

Consolidated Financial Statements of

**DISTRICT OF SAULT STE. MARIE SOCIAL
SERVICES ADMINISTRATION BOARD**

Year ended December 31, 2016

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Index to Consolidated Financial Statements

Year ended December 31, 2016

	Page
Consolidated Financial Statements:	
Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus.....	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8 - 20

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of District of Sault Ste. Marie Social Services Administration Board (the "Board") are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated 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.

The Board's management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Chief Administrative Officer (CAO)

Director, Finance and Administration



KPMG LLP
111 Elgin Street, Suite 200
Sault Ste. Marie ON P6A 6L6
Canada
Telephone (705) 949-5811
Fax (705) 949-0911

INDEPENDENT AUDITORS' REPORT

To the Members of the District of Sault Ste. Marie Social Services Administration Board

We have audited the accompanying consolidated financial statements of District of Sault Ste. Marie Social Services Administration Board, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of District of Sault Ste. Marie Social Services Administration Board as at December 31, 2016, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 20, 2017

Sault Ste. Marie, Canada

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash and cash equivalents	\$ 9,880,090	\$ 8,404,098
Receivable from City of Sault Ste. Marie	–	107,152
Accounts receivable	980,198	876,803
	10,860,288	9,388,053
Financial liabilities		
Accounts payable and accrued liabilities	1,848,638	619,493
Payable to City of Sault Ste. Marie	609,883	–
Payable to Province of Ontario (notes 2 and 11)	1,520,138	1,477,295
Long-term debt (note 3)	2,346,712	2,797,284
Employee future benefits (note 4)	1,172,365	–
	7,497,736	4,894,072
Net financial assets	3,362,552	4,493,981
Non-financial assets		
Tangible capital assets (note 5)	5,328,803	5,249,178
Prepaid expenses	961,751	912,286
	6,290,554	6,161,464
Forgivable loans (note 2)		
Commitments (note 10)		
Accumulated surplus (note 6)	\$ 9,653,106	\$ 10,655,445

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 12)	2016	2015
Revenues:			
Province of Ontario	\$ 34,552,396	\$ 33,123,179	\$ 31,759,762
Government of Canada	3,904,626	3,712,350	3,438,919
Participating municipalities	19,498,307	19,499,238	18,423,041
Other	51,000	342,785	237,725
Investment income	23,500	104,059	119,197
Rental income	2,890,900	3,019,790	3,011,543
Total revenues	60,920,729	59,801,401	56,990,187
Expenses:			
General assistance	28,572,830	26,309,149	26,048,161
Housing Services	18,581,703	17,352,721	17,037,651
Administration	676,860	996,614	263,730
Community Child Care	7,919,155	7,841,242	7,430,349
Land Ambulance	6,790,715	6,581,881	5,125,592
Amortization of tangible capital assets	437,274	439,274	337,265
Total expenses	62,980,537	59,520,881	56,242,748
Annual surplus (deficit), before the undernoted	(2,059,808)	280,520	747,439
Assumption of employee future benefit liability (note 13)	-	(1,282,859)	-
Annual surplus (deficit)	(2,059,808)	(1,002,339)	747,439
Accumulated surplus, beginning of year	10,655,445	10,655,445	9,908,006
Accumulated surplus, end of year	\$ 8,595,637	\$ 9,653,106	\$ 10,655,445

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 12)	2016	2015
Annual surplus (deficit)	\$ (2,059,808)	\$ (1,002,339)	\$ 747,439
Acquisition of tangible capital assets	(190,321)	(518,899)	(393,710)
Gain on sale of tangible capital assets	–	(5,759)	(32,710)
Proceeds from sale of tangible capital assets	–	5,759	99,226
Amortization of tangible capital assets	439,274	439,274	337,265
	(1,810,855)	(1,081,964)	757,510
Acquisition of prepaid expenses	–	(961,751)	(912,286)
Use of prepaid expenses	–	912,286	886,455
Change in net financial assets	(1,810,855)	(1,131,429)	731,679
Net financial assets, beginning of year	4,493,981	4,493,981	3,762,302
Net financial assets, end of year	\$ 2,683,126	\$ 3,362,552	\$ 4,493,981

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used for):		
Operating activities:		
Annual surplus (deficit)	\$ (1,002,339)	\$ 747,439
Items not involving cash:		
Amortization of tangible capital assets	439,274	337,265
Gain on sale of tangible capital assets	(5,759)	(32,710)
Change in employee future benefits	(110,494)	-
Assumption of employee future benefits (note 13)	1,282,859	-
	603,541	1,051,994
Change in non-cash assets and liabilities:		
Accounts receivable	(103,395)	(106,855)
Receivable from (payable to) City of Sault Ste. Marie	717,035	405,685
Accounts payable and accrued liabilities	1,229,145	(520,160)
Payable to (from) Province of Ontario	42,843	(1,159,442)
Prepaid expenses	(49,465)	(25,831)
Net change in cash from operating activities	2,439,704	(354,609)
Capital activities:		
Cash used to acquire tangible capital assets	(518,899)	(393,710)
Proceeds from sale of tangible capital assets	5,759	99,226
Net change in cash from capital activities	(513,140)	(294,484)
Financing activities:		
Long-term debt principal repayments	(450,572)	(488,896)
Net change in cash from financing activities	(450,572)	(488,896)
Net change in cash	1,475,992	(1,137,989)
Cash and cash equivalents, beginning of year	8,404,098	9,542,087
Cash and cash equivalents, end of year	\$ 9,880,090	\$ 8,404,098

The accompanying notes are an integral part of these consolidated financial statements.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies:

The consolidated financial statements of the District of Sault Ste. Marie Social Services Administration Board (the "Board") are prepared by management in accordance with Canadian generally accepted accounting principles for government organizations as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as they are 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.

(b) Reporting entities:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity and the Sault Ste. Marie Housing Corporation. Inter-organization transactions and balances between these organizations have been eliminated.

(c) Non-financial assets:

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

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life – Years
Buildings	40
Vehicles	5 - 7
Furniture and equipment	5

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 use.

ii. Contributions of tangible capital assets

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

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Cash and cash equivalents:

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(e) Reserves and reserve funds:

Certain amounts, as approved by the Board, are set aside in reserves or reserve funds for future operating and capital purposes. Transfers to and/or from the reserves and reserve funds are an adjustment to the respective fund when approved.

(f) Government subsidies:

Government subsidies are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the subsidy occur, providing the subsidies are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(g) Use of estimates:

The preparation of the consolidated financial statements 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets, employee future benefits and valuation allowances for receivables and Canada – Ontario Affordable Housing Program Loans. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

(h) Employee future benefits:

- i. The Board provides certain benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board Act, and life insurance, extended health and dental benefits for early retirees.

The costs of sick leave, benefits under the Workplace Safety and Insurance Board Act and life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discount rates.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(i) Employee future benefits (continued):

- ii) For self-insured retirement and other employee future benefits that vest or accumulated over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- iii) The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

2. Forgivable loans:

The Board administers various programs under the Canada-Ontario Affordable Housing Program ("AHP"). Funds received under these programs assist with certain housing repairs to low to moderate income residents of Northern Ontario and funding for new rental housing units to low-income seniors and persons with disabilities, in the form of forgivable loans. These loans are forgivable over 10 to 20 year periods based on specific provisions in each program, provided that certain conditions and requirements are maintained by the loan recipients. In the event of default loans are repaid by the funding recipients. The Board is required to reinvest these amounts through new loans within the related program or return the funding and as such, any amounts not yet distributed under these programs is included in the Payable to Province of Ontario.

During the year, \$1,729,895 (2015 - \$343,752) was advanced as loans under the Program. The net payable at December 31, 2016 was \$372,170 (2015 - \$320,974) which represents the amounts held by the Board to either be issued as new forgivable loans under the AHP programs or returned to the funders. During the year, a total of \$754,773 (2015 - \$784,286) in loan balances was forgiven.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

3. Long-term debt:

	2016	2015
Canada Mortgage and Housing Corporation, various debentures, interest rates varying from 6.09% to 8.10%, annual payments totaling \$646,517 due dates ranging from January 2018 to January 2024, secured by real property	\$ 2,346,712	\$ 2,797,284

Principal repayments required for the next five years and thereafter are as follows:

2017	\$ 456,045
2018	488,839
2019	432,489
2020	463,570
2021	225,868
Thereafter	279,901
	\$ 2,346,712

4. Employee future benefit obligations:

Employee future benefits are liabilities of the Board to its employees and early retirees for the following benefits earned but not taken as at December 31 are as follows:

	2016	2015
Post-employment and post-retirement benefits	\$ 811,035	\$ -
Vacation pay	20,873	-
Non-vesting sick leave benefits	340,457	-
	\$ 1,172,365	\$ -

Post employment and post retirement benefits

The Board provides non-pension benefits to employees and retirees until they reach 65 years of age. The values that follow have been estimated based upon employee data available during the actuarial review which was completed as at December 31, 2015.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

4. Employee future benefit obligations (continued):

The benefit liability continuity is as follows:

	2016	2015
Accrued benefit liability, January 1	\$ -	\$ -
Expense	22,050	-
Payments	(572)	-
Assumed liability from City of Sault Ste. Marie	789,557	-
Accrued benefit liability, December 31	\$ 811,035	\$ -

Significant assumptions:

- Discount rate 3.5%
- Health cost increase 5.0% - 7.0%

Non-vesting sick leave benefits:

Sick leave benefits accrue to Board employees at a rate of one and a half days per month. Unused sick days are banked and may be used in the future if sick leave is beyond yearly allocation. No cash payments are made for unused sick time upon termination or retirement.

Accrued vacation pay:

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31, 2016.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

5. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 1,488,538	–	–	\$ 1,488,538
Buildings	5,954,154	–	–	5,954,154
Vehicles	1,304,292	130,467	(143,372)	1,291,387
Furniture and equipment	845,273	126,002	–	971,275
Work in progress	–	262,430	–	262,430
Total	\$ 9,592,257	518,899	(143,372)	\$ 9,967,784

Accumulated amortization	Balance at December 31, 2015	Disposals	Amortization expense	Balance at December 31, 2016
Buildings	\$ 3,279,969	–	101,110	\$ 3,381,079
Vehicles	696,611	(143,372)	165,754	718,993
Furniture and equipment	366,499	–	172,410	538,909
Work in progress	–	–	–	–
Total	\$ 4,343,079	(143,372)	439,274	\$ 4,638,981

	Net book value December 31, 2015	Net book value December 31, 2016
Land	\$ 1,488,538	\$ 1,488,538
Buildings	2,674,185	2,573,075
Vehicles	607,681	572,394
Furniture and equipment	478,774	432,366
Work in progress	–	262,430
Total	\$ 5,249,178	\$ 5,328,803

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

5. Tangible capital assets (continued):

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 1,488,538	–	–	\$ 1,488,538
Buildings	5,954,154	–	–	5,954,154
Vehicles	1,375,012	250,262	320,982	1,304,292
Furniture and equipment	775,218	143,448	73,393	845,273
Total	\$ 9,592,922	393,710	394,375	\$ 9,592,257

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Buildings	\$ 3,178,859	–	101,110	\$ 3,279,969
Vehicles	874,062	(327,859)	150,408	696,611
Furniture and equipment	280,752	–	85,747	366,499
Total	\$ 4,333,673	(327,859)	337,265	\$ 4,343,079

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 1,488,538	\$ 1,488,538
Buildings	2,775,295	2,674,185
Vehicles	500,950	607,681
Furniture and equipment	494,466	478,774
Total	\$ 5,259,249	\$ 5,249,178

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2016	2015
Invested in tangible capital assets	\$ 5,328,803	\$ 5,249,178
Operating fund	841,728	198,684
Unfunded long-term debt	(2,346,712)	(2,797,284)
Unfunded employee future benefits	(1,172,365)	-
Reserves and reserve funds (note 7)	7,001,652	8,004,867
	\$ 9,653,106	\$ 10,655,445

7. Reserves and reserve funds:

	January 1, 2016	Transfers to	Transfers from	December 31, 2016
Set aside for specific purposes by the Board:				
Reserves:				
Working funds	\$ 1,963,260	79,248	(477,918)	\$ 1,564,590
Social housing operations	1,108,176	12,874	(165,206)	955,844
Child care reserve fund	1,523,369	-	-	1,523,369
Ambulances	674,009	220,112	(597,013)	297,108
	5,268,814	312,234	(1,240,137)	4,340,911
Reserve funds:				
Social housing capital reserve fund	1,196,439	111,922	(200,000)	1,108,361
Levy stabilization fund	1,539,614	12,766	-	1,552,380
2016 balances	\$ 8,004,867	436,922	(1,440,137)	\$ 7,001,652
2015 balances	\$ 4,913,741	3,706,848	(615,722)	\$ 8,004,867

8. Pension agreements:

Effective October 8, 2016, the Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 99 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.

The amount contributed to OMERS from October 8, 2016 to year end was \$155,820 (2015 - \$Nil) for current service. This amount is included as an expense on the consolidated statement of operations and accumulated surplus.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

9. Expenses by object:

	2016	2015
Salaries	\$ 1,884,477	\$ 87,046
Materials, supplies and contracted services	57,197,130	55,818,437
Amortization of tangible capital assets	439,274	337,265
	<u>\$ 59,520,881</u>	<u>\$56,242,748</u>

The Board purchases administrative and other related services from the City of Sault Ste. Marie on a full cost recovery basis.

10. Commitments:

The Board has entered into lease and contractual agreements for office space and other service contracts with terms ending between December 2017 and February 2021.

The minimum annual payments under the terms of these commitments are as follows:

2017	\$ 1,000,779
2018	972,663
2019	815,090
2020	800,903
2021	510,900

11. Social assistance management system:

On November 1, 2014, the Province of Ontario implemented a new Social Assistance Management System (SAMS). The Province has not yet reconciled transfer payments made to the Board since the implementation of SAMS. Management estimates of potential SAMS adjustments as at December 31, 2016 amount to \$81,000 (2015 – \$(204,000)) which are included in Payable to Province of Ontario. Any additional adjustments will be reported in the consolidated statement of operations and accumulated surplus in the year in which they become known.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

12. Budget figures:

The operating budgets approved by the Board for 2016 were prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2016 for the District of Sault Ste. Marie Social Services Administration Board and the Sault Ste. Marie Housing Corporation separately. The budgets established do not include a budget for the amortization of tangible capital assets and include allocations of prior year surpluses.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets have been restated to be comparable with the Public Sector Accounting Standards. A reconciliation of the Board approved budgets and the consolidated budget presented in these financial statements is presented below:

Adopted consolidated budget:	
Consolidated budgeted annual surplus for the year	\$ -
Adjustments to adopted budget:	
Allocation of prior year surpluses	(435,395)
Use of reserve funds	(1,375,460)
Acquisition of tangible capital assets	190,321
Amortization of tangible capital assets	(439,274)
<hr/>	
Budget deficit per consolidated statement of operations and accumulated surplus	\$ (2,059,808)

13. Assumption of employee future benefits:

Effective October 8, 2016 ("transition date"), the Board ended its' services delivery contract with the City of Sault Ste. Marie. Employees that provided services to one or more of the Board's programs were previously employed by the Corporation of the City of Sault Ste. Marie. At the transition date, these individuals became employees of the Board and all employment obligations and liabilities were assumed by the Board. The employment liabilities assumed at the transition date are as follows:

	October 8, 2016
Post-employment and post-retirement benefits	\$ 789,557
Vacation pay	153,169
Non-vesting sick leave benefits	340,133
	<hr/>
	\$ 1,282,859

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

14. Comparative information:

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.

15. Segmented information:

The District of Sault Ste. Marie Social Services Administration Board supports the development of health and self-sufficient communities through the innovative and responsive delivery of various social assistance programs. For reporting purposes the Board's financial activities are organized and reported by program.

Certain programs that have been separately disclosed in the segmented information, along with the services they provide are as follows:

Ontario Works

Financial and employment assistance is provided to individuals in temporary financial need. The goals are to assist participants in achieving independence and self-reliance and to transition the participants to the workforce.

Housing Services

The social housing program is responsible for the direct management of the public housing portfolio, the administration of the Non-profit and Urban and Native Housing projects within the district, administration of various federal and provincial housing programs, and the administration and maintenance of the central waiting list within the district.

DSSAB Administration

Administration of programs and services are managed by an administrative team which provides support for the ongoing services of the Board.

Community Child Care

Child care funding is administered to child care operators within the district in accordance with the Day Nurseries Act.

Land Ambulance and Garden River Ambulance

Emergency and non-emergency land ambulance services are provided within the district.

For each reported segment, revenue and expenses represent both the amounts that are directly attributable to the segment as well as amounts that can reasonably be allocated to the segment. Administration costs are allocated to the program based on an availability of funding as well as an estimate of their consumption of administrative services. The accounting policies utilized in these segments are consistent with those followed in preparation of the financial statements as disclosed in note 1.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

15. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Community Child Care	Land Ambulance	Garden River Land Ambulance	2016 Total
Revenue:							
Province of Ontario	\$ 22,189,157	1,334,671	-	6,402,620	2,131,330	1,065,401	\$ 33,123,179
Government of Canada	-	3,712,350	-	-	-	-	3,712,350
Participating Municipalities	5,188,237	9,931,295	199,331	1,436,485	2,708,847	35,043	19,499,238
Other	-	330,368	6,658	-	5,759	-	342,785
Investment income	-	24,746	79,313	-	-	-	104,059
Rental income	-	3,019,790	-	-	-	-	3,019,790
Total revenues	27,377,394	18,353,220	285,302	7,839,105	4,845,936	1,100,444	59,801,401
Expenses:							
Salaries and benefits	1,141,090	505,228	70,403	167,756	-	-	1,884,477
DSSAB operations	-	-	239,820	-	-	-	239,820
Materials and services	257,623	5,526,283	-	175,554	-	-	5,959,460
Equipment and property costs	-	-	-	-	6,360	551	6,911
Transfers to recipients and service providers	18,137,925	9,902,870	-	7,112,042	-	-	35,152,837
Employment related costs	1,958,176	-	-	-	-	-	1,958,176
Transition costs	-	-	686,391	-	-	-	686,391
Amortization of tangible capital assets	-	101,110	-	-	294,714	43,450	439,274
	21,494,814	16,035,491	996,614	7,455,352	301,074	44,001	46,327,346
Purchased services							
Salaries and benefits	3,840,894	1,413,778	-	356,990	4,901,343	903,614	11,416,619
Materials and services	973,441	4,562	-	28,900	606,089	163,924	1,776,916
	4,814,335	1,418,340	-	385,890	5,507,432	1,067,538	13,193,535
Total expenses	26,309,149	17,453,831	996,614	7,841,242	5,808,506	1,111,539	59,520,881
Annual surplus (deficit)	\$ 1,068,245	899,389	(711,312)	(2,137)	(962,570)	(11,095)	\$ 280,520

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

15. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Community Child Care	Land Ambulance	Garden River Land Ambulance	2015 Total
Revenue:							
Province of Ontario	\$ 21,308,547	1,262,051	-	6,148,616	2,146,900	893,648	\$ 31,759,762
Government of Canada	-	3,438,919	-	-	-	-	3,438,919
Participating Municipalities	4,877,802	9,677,152	49,048	1,539,583	2,198,264	81,192	18,423,041
Other	-	203,174	1,842	-	32,709	-	237,725
Investment income	-	25,615	93,582	-	-	-	119,197
Rental income	-	3,011,543	-	-	-	-	3,011,543
Total revenues	26,186,349	17,618,454	144,472	7,688,199	4,377,873	974,840	56,990,187
Expenses:							
Salaries and benefits	-	-	87,046	-	-	-	87,046
DSSAB operations	-	-	176,684	-	-	-	176,684
Materials and services	-	5,386,063	-	-	-	-	5,386,063
Equipment and property costs	-	-	-	-	1,815	852	2,667
Transfers to recipients and service providers	17,890,102	9,507,700	-	6,773,373	-	-	34,171,175
Employment related costs	1,832,712	-	-	-	-	-	1,832,712
Amortization of tangible capital assets	-	101,110	-	-	201,338	34,817	337,265
	19,722,814	14,994,873	263,730	6,773,373	203,153	35,669	41,993,612
Purchased services							
Salaries and benefits	4,310,752	1,793,425	-	473,579	3,604,952	597,643	10,780,351
Materials and services	2,014,595	350,463	-	183,397	713,843	206,487	3,468,785
	6,325,347	2,143,888	-	656,976	4,318,795	804,130	14,249,136
Total expenses	26,048,161	17,138,761	263,730	7,430,349	4,521,948	839,799	56,242,748
Annual surplus (deficit)	\$ 138,188	479,693	(119,258)	257,850	(144,075)	135,041	\$ 747,439