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**THE CORPORATION OF THE VILLAGE OF SOUTH RIVER**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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**THE CORPORATION OF THE VILLAGE OF SOUTH RIVER**  
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# Independent Auditor's Report

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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, 2022, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Village of South River as at December 31, 2022, 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.

*Grant Thornton LLP*

North Bay, Canada  
June 26, 2023

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE VILLAGE OF SOUTH RIVER**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	\$ 1,228,858	\$ 2,090,561
Investments (Note 5)	10,273	11,312
Taxes receivable (Note 6)	149,319	130,654
Accounts receivable	1,191,038	495,832
Investment in South River Power Generation Corporation (Note 7)	1,578,117	1,381,094
Inventories held for resale	1,250	208
	<b>4,158,855</b>	<b>4,109,661</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	692,247	642,120
Accrued interest on long-term debt	1,184	1,299
Deferred revenue-general (Note 8)	190,975	45,103
Deferred revenue-obligatory reserve funds (Note 9)	525,931	421,903
Municipal debt (Note 10)	769,787	854,375
Tangible capital lease liability (Note 11)	47,378	74,452
Employee benefits payable (Note 12)	30,336	25,079
	<b>2,257,838</b>	<b>2,064,331</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,901,017</b>	<b>2,045,330</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Note 14)	9,623,820	8,347,135
Inventories of supplies	19,072	23,488
Prepaid expenses	128,818	50,765
	<b>9,771,710</b>	<b>8,421,388</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>\$ 11,672,727</b>	<b>\$ 10,466,718</b>

Contingencies (see Notes 2 and 7)  
Contractual Obligations (see Note 13)

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 SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget 2022 <i>(see Note 19)</i>	Actual 2022	Actual 2021
<b>REVENUE</b>			
Property taxes	\$ 1,251,466	\$ 1,273,003	\$ 1,200,634
User charges	489,275	492,685	400,268
Government transfers	3,212,840	2,012,187	1,208,328
Change in accumulated surplus of South River			
Power Generation Corporation <i>(Note 7)</i>	119,950	197,023	233,261
Restructuring net revenue <i>(Note 17)</i>	-	2,600	-
Other	259,348	229,279	419,242
<b>TOTAL REVENUE</b>	<b>5,332,879</b>	<b>4,206,777</b>	<b>3,461,733</b>
<b>EXPENSES</b>			
General government	558,598	519,597	519,986
Protection to persons and property	494,482	477,679	487,999
Transportation services	486,913	381,799	363,821
Environmental services	659,251	765,559	685,454
Health services	214,610	216,979	204,781
Social and family services	58,153	58,153	59,133
Recreation and cultural services	380,898	394,820	312,392
Planning and development	191,625	186,182	157,999
<b>TOTAL EXPENSES</b>	<b>3,044,530</b>	<b>3,000,768</b>	<b>2,791,565</b>
<b>ANNUAL SURPLUS</b> <i>(Note 15)</i>	<b>2,288,349</b>	<b>1,206,009</b>	<b>670,168</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>10,466,718</b>	<b>10,466,718</b>	<b>9,796,550</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 12,755,067</b>	<b>\$ 11,672,727</b>	<b>\$ 10,466,718</b>

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, 2022**

	Budget 2022 <i>(see Note 19)</i>	Actual 2022	Actual 2021
Annual surplus	\$ 2,288,349	\$ 1,206,009	\$ 670,168
Acquisition of tangible capital assets	(3,439,943)	(1,739,172)	(523,612)
Contributed tangible capital assets - net	-	(580)	(60,534)
Amortization of tangible capital assets	445,506	445,619	431,974
Loss on disposal of tangible capital assets	-	8,898	16,662
Proceeds from disposal of tangible capital assets	-	8,550	175,017
Change in supplies inventories	-	4,416	(5,508)
Change in prepaid expenses	-	(78,053)	(9,144)
<b>Increase (decrease) in net financial assets</b>	<b>(706,088)</b>	<b>(144,313)</b>	<b>695,023</b>
<b>Net financial assets, beginning of year</b>	<b>2,045,330</b>	<b>2,045,330</b>	<b>1,350,307</b>
<b>Net financial assets, end of year</b>	<b>\$ 1,339,242</b>	<b>\$ 1,901,017</b>	<b>\$ 2,045,330</b>

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, 2022**

	2022	2021
<b>Operating transactions</b>		
Annual surplus	\$ 1,206,009	\$ 670,168
Non-cash charges to operations:		
Amortization	445,619	431,974
Contributed tangible capital assets - net	(580)	(60,534)
Loss on disposal of tangible capital assets	8,898	16,662
Change in employee benefits payable	5,257	(1,808)
	<u>1,665,203</u>	<u>1,056,462</u>
Changes in non-cash items:		
Taxes receivable	(18,665)	173,647
Accounts receivable	(695,206)	(249,820)
Long-term receivable	-	50,000
Inventories held for resale	(1,042)	7,151
Accounts payable and accrued liabilities	50,127	242,572
Accrued interest on long-term debt	(115)	(112)
Deferred revenue-general	145,872	9,011
Deferred revenue-obligatory reserve funds	104,028	143,761
Inventories of supplies	4,416	(5,508)
Prepaid expenses	(78,053)	(9,144)
	<u>(488,638)</u>	<u>361,558</u>
Cash provided by operating transactions	<u>1,176,565</u>	<u>1,418,020</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,739,172)	(523,612)
Proceeds from disposal of tangible capital assets	8,550	175,017
Cash applied to capital transactions	<u>(1,730,622)</u>	<u>(348,595)</u>
<b>Investing transactions</b>		
Change in investment in South River Power Generation Corporation	(197,023)	(233,261)
Change in investments	1,039	(11,312)
Cash applied to investing transactions	<u>(195,984)</u>	<u>(244,573)</u>
<b>Financing transactions</b>		
Debt principal repayments	(84,588)	(122,223)
Tangible capital lease repayments	(27,074)	(27,073)
Cash applied to financing transactions	<u>(111,662)</u>	<u>(149,296)</u>
<b>Net change in cash and cash equivalents</b>	<b>(861,703)</b>	<b>675,556</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,090,561</b>	<b>1,415,005</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,228,858</b>	<b>\$ 2,090,561</b>
<b>Cash flow supplementary information:</b>		
Cash paid for interest	\$ 23,490	\$ 26,210

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, 2022

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### 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, 2022

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- (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.
- (a) Tangible capital assets  
Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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.

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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- (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.
  
- (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.

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

(ix) 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. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

		2022		2021
District of Parry Sound Social Services Administration Board	\$	30,889	\$	30,476
North Bay Parry Sound District Health Unit		33,093		32,040
District of Parry Sound (East) Home for the Aged		24,764		26,157
	<b>\$</b>	<b>88,746</b>	<b>\$</b>	<b>88,673</b>

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.

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 3. TRANSACTIONS ON BEHALF OF OTHERS

- (a) During the year, \$176,795 of taxation was levied on behalf of school boards (2021 \$175,698).
- (b) Trust funds administered by the Municipality totaling \$180,233 (2021 \$177,093) 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 (2021 \$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 \$80,233 (2021 \$77,093).

#### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of:

	2022	2021
Unrestricted cash	\$ 702,927	\$ 1,668,658
Restricted cash	525,931	421,903
	<b>\$ 1,228,858</b>	<b>\$ 2,090,561</b>

Federal and Provincial legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 9, may be used.

#### 5. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at 1.6% and maturing June 30, 2024.

#### 6. TAXES RECEIVABLE

Taxes receivable are comprised of taxes receivable of \$149,319 (2021 \$130,654) and valuation allowances of NIL (2021 NIL).

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
Year Ended December 31, 2022

### 7. 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.

	2022	2021
<b>Statement of Financial Position</b>		
Financial assets	\$ 639,666	\$ 654,989
Liabilities		
Payables and accruals	74,379	105,637
Term loan	2,432,014	2,636,834
Derivative	52,313	141,401
Future income tax liability	543,474	507,497
	3,102,180	3,391,369
Net debt	(2,462,514)	(2,736,380)
Non-financial assets		
Tangible capital assets	4,040,631	4,117,474
	4,040,631	4,117,474
<b>Accumulated surplus is comprised of</b>		
Accumulated operating surplus	1,630,430	1,522,495
Accumulated remeasurement losses	(52,313)	(141,401)
	<b>\$ 1,578,117</b>	<b>\$ 1,381,094</b>
<b>Statement of Operations</b>		
Revenue	\$ 602,481	\$ 573,535
Expenses	458,569	459,481
Future payments in lieu of income taxes	35,977	28,514
<b>Annual surplus</b>	<b>\$ 107,935</b>	<b>\$ 85,540</b>
<b>Statement of Remeasurement Gains and Losses</b>		
Accumulated remeasurement losses, beginning of year	\$ (141,401)	\$ (289,122)
Unrealized gain on fair value of derivative	89,088	147,721
<b>Accumulated remeasurement losses, end of year</b>	<b>\$ (52,313)</b>	<b>\$ (141,401)</b>
<b>Total change in surplus</b>	<b>\$ 197,023</b>	<b>\$ 233,261</b>

The South River Power Generation Corporation has a \$2,432,014 (2021 \$2,636,834) term loan with a chartered bank. The loan has been guaranteed by the Municipality.

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 8. DEFERRED REVENUE-GENERAL

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

	2022	2021
Balance, beginning of year:		
Rural and Northern Physicians Group Agreement	\$ 29,018	\$ 21,830
Cannabis Legalization Implementation Fund	-	14,000
Dedicated donations	15,981	-
Other	104	262
	45,103	36,092
Received during the year:		
Rural and Northern Physicians Group Agreement	110,605	104,769
Cannabis Legalization Implementation Fund	-	5,000
Dedicated donations	-	18,500
Northern Ontario Resource Development Support (NORDS)	138,282	104
Other	858	104
Interest earned	3,597	-
	253,342	128,477
Recognized in revenue during the year	(107,470)	(119,362)
<b>Balance, end of year</b>	<b>\$ 190,975</b>	<b>\$ 45,207</b>
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
<b>Balance, end of year</b>	<b>\$ 190,975</b>	<b>\$ 45,103</b>

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 9. 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 expenditures and capital works.

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

	2022	2021
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 321	\$ 317
Building Code Act	38,709	18,810
Canada Community-Building	382,873	248,225
Ontario Community Infrastructure Fund	-	10,790
	421,903	278,142
Received during the year:		
Building Code Act	20,367	19,899
Canada Community-Building	70,661	138,590
Ontario Community Infrastructure Fund	100,000	50,000
Interest earned	13,935	5,318
	204,963	213,807
Recognized in revenue during the year	(100,935)	(70,046)
<b>Balance, end of year</b>	<b>\$ 525,931</b>	<b>\$ 421,903</b>
Recreational land (the Planning Act)	\$ 331	\$ 321
Building Code Act	59,076	38,709
Canada Community-Building	466,524	382,873
<b>Balance, end of year</b>	<b>\$ 525,931</b>	<b>\$ 421,903</b>



## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 10. MUNICIPAL DEBT

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

	2022	2021
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	\$ 75,387	\$ 83,126
TD Commercial Banking term loan, due February 2028, repayable in monthly payments of \$4,601 including interest calculated at 2.99%	130,023	153,362
TD Commercial Banking term loan, due November 2024, repayable in monthly payments of \$1,257 including interest calculated at 2.66%	14,079	21,143
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	179,627	197,512
TD Commercial Banking term loan, due May 2037, repayable in monthly payments of \$1,946 including interest calculated at 3.03%	272,523	287,373
TD Commercial Banking term loan, due May 2029, repayable in monthly payments of \$1,399 including interest calculated at 2.91%	98,148	111,859
	<b>\$ 769,787</b>	<b>\$ 854,375</b>

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2023	\$ 87,034	\$ 21,046
2024	88,886	18,568
2025	84,486	16,052
2026	86,944	13,595
2027	89,474	11,065
2028 onwards	332,963	35,534
	<b>\$ 769,787</b>	<b>\$ 115,860</b>

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 10. MUNICIPAL DEBT (continued)

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

	2022	2021
Principal payments	\$ 84,588	\$ 122,223
Interest	23,375	26,098
	<b>\$ 107,963</b>	<b>\$ 148,321</b>

#### 11. 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:

	2022	2021
2022	\$ -	\$ 27,074
2023	27,073	27,073
2024	20,305	20,305
Total minimum lease payments	47,378	74,452
Less amount representing interest	-	-
<b>Present value of future minimum capital lease payments</b>	<b>\$ 47,378</b>	<b>\$ 74,452</b>

#### 12. 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 \$29,054 (2021 \$23,786) 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 \$1,282 (2021 \$1,293) at the end of the year.

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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#### 13. 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 2022 the Municipality entered into a contract with Bruman Construction Inc. in the amount of \$2,996,117 plus HST to rehabilitate the watermains, roads and sidewalks on Ottawa Avenue, Alfred Street and Eagle Lake Road. During the year, \$1,159,545 of work under this contract was performed. The balance of the work is expected to be completed in 2023.

In 2022 the Municipality engaged Bertrand Wheeler Architecture Inc. to perform a train station restoration study at a cost of \$30,390 plus HST. \$10,972 of fees were paid in 2022. The balance of the fees are expected to be paid in 2023.

# THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

### 14. TANGIBLE CAPITAL ASSETS

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

<b>2022</b>								
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water Plants and Networks	Assets Under Construction	TOTAL
<b>COST</b>								
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)	-
<b>BALANCE, END OF YEAR</b>	<b>1,464,801</b>	<b>4,187,953</b>	<b>1,530,617</b>	<b>785,924</b>	<b>2,728,700</b>	<b>6,649,819</b>	<b>817,651</b>	<b>18,165,465</b>
<b>ACCUMULATED AMORTIZATION</b>								
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)
<b>BALANCE, END OF YEAR</b>	<b>416,619</b>	<b>1,287,707</b>	<b>805,989</b>	<b>275,166</b>	<b>1,970,286</b>	<b>3,785,878</b>	<b>-</b>	<b>8,541,645</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 1,048,182</b>	<b>\$ 2,900,246</b>	<b>\$ 724,628</b>	<b>\$ 510,758</b>	<b>\$ 758,414</b>	<b>\$ 2,863,941</b>	<b>\$ 817,651</b>	<b>\$ 9,623,820</b>
<b>2021</b>								
	Land and Land Improvements	Buildings and Leasehold Improvements	Machinery and Equipment	Vehicles	Roads and Bridges	Water Plants and Networks	Assets Under Construction	TOTAL
<b>COST</b>								
Balance, beginning of year	\$ 1,273,172	\$ 4,266,645	\$ 1,426,785	\$ 713,322	\$ 2,662,561	\$ 6,068,524	\$ -	\$ 16,411,009
Additions and betterments	6,475	10,086	91,997	10,183	-	95,291	309,580	523,612
Contributed assets	60,534	-	-	-	-	-	-	60,534
Disposals and writedowns	(26,168)	(151,770)	(61,990)	(8,941)	-	(35,364)	-	(284,233)
<b>BALANCE, END OF YEAR</b>	<b>1,314,013</b>	<b>4,124,961</b>	<b>1,456,792</b>	<b>714,564</b>	<b>2,662,561</b>	<b>6,128,451</b>	<b>309,580</b>	<b>16,710,922</b>
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	386,778	1,152,561	696,064	206,905	2,078,598	3,503,461	-	8,024,367
Annual amortization	25,119	86,268	95,501	40,268	16,871	167,947	-	431,974
Amortization disposals	(697)	(16,782)	(61,196)	(5,365)	-	(8,514)	-	(92,554)
<b>BALANCE, END OF YEAR</b>	<b>411,200</b>	<b>1,222,047</b>	<b>730,369</b>	<b>241,808</b>	<b>2,095,469</b>	<b>3,662,894</b>	<b>-</b>	<b>8,363,787</b>
<b>TANGIBLE CAPITAL ASSETS-NET</b>	<b>\$ 902,813</b>	<b>\$ 2,902,914</b>	<b>\$ 726,423</b>	<b>\$ 472,756</b>	<b>\$ 567,092</b>	<b>\$ 2,465,557</b>	<b>\$ 309,580</b>	<b>\$ 8,347,135</b>

Included in tangible capital assets are leased tangible capital assets with a cost of \$151,169 (2021 \$151,169) and accumulated amortization of \$25,195 (2021 \$15,117).

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 15. ACCUMULATED SURPLUS

The 2022 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
<b>RESERVES AND RESERVE FUNDS</b>			
General municipal	\$ 1,011,148	\$ (69,113)	\$ 942,035
Sick leave	7,566	-	7,566
Election	3,000	(700)	2,300
Fire	82,294	1,303	83,597
Roads	90,864	(25,596)	65,268
Train Station	2,845	(1,162)	1,683
Cemetery	12,500	5,500	18,000
Medical Centre	103,187	7,307	110,494
Ambulance	31,488	2,298	33,786
Arena	2,500	-	2,500
Library	2,000	(500)	1,500
Economic development	126,300	-	126,300
Happy Landing Commercial Court	165,500	-	165,500
	<b>1,641,192</b>	<b>(80,663)</b>	<b>1,560,529</b>
<b>OTHER</b>			
Consolidated tangible capital assets	8,347,135	1,276,685	9,623,820
General operating surplus (deficit) -			
Municipality	23,668	(81,906)	(58,238)
Water	(40,675)	(210,168)	(250,843)
Medical Centre	22,090	(12,465)	9,625
Helipad	10,696	938	11,634
Cemetery	26,783	4,661	31,444
Library	3,949	799	4,748
Almaguin Community Economic Development	4,692	4,700	9,392
Accumulated surplus of South River Power Generation Corporation	1,381,094	197,023	1,578,117
Unfunded liabilities -			
Municipal debt	(854,375)	84,588	(769,787)
Tangible capital lease	(74,452)	27,074	(47,378)
Employee benefits	(25,079)	(5,257)	(30,336)
	<b>\$ 10,466,718</b>	<b>\$ 1,206,009</b>	<b>\$ 11,672,727</b>

# THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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### 16. 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, 2022

#### 16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2022

	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
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,273,003	\$ 1,273,003
User charges	3,015	2,764	19,580	358,994	1,775	-	104,457	2,100	-	492,685
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
Change in accumulated surplus of South River Power Generation Corporation	-	-	-	-	-	-	-	-	197,023	197,023
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	41,910	-	7,233	63,210	-	10,155	41,598	63,378	238,177
<b>TOTAL REVENUE</b>	<b>77,498</b>	<b>76,501</b>	<b>504,797</b>	<b>1,003,173</b>	<b>175,154</b>	<b>-</b>	<b>150,313</b>	<b>70,137</b>	<b>2,149,204</b>	<b>4,206,777</b>
<b>EXPENSES</b>										
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
<b>TOTAL EXPENSES</b>	<b>519,597</b>	<b>477,679</b>	<b>381,799</b>	<b>765,559</b>	<b>216,979</b>	<b>58,153</b>	<b>394,820</b>	<b>186,182</b>	<b>-</b>	<b>3,000,768</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (442,099)</b>	<b>\$ (401,178)</b>	<b>\$ 122,998</b>	<b>\$ 237,614</b>	<b>\$ (41,825)</b>	<b>\$ (58,153)</b>	<b>\$ (244,507)</b>	<b>\$ (116,045)</b>	<b>\$ 2,149,204</b>	<b>\$ 1,206,009</b>

## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

#### 16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2021

	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
<b>REVENUE</b>										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,634	\$ 1,200,634
User charges	5,591	1,150	24,699	340,003	830	-	26,915	1,080	-	400,268
Government transfers -										
Canada	2,778	-	23,395	33,914	2,500	-	62,772	14,672	-	140,031
Ontario	121,509	29,609	19,494	81,675	100,253	-	23,003	6,188	662,397	1,044,128
Other municipalities	-	23,255	-	-	-	-	-	914	-	24,169
Change in accumulated surplus of South River Power Generation Corporation	-	-	-	-	-	-	-	-	233,261	233,261
Gain (loss) on disposal of capital assets	-	(794)	(3,576)	(17,307)	-	-	-	5,015	-	(16,662)
Other	166,193	24,768	700	6,338	58,074	-	70,058	49,092	60,681	435,904
<b>TOTAL REVENUE</b>	<b>296,071</b>	<b>77,988</b>	<b>64,712</b>	<b>444,623</b>	<b>161,657</b>	<b>-</b>	<b>182,748</b>	<b>76,961</b>	<b>2,156,973</b>	<b>3,461,733</b>
<b>EXPENSES</b>										
Salaries, wages and benefits	373,266	125,912	178,130	55,866	58,819	-	155,778	45,910	-	993,681
Long-term debt charges (interest)	343	8,051	3,466	-	-	-	-	14,238	-	26,098
Materials	62,721	75,792	138,176	81,845	27,177	-	90,303	17,354	-	493,368
Contracted services	84,384	223,662	6,290	326,806	41,563	-	6,685	11,445	-	700,835
Rents and financial expenses	3,037	2,823	-	-	33,107	-	7,372	6,380	-	52,719
External transfers	-	-	-	-	32,540	59,133	-	1,217	-	92,890
Interfunctional adjustments	(21,919)	5,494	(45,576)	48,062	1,347	-	11,108	1,484	-	-
Amortization	18,154	46,265	83,335	172,875	10,228	-	41,146	59,971	-	431,974
<b>TOTAL EXPENSES</b>	<b>519,986</b>	<b>487,999</b>	<b>363,821</b>	<b>685,454</b>	<b>204,781</b>	<b>59,133</b>	<b>312,392</b>	<b>157,999</b>	<b>-</b>	<b>2,791,565</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (223,915)</b>	<b>\$ (410,011)</b>	<b>\$ (299,109)</b>	<b>\$ (240,831)</b>	<b>\$ (43,124)</b>	<b>\$ (59,133)</b>	<b>\$ (129,644)</b>	<b>\$ (81,038)</b>	<b>\$ 2,156,973</b>	<b>\$ 670,168</b>



## THE CORPORATION OF THE VILLAGE OF SOUTH RIVER

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2022

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#### 17. 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 Municipality of Magnetawan withdrew from the agreement effective June 9, 2022 and the Corporation of the Municipality of Powassan withdrew effective December 31, 2022. The assets, liabilities and surplus at the time of withdrawal were retained by ACED.

In 2022 the Municipality recorded net revenue of \$2,600 as a result of this restructuring. The value of the tangible assets received is recorded as a contributed asset in Note 14.

#### 18. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality rented office space for \$4,900 (2021 NIL), sold administrative services of \$6,735 (2021 \$15,840) and provided operating and maintenance services of \$16,111 (2021 \$17,446) 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, \$25,816 (2021 \$36,089) 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, 2022

#### 19. 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. A reconciliation of the adopted and reported budgets is presented below.

	Budget
<b>ADOPTED BUDGET:</b>	
Decrease in general municipal operating surplus	\$ (23,668)
Decrease in water deficit	40,675
Increase in reserves	(154,097)
Increase in South River Power Generation surplus	119,950
Decrease in board and joint board general operating surplus	(2,877)
<b>ADJUSTMENTS:</b>	
Acquisition of tangible capital assets	3,439,943
Amortization of tangible capital assets	(445,506)
Increase in municipal debt	(686,071)
<b>ANNUAL SURPLUS</b>	<b>\$ 2,288,349</b>

#### 20. 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, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million with respect to benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 was \$58,070 (2021 \$56,359) for current service and is included as an expense on the Consolidated Statement of Operations.