
THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

CONTENTS

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statements of Operations and Accumulated Operating Surplus	4
Consolidated Statement of Remeasurement Gains and Losses	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 29

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Village of South River

Opinion

We have audited the consolidated financial statements of The Corporation of the Village of South River (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, the consolidated change in its net financial assets (debt) and its consolidated 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 financial position of The Corporation of the Village of South River as at December 31, 2024, and the results of its operations and its 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 Municipality 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 27, 2024.

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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Municipality 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 financial information of the entities or business activities within the Municipality 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.

Pahapill and Associates

Huntsville, Ontario
July 22, 2025

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 1,400,575	\$ 2,250,731
Investments (Note 6)	20,829	7,452
Taxes receivable (Note 7)	219,610	210,433
Accounts receivable	1,025,783	1,121,608
Investment in South River Power Generation Corporation (Note 8)	1,845,489	1,508,173
Inventories held for resale	1,105,886	1,583
	5,618,172	5,099,980
LIABILITIES		
Temporary borrowing (Note 9)	-	800,000
Accounts payable and accrued liabilities	640,772	1,345,031
Deferred revenue-general (Note 10)	35,854	179,327
Deferred revenue-obligatory reserve funds (Note 11)	568,446	559,064
Long-term debt (Note 12)	2,141,133	1,471,055
Tangible capital leases	-	20,305
Employee benefits payable (Note 13)	29,239	26,379
	3,415,444	4,401,161
NET FINANCIAL ASSETS	2,202,728	698,819
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 16)	13,815,398	15,175,761
Inventories of supplies	25,813	19,198
Prepaid expenses	334,640	372,922
	14,175,851	15,567,881
ACCUMULATED SURPLUS (Note 17)	\$ 16,378,579	\$ 16,266,700
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating surplus	\$ 16,378,941	\$ 16,299,251
Accumulated remeasurement losses	(362)	(32,551)
	\$ 16,378,579	\$ 16,266,700

Contingencies (see Notes 3 and 8)
Contractual Obligations (see Note 14)

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024 (see Note 21)	Actual 2024	Actual 2023
REVENUE			
Property taxes	\$ 1,429,552	\$ 1,441,219	\$ 1,385,244
User charges	653,801	674,725	535,172
Government transfers	1,842,981	1,858,015	5,622,770
South River Power Generation Corporation - annual operating surplus (deficit), net of dividends (Note 8)	461,659	305,127	(89,706)
Loss on disposal of tangible capital assets	-	(795,234)	(3,024)
Restructuring net revenue (expense) (Note 19)	-	(1,578)	711
Other	328,444	333,690	316,505
TOTAL REVENUE	4,716,437	3,815,964	7,767,672
EXPENSES			
General government	616,517	594,357	524,263
Protection to persons and property	829,221	598,689	536,490
Transportation services	612,027	551,905	434,855
Environmental services	929,322	986,837	792,683
Health services	235,180	242,512	235,470
Social and family services	63,346	63,346	60,918
Recreation and cultural services	510,970	520,897	412,498
Planning and development	159,195	177,731	196,284
TOTAL EXPENSES	3,955,778	3,736,274	3,193,461
ANNUAL OPERATING SURPLUS (Note 17)	760,659	79,690	4,574,211
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	16,299,251	16,299,251	11,725,040
ACCUMULATED OPERATING SURPLUS, END OF YEAR	\$ 17,059,910	\$ 16,378,941	\$ 16,299,251

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
Accumulated remeasurement losses, beginning of year	\$ (32,551)	\$ (52,313)
South River Power Generation Corporation - unrealized gain on fair value of derivative <i>(Note 8)</i>	32,189	19,762
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	\$ (362)	\$ (32,551)

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget 2024 (see Note 21)	Actual 2024	Actual 2023
Annual operating surplus	\$ 760,659	\$ 79,690	\$ 4,574,211
Unrealized gains	-	32,189	19,762
Acquisition of tangible capital assets	(1,353,948)	(1,178,586)	(6,090,753)
Contributed tangible capital assets - net	-	317	(1,498)
Amortization of tangible capital assets	661,099	661,099	537,286
Loss on disposal of tangible capital assets	-	795,234	3,024
Proceeds from disposal of tangible capital assets	-	1,082,299	-
Change in supplies inventories	-	(6,615)	(126)
Change in prepaid expenses	-	38,282	(244,104)
Increase (decrease) in net financial assets	67,810	1,503,909	(1,202,198)
Net financial assets, beginning of year	698,819	698,819	1,901,017
Net financial assets, end of year	\$ 766,629	\$ 2,202,728	\$ 698,819

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
Operating transactions		
Annual operating surplus	\$ 79,690	\$ 4,574,211
Non-cash charges to operations:		
Amortization of tangible capital assets	661,099	537,286
Contributed tangible capital assets - net	317	(1,498)
Loss on disposal of tangible capital assets	795,234	3,024
Change in employee benefits payable	2,860	(3,957)
South River Power Generation Corporation - annual operating deficit (surplus), net of dividends	(305,127)	89,706
	1,234,073	5,198,772
Changes in non-cash items:		
Taxes receivable	(9,177)	(61,114)
Accounts receivable	95,825	69,430
Inventories held for resale	(1,104,303)	(333)
Accounts payable and accrued liabilities	(704,259)	651,600
Deferred revenue-general	(143,473)	(11,648)
Deferred revenue-obligatory reserve funds	9,382	33,133
Inventories of supplies	(6,615)	(126)
Prepaid expenses	38,282	(244,104)
	(1,824,338)	436,838
Cash provided by (applied to) operating transactions	(590,265)	5,635,610
Capital transactions		
Acquisition of tangible capital assets	(1,178,586)	(6,090,753)
Proceeds from disposal of tangible capital assets	1,082,299	-
Cash applied to capital transactions	(96,287)	(6,090,753)
Investing transactions		
Change in investments	(13,377)	2,821
Cash provided by (applied to) investing transactions	(13,377)	2,821
Financing transactions		
Change in temporary borrowing	(800,000)	800,000
Proceeds from municipal debt	800,000	800,527
Debt principal repayments	(129,922)	(99,259)
Tangible capital lease repayments	(20,305)	(27,073)
Cash provided by (applied to) financing transactions	(150,227)	1,474,195
Net change in cash and cash equivalents	(850,156)	1,021,873
Cash and cash equivalents, beginning of year	2,250,731	1,228,858
Cash and cash equivalents, end of year	\$ 1,400,575	\$ 2,250,731
Cash flow supplementary information:		
Cash paid for interest	\$ 112,791	\$ 50,028

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Village of South River (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and proportionally consolidated entities

The following local board is consolidated:

Cemetery

The following joint boards, committees and enterprises are proportionally consolidated:

Fire
Building
Medical Centre
Arena and Community Centre
Library
Ambulance Building
Economic Development

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: South River Power Generation Corporation.

(iii) Non-consolidated entities

The following joint boards are not consolidated:

North Bay Parry Sound District Health Unit
District of Parry Sound Social Services Administration Board
District of Parry Sound (East) Home for the Aged

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Accounting for school board transactions
The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(v) Trust funds
Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting

(i) Accrual basis of accounting
Revenue and expenses are reported on the accrual basis of accounting. Revenue from transactions with performance obligations is recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer. Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer. Revenue from transactions with no performance obligations is recognized when the Municipality has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset. 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.

(ii) Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

(iii) Inventories held for resale
Inventories held for resale are recorded at the lower of cost and net realizable value.

(iv) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset, as well as any asset retirement obligations related to the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings and leasehold improvements - 10 to 50 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 2 to 20 years
Roads - 10 to 75 years
Bridges - 60 years
Water plants and networks - 30 to 50 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Works of art and historical treasures owned by the Municipality are not included in the tangible capital assets reported in these financial statements. The Municipality owns an historical train station as well as a number of paintings and other pieces of artwork that are prominently displayed in municipal buildings.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(v) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(vi) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.

(vii) Deferred revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(viii) Taxation and related revenue

Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

(ix) Pensions and employee benefits

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.

(x) Financial instruments

Financial instruments are classified as either fair value, amortized cost or cost.

Financial instruments classified as fair value are initially recognized at cost and subsequently carried at fair value. Financing fees and transaction costs on financial instruments measured at fair value are expensed as incurred. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Once realized, remeasurement gains and losses are transferred to the Consolidated Statement of Operations.

Financial instruments classified as amortized cost are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. The effective interest rate method allocates interest income or interest expense over the relevant period, based on the effective interest rate. Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement, provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the Consolidated Statement of Operations.

Financial liabilities (or part of a financial liability) are removed from the Consolidated Statement of Financial Position when, and only when, they are discharged, cancelled or expire.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Municipality's financial instruments are measured according to the following methods:

<u>Financial instrument</u>	<u>Measurement method</u>
Cash and cash equivalents	Amortized cost
Investments	Amortized cost
Accounts receivable	Amortized cost
Temporary borrowing	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Long-term debt	Amortized cost

(xi) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, inventories held for resale, employee benefits payable, estimated useful lives of tangible capital assets and supplementary taxes. Actual results could differ from these estimates.

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2024, the Municipality adopted Public Sector Accounting Standard PS 3400 - Revenue. New Section PS 3400 establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The Municipality has adopted this new standard prospectively. The adoption of this new standard had no impact on the opening balances.

On January 1, 2024, the Municipality adopted new Public Sector Guideline PSG-8 - Purchased Intangibles. The main features of PSG-8 include a definition of purchased intangibles (which does not include those received through government transfer, contribution or inter-entity transactions), examples of items that are not purchased intangibles, reference to other guidance in the Handbook on intangibles and reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles. The Municipality has adopted this new guideline prospectively. The adoption of this new guideline had no impact on the Municipality's consolidated financial statements.

On January 1, 2024, the Municipality adopted Public Sector Accounting Standard PS 3160 - Public Private Partnerships. New Section PS 3160 establishes standards on how to account for partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The Municipality has adopted this new standard prospectively. The adoption of this new standard had no impact on the Municipality's consolidated financial statements.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(iii), the following contributions were made by the Municipality to these boards:

		2024		2023
District of Parry Sound Social Services Administration Board	\$	33,523	\$	32,221
North Bay Parry Sound District Health Unit		35,155		34,131
District of Parry Sound (East) Home for the Aged		27,048		26,027
	\$	95,726	\$	92,379

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

4. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$170,343 of taxation was levied on behalf of school boards (2023 - \$183,445).

(b) Trust funds administered by the Municipality totaling \$187,143 (2023 - \$184,433) are not included in these consolidated financial statements, as they are being held in trust for the benefit of others. Trusts under administration include:

(i) Fire Department Fund

This trust fund was established in 2010 for the purposes of purchasing fire equipment. These funds are invested and earnings derived therefrom are applied to the cost of capital expenditures for the South River-Machar Volunteer Fire Department. The balance of the trust is \$100,000 (2023 - \$100,000).

(ii) Care and Maintenance

This trust fund is funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemetery. The balance of the trust is \$87,143 (2023 - \$84,433).

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of:

	2024	2023
Unrestricted cash	\$ 832,129	\$ 1,691,667
Restricted cash	568,446	559,064
	\$ 1,400,575	\$ 2,250,731

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 11, may be used.

6. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest rates ranging from 4.9% to 5.1% and maturing between July 5, 2025 and July 5, 2026.

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2024	2023
Taxes and amounts added for collection purposes	\$ 208,876	\$ 224,912
Penalties and interest	10,734	11,838
Valuation allowance	-	(26,317)
	\$ 219,610	\$ 210,433

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

8. INVESTMENT IN SOUTH RIVER POWER GENERATION CORPORATION

South River Power Generation Corporation ("the Corporation") is a wholly owned government business enterprise of the Municipality that is engaged in the business of generating hydroelectric power from its plant in South River, Ontario. Condensed financial information in respect to the Corporation is provided below.

	2024	2023
Statement of Financial Position		
Financial assets	\$ 735,797	\$ 542,272
Liabilities		
Payables and accruals	97,591	223,780
Term loan	1,992,193	2,217,293
Derivative	362	32,551
Future income tax liability	687,107	524,263
	2,777,253	2,997,887
Net debt	(2,041,456)	(2,455,615)
Non-financial assets		
Tangible capital assets	3,886,945	3,963,788
	3,886,945	3,963,788
Accumulated surplus		
Accumulated operating surplus	1,845,851	1,540,724
Accumulated remeasurement losses	(362)	(32,551)
	\$ 1,845,489	\$ 1,508,173
Statement of Operations		
Revenue	\$ 944,128	\$ 524,354
Expenses	446,157	603,271
Future payments in lieu of income taxes	162,844	(19,211)
Annual surplus (deficit)	335,127	(59,706)
Dividends	(30,000)	(30,000)
Annual operating surplus (deficit), net of dividends	\$ 305,127	\$ (89,706)
Statement of Remeasurement Gains and Losses		
Accumulated remeasurement losses, beginning of year	\$ (32,551)	\$ (52,313)
Unrealized gain on fair value of derivative	32,189	19,762
Accumulated remeasurement losses, end of year	\$ (362)	\$ (32,551)

During the year, the Corporation recognized one-time insurance recovery revenue of \$373,867. This amount represents the loss of gross profit suffered as a result of a mechanical breakdown at the South River hydroelectric generating station in 2023.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

8. INVESTMENT IN SOUTH RIVER POWER GENERATION CORPORATION *(Continued)*

The Corporation has a \$1,992,193 (2023 - \$2,217,293) term loan with a chartered bank. The loan has been guaranteed by the Municipality.

The Corporation has entered into a long-term waterpower lease agreement with the Ministry of Natural Resources and Forestry ("MNRF") until 2052 (with option to extend in 10 year increments thereafter). Upon expiration or earlier termination of the lease (other than by MNRF simply for its convenience), the Corporation's assets that are physically on MNRF-owned property shall automatically become the property of the MNRF without compensation to the Corporation. However, if the MNRF rejects acceptance of such assets then the Corporation would become responsible for removing certain assets at its own cost. Since it is not the Corporation's intention to terminate the lease and since the decision to accept or reject assets upon decommissioning rests with the MNRF, no asset retirement obligation has been recorded at December 31, 2024 in connection with this contingent liability.

9. TEMPORARY BORROWING

The Municipality has credit facility agreements with the Toronto-Dominion Bank to provide construction financing to a maximum of \$3,000,000. Draws on the facilities are payable on demand, with interest, calculated at prime plus .50% payable monthly. At the end of the year, NIL (2023 - \$800,000) of the facilities were used. As security, the Municipality has pledged its receivables.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

10. DEFERRED REVENUE-GENERAL

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

	2024	2023
Balance, beginning of year:		
Rural and Northern Physicians Group Agreement	\$ 31,407	\$ 32,954
Trillium Foundation	135,000	-
Northern Ontario Resource Development Support (NORDS)	-	141,879
Dedicated donations	12,040	15,284
Other	880	858
	179,327	190,975
Received during the year:		
Rural and Northern Physicians Group Agreement	116,029	113,730
Northern Ontario Resource Development Support (NORDS)	69,187	63,651
Trillium Foundation	-	135,000
Other	2,108	630
Interest earned	-	8,765
	187,324	321,776
Recognized in revenue during the year	(330,797)	(333,424)
Balance, end of year	\$ 35,854	\$ 179,327
Rural and Northern Physicians Group Agreement	\$ 32,996	\$ 31,407
Trillium Foundation	-	135,000
Dedicated donations	-	12,040
Other	2,858	880
Balance, end of year	\$ 35,854	\$ 179,327

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

11. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act, Canada Community-Building funding (previously gas tax) under an agreement with the Association of Municipalities of Ontario and Ontario Community Infrastructure Fund funding under an agreement with the Ministry of Infrastructure. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Community-Building and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible operating and capital works.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2024	2023
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ -	\$ 331
Building Code Act	48,808	59,076
Canada Community-Building	510,256	466,524
	559,064	525,931
Received during the year:		
Building Code Act	18,439	-
Canada Community-Building	70,332	73,734
Ontario Community Infrastructure Fund	100,000	-
Interest earned	29,685	29,569
	218,456	103,303
Recognized in revenue during the year	(209,074)	(70,170)
Balance, end of year	\$ 568,446	\$ 559,064
Building Code Act	\$ 67,247	\$ 48,808
Canada Community-Building	491,209	510,256
Ontario Community Infrastructure Fund	9,990	-
Balance, end of year	\$ 568,446	\$ 559,064

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

12. LONG-TERM DEBT

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

	2024	2023
50% share of South River-Machar Fire Department debt -		
Ontario Infrastructure and Lands Corporation debenture, due April 2031, repayable in semi-annual payments of \$10,045 including interest calculated at 2.84%, secured by future Provincial funding	\$ 59,239	\$ 67,427
TD Commercial Banking term loan, due February 2028, repayable in monthly payments of \$4,601 including interest calculated at 2.99%	81,219	105,977
TD Commercial Banking term loan, fully repaid in the year	-	6,823
Ontario Infrastructure and Lands Corporation debenture, due October 2031, repayable in monthly payments of \$1,896 including interest calculated at 2.57%, secured by future Provincial funding	142,447	161,275
TD Commercial Banking term loan, due May 2037, repayable in monthly payments of \$1,946 including interest calculated at 3.03%	241,473	257,217
TD Commercial Banking term loan, due May 2029, repayable in monthly payments of \$1,399 including interest calculated at 2.91%	69,511	84,033
Ontario Infrastructure and Lands Corporation debenture, due November 2039, repayable in monthly payments of \$6,018 including interest calculated at 4.25%, secured by future Provincial funding	796,815	-
Ontario Infrastructure and Lands Corporation debenture, due August 2038, repayable in monthly payments of \$6,260 including interest calculated at 4.83%, secured by future Provincial funding	750,429	788,303
	\$ 2,141,133	\$ 1,471,055

(b) Future estimated principal and interest payments on long-term debt are as follows:

	Principal	Interest
2025	\$ 163,342	\$ 84,535
2026	169,457	78,419
2027	175,814	72,062
2028	156,785	65,788
2029	150,700	59,810
2030 onwards	1,325,035	272,261
	\$ 2,141,133	\$ 632,875

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

12. LONG-TERM DEBT (Continued)

(c) Total charges for the year for long-term debt which are reported in the financial statements are as follows:

	2024		2023	
Principal payments	\$	129,922	\$	99,259
Interest		59,925		35,380
	\$	189,847	\$	134,639

13. EMPLOYEE BENEFITS PAYABLE

(a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$27,263 (2023 - \$25,106) at the end of the year.

(b) Under the retirement gratuity policy of the Joint Building Committee, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The Municipality's share of the retirement gratuity is estimated at \$1,976 (2023 - \$1,273) at the end of the year.

14. CONTRACTUAL OBLIGATIONS

In 2016, the Municipality entered into an agreement with the Ontario Clean Water Agency (OCWA) for the provision of management, operation and maintenance services related to the municipal water treatment facilities. The agreement is effective for an initial term of ten years, commencing January 1, 2016. In 2019, the Municipality entered into an amending agreement with OCWA as it relates to annual pricing. For years 2020 onward, the annual base price is \$206,207 plus the greater of the CPI adjustment or 1.0%, plus an adjustment for maintaining the insurance, if necessary, which is renewed annually by OCWA, plus the total chemical estimate as outlined in Schedule 1 of the agreement. The annual CPI adjustment or 1.0% shall be added to the \$206,207 on a cumulative basis.

In 2024 the Municipality entered into a contract with Mitchell Jensen Architects in the amount of \$29,600 related to project management and design services for the replacement of the ice rink slab at the South River-Machar arena. During the year, \$20,960 of work under this contract was performed. The balance of the work is expected to be completed in 2025.

In 2024, the Municipality awarded a contract for the replacement of the arena ice rink slab at a base bid price of \$833,040, with a take-out option for \$65,000 of related work, to Venasse Building Group Inc. The work is expected to be undertaken in 2025.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

15. FINANCIAL INSTRUMENTS

Risks arising from financial instruments and risk management

The Municipality is exposed to various risks through its financial instruments.

Credit risk

Credit risk is the risk of financial loss to the Municipality if a debtor fails to honour its contractual obligations. The Municipality is exposed to this risk as a result of its cash and cash equivalents, investments and accounts receivable. The carrying amounts of these financial assets on the Consolidated Statement of Financial Position represent the maximum credit risk of the Municipality as at the reporting date.

The Municipality holds its cash and investments with a federally regulated chartered bank and a provincially regulated credit union who are insured, respectively, by the Canadian Deposit Insurance Corporation ("CDIC") and the Financial Services Regulatory Authority of Ontario ("FSRA"). The CDIC insurance is up to \$100,000 per deposit account and the FSRA insurance is up to \$250,000 in aggregate.

Accounts receivable are primarily due from other levels of government and water users. Credit risk is mitigated by the financial solvency of the governments, the highly diversified nature of the water user population and the potential for the Municipality to transfer unpaid water receivables to taxes receivable. The amounts outstanding at year-end were as follows:

2024				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 437,816	\$ -	\$ -	\$ 437,816
Provincial	416,776	5,319	-	422,095
Other municipalities	2,338	4,104	4,745	11,187
Water users	56,291	7,647	-	63,938
South River Power Generation Corporation	64,087	-	-	64,087
Other	19,312	7,118	230	26,660
Valuation allowance	-	-	-	-
Net receivables	\$ 996,620	\$ 24,188	\$ 4,975	\$ 1,025,783

2023				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 535,771	\$ -	\$ -	\$ 535,771
Provincial	469,714	-	-	469,714
Other municipalities	7,243	-	9,697	16,940
Water users	64,432	278	-	64,710
South River Power Generation Corporation	22,219	-	-	22,219
Other	12,254	15,768	-	28,022
Valuation allowance	-	(15,768)	-	(15,768)
Net receivables	\$ 1,111,633	\$ 278	\$ 9,697	\$ 1,121,608

There have been no significant changes from the previous year in exposure to credit risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

15. FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality is exposed to this risk with respect to its temporary borrowing, accounts payable and accrued liabilities and long-term debt. The Municipality mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and by maintaining significant cash balances.

The table below sets out the payable dates of the Municipality's accounts payable and accrued liabilities. This includes balances owed to municipal boards in relation to reserves held by the Municipality on their behalf, which have an indeterminate payable date. Temporary loans are due on demand. The long-term debt repayment schedule is disclosed in Note 12.

2024					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 398,256	\$ 32,696	\$ -	\$ 209,820	\$ 640,772

2023					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 383,589	\$ 552,838	\$ 202,732	\$ 205,872	\$ 1,345,031

There was a significant change in exposure from the prior year as there is no temporary borrowing in the current year. The policies, procedures and methods used to measure liquidity risk have not changed from the prior year.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk. The Municipality is not exposed to significant currency or equity risk. It is primarily exposed to interest rate risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its interest-bearing investments and long-term debt. Fixed-rate instruments subject the Municipality to a fair value risk while floating-rate instruments subject it to a cash flow risk.

There have been no significant changes from the prior year in exposure to market risk or the policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

16. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2024								
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water Plants and Networks	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 2,282,920	\$ 4,194,113	\$ 1,635,850	\$ 785,116	\$ 4,318,420	\$ 10,365,843	\$ 233,447	\$ 23,815,709
Additions and betterments	205,887	406,019	198,894	13,965	155,623	133,852	64,346	1,178,586
Contributed assets	(683)	-	177	-	-	-	-	(506)
Disposals and writedowns	(367,316)	(1,798,582)	(177,879)	(2,374)	(1,560)	-	-	(2,347,711)
Transfer between classes	24,331	-	209,117	-	-	-	(233,448)	-
BALANCE, END OF YEAR	2,145,139	2,801,550	1,866,159	796,707	4,472,483	10,499,695	64,345	22,646,078
ACCUMULATED AMORTIZATION								
Balance, beginning of year	430,464	1,372,659	870,912	321,659	1,727,089	3,917,165	-	8,639,948
Annual amortization	64,392	72,557	112,833	48,046	75,448	287,823	-	661,099
Accumulated amortization - contributed assets	(200)	-	11	-	-	-	-	(189)
Amortization disposals	(80,880)	(289,757)	(96,734)	(1,247)	(1,560)	-	-	(470,178)
BALANCE, END OF YEAR	413,776	1,155,459	887,022	368,458	1,800,977	4,204,988	-	8,830,680
TANGIBLE CAPITAL ASSETS-NET	\$ 1,731,363	\$ 1,646,091	\$ 979,137	\$ 428,249	\$ 2,671,506	\$ 6,294,707	\$ 64,345	\$ 13,815,398
2023								
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water Plants and Networks	Assets Under Construction	TOTAL
COST								
Balance, beginning of year	\$ 1,464,801	\$ 4,187,953	\$ 1,530,617	\$ 785,924	\$ 2,728,700	\$ 6,649,819	\$ 817,651	\$ 18,165,465
Additions and betterments	853,397	7,806	131,484	-	1,516,923	3,568,435	12,708	6,090,753
Contributed assets	(133)	-	2,175	(808)	-	-	-	1,234
Disposals and writedowns	(35,145)	(1,646)	(28,426)	-	(290,953)	(85,573)	-	(441,743)
Transfer between classes	-	-	-	-	363,750	233,162	(596,912)	-
BALANCE, END OF YEAR	2,282,920	4,194,113	1,635,850	785,116	4,318,420	10,365,843	233,447	23,815,709
ACCUMULATED AMORTIZATION								
Balance, beginning of year	416,619	1,287,707	805,989	275,166	1,970,286	3,785,878	-	8,541,645
Annual amortization	49,002	86,408	90,514	46,746	47,756	216,860	-	537,286
Accumulated amortization - contributed assets	(11)	-	-	(253)	-	-	-	(264)
Amortization disposals	(35,146)	(1,456)	(25,591)	-	(290,953)	(85,573)	-	(438,719)
BALANCE, END OF YEAR	430,464	1,372,659	870,912	321,659	1,727,089	3,917,165	-	8,639,948
TANGIBLE CAPITAL ASSETS-NET	\$ 1,852,456	\$ 2,821,454	\$ 764,938	\$ 463,457	\$ 2,591,331	\$ 6,448,678	\$ 233,447	\$ 15,175,761

Included in tangible capital assets are leased tangible capital assets with a cost of NIL (2023 - \$151,169) and accumulated amortization of NIL (2023 - \$35,273).

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

17. ACCUMULATED SURPLUS

The 2024 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Reserves and reserve funds			
General municipal	\$ 1,083,141	\$ (417,521)	\$ 665,620
Sick leave	7,566	-	7,566
Election	2,300	-	2,300
Fire	325,809	2,003	327,812
Roads	65,268	(32,000)	33,268
Water	-	52,076	52,076
Cemetery	22,000	4,000	26,000
Medical Centre	114,461	20,054	134,515
Ambulance	36,174	2,628	38,802
Arena	2,500	53,560	56,060
Library	1,000	-	1,000
Train station	412	(412)	-
Economic development	126,300	-	126,300
Happy Landing Commercial Court	165,500	-	165,500
	1,952,431	(315,612)	1,636,819
Other			
Consolidated tangible capital assets	15,175,761	(1,360,363)	13,815,398
General operating surplus (deficit) -			
Municipality	205,360	952,882	1,158,242
Water	(112,080)	112,080	-
Medical Centre	25,710	(1,027)	24,683
Helipad	11,911	1,384	13,295
Cemetery	41,753	7,187	48,940
Library	1,493	911	2,404
Almaguin Community			
Economic Development	3,928	(247)	3,681
Unfinanced capital expenditures	(1,030,001)	1,030,001	-
Accumulated operating surplus of South			
River Power Generation Corporation	1,540,724	305,127	1,845,851
Unfunded liabilities -			
Long-term debt	(1,471,055)	(670,078)	(2,141,133)
Tangible capital lease	(20,305)	20,305	-
Employee benefits	(26,379)	(2,860)	(29,239)
Operating surplus	16,299,251	79,690	16,378,941
Accumulated remeasurement gains and losses	(32,551)	32,189	(362)
ACCUMULATED SURPLUS	\$ 16,266,700	\$ 111,879	\$ 16,378,579

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, conservation authority, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes waterworks and solid waste management.

Health Services

This segment includes the medical centre, cemetery, ambulance, helipad and payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities, library services and cultural services.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of machinery and administrative time to specific segments.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,441,219	\$ 1,441,219
User charges	5,938	250	25,013	435,873	5,750	-	200,901	1,000	-	674,725
Government transfers -										
Canada	5,573	-	95,091	114,395	-	-	176,382	15,056	-	406,497
Ontario	-	66,351	84,805	173,502	119,439	-	369,357	4,192	618,700	1,436,346
Other municipalities	-	14,896	-	-	-	-	276	-	-	15,172
South Rive Power Generation Corporation - annual operating surplus net of dividends	-	-	-	-	-	-	-	-	305,127	305,127
Gain (loss) on disposal of capital assets	-	1,172	-	-	-	-	(912)	(795,494)	-	(795,234)
Restructuring net expense	-	-	-	-	-	-	-	(1,578)	-	(1,578)
Other	32,636	37,189	-	9,268	75,631	-	28,149	6,154	144,663	333,690
TOTAL REVENUE	44,147	119,858	204,909	733,038	200,820	-	774,153	(770,670)	2,509,709	3,815,964
EXPENSES										
Salaries, wages and benefits	420,909	174,722	229,924	44,590	72,711	-	214,032	44,399	-	1,201,287
Long-term debt charges (interest)	-	4,705	20,908	22,810	-	-	-	11,502	-	59,925
Materials	50,299	79,409	203,212	77,098	40,044	-	150,155	29,615	-	629,832
Contracted services	111,262	266,708	5,333	450,808	46,996	-	74,783	21,483	-	977,373
Rents and financial expenses	3,849	3,194	4,725	49,397	35,850	-	349	-	-	97,364
External transfers	-	-	-	-	32,655	63,346	-	13,393	-	109,394
Interfunctional adjustments	(30,794)	6,627	(80,135)	50,781	3,870	-	24,602	25,049	-	-
Amortization	38,832	63,324	167,938	291,353	10,386	-	56,976	32,290	-	661,099
TOTAL EXPENSES	594,357	598,689	551,905	986,837	242,512	63,346	520,897	177,731	-	3,736,274
ANNUAL OPERATING SURPLUS (DEFICIT)	\$ (550,210)	\$ (478,831)	\$ (346,996)	\$ (253,799)	\$ (41,692)	\$ (63,346)	\$ 253,256	\$ (948,401)	\$ 2,509,709	\$ 79,690

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2024

18. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,385,244	\$ 1,385,244
User charges	3,694	-	22,986	372,944	355	-	134,643	550	-	535,172
Government transfers -										
Canada	-	-	913,551	1,382,410	-	-	1,029	11,942	-	2,308,932
Ontario	-	290,305	951,133	1,267,474	118,776	-	47,656	6,387	615,800	3,297,531
Other municipalities	-	16,031	-	-	-	-	276	-	-	16,307
South Rive Power Generation Corporation - annual operating deficit net of dividends	-	-	-	-	-	-	-	-	(89,706)	(89,706)
Loss on disposal of capital assets	-	(1,937)	(273)	-	(814)	-	-	-	-	(3,024)
Restructuring net revenue	-	-	-	-	-	-	-	711	-	711
Other	38,505	24,297	-	7,310	74,580	-	19,686	45,728	106,399	316,505
TOTAL REVENUE	42,199	328,696	1,887,397	3,030,138	192,897	-	203,290	65,318	2,017,737	7,767,672
EXPENSES										
Salaries, wages and benefits	351,122	135,465	204,134	41,133	74,277	-	199,612	34,875	-	1,040,618
Long-term debt charges (interest)	-	5,840	9,773	7,348	-	-	-	12,419	-	35,380
Materials	100,512	69,725	142,025	98,341	31,691	-	132,991	20,525	-	595,810
Contracted services	79,543	261,726	6,043	376,668	46,306	-	8,015	12,691	-	790,992
Rents and financial expenses	3,148	2,689	6,200	9,967	35,064	-	5,530	16,481	-	79,079
External transfers	-	-	-	-	34,131	60,918	-	19,247	-	114,296
Interfunctional adjustments	(28,076)	6,565	(59,494)	37,040	3,562	-	18,751	21,652	-	-
Amortization	18,014	54,480	126,174	222,186	10,439	-	47,599	58,394	-	537,286
TOTAL EXPENSES	524,263	536,490	434,855	792,683	235,470	60,918	412,498	196,284	-	3,193,461
ANNUAL OPERATING SURPLUS (DEFICIT)	\$ (482,064)	\$ (207,794)	\$ 1,452,542	\$ 2,237,455	\$ (42,573)	\$ (60,918)	\$ (209,208)	\$ (130,966)	\$ 2,017,737	\$ 4,574,211

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

19. RESTRUCTURING NET REVENUE

In 2019 the Municipality entered into a joint services agreement for Almaguin Community Economic Development ("ACED"). The agreement included the following independent organizations:

- The Corporation of the Township of Perry;
- The Municipal Corporation of the Township of Armour;
- The Corporation of the Township of Ryerson;
- The Corporation of the Village of Sundridge;
- The Almaguin Highlands Chamber of Commerce;
- The Corporation of the Municipality of Magnetawan;
- The Corporation of the Municipality of the Village of Burk's Falls;
- The Corporation of the Township of Strong;
- The Corporation of the Village of South River;
- The Corporation of the Municipality of Powassan;
- The Corporation of the Township of Joly.

The Corporation of the Township of Ryerson withdrew from the agreement effective December 31, 2023, and the Municipality of Magnetawan and the Municipality of Powassan withdrew in 2022. The Corporation of the Township of McMurrich/Monteith became a contributing member in 2024. The assets, liabilities and surplus at the time of membership changes were retained by ACED.

The Municipality recorded net expense of \$1,578 (2023 - net revenue \$711) as a result of this restructuring. The value of the tangible assets foregone is recorded as a contributed asset in Note 16.

20. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality rented office space for \$6,144 (2023 - \$8,971), sold administrative services of \$10,038 (2023 - \$75) and provided operating and maintenance services of \$25,210 (2023 - \$19,696) to South River Power Generation Corporation, a wholly owned government business enterprise. All related party transactions are recorded at the exchange value (the amount of consideration established and agreed to by the related parties) which approximates the arm's length equivalent value.

At the end of the year, \$64,087 (2023 - \$22,219) was due to the Municipality by South River Power Generation Corporation related to payables and accruals. This is included in accounts receivable on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2024

21. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis and has been restated to conform with the accounting and reporting standards applicable to the actual results. The budget for amortization, which is excluded from the adopted budget, has been set equal to the actual 2024 amount. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (209,308)
Decrease in water deficit	116,028
Decrease in reserves	(684,792)
Decrease in unfinanced capital	1,030,001
Increase in South River Power Generation operating surplus	461,659
Decrease in board and joint board general operating surplus	(1,993)
ADJUSTMENTS:	
Acquisition of tangible capital assets	1,353,948
Amortization of tangible capital assets	(661,099)
Increase in municipal debt	(643,785)
ANNUAL SURPLUS	\$ 760,659

22. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million with respect to benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2024 was \$68,188 (2023 - \$58,526) for current service and is included as an expense on the Consolidated Statement of Operations.

23. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been restated to conform with the presentation adopted for the current year.