CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

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DECEMBER 31, 2025

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CORPORATION OF THE TOWNSHIP OF SELWYN

For The Year Ended December 31, 2025

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

August 11, 2026

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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, 2025, 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, 2025, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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
August 14, 2026

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CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash	4,553,360	5,029,309
Investments (note 3)	19,671,417	19,041,369
Accounts receivable	2,267,325	2,539,605
Taxes receivable	2,914,076	2,981,917
Inventories held for resale	10,231	15,369
TOTAL FINANCIAL ASSETS	29,416,409	29,607,569
LIABILITIES		
Accounts payable and accrued liabilities	3,488,718	4,377,507
Deferred revenue - obligatory reserve funds (note 4)	1,053,056	1,040,487
Deferred revenue - other (note 5)	1,299,695	798,461
Long-term debt (note 6)	112,085	221,875
Asset retirement obligation (note 7)	4,869,900	4,729,800
Employee future benefits payable (note 8)	1,289,600	1,301,600
TOTAL LIABILITIES	12,113,054	12,469,730
NET FINANCIAL ASSETS	17,303,355	17,137,839
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	76,238,724	75,211,084
	93,542,079	92,348,923
Comprised of:		
Accumulated surplus (note 10)	93,507,669	92,376,966
Accumulated remeasurement gains/(losses)	34,410	(28,043)
	93,542,079	92,348,923

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 15)	Actual 2025 $	Actual 2024 $
REVENUES			
Property taxation	13,086,952	13,238,875	12,403,426
User charges	6,215,810	6,392,454	6,187,812
Government of Canada	143,029	143,644	673,332
Province of Ontario	2,110,950	2,426,493	2,402,603
Other municipalities	170,500	181,925	196,745
Penalties and interest on taxes	362,500	425,169	372,474
Investment income	1,081,074	785,767	1,154,399
Donations	25,200	41,381	10,318
Contributed tangible capital assets (note 9)	-	54,300	507,279
Other grants	-	-	3,911
Development charges earned (note 4)	153,744	138,161	17,865
Canada Community-Building Fund earned (note 4)	594,882	610,888	594,882
Gain/(loss) on disposal of tangible capital assets	173,000	151,870	(17,718)
TOTAL REVENUES	24,117,641	24,590,927	24,507,328
EXPENSES			
General government	3,372,651	3,237,397	2,873,491
Protection services	6,634,479	6,358,947	5,821,590
Transportation services	4,973,750	5,916,060	4,770,602
Environmental services	3,495,784	3,947,485	3,819,078
Recreation and cultural services	3,511,702	3,584,647	3,299,708
Planning and development	640,251	415,688	534,420
TOTAL EXPENSES	22,628,617	23,460,224	21,118,889
ANNUAL SURPLUS	1,489,024	1,130,703	3,388,439
ACCUMULATED SURPLUS - beginning of year		92,376,966	89,150,927
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD		-	(162,400)
ACCUMULATED SURPLUS - beginning of year, as restated		92,376,966	88,988,527
ACCUMULATED SURPLUS - end of year		93,507,669	92,376,966

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the Year Ended December 31, 2025

	2025 $	2024 $
ACCUMULATED REMEASUREMENT LOSSES - beginning of year	(28,043)	(184,081)
Unrealized gains attributed to:		
Portfolio investments	61,433	199,315
Realized losses (gains), reclassified to the statement of operations:		
Portfolio investments	1,020	(43,277)
NET REMEASUREMENT GAINS	62,453	156,038
ACCUMULATED REMEASUREMENT GAINS (LOSSES) - end of year	34,410	(28,043)

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 15)	Actual 2025 $	Actual 2024 $
ANNUAL SURPLUS	1,489,024	1,130,703	3,388,439
Amortization of tangible capital assets	3,063,200	3,666,254	3,348,556
Purchase of tangible capital assets	(6,192,524)	(4,640,624)	(5,679,314)
Loss/(gain) on disposal of tangible capital assets	-	(151,870)	17,718
Proceeds on sale of tangible capital assets	-	152,900	16,096
Contributed tangible capital assets	-	(54,300)	(507,279)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS BEFORE CHANGE IN REMEASUREMENT GAINS AND LOSSES	(1,640,300)	103,063	584,216
NET FINANCIAL ASSETS - beginning of year	17,137,839	17,137,839	16,559,985
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD	-	-	(162,400)
NET FINANCIAL ASSETS - beginning of year, as restated	17,137,839	17,137,839	16,397,585
CHANGE IN REMEASUREMENT GAINS AND LOSSES	-	62,453	156,038
NET FINANCIAL ASSETS - end of year	15,497,539	17,303,355	17,137,839

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,130,703	3,388,439
Items not involving cash		
Amortization of tangible capital assets	3,666,254	3,348,556
Loss/(gain) on disposal of tangible capital assets	(151,870)	17,718
Contributed capital assets	(54,300)	(507,279)
Accretion expense	149,300	143,500
Change in employee future benefits payable	(12,000)	(54,400)
Realized loss/(gain) on investments	(1,020)	43,277
Change in non-cash assets and liabilities		
Accounts receivable	272,280	(887,622)
Taxes receivable	67,841	(630,579)
Inventories held for resale	5,138	(7,162)
Accounts payable and accrued liabilities	(888,789)	685,662
Deferred revenue - obligatory reserve funds	12,569	204,551
Deferred revenue - other	501,234	165,995
Asset retirement obligations - remediation costs incurred	(9,200)	(9,200)
Net change in cash from operating activities	4,688,140	5,901,456
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,640,624)	(5,679,314)
Proceeds on disposal of tangible capital assets	152,900	16,096
Net change in cash from capital activities	(4,487,724)	(5,663,218)
INVESTING ACTIVITIES		
Purchase of investments	(958,122)	(1,508,429)
Redemption of investments	391,547	739,485
Net change in cash from investing activities	(566,575)	(768,944)
FINANCING ACTIVITIES		
Debt principal repayments	(109,790)	(107,542)
NET CHANGE IN CASH	(475,949)	(638,248)
CASH - beginning of year	5,029,309	5,667,557
CASH - end of year	4,553,360	5,029,309

The accompanying notes are an integral part of these financial statements

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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) Investment

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

(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
Land - landfill AROs	14 years
Land - gravel pits AROs	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.

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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 and omitted assessment 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.

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund and development charges 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.

(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.

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(i) 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 amounts payable depend on certain actuarial and economic assumptions
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

(i) 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. The landfill liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. 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 recognition of the Asset Retirement Obligation 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).

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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
HISA	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.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2025, 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	6,785,461	16,092,745

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

3. INVESTMENTS

Investments consist of the following:

	Level (note 1(j))	2025 $	2024 $
Investments held at amortized cost			
High interest savings account	1	15,178,122	14,693,115
Investments held at market			
Government bonds, interest rates from 1.40% to 5.75%, maturing from June 2026 to December 2043	1	4,493,295	-
Government bonds, interest rates from 1.40% to 3.65%, maturing from December 2025 to June 2033	1	-	4,348,254
		4,493,295	4,348,254
		19,671,417	19,041,369

There were no transfers in or out of level 2 and level 3 during the year.

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:

	2025 $	2024 $
Development charges	271,890	285,087
Parkland fees	781,166	755,400
	1,053,056	1,040,487

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

	2025 $	2024 $
Balance - beginning of year	1,040,487	835,936
Add amounts received:		
Development charges received	117,045	178,270
Parkland fees received	3,013	13,841
Canada Community-Building Fund received	610,888	594,882
Interest received	30,672	30,305
	761,618	817,298
Less transfer to operations:		
Development charges earned	138,161	17,865
Canada Community-Building Fund earned	610,888	594,882
	749,049	612,747
Balance - end of year	1,053,056	1,040,487

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2025 $	2024 $
Ontario Community Infrastructure Fund	885,213	640,061
Building permits	182,525	158,400
Inclusive playground	152,152	-
Other	79,805	-
	1,299,695	798,461

The continuity of deferred revenue - other is as follows:

	2025 $	2024 $
Balance - beginning of year	798,461	470,066
Adjustment to opening balance	-	162,400
Add amounts received:		
Ontario Community Infrastructure Fund	258,743	304,404
Building permits	621,797	505,309
Interest received	18,889	22,265
Inclusive playground	152,152	-
Other	79,805	12,000
	1,131,386	843,978
Less transfer to operations:		
Ontario Community Infrastructure Fund	32,480	108,674
Building permits	597,672	509,309
Other	-	60,000
	630,152	677,983
Balance - end of year	1,299,695	798,461

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:

	2025 $	2024 $
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.	112,085	221,875

(b) The long term debt in (a) issued in the name of the Township has been approved by by-law. The annual principal and interest payments required to service this liability is 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 $4,047 (2024 - $6,296).

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

	Principal $	Interest $	Total $
2026	112,085	1,752	113,837

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 and one operational site.The liability for the landfills has 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. The liability has not been discounted using a present value calculation due to the uncertainty of when the future costs will be incurred.

(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 as estimated at January 1, 2023. The liability has not been discounted using a present value calculation due to the uncertainty of when the future costs will be incurred.

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

Asset Retirement Obligation	Landfill obligation $	Asbestos removal $	Other $	Total 2025 $	Total 2024 $
Opening balance	3,313,000	274,900	1,141,900	4,729,800	4,595,500
Closure/post-closure costs incurred	(9,200)	-	-	(9,200)	(9,200)
Accretion expense	149,300	-	-	149,300	143,500
Closing balance	3,453,100	274,900	1,141,900	4,869,900	4,729,800

8. EMPLOYEE FUTURE AMOUNTS PAYABLE

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

	2025 $	2024 $
Accrued benefit obligation	1,060,600	930,400
Unamortized actuarial gain	229,000	371,200
Employee future benefits payable	1,289,600	1,301,600

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, 2025 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 2025	6.95%
- decreasing over 20 years to	4.5%
Future dental care premiums rates - first year 2025	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:

	2025 $	2024 $
Current service costs	67,300	62,900
Amortized actuarial gain	(41,500)	(49,100)
Interest on accrued benefit obligation	48,600	43,500
Plan amendments incurred	2,500	-
Employee future benefits expense	76,900	57,300

9. TANGIBLE CAPITAL ASSETS

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

	2025 $	2024 $
General		
Land	9,384,503	9,654,562
Facilities	18,131,673	17,660,092
Vehicles and equipment	6,619,173	5,469,600
Infrastructure		
Roadways	20,747,804	20,273,720
Water and sewer	20,421,109	20,850,765
Solar systems	598,030	655,369
	75,902,292	74,564,108
Assets under construction	336,432	646,976
	76,238,724	75,211,084

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

During the year there were no write-downs of assets (2024 - $Nil), no interest capitalized (2024 - $Nil).

The tangible capital assets of $54,300 contributed in 2025 consisted of a dry pond. The tangible capital assets of $507,279 contributed in 2024 consisted of streetlights and sidewalks assumed by the Township.

Tangible capital assets allocated by segment are as follows:

	2025 $	2024 $
General government	4,080,132	4,058,169
Protection services	5,614,493	4,807,427
Transportation services	26,573,238	26,280,234
Environmental services	24,273,825	24,847,829
Health services	8,651	8,651
Recreation and cultural services	15,688,385	15,208,774
	76,238,724	75,211,084

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2025 $	2024 $
Surplus/(Deficit)		
Lakefield-Smith Community Centre	(15,088)	(18,091)
Winter road operations	(112,349)	-
Ennismore arena	(33,843)	(7,486)
Unfunded employee future benefits	(1,289,600)	(1,301,600)
	(1,450,880)	(1,327,177)
Invested In Capital Assets		
Tangible capital assets - net book value	76,238,724	75,211,084
Long-term debt	(112,085)	(221,875)
Unfunded asset retirement obligations	(4,869,900)	(4,729,800)
Unfunded capital projects - see (b) below	(1,034,670)	(387,529)
	70,222,069	69,871,880
Surplus	68,771,189	68,544,703
Reserves		
General government - operating	149,274	192,808
General government - capital	4,775,853	4,457,189
Protection to persons and property - operating	2,768,816	2,942,768
Protection to persons and property - capital	553,606	921,084
Transportation services - operating	529,446	641,221
Transportation services - capital	1,679,125	1,987,684
Environmental services - operating	659,419	679,048
Environmental services - capital	11,058,421	9,672,997
Environmental services - landfill	190,788	125,991
Health services - operating	58,355	56,655
Recreation and cultural services - operating	153,057	83,950
Recreation and cultural services - capital	1,022,804	1,010,810
Planning and development - operating	196,685	169,738
Planning and development - capital	283,347	275,095
Total Reserves	24,078,996	23,217,038

10. ACCUMULATED SURPLUS, continued

	2025 $	2024 $
Reserve Funds		
For acquisition of recreation and cultural services capital assets	553,644	519,410
Parking	103,840	95,815
Total Reserve Funds	657,484	615,225
	93,507,669	92,376,966

(b) Unfunded capital projects consist of:

	2025 $	2024 $
Boat rentals	-	(16,467)
Docks	(126,511)	(126,511)
Campground	(808,543)	(244,551)
Ennismore arena floor	(99,616)	-
	(1,034,670)	(387,529)

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 2025 $ (note 15)	Actual 2025 $	Actual 2024 $
Salaries and benefits	8,888,779	8,877,833	7,653,689
Interest charges	4,047	4,047	6,296
Materials	5,837,654	5,799,566	5,110,711
Contracted services	4,334,862	4,452,574	4,441,954
Rents and financial	119,522	344,872	257,750
External transfers	380,553	315,078	299,933
Amortization	3,063,200	3,666,254	3,348,556
	22,628,617	23,460,224	21,118,889

12. COMPARATIVE FIGURES

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

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 2025-001. At December 31, 2025 there was no balance outstanding (2024 - $Nil).

14. TRUST FUNDS

Trust fund administered by the Township amounting to $47,455 (2024 - $45,713) 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 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 PSA presented budget:

	2025 $
Council approved budgeted surplus	-
Tangible capital asset additions	6,192,524
Amortization of tangible capital assets	(3,063,200)
Change in unfinanced capital	(839,000)
Principal repayment of long term debt	109,790
Transfers to/(from) reserves and reserve funds	(911,090)
Annual surplus reported on the Consolidated Statement of Operations	1,489,024

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 2025 Annual Report disclosed total actuarial liabilities of $151,365 million in respect of benefits accrued for service with actuarial assets of $150,043 million indicating an actuarial deficit of $1,322 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 2025 were $1,168,870 (2024 - $967,858) of which $584,435 (2024 - $483,929) was contributed by employees.

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.

18. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Township 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.

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) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management the credit risk exposure to the organization is low and is not material.

(c) 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 or currency risk.

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

	General			Infrastructure				
	Land $	Facilities $	Vehicles and Equipment $	Roadways $	Water and Sewer $	Solar Systems $	Assets Under Construction $	Totals $
COST								
Balance, beginning of year	10,194,680	25,318,399	13,304,150	48,413,331	31,589,163	1,146,771	646,976	130,613,470
Add: additions during the year	-	151,151	1,497,534	1,481,793	218,656	-	1,345,790	4,694,924
Less: disposals during the year	-	-	668,921	34,507	-	-	-	703,428
Transfers	-	868,877	384,589	402,868	-	-	(1,656,334)	-
Balance, end of year	10,194,680	26,338,427	14,517,352	50,263,485	31,807,819	1,146,771	336,432	134,604,966
ACCUMULATED AMORTIZATION								
Balance, beginning of year	540,118	7,658,307	7,834,550	28,139,611	10,738,398	491,402	-	55,402,386
Add: additions during the year	270,059	548,447	731,520	1,410,577	648,312	57,339	-	3,666,254
Less: disposals during the year	-	-	667,891	34,507	-	-	-	702,398
Balance, end of year	810,177	8,206,754	7,898,179	29,515,681	11,386,710	548,741	-	58,366,242
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,384,503	18,131,673	6,619,173	20,747,804	20,421,109	598,030	336,432	76,238,724

CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2025

	General Government $	Protection Services $	Transportation Services $	Water and Sewer $	Other Environmental Services $	Recreation and Cultural Services $	Planning and Development $	Consolidated $
Revenues								
Property taxation	2,325,678	5,614,396	2,925,875	-	575,263	1,633,476	164,187	13,238,875
User charges	355,041	730,517	219,085	2,945,115	629,056	1,413,973	99,667	6,392,454
Government transfers - operating	507,297	446,910	1,205,545	6,422	-	196,299	-	2,362,473
Government transfers - capital	-	-	54,411	153,253	-	-	-	207,664
Other municipalities	-	176,637	2,052	-	-	3,236	-	181,925
Penalties and interest on taxes	425,169	-	-	-	-	-	-	425,169
Investment income	415,537	-	-	351,103	-	19,127	-	785,767
Donations	-	-	-	-	-	41,381	-	41,381
Contributed tangible capital assets	54,300	-	-	-	-	-	-	54,300
Development charges earned	1,678	6,853	104,107	-	-	25,523	-	138,161
Canada Community-Building Fund earned	-	-	610,888	-	-	-	-	610,888
Gain/(loss) on disposal of tangible capital assets	6,660	13,318	112,991	-	-	18,901	-	151,870
Total revenues	4,091,360	6,988,631	5,234,954	3,455,893	1,204,319	3,351,916	263,854	24,590,927
Expenses								
Salaries and benefits	2,321,286	1,564,449	1,895,705	579,612	338,343	1,852,370	326,068	8,877,833
Interest charges	4,047	-	-	-	-	-	-	4,047
Materials	758,767	1,091,131	1,633,858	716,739	300,175	1,252,493	46,403	5,799,566
Contracted services	106,655	3,024,864	517,566	345,834	401,602	33,047	23,006	4,452,574
Rents and financial	54,011	46,487	77,001	2,838	156,674	7,861	-	344,872
External transfers	29,360	285,520	-	-	-	-	198	315,078
Amortization	125,711	272,158	1,819,247	770,950	239,312	438,876	-	3,666,254
Internal transfers	(162,440)	74,338	(27,317)	95,406	-	-	20,013	-
Total expenses	3,237,397	6,358,947	5,916,060	2,511,379	1,436,106	3,584,647	415,688	23,460,224
Net surplus/(deficit)	853,963	629,684	(681,106)	944,514	(231,787)	(232,731)	(151,834)	1,130,703

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CORPORATION OF THE TOWNSHIP OF SELWYN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2024

	General Government $	Protection Services $	Transportation Services $	Water and Sewer $	Other Environmental Services $	Recreation and Cultural Services $	Planning and Development $	Consolidated $
Revenues								
Property taxation	2,457,812	4,870,290	2,886,118	-	575,263	1,449,756	164,187	12,403,426
User charges	253,315	643,389	375,720	2,853,330	611,535	1,342,195	108,328	6,187,812
Government transfers - operating	557,320	102,825	1,098,049	80,215	-	252,367	-	2,090,776
Government transfers - capital	-	-	279,978	705,181	-	-	-	985,159
Other municipalities	-	191,086	5,659	-	-	-	-	196,745
Penalties and interest on taxes	372,474	-	-	-	-	-	-	372,474
Investment income	754,934	-	-	380,531	-	18,934	-	1,154,399
Donations	-	-	-	-	-	10,318	-	10,318
Contributed tangible capital assets	507,279	-	-	-	-	-	-	507,279
Other grants	1,453	-	-	-	-	2,458	-	3,911
Development charges earned	7,770	3,092	(2,989)	-	-	9,992	-	17,865
Canada Community-Building Fund earned	-	-	594,882	-	-	-	-	594,882
Gain/(loss) on disposal of tangible capital assets	-	-	16,096	(3,986)	-	(29,828)	-	(17,718)
Total revenues	4,912,357	5,810,682	5,253,513	4,015,271	1,186,798	3,056,192	272,515	24,507,328
Expenses								
Salaries and benefits	1,979,376	1,372,596	1,577,220	358,711	314,141	1,661,833	389,812	7,653,689
Interest charges	6,296	-	-	-	-	-	-	6,296
Materials	726,017	920,722	1,424,137	544,201	332,832	1,116,053	46,749	5,110,711
Contracted services	102,463	2,912,534	116,270	767,988	399,638	74,342	68,719	4,441,954
Rents and financial	58,294	41,403	-	366	150,008	7,374	305	257,750
External transfers	33,531	256,997	-	-	-	-	9,405	299,933
Amortization	121,808	244,748	1,652,975	649,607	239,312	440,106	-	3,348,556
Internal transfers	(154,294)	72,590	-	62,274	-	-	19,430	-
Total expenses	2,873,491	5,821,590	4,770,602	2,383,147	1,435,931	3,299,708	534,420	21,118,889
Net surplus/(deficit)	2,038,866	(10,908)	482,911	1,632,124	(249,133)	(243,516)	(261,905)	3,388,439

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2025

Baker Tilly KDN LLP
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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

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, 2025, 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, 2025, 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) and cash flows from operations for the years ended December 31, 2025 and 2024, and assets and accumulated surplus as at December 31, 2025 and 2024. Our opinion on the financial statements for the year ended December 31, 2024 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.

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
August 14, 2026

SELWYN PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2025

	2025 $	2024 $
FINANCIAL ASSETS		
Cash	38,750	771
Due from the Township of Selwyn (note 5)	682,076	668,467
NET FINANCIAL ASSETS	720,826	669,238
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	242,068	238,160
ACCUMULATED SURPLUS (note 3)	962,894	907,398

CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 4)	Actual 2025 $	Actual 2024 $
REVENUES			
Township of Selwyn contribution			
Levy (note 5)	886,293	886,293	752,664
Development charges earned	25,523	25,523	9,992
Provincial grants	41,213	51,559	41,243
Federal grants	4,727	4,816	4,634
Other grants	-	-	2,458
User charges	26,050	30,800	39,572
Fundraising	46,000	52,924	56,558
Interest income (note 5)	-	19,127	18,934
Donations	5,000	22,418	5,768
TOTAL REVENUES	1,034,806	1,093,460	931,823
EXPENSES			
Salaries and benefits	713,361	711,593	631,644
Materials, periodicals and audio	12,075	10,797	11,763
Office and administration	115,559	109,511	91,020
Insurance (note 5)	15,295	17,510	14,567
Maintenance and utilities	58,979	49,471	54,221
Fundraising	22,490	30,644	23,824
Equipment and furnishings	61,194	30,445	21,289
Amortization	58,115	58,839	58,115
Contribution to Township reserve	-	19,154	4,559
TOTAL EXPENSES	1,057,068	1,037,964	911,002
ANNUAL SURPLUS/(DEFICIT)	(22,262)	55,496	20,821
ACCUMULATED SURPLUS - beginning of year		907,398	886,577
ACCUMULATED SURPLUS - end of year		962,894	907,398

The accompanying notes are an integral part of these financial statements

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CORPORATION OF THE TOWNSHIP OF SELWYN

SELWYN PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	Budget 2025 $ (note 4)	Actual 2025 $	Actual 2024 $
ANNUAL SURPLUS/(DEFICIT)	(22,262)	55,496	20,821
Amortization of tangible capital assets	58,115	58,839	58,115
Acquisition of tangible capital assets	(68,000)	(62,747)	(60,008)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(32,147)	51,588	18,928
NET FINANCIAL ASSETS - beginning of year	669,238	669,238	650,310
NET FINANCIAL ASSETS - end of year	637,091	720,826	669,238

The accompanying notes are an integral part of these financial statements

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SELWYN PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

	2025 $	2024 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	55,496	20,821
Items not involving cash		
Amortization of tangible capital assets	58,839	58,115
Change in non-cash assets and liabilities		
Due from the Township of Selwyn	(13,609)	(18,832)
Net change in cash from operating activities	100,726	60,104
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(62,747)	(60,008)
NET CHANGE IN CASH	37,979	96
CASH - beginning of year	771	675
CASH - end of year	38,750	771

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 are 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 2024 and 2023.

(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)

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1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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
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.

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.

2. TANGIBLE CAPITAL ASSETS

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

	2025 Books $	2024 Books $
COST		
Balance, beginning of year	411,875	406,805
Add: additions during the year	62,747	60,008
Less: disposals during the year	60,666	54,938
Balance, end of year	413,956	411,875
ACCUMULATED AMORTIZATION		
Balance, beginning of year	173,715	170,538
Add: additions during the year	58,839	58,115
Less: disposals during the year	60,666	54,938
Balance, end of year	171,888	173,715
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	242,068	238,160

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2025 $	2024 $
Invested In Capital Assets		
Tangible capital assets - net book value	242,068	238,160
Surplus	242,068	238,160
Reserves		
Working capital	64,128	19,165
Acquisition of capital assets	392,179	393,258
Total Reserves	456,307	412,423
Reserve Fund		
Acquisition of capital assets	264,519	256,815
	962,894	907,398

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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 PSA presented budget:

	2025 $
Board approved budgeted surplus	-
Tangible capital asset additions	68,000
Amortization of tangible capital assets	(58,115)
Transfers to/(from) reserves and reserve funds	(32,147)
Annual surplus/(deficit) reported on the Statement of Operations	(22,262)

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 $19,127 (2024 - $18,934) 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:

	2025 $	2024 $
Allocated costs:		
Insurance	17,510	14,567
	17,510	14,567

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.

6. 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.