
THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 - 30

Independent Auditor's Report

Grant Thornton LLP
Suite 400
222 McIntyre Street W
North Bay, ON
P1B 2Y8
T +1 705 472 6500
F +1 705 472 7760
www.grantthornton.ca

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 Village"), which comprise the consolidated statement of financial position as at December 31, 2023, and 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 financial position of The Corporation of the Village of South River as at December 31, 2023, and its results of operations, its changes in its net financial assets, and its cash flow 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 Village 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 these 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 Village's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village'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 Village'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 Village'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 Village 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 Village and the organizations it controls 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada
June 25, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 2,250,731	\$ 1,228,858
Investments (Note 6)	7,452	10,273
Taxes receivable (Note 7)	210,433	149,319
Accounts receivable	1,121,608	1,191,038
Investment in South River Power Generation Corporation (Note 8)	1,508,173	1,578,117
Inventories held for resale	1,583	1,250
	5,099,980	4,158,855
LIABILITIES		
Temporary borrowing (Note 9)	800,000	-
Accounts payable and accrued liabilities	1,345,031	693,431
Deferred revenue-general (Note 10)	179,327	190,975
Deferred revenue-obligatory reserve funds (Note 11)	559,064	525,931
Long-term debt (Note 12)	1,471,055	769,787
Tangible capital leases (Note 13)	20,305	47,378
Employee benefits payable (Note 14)	26,379	30,336
	4,401,161	2,257,838
NET FINANCIAL ASSETS	698,819	1,901,017
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 17)	15,175,761	9,623,820
Inventories of supplies	19,198	19,072
Prepaid expenses	372,922	128,818
	15,567,881	9,771,710
ACCUMULATED SURPLUS (Note 18)	\$ 16,266,700	\$ 11,672,727
ACCUMULATED SURPLUS IS COMPRISED OF:		
Accumulated operating surplus	\$ 16,299,251	\$ 11,725,040
Accumulated remeasurement gains and losses	(32,551)	(52,313)
	\$ 16,266,700	\$ 11,672,727

Contingencies (see Notes 3 and 8)
Contractual Obligations (see Note 15)

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

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, 2023

	Budget 2023 <i>(see Note 22)</i>	Actual 2023	Actual 2022 <i>(Restated - see Note 2)</i>
REVENUE			
Property taxes	\$ 1,369,719	\$ 1,385,244	\$ 1,273,003
User charges	542,588	553,514	514,719
Government transfers	5,588,791	5,622,770	2,012,187
South River Power Generation Corporation - annual operating surplus (deficit), net of dividends <i>(Note 8)</i>	101,114	(89,706)	107,935
Restructuring net revenue <i>(Note 20)</i>	-	711	2,600
Other	277,349	295,139	207,245
TOTAL REVENUE	7,879,561	7,767,672	4,117,689
EXPENSES			
General government	589,857	524,263	519,597
Protection to persons and property	547,760	536,490	477,679
Transportation services	548,185	434,855	381,799
Environmental services	809,813	792,683	765,559
Health services	228,112	235,470	216,979
Social and family services	60,918	60,918	58,153
Recreation and cultural services	422,561	412,498	394,820
Planning and development	159,014	196,284	186,182
TOTAL EXPENSES	3,366,220	3,193,461	3,000,768
ANNUAL OPERATING SURPLUS <i>(Note 18)</i>	4,513,341	4,574,211	1,116,921
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR			
As previously reported	11,672,727	11,672,727	10,466,718
Change in accounting policy <i>(Note 2)</i>	52,313	52,313	141,401
AS RESTATED	11,725,040	11,725,040	10,608,119
ACCUMULATED OPERATING SURPLUS, END OF YEAR	\$ 16,238,381	\$ 16,299,251	\$ 11,725,040

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, 2023

	2023	2022
ACCUMULATED REMEASUREMENT LOSSES, BEGINNING OF YEAR	\$ (52,313)	\$ (141,401)
South River Power Generation Corporation - unrealized gain on fair value of derivative <i>(Note 8)</i>	19,762	89,088
ACCUMULATED REMEASUREMENT LOSSES, END OF YEAR	\$ (32,551)	\$ (52,313)

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, 2023

	Budget 2023 <i>(see Note 22)</i>	Actual 2023	Actual 2022 <i>(Restated - see Note 2)</i>
Annual operating surplus	\$ 4,513,341	\$ 4,574,211	\$ 1,116,921
Unrealized gains	-	19,762	89,088
Acquisition of tangible capital assets	(6,564,696)	(6,090,753)	(1,739,172)
Contributed tangible capital assets - net	-	(1,498)	(580)
Amortization of tangible capital assets	537,286	537,286	445,619
Loss on disposal of tangible capital assets	-	3,024	8,898
Proceeds from disposal of tangible capital assets	-	-	8,550
Change in supplies inventories	-	(126)	4,416
Change in prepaid expenses	-	(244,104)	(78,053)
Decrease in net financial assets	(1,514,069)	(1,202,198)	(144,313)
Net financial assets, beginning of year	1,901,017	1,901,017	2,045,330
Net financial assets, end of year	\$ 386,948	\$ 698,819	\$ 1,901,017

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, 2023

	2023	2022
Operating transactions		
Annual operating surplus	\$ 4,574,211	\$ 1,116,921
Non-cash charges to operations:		
Amortization of tangible capital assets	537,286	445,619
Contributed tangible capital assets - net	(1,498)	(580)
Loss on disposal of tangible capital assets	3,024	8,898
Change in employee benefits payable	(3,957)	5,257
South River Power Generation Corporation - annual operating deficit (surplus), net of dividends	89,706	(107,935)
	5,198,772	1,468,180
Changes in non-cash items:		
Taxes receivable	(61,114)	(18,665)
Accounts receivable	69,430	(695,206)
Inventories held for resale	(333)	(1,042)
Accounts payable and accrued liabilities	651,600	50,012
Deferred revenue-general	(11,648)	145,872
Deferred revenue-obligatory reserve funds	33,133	104,028
Inventories of supplies	(126)	4,416
Prepaid expenses	(244,104)	(78,053)
	436,838	(488,638)
Cash provided by operating transactions	5,635,610	979,542
Capital transactions		
Acquisition of tangible capital assets	(6,090,753)	(1,739,172)
Proceeds from disposal of tangible capital assets	-	8,550
Cash applied to capital transactions	(6,090,753)	(1,730,622)
Investing transactions		
Change in investments	2,821	1,039
Cash applied to investing transactions	2,821	1,039
Financing transactions		
Increase in temporary borrowing	800,000	-
Proceeds from municipal debt	800,527	-
Debt principal repayments	(99,259)	(84,588)
Tangible capital lease repayments	(27,073)	(27,074)
Cash provided by (applied to) financing transactions	1,474,195	(111,662)
Net change in cash and cash equivalents	1,021,873	(861,703)
Cash and cash equivalents, beginning of year	1,228,858	2,090,561
Cash and cash equivalents, end of year	\$ 2,250,731	\$ 1,228,858
Cash flow supplementary information:		
Cash paid for interest	\$ 50,028	\$ 23,490

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, 2023

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, 2023

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 is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
 - (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) 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, 2023

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.

(iv) 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.

(v) 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.

(vi) 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(vii) 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.

(viii) 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.

(ix) 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, 2023

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

(x) 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, 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, 2023 the Municipality adopted the following standards on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, PS 3450 *Financial Instruments* and PS 3280 *Asset Retirement Obligations (ARO)*.

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

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. This standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. This standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

2. CHANGE IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. This standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. No asset retirement obligations have been identified by the Municipality, and as a result, the adoption of this standard had no impact on the consolidated financial statements.

As a result of applying the new standards, the remeasurement gains and losses of South River Power Generation Corporation have been removed from the Consolidated Statement of Operations to the new Statement of Remeasurement Gains and Losses. December 31, 2022 figures, presented for comparative purposes, have been restated as follows:

	As Previously Reported	Adjustments	As Restated
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS			
Total revenue	4,206,777	(89,088)	4,117,689
Accumulated operating surplus, beginning of year	10,466,718	141,401	10,608,119
Accumulated operating surplus, end of year	11,672,727	52,313	11,725,040
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS			
Annual operating surplus	1,206,009	(89,088)	1,116,921
Unrealized gains (losses)	-	89,088	89,088

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	2023	2022
District of Parry Sound Social Services Administration Board	\$ 32,221	\$ 30,889
North Bay Parry Sound District Health Unit	34,131	33,093
District of Parry Sound (East) Home for the Aged	26,027	24,764
	\$ 92,379	\$ 88,746

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, \$183,445 of taxation was levied on behalf of school boards (2022 - \$176,795).

(b) Trust funds administered by the Municipality totaling \$184,433 (2022 - \$180,233) 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 (2022 - \$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 \$84,433 (2022 - \$80,233).

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of:

	2023	2022
Unrestricted cash	\$ 1,691,667	\$ 702,927
Restricted cash	559,064	525,931
	\$ 2,250,731	\$ 1,228,858

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 at 1.6% and maturing June 30, 2024.

7. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2023	2022
Taxes and amounts added for collection purposes-current year	\$ 170,677	\$ 115,624
Taxes and amounts added for collection purposes-previous year	45,183	22,774
Taxes and amounts added for collection purposes-prior years	9,052	5,975
Penalties and interest	11,838	4,946
Valuation allowance	(26,317)	
	\$ 210,433	\$ 149,319

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

8. INVESTMENT IN SOUTH RIVER POWER GENERATION CORPORATION

South River Power Generation 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 South River Power Generation Corporation is provided below.

	2023	2022
Statement of Financial Position		
Financial assets	\$ 542,272	\$ 639,666
Liabilities		
Payables and accruals	223,780	74,379
Term loan	2,217,293	2,432,014
Derivative	32,551	52,313
Future income tax liability	524,263	543,474
	2,997,887	3,102,180
Net debt	(2,455,615)	(2,462,514)
Non-financial assets		
Tangible capital assets	3,963,788	4,040,631
	3,963,788	4,040,631
Accumulated surplus		
Accumulated operating surplus	1,540,724	1,630,430
Accumulated remeasurement losses	(32,551)	(52,313)
	\$ 1,508,173	\$ 1,578,117
Statement of Operations		
Revenue	\$ 524,354	\$ 602,481
Expenses	603,271	458,569
Future payments in lieu of income taxes	(19,211)	35,977
Annual surplus (deficit)	(59,706)	107,935
Dividends	(30,000)	-
Annual operating surplus (deficit), net of dividends	\$ (89,706)	\$ 107,935
Statement of Remeasurement Gains and Losses		
Accumulated remeasurement losses, beginning of year	\$ (52,313)	\$ (141,401)
Unrealized gain on fair value of derivative	19,762	89,088
Accumulated remeasurement losses, end of year	\$ (32,551)	\$ (52,313)

At December 31, 2023, the South River Power Generation Corporation ("the Corporation") had submitted an insurance claim regarding equipment failure and resulting loss of revenues. Since the insurer had not adjudicated the claim by December 31, 2023, no proceeds have been recorded in 2023. In May and June 2024, the Corporation received total insurance proceeds of \$373,867 relating to this claim and these proceeds will be recorded in 2024 (\$156,059 relating to expenses and \$217,808 relating to lost revenue).

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

8. INVESTMENT IN SOUTH RIVER POWER GENERATION CORPORATION (continued)

The Corporation has a \$2,217,293 (2022 - \$2,432,014) 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, 2023 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, \$800,000 (2022 - NIL) of the facilities were used. As security, the Municipality has pledged its receivables.

10. DEFERRED REVENUE-GENERAL

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

	2023	2022
Balance, beginning of year:		
Rural and Northern Physicians Group Agreement	\$ 32,954	\$ 29,018
Northern Ontario Resource Development Support (NORDS)	141,879	-
Dedicated donations	15,284	15,981
Other	858	104
	190,975	45,103
Received during the year:		
Rural and Northern Physicians Group Agreement	113,730	110,605
Northern Ontario Resource Development Support (NORDS)	63,651	138,282
Trillium Foundation	135,000	-
Other	630	858
Interest earned	8,765	3,597
	321,776	253,342
Recognized in revenue during the year	(333,424)	(107,470)
Balance, end of year	\$ 179,327	\$ 190,975
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
Balance, end of year	\$ 179,327	\$ 190,975

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

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 and Canada Community-Building funding (previously gas tax) under an agreement with the Association of Municipalities of Ontario. 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 revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works.

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

	2023	2022
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 331	\$ 321
Building Code Act	59,076	38,709
Canada Community-Building	466,524	382,873
	<u>525,931</u>	<u>421,903</u>
Received during the year:		
Building Code Act	-	20,367
Canada Community-Building	73,734	70,661
Interest earned	29,569	13,000
	<u>103,303</u>	<u>104,028</u>
Recognized in revenue during the year	<u>(70,170)</u>	-
Balance, end of year	\$ 559,064	\$ 525,931
Recreational land (the Planning Act)	\$ -	\$ 331
Building Code Act	48,808	59,076
Canada Community-Building	510,256	466,524
Balance, end of year	\$ 559,064	\$ 525,931

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

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:

	2023	2022
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	\$ 67,427	\$ 75,387
TD Commercial Banking term loan, due February 2028, repayable in monthly payments of \$4,601 including interest calculated at 2.99%	105,977	130,023
TD Commercial Banking term loan, due November 2024, repayable in monthly payments of \$1,257 including interest calculated at 2.66%	6,823	14,079
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	161,275	179,627
TD Commercial Banking term loan, due May 2037, repayable in monthly payments of \$1,946 including interest calculated at 3.03%	257,217	272,523
TD Commercial Banking term loan, due May 2029, repayable in monthly payments of \$1,399 including interest calculated at 2.91%	84,033	98,148
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	788,303	-
	\$ 1,471,055	\$ 769,787

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

	Principal	Interest
2024	\$ 126,761	\$ 55,812
2025	124,231	51,426
2026	128,652	47,005
2027	133,241	42,416
2028	112,357	37,995
2029 onwards	845,813	173,591
	\$ 1,471,055	\$ 408,245

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

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:

	2023	2022
Principal payments	\$ 99,259	\$ 84,588
Interest	35,380	23,375
	\$ 134,639	\$ 107,963

13. TANGIBLE CAPITAL LEASES

The Municipality leases public works equipment, which is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments, with an implicit interest rate of 0.0%. Future minimum lease payments are as follows:

	2023	2022
2023	\$ -	\$ 27,073
2024	20,305	20,305
Total minimum lease payments	20,305	47,378
Less amount representing interest	-	-
Present value of future minimum capital lease payments	\$ 20,305	\$ 47,378

14. 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 \$25,106 (2022 - \$29,054) 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 \$1,273 (2022 - \$1,282) at the end of the year.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

15. 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 2023 the Municipality entered into a contract with Canor Construction Inc. in the amount of \$4,262,000 plus HST to rehabilitate the watermains, roads and sidewalks on Broadway, Dufferin and Marie Streets and Ena Avenue. During the year, \$4,202,125 of work under this contract was performed. The balance of the work is expected to be completed in 2024.

The Municipality also entered into a contract in the amount of \$415,769 with GSS Engineering Consultants Ltd. related to project management, engineering and geotechnical sub-consultant services in relation to the aforementioned construction project. To the end of 2023, \$296,001 of services under this contract were performed. The balance of the fees are expected to be paid in 2024.

In 2022 the Municipality engaged Bertrand Wheeler Architecture Inc. to perform a train station restoration study at a cost of \$30,390 plus HST. To the end of 2023, \$13,516 of fees were paid. The balance of the fees are expected to be paid in 2024.

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

16. 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:

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

2022				
	Current	Past Due	Indeterminate Due Date	TOTAL
Federal	\$ 645,988	\$ 212	\$ -	\$ 646,200
Provincial	373,959	-	-	373,959
Other municipalities	4,425	-	14,021	18,446
Water users	58,298	74	-	58,372
South River Power Generation Corporation	25,816	-	-	25,816
Other	67,974	-	271	68,245
Valuation allowance	-	-	-	-
Net receivables	\$ 1,176,460	\$ 286	\$ 14,292	\$ 1,191,038

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, 2023

16. 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 schedules is disclosed in Note 12.

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

2022					
	Within 6 months	6 months to 1 year	1 to 5 years	Indeterminate payable date	TOTAL
Accounts payable and accrued liabilities	\$ 332,495	\$ 142,766	\$ 51,004	\$ 167,166	\$ 693,431

There was a significant change in exposure from the prior year as there was no temporary borrowing in the prior 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. Given the current composition of these financial instruments, the Municipality is exposed to a fair value 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, 2023

17. TANGIBLE CAPITAL ASSETS

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

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
2022								
	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	\$ 1,314,013	\$ 4,124,961	\$ 1,456,792	\$ 714,564	\$ 2,662,561	\$ 6,128,451	\$ 309,580	\$ 16,710,922
Additions and betterments	175,926	61,139	79,722	82,738	210,508	579,213	549,926	1,739,172
Contributed assets	740	-	-	-	-	-	-	740
Disposals and writedowns	(25,878)	(25,553)	(20,346)	(11,378)	(144,369)	(57,845)	-	(285,369)
Transfer between classes	-	27,406	14,449	-	-	-	(41,855)	-
BALANCE, END OF YEAR	1,464,801	4,187,953	1,530,617	785,924	2,728,700	6,649,819	817,651	18,165,465
ACCUMULATED AMORTIZATION								
Balance, beginning of year	411,200	1,222,047	730,369	241,808	2,095,469	3,662,894	-	8,363,787
Annual amortization	31,137	85,598	92,314	43,651	19,186	173,733	-	445,619
Accumulated amortization - contributed assets	160	-	-	-	-	-	-	160
Amortization disposals	(25,878)	(19,938)	(16,694)	(10,293)	(144,369)	(50,749)	-	(267,921)
BALANCE, END OF YEAR	416,619	1,287,707	805,989	275,166	1,970,286	3,785,878	-	8,541,645
TANGIBLE CAPITAL ASSETS-NET	\$ 1,048,182	\$ 2,900,246	\$ 724,628	\$ 510,758	\$ 758,414	\$ 2,863,941	\$ 817,651	\$ 9,623,820

Included in tangible capital assets are leased tangible capital assets with a cost of \$151,169 (2022 - \$151,169) and accumulated amortization of \$35,273 (2022 - \$25,195).

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

18. ACCUMULATED SURPLUS

The 2023 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	\$ 942,035	\$ 141,106	\$ 1,083,141
Sick leave	7,566	-	7,566
Election	2,300	-	2,300
Fire	83,597	242,212	325,809
Roads	65,268	-	65,268
Cemetery	18,000	4,000	22,000
Medical Centre	110,494	3,967	114,461
Ambulance	33,786	2,388	36,174
Arena	2,500	-	2,500
Library	1,500	(500)	1,000
Train station	1,683	(1,271)	412
Economic development	126,300	-	126,300
Happy Landing Commercial Court	165,500	-	165,500
	1,560,529	391,902	1,952,431
Other			
Consolidated tangible capital assets	9,623,820	5,551,941	15,175,761
General operating surplus (deficit) -			
Municipality	(58,238)	263,598	205,360
Water	(250,843)	138,763	(112,080)
Medical Centre	9,625	16,085	25,710
Helipad	11,634	277	11,911
Cemetery	31,444	10,309	41,753
Library	4,748	(3,255)	1,493
Almaguin Community Economic Development	9,392	(5,464)	3,928
Unfinanced capital expenditures	-	(1,030,001)	(1,030,001)
Accumulated operating surplus of South River Power Generation Corporation	1,630,430	(89,706)	1,540,724
Unfunded liabilities -			
Long-term debt	(769,787)	(701,268)	(1,471,055)
Tangible capital lease	(47,378)	27,073	(20,305)
Employee benefits	(30,336)	3,957	(26,379)
Operating surplus	11,725,040	4,574,211	16,299,251
Accumulated remeasurement gains and losses	(52,313)	19,762	(32,551)
ACCUMULATED SURPLUS	\$ 11,672,727	\$ 4,593,973	\$ 16,266,700

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

19. 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, 2023

19. 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	18,342	22,986	372,944	355	-	134,643	550	-	553,514
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	5,955	-	7,310	74,580	-	19,686	45,728	106,399	298,163
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, 2023

19. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT *(Continued)*

FOR THE YEAR ENDED DECEMBER 31, 2022
(Restated - Note 2)

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,273,003	\$ 1,273,003
User charges	3,015	24,798	19,580	358,994	1,775	-	104,457	2,100	-	514,719
Government transfers -										
Canada	-	-	269,410	290,210	-	-	18,241	19,749	-	597,610
Ontario	63,790	16,647	222,736	351,467	110,169	-	18,136	4,090	615,800	1,402,835
Other municipalities	-	11,466	-	-	-	-	276	-	-	11,742
South Rive Power Generation Corporation - annual operating surplus net of dividends	-	-	-	-	-	-	-	-	107,935	107,935
Gain (loss) on disposal of capital assets	-	3,714	(6,929)	(4,731)	-	-	(952)	-	-	(8,898)
Restructuring net revenue	-	-	-	-	-	-	-	2,600	-	2,600
Other	10,693	19,876	-	7,233	63,210	-	10,155	41,598	63,378	216,143
TOTAL REVENUE	77,498	76,501	504,797	1,003,173	175,154	-	150,313	70,137	2,060,116	4,117,689
EXPENSES										
Salaries, wages and benefits	372,260	120,691	170,375	49,041	65,181	-	182,863	48,100	-	1,008,511
Long-term debt charges (interest)	-	6,961	3,073	-	-	-	-	13,341	-	23,375
Materials	75,700	69,414	161,197	115,128	31,075	-	140,733	35,597	-	628,844
Contracted services	72,738	225,616	5,596	384,489	41,075	-	7,934	5,352	-	742,800
Rents and financial expenses	2,843	2,847	-	-	34,023	-	4,532	2,137	-	46,382
External transfers	-	-	-	-	33,593	58,153	-	13,491	-	105,237
Interfunctional adjustments	(22,348)	5,478	(45,587)	37,841	1,651	-	13,194	9,771	-	-
Amortization	18,404	46,672	87,145	179,060	10,381	-	45,564	58,393	-	445,619
TOTAL EXPENSES	519,597	477,679	381,799	765,559	216,979	58,153	394,820	186,182	-	3,000,768
ANNUAL OPERATING SURPLUS (DEFICIT)	\$ (442,099)	\$ (401,178)	\$ 122,998	\$ 237,614	\$ (41,825)	\$ (58,153)	\$ (244,507)	\$ (116,045)	\$ 2,060,116	\$ 1,116,921

THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

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

20. 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 assets, liabilities and surplus at the time of withdrawal were retained by ACED.

The Municipality recorded net revenue of \$711 (2022 - \$2,600) as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 17.

21. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality rented office space for \$8,971 (2022 - \$4,900), sold administrative services of \$75 (2022 - \$6,735) and provided operating and maintenance services of \$19,696 (2022 - \$16,111) 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, \$22,219 (2022 - \$25,816) 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, 2023

22. 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 2023 amount. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating deficit	\$ 58,238
Decrease in water deficit	250,843
Decrease in reserves	(438,439)
Increase in South River Power Generation operating surplus	101,114
Decrease in board and joint board general operating surplus	(8,743)
ADJUSTMENTS:	
Acquisition of tangible capital assets	6,564,696
Amortization of tangible capital assets	(537,286)
Increase in municipal debt	(1,477,082)
ANNUAL SURPLUS	\$ 4,513,341

23. 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, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million with respect to benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 was \$58,526 (2022 - \$58,070) for current service and is included as an expense on the Consolidated Statement of Operations.

24. COMPARATIVE FIGURES

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