

Consolidated Financial Statements of

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

Year ended December 31, 2019

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

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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

Director of Corporate Services





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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of District of Sault Ste. Marie Social Services Administration Board (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019 and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

June 18, 2020

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 15,140,732	\$ 17,535,718
Accounts receivable	1,019,560	1,018,328
Receivable from City of Sault Ste. Marie	496,471	1,192,115
	16,656,763	19,746,161
Financial liabilities		
Accounts payable and accrued liabilities	4,449,057	5,313,352
Payable to Province of Ontario	3,093,444	4,982,221
Long-term debt (note 3)	505,769	969,339
Employee future benefits (note 4)	1,370,547	1,310,848
	9,418,817	12,575,760
Net financial assets	7,237,946	7,170,401
Non-financial assets		
Tangible capital assets (note 5)	12,024,245	6,477,775
Prepaid expenses	2,102,618	1,199,239
	14,126,863	7,677,014
Forgivable loans (note 2)		
Commitments (note 10)		
Subsequent event and contingencies (note 13)		
Accumulated surplus (note 6)	\$ 21,364,809	\$ 14,847,415

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

Approved by the Board:


 _____ Director


 _____ Director

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (note 11)	Actual 2019	Actual 2018
Revenue:			
Province of Ontario	\$ 48,438,246	\$ 45,615,191	\$ 44,177,677
Government of Canada	2,601,991	3,037,605	3,197,846
Participating municipalities	20,398,968	20,398,968	20,114,090
Other	54,500	67,403	180,606
Investment income	227,800	411,114	307,949
Rental income	3,110,300	3,148,817	3,178,134
Total revenue	74,831,805	72,679,098	71,156,302
Expenses:			
General assistance	29,363,436	26,159,299	27,496,983
Housing services	18,717,959	16,887,081	16,917,238
Administration	2,611,485	2,546,386	2,402,977
Early years services	13,446,236	11,931,882	12,821,320
Land ambulance	8,984,497	8,138,587	7,789,274
Amortization of tangible capital assets	498,469	498,469	465,980
Total expenses	73,622,082	66,161,704	67,893,772
Annual surplus	1,209,723	6,517,394	3,262,530
Accumulated surplus, beginning of year	14,847,415	14,847,415	11,584,885
Accumulated surplus, end of year	\$ 16,057,138	\$ 21,364,809	\$ 14,847,415

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, 2019, with comparative information for 2018

	2019 Budget (note 11)	Actual 2019	Actual 2018
Annual surplus	\$ 1,209,723	\$ 6,517,394	\$ 3,262,530
Acquisition of tangible capital assets	(363,790)	(6,044,939)	(816,258)
Amortization of tangible capital assets	498,469	498,469	465,980
	1,344,402	970,924	2,912,252
Acquisition of prepaid expense	-	(2,102,618)	(1,199,239)
Use of prepaid expenses	-	1,199,239	1,113,270
Change in net financial assets	1,344,402	67,545	2,826,283
Net financial assets, beginning of year	-	7,170,401	4,344,118
Net financial assets, end of year	\$ 1,344,402	\$ 7,237,946	\$ 7,170,401

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 6,517,394	\$ 3,262,530
Items not involving cash:		
Amortization of tangible capital assets	498,469	465,980
Change in employee future benefits	59,699	65,600
	7,075,562	3,794,110
Change in non-cash assets and liabilities:		
Accounts receivable	(1,232)	(316,051)
Receivable from City of Sault Ste. Marie	695,644	(1,314,545)
Accounts payable and accrued liabilities	(864,295)	2,568,170
Payable to Province of Ontario	(1,888,777)	2,645,723
Prepaid expenses	(903,379)	(85,969)
Net change in cash from operating activities	4,113,523	7,291,438
Capital activities:		
Cash used to acquire tangible capital assets	(6,044,939)	(816,258)
Financing activities:		
Long-term debt principal repayments	(463,570)	(921,328)
Net change in cash and cash equivalents	(2,394,986)	5,553,852
Cash and cash equivalents, beginning of year	17,535,718	11,981,866
Cash and cash equivalents, end of year	\$ 15,140,732	\$ 17,535,718

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, 2019

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 - 60
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, 2019

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, 2019

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") and the Social Infrastructure Fund ("SIF"). 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, \$302,171 (2018 - \$35,434) was advanced as loans under the Program. The net payable at December 31, 2019 was \$421,246 (2018 - \$1,429,168) which represents the amounts held by the Board to either be issued as new forgivable loans under the AHP and SIF programs or returned to the funders. During the year, a total of \$679,628 (2018 - \$693,334) in loan balances was forgiven.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

3. Long-term debt:

	2019	2018
Canada Mortgage and Housing Corporation, various debentures, interest rates varying from 6.09% to 6.34%, annual payments totaling \$257,264 due dates ranging from January 2020 to December 2023, secured by real property	\$ 505,769	\$ 969,339

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

2020		\$ 225,868
2021		239,888
2022		22,875
2023		17,138
		\$ 505,769

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:

	2019	2018
Post-employment and post-retirement benefits	\$ 960,893	\$ 952,337
Vacation pay	24,226	13,118
Non-vesting sick leave benefits	385,428	345,393
	\$ 1,370,547	\$ 1,310,848

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, 2019.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

4. Employee future benefit obligations (continued):

The benefit liability continuity is as follows:

	2019	2018
Accrued benefit liability, January 1	\$ 952,337	\$ 879,151
Expense	43,557	98,641
Payments	(35,001)	(25,455)
Accrued benefit liability, December 31	\$ 960,893	\$ 952,337

Significant assumptions:

Discount rate 3.00%
Health cost increase 5.0% - 6.25%

Accrued vacation pay:

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31, 2019.

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.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

5. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals and Transfers	Balance at December 31, 2019
Land	\$ 1,756,634	-	-	\$ 1,756,634
Buildings	7,026,541	158,439	-	7,184,980
Vehicles	1,677,991	137,823	(127,183)	1,688,631
Furniture and equipment	1,083,651	93,200	(224,287)	952,564
Construction-in-progress	369,247	5,655,477	-	6,024,724
Total	\$ 11,914,064	6,044,939	(351,470)	\$ 17,607,533

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization Expense	Balance at December 31, 2019
Land	\$ -	-	-	\$ -
Buildings	3,780,663	-	206,937	3,987,600
Vehicles	926,650	(127,183)	181,470	980,937
Furniture and equipment	728,976	(224,287)	110,062	614,751
Total	\$ 5,436,289	(351,470)	498,469	\$ 5,583,288

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 1,756,634	\$ 1,756,634
Buildings	3,245,878	3,197,380
Vehicles	751,341	707,694
Furniture and equipment	354,675	337,813
Construction-in-progress	369,247	6,024,724
Total	\$ 6,477,775	\$ 12,024,245

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

5. Tangible capital assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals and Transfers	Balance at December 31, 2018
Land	\$ 1,756,634	-	-	\$ 1,756,634
Buildings	7,026,541	-	-	7,026,541
Vehicles	1,296,144	381,847	-	1,677,991
Furniture and equipment	1,018,487	65,164	-	1,083,651
Construction-in-progress	-	369,247	-	369,247
Total	\$ 11,097,806	816,258	-	\$ 11,914,064

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization Expense	Balance at December 31, 2018
Land	-	-	-	-
Buildings	3,581,647	-	199,016	3,780,663
Vehicles	754,897	-	171,753	926,650
Furniture and equipment	633,765	-	95,211	728,976
Total	\$ 4,970,309	-	465,980	\$ 5,436,289

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 1,756,634	\$ 1,756,634
Buildings	3,444,894	3,245,878
Vehicles	541,247	751,341
Furniture and equipment	384,722	354,675
Construction-in-progress	-	369,247
Total	\$ 6,127,497	\$ 6,477,775

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

6. Accumulated surplus:

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

	2019	2018
Invested in tangible capital assets	\$ 12,024,245	\$ 6,477,775
Operating fund	1,293,006	2,147,381
Unfunded long-term debt	(505,769)	(969,339)
Unfunded employee future benefits	(1,370,547)	(1,310,848)
Reserves and reserve funds (note 7)	9,923,874	8,502,446
	\$ 21,364,809	\$ 14,847,415

7. Reserves and reserve funds:

	January 1, 2019	Transfers to	Transfers from	December 31, 2019
Set aside for specific purposes by the Board:				
Reserves:				
Working funds	\$ 1,540,071	59,645	(486,165)	\$ 1,113,551
Social housing operations	1,263,297	33,290	-	1,296,587
Early years reserve fund	1,365,475	12,737	(254,000)	1,124,212
Ambulances	252,166	247,161	(213,259)	286,068
	4,421,009	352,833	(953,424)	3,820,418
Reserve funds:				
Social housing capital reserve fund	990,069	-	-	990,069
Levy stabilization fund	3,091,368	2,180,610	(158,591)	5,113,387
2019 balances	\$ 8,502,446	2,533,443	(1,112,015)	\$ 9,923,874
2018 balances	\$ 8,022,442	1,555,840	(1,075,836)	\$ 8,502,446

8. Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 110 members (2018 – 119 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 during the year was \$657,686 (2018 - \$630,784) 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, 2019

9. Expenses by object:

	2019	2018
Salaries	\$ 8,964,113	\$ 8,943,637
Materials and supplies	49,378,564	50,881,999
Amortization of tangible capital assets	498,469	465,980
Purchased services	7,320,558	7,602,156
	\$ 66,161,704	\$ 67,893,772

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 2020 and May 2023.

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

2020	\$ 1,143,934
2021	444,199
2022	80,262
2023	14,814

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

11. Budget figures:

The operating budgets approved by the Board for 2019 were prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2019 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:	
Use of reserve funds	(302,700)
Amortization of tangible capital assets	(498,469)
Acquisition of tangible capital assets	2,010,892
Budget surplus per consolidated statement of operations and accumulated surplus	\$ 1,209,723

12. 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 annual surplus.

13. Subsequent event and contingencies:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Board has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- o Closure of administrative buildings from March 27, 2020 to the date of the auditors' report based on public health recommendations
- o Mandatory working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

14. 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.

Early Years Services

Early years services 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, 2019

14. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	2019 Total
Revenues:							
Province of Ontario	\$ 24,345,543	3,657,689	-	12,949,711	3,183,496	1,478,752	\$ 45,615,191
Government of Canada	-	3,037,605	-	-	-	-	3,037,605
Participating municipalities	2,329,836	10,511,757	2,419,985	1,379,338	3,758,052	-	20,398,968
Other	878	66,525	-	-	-	-	67,403
Investment income	-	74,465	336,649	-	-	-	411,114
Rental income	-	3,148,817	-	-	-	-	3,148,817
	26,676,257	20,496,858	2,756,634	14,329,049	6,941,548	1,478,752	72,679,098
Expenses:							
Salaries and benefits	4,695,696	1,755,814	1,584,498	806,517	121,588	-	8,964,113
DSSAB operations	-	-	961,888	-	-	-	961,888
Materials and services	649,870	4,992,806	-	119,526	606,867	89,574	6,458,643
Transfers to recipients and social providers	19,173,843	10,138,461	-	11,005,839	-	-	40,318,143
Employment related costs	1,639,890	-	-	-	-	-	1,639,890
	26,159,299	16,887,081	2,546,386	11,931,882	728,455	89,574	58,342,677
Amortization of tangible capital assets	-	206,937	-	-	244,809	46,723	498,469
Purchased services:							
Salaries and benefits	-	-	-	-	5,655,075	1,295,910	6,950,985
Materials and services	-	-	-	-	331,714	37,859	369,573
	-	-	-	-	5,986,789	1,333,769	7,320,558
Total expenses	26,159,299	17,094,018	2,546,386	11,931,882	6,960,053	1,470,066	66,161,704
Annual surplus (deficit)	\$ 516,958	3,402,840	210,248	2,397,167	(18,505)	8,686	\$ 6,517,394

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2019

14. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	2018 Total
Revenues:							
Province of Ontario	\$ 25,786,847	2,136,063	142,421	11,580,349	2,985,829	1,546,168	\$ 44,177,677
Government of Canada	-	3,197,846	-	-	-	-	3,197,846
Participating municipalities	2,236,582	10,525,486	2,367,095	1,259,905	3,725,022	-	20,114,090
Other	-	180,606	-	-	-	-	180,606
Investment income	-	53,808	254,141	-	-	-	307,949
Rental income	-	3,178,134	-	-	-	-	3,178,134
	28,023,429	19,271,943	2,763,657	12,840,254	6,710,851	1,546,168	71,156,302
Expenses:							
Salaries and benefits	4,683,621	1,914,051	1,579,105	766,860	-	-	8,943,637
DSSAB operations	-	-	736,590	-	-	-	736,590
Materials and services	689,823	4,332,382	61,030	183,243	182,563	4,555	5,453,596
Transfers to recipients and social providers	20,423,180	10,670,805	-	11,871,217	-	-	42,965,202
Employment related costs	1,700,359	-	-	-	-	-	1,700,359
Transition costs	-	-	26,252	-	-	-	26,252
	27,496,983	16,917,238	2,402,977	12,821,320	182,563	4,555	59,825,636
Amortization of tangible capital assets	-	199,015	-	-	224,053	42,912	465,980
Purchased services:							
Salaries and benefits	-	-	-	-	5,593,646	1,204,612	6,798,258
Materials and services	-	-	-	-	617,873	186,025	803,898
	-	-	-	-	6,211,519	1,390,637	7,602,156
Total expenses	27,496,983	17,116,253	2,402,977	12,821,320	6,618,135	1,438,104	67,893,772
Annual surplus	\$ 526,446	2,155,690	360,680	18,934	92,716	108,064	\$ 3,262,530