,874	506,356
	89,150,927	85,494,457

(b) Unfunded capital projects consist of:

	2023	2022
	\$	\$
Boat rentals	(16,467)	-
Docks	(126,511)	-
Boat ramp	-	(95,000)
	(142,978)	(95,000)

11. EXPENSES BY OBJECT

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

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	7,214,726	6,939,506	6,764,734
Interest charges	8,498	8,498	10,655
Materials	4,659,334	4,706,469	4,505,763
Contracted services	4,888,351	4,305,939	5,003,442
Rents and financial	125,360	247,492	153,635
External transfers	348,029	291,205	392,378
Amortization	2,982,165	3,310,775	2,982,165
Loss (gain) on disposal of tangible capital assets	(94,500)	(149,113)	634
	20,131,963	19,660,771	19,813,406

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. 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 2023-004. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

13. TRUST FUNDS

Trust fund administered by the Township amounting to \$45,578 (2022 - \$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.

14. BUDGET FIGURES

The budget, approved by the Township differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the annual surplus:

	2023 \$
Council approved budgeted surplus	-
Tangible capital asset additions	7,623,262
Amortization of tangible capital assets	(2,982,165)
Principal repayment of long term debt	105,339
Transfers to/(from) reserves and reserve funds	(2,541,597)
Change in employee future benefits	2,800
Change in asset retirement obligation	193,000
Change in unfunded capital	(31,404)
Annual surplus reported on the Consolidated Statement of Operations	2,369,235

15. 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 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 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 total contributions to OMERS in 2023 were \$917,556 (2022 - \$845,990) of which \$458,778 (2022 - \$422,995) was contributed by employees.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

16. COMPARATIVE FIGURES

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

17. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Township's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments.

In accordance with the provisions of standards PS 3041 and PS 3450, the Township reflected the following adjustment at January 1, 2023:

- A loss of \$335,178 to the accumulated remeasurement gains/(losses) due to the unrealized loss of the Township's investments previously recorded at cost

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2023:

Landfill Obligation

- A decrease of \$505,500 to landfill closure and post-closure liability to remove the liability recognized to December 31, 2022 under the old standard and an increase of \$3,050,000 to opening asset retirement obligation liability and a corresponding increase of \$2,981,500 to the landfill tangible capital asset for operating landfill sites and an expense of \$68,500 for closed sites.

CORPORATION OF THE TOWNSHIP OF SELWYN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. CHANGES IN ACCOUNTING POLICIES, continued

Asbestos Obligation

- An increase of \$274,900 to asset retirement obligation liability for underground networks recorded representing the estimate of the obligation as of January 1, 2023 and a corresponding increase to the tangible capital asset still in use.

Other Obligation

- An increase of \$1,141,900 to asset retirement obligation liability for gravel pits recorded representing the estimate of the obligation as of January 1, 2023 and a corresponding increase to the land tangible capital asset still in use.

19. FINANCIAL INSTRUMENTS

The Township is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise.

(b) Market risk

The Township is exposed to certain market risks including changes in pricing and limited access to foreign markets.

In the opinion of management, the Township is not exposed to any significant liquidity, credit or currency risks.

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General			Infrastructure			Assets Under Construction	Totals
	Land \$	Facilities \$	Vehicles and Equipment \$	Roadways \$	Water and Sewer \$	Solar Systems \$	\$	\$
COST								
Balance, beginning 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
Add: additions during the year	-	692,368	678,254	2,411,354	1,357,727	-	907,088	6,046,791
Less: disposals during the year	234,454	-	67,156	-	53,465	-	-	355,075
Asset retirement obligation	4,123,400	-	-	-	274,900	-	-	4,398,300
Balance, end of year	10,186,030	23,273,539	11,957,301	45,183,694	30,875,097	1,146,771	1,995,848	124,618,280
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	6,799,303	6,665,353	25,609,045	9,565,252	376,724	-	49,015,677
Add: additions during the year	270,059	431,272	692,127	1,221,757	638,221	57,339	-	3,310,775
Less: disposals during the year	-	-	65,848	-	49,185	-	-	115,033
Balance, end of year	270,059	7,230,575	7,291,632	26,830,802	10,154,288	434,063	-	52,211,419
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,915,971	16,042,964	4,665,669	18,352,892	20,720,809	712,708	1,995,848	72,406,861

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	2,259,187	4,712,944	2,850,261	-	552,581	1,238,578	189,605	11,803,156
User charges	226,185	603,568	195,548	2,662,282	659,060	1,239,822	102,464	5,688,929
Government transfers - operating	380,148	84,190	731,915	296,569	-	274,536	-	1,767,358
Government transfers - capital	-	-	261,595	88,410	-	570,426	-	920,431
Other municipalities	-	165,132	2,134	-	-	-	-	167,266
Penalties and interest on taxes	319,913	-	-	-	-	-	-	319,913
Investment income	859,595	-	-	359,295	-	18,272	-	1,237,162
Donations	-	-	-	-	-	11,120	-	11,120
Other grants	125,127	-	-	-	-	60,701	32,464	218,292
Development charges earned	43,353	50,181	32,885	-	-	87,858	-	214,277
Canada Community-Building Fund earned	-	-	969,337	-	-	-	-	969,337
Total revenues	4,213,508	5,616,015	5,043,675	3,406,556	1,211,641	3,501,313	324,533	23,317,241
Expenses								
Salaries and benefits	1,791,698	1,324,697	1,505,343	80,658	323,009	1,490,985	423,116	6,939,506
Interest charges	8,498	-	-	-	-	-	-	8,498
Materials	630,509	956,799	1,458,818	317,024	269,305	1,036,063	37,951	4,706,469
Contracted services	131,757	2,895,455	61,545	1,097,168	(47,074)	69,065	98,023	4,305,939
Rents and financial	55,081	39,776	1,820	1,091	143,862	5,463	399	247,492
External transfers	17,405	248,064	-	-	-	-	25,736	291,205
Amortization	110,533	271,986	1,593,858	684,889	231,171	418,338	-	3,310,775
Loss (gain) on disposal of tangible capital assets	(150,545)	-	-	4,280	-	(2,848)	-	(149,113)
Internal transfers	(119,390)	55,768	-	45,032	-	-	18,590	-
Total expenses	2,475,546	5,792,545	4,621,384	2,230,142	920,273	3,017,066	603,815	19,660,771
Net surplus/(deficit)	1,737,962	(176,530)	422,291	1,176,414	291,368	484,247	(279,282)	3,656,470

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
Development charges 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

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

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

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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, 2023, 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, 2023, 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
December 19, 2025

CORPORATION OF THE TOWNSHIP OF SELWYN

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 Ontario Home Renewal Program \$	2022 Ontario Home Renewal Program \$
FINANCIAL ASSETS		
Cash	6,143	5,851
Loans receivable	6,881	6,881
Due from Township	32,734	33,026
	45,758	45,758
FUND BALANCE	45,578	45,578

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	2023 Ontario Home Renewal Program \$	2022 Ontario Home Renewal Program \$
BALANCE - beginning of year	45,578	45,578
RECEIPTS		
Interest earned	291	105
EXPENSES		
Administration fee	291	105
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, 2023

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, 2023 are comprised of repayable loans of \$6,881 (2022 - \$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, 2023

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

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**

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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, 2023, 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, 2023, 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 deficit and cash flows from operations for the years ended December 31, 2023 and 2022, and assets and accumulated surplus as at December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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.

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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
December 19, 2025

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	675	575
Due from the Township of Selwyn (note 5)	649,635	687,102
NET FINANCIAL ASSETS	650,310	687,677
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	236,267	235,177
ACCUMULATED SURPLUS (note 3)	886,577	922,854

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, 2023

	Budget 2023 \$ (note 4)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Township of Selwyn contribution			
Levy (note 5)	619,030	619,030	542,336
Development charges earned	8,141	8,141	24,630
Provincial grants	73,113	58,493	88,818
Federal grants	6,300	-	8,036
Other grants	3,000	2,500	3,500
User charges	18,883	26,110	11,235
Fundraising	30,000	33,019	29,317
Interest income	-	18,272	18,092
Donations	5,350	3,240	3,974
TOTAL REVENUES	763,817	768,805	729,938
EXPENSES			
Salaries and benefits	533,676	538,420	482,729
Materials, periodicals and audio	12,000	10,619	11,660
Office and administration	112,561	94,025	73,177
Insurance (note 5)	13,349	13,458	11,138
Maintenance and utilities	51,085	57,553	52,698
Fundraising	16,000	17,370	15,351
Equipment and furnishings	44,850	12,450	52,317
Amortization	57,246	57,473	57,246
Contribution to Township reserve	-	3,714	11,238
TOTAL EXPENSES	840,767	805,082	767,554
ANNUAL DEFICIT	<u>(76,950)</u>	(36,277)	(37,616)
ACCUMULATED SURPLUS - beginning of year		922,854	960,470
ACCUMULATED SURPLUS - end of year		886,577	922,854

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, 2023

	Budget 2023 \$ (note 4)	Actual 2023 \$	Actual 2022 \$
ANNUAL DEFICIT	(76,950)	(36,277)	(37,616)
Amortization of tangible capital assets	57,246	57,473	57,246
Acquisition of tangible capital assets	(55,000)	(58,563)	(64,121)
DECREASE IN NET FINANCIAL ASSETS	(74,704)	(37,367)	(44,491)
NET FINANCIAL ASSETS - beginning of year	687,677	687,677	732,168
NET FINANCIAL ASSETS - end of year	612,973	650,310	687,677

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, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(36,277)	(37,616)
Items not involving cash		
Amortization of tangible capital assets	57,473	57,246
Change in non-cash assets and liabilities		
Due from the Township of Selwyn	37,467	44,591
Net change in cash from operating activities	58,663	64,221
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(58,563)	(64,121)
NET CHANGE IN CASH	100	100
CASH - beginning of year	575	475
CASH - end of year	675	575

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, 2023

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 2023 and 2022.

(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:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(d)

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial Instrument	Measurement Method
Cash	Amortized Cost
Due from the Township of Selwyn	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
-------	---------

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

(e) 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.

(f) 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.

(g) 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.

(h) 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.

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

2. TANGIBLE CAPITAL ASSETS

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

	2023 Books \$	2022 Books \$
COST		
Balance, beginning of year	402,315	400,723
Add: additions during the year	58,563	64,121
Less: disposals during the year	54,073	62,529
Balance, end of year	406,805	402,315
ACCUMULATED AMORTIZATION		
Balance, beginning of year	167,138	172,421
Add: additions during the year	57,473	57,246
Less: disposals during the year	54,073	62,529
Balance, end of year	170,538	167,138
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	236,267	235,177

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Invested In Capital Assets		
Tangible capital assets - net book value	236,267	235,177
Surplus	236,267	235,177
Reserves		
Working capital	22,958	66,525
Acquisition of capital assets	378,017	379,080
Total Reserves	400,975	445,605
Reserve Fund		
Acquisition of capital assets	249,335	242,072
	886,577	922,854

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

4. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Board's approved budget to the annual deficit:

	2023 \$
Board approved budgeted surplus	-
Tangible capital asset additions	55,000
Amortization of tangible capital assets	(57,246)
Transfers to/(from) reserves and reserve funds	(74,704)
Annual deficit reported on the Statement of Operations	(76,950)

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 \$18,272 (2022 - \$18,092) 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:

	2023 \$	2022 \$
Allocated costs:		
Insurance	13,458	11,138
	13,458	11,138

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.

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

6. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings by public sector entities. The adoption of this standard did not have an impact on the Board's financial statements.

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Board assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

In the opinion of management, the Board is not exposed to any significant interest rate, credit, liquidity, market or currency risk.