

Consolidated Financial Statements of

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

Year ended December 31, 2020

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Index to Consolidated Financial Statements

Year ended December 31, 2020

---

	Page
Consolidated Financial Statements:	
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position .....	1
Consolidated Statement of Operations and Accumulated Operating Surplus.....	2
Consolidated Statement of Change in Net Financial Assets (Debt) .....	3
Consolidated Statement of Cash Flows.....	4
Consolidated Statement of Remeasurement Losses .....	5
Notes to Consolidated Financial Statements .....	6 - 21

## **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 Executive Officer



---

Director of Corporate Services



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

### ***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, 2020
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of change in net financial assets (debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement losses 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, 2020 and its consolidated results of operations, its consolidated changes in net financial assets (debt), its consolidated cash flows and its remeasurement losses 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  
May 20, 2021

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial assets</b>		
Cash and cash equivalents	\$ 18,759,883	\$ 15,140,732
Accounts receivable	2,118,195	1,019,560
Receivable from City of Sault Ste. Marie	-	496,471
	20,878,078	16,656,763
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	3,120,733	4,449,057
Payable to Province of Ontario	7,643,310	3,093,444
Interest rate swaps	413,047	-
Long-term debt (note 3)	10,375,665	505,769
Employee future benefits (note 4)	2,064,778	1,370,547
	23,617,533	9,418,817
Net financial assets (debt)	(2,739,455)	7,237,946
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	27,442,654	12,024,245
Prepaid expenses	1,539,577	2,102,618
	28,982,231	14,126,863
Forgivable loans (note 2)		
Commitments (note 10)		
Impact of COVID-19 (note 14)		
Accumulated surplus (note 6)	\$ 26,242,776	\$ 21,364,809
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 26,655,823	\$ 21,364,809
Accumulated rereasurement losses	(413,047)	-
	\$ 26,242,776	\$ 21,364,809

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 Operating Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (note 11)	Actual 2020	Actual 2019
<b>Revenue:</b>			
Province of Ontario	\$ 46,066,261	\$ 40,843,336	\$ 45,615,191
Government of Canada	2,764,734	3,614,191	3,037,605
Participating municipalities	20,510,746	20,510,746	20,398,968
Other	46,400	46,205	67,403
Investment income	320,000	198,647	411,114
Rental income	3,329,300	3,771,796	3,148,817
<b>Total revenue</b>	<b>73,037,441</b>	<b>68,984,921</b>	<b>72,679,098</b>
<b>Expenses (note 9):</b>			
General assistance	28,801,069	24,347,184	26,159,299
Housing services	18,831,386	17,907,116	16,887,081
Administration	2,592,674	2,401,333	2,546,386
Early years services	13,235,615	8,680,557	11,931,882
Land ambulance	8,962,132	8,793,963	8,138,587
Amortization of tangible capital assets	1,035,883	1,035,883	498,469
<b>Total expenses</b>	<b>73,458,759</b>	<b>63,166,036</b>	<b>66,161,704</b>
<b>Annual operating (deficit) surplus, before the undernoted</b>	<b>(421,318)</b>	<b>5,818,885</b>	<b>6,517,394</b>
Assumption of employee future benefit liability (note 13)	-	(527,871)	-
<b>Annual operating surplus (deficit)</b>	<b>(421,318)</b>	<b>5,291,014</b>	<b>6,517,394</b>
<b>Accumulated operating surplus, beginning of year</b>	<b>21,364,809</b>	<b>21,364,809</b>	<b>14,847,415</b>
<b>Accumulated operating surplus, end of year</b>	<b>\$ 20,943,491</b>	<b>\$ 26,655,823</b>	<b>\$ 21,364,809</b>

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 (Debt)

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (note 11)	Actual 2020	Actual 2019
Annual surplus (deficit)	\$ (421,318)	\$ 5,291,014	\$ 6,517,394
Acquisition of tangible capital assets	(5,366,261)	(16,463,134)	(6,044,939)
Loss on disposal of tangible capital assets	-	8,842	-
Amortization of tangible capital assets	1,035,883	1,035,883	498,469
	(4,751,696)	(10,127,395)	970,924
Acquisition of prepaid expense	-	(1,539,577)	(2,102,618)
Use of prepaid expenses	-	2,102,618	1,199,239
Remeasurement losses	-	(413,047)	-
Change in net financial assets	(4,751,696)	(9,977,401)	67,545
Net financial assets, beginning of year	-	7,237,946	7,170,401
<b>Net financial assets (debt), end of year</b>	<b>\$ (4,751,696)</b>	<b>\$ (2,739,455)</b>	<b>\$ 7,237,946</b>

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

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Remeasurement Losses

Year ended December 31, 2020, with comparative information for 2019

	2020		2019	
Accumulated remeasurement losses, beginning of year	\$	-	\$	-
Unrealized losses attributed to:				
Derivative - interest rate swaps		(413,047)		-
Accumulated remeasurement losses, end of year	\$	(413,047)	\$	-

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 5,291,014	\$ 6,517,394
Items not involving cash:		
Amortization of tangible capital assets	1,035,883	498,469
Loss on disposal of tangible capital assets	8,842	-
Change in employee future benefits	694,231	59,699
	7,029,970	7,075,562
Change in non-cash assets and liabilities:		
Accounts receivable	(1,098,635)	(1,232)
Receivable from City of Sault Ste. Marie	496,471	695,644
Accounts payable and accrued liabilities	(1,328,324)	(864,295)
Payable to Province of Ontario	4,549,866	(1,888,777)
Prepaid expenses	563,041	(903,379)
Net change in cash from operating activities	10,212,389	4,113,523
Capital activities:		
Cash used to acquire tangible capital assets	(16,463,134)	(6,044,939)
Financing activities:		
Proceeds of long-term debt	10,150,000	-
Long-term debt principal repayments	(280,104)	(463,570)
Net change in cash from financing activities	9,869,896	(463,570)
Net change in cash and cash equivalents	3,619,151	(2,394,986)
Cash and cash equivalents, beginning of year	15,140,732	17,535,718
Cash and cash equivalents, end of year	\$ 18,759,883	\$ 15,140,732

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, 2020

---

The District of Sault Ste. Marie Social Services Administration Board was formed under the District Social Services Administration Board Act of the Province of Ontario to accommodate the provincial government's requirement to consolidate the delivery of social assistance, child care, social housing, land ambulance and other various government funded programs. The District of Sault Ste. Marie Social Services Administration Board delivers provincially mandated services on behalf of the citizens of the District of Sault Ste. Marie

## 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 accumulated surplus of the reporting entity and its wholly owned subsidiary the Sault Ste. Marie Housing Corporation and its wholly owned subsidiary 2733106 Ontario Inc. Inter-organization transactions and balances between these organizations have been eliminated.

### (c) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

---

## 1. Significant accounting policies (continued):

### (c) Non-financial assets (continued):

Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 – Fair value measurements are those derived from quoted prices unadjusted) in active markets for identical assets or liabilities;

Level 2 – Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

All financial instruments are Level 1 except for the interest rate swap which is Level 2.

### (d) 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, 2020

---

## 1. Significant accounting policies (continued):

### (e) 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.

### (f) 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.

### (g) 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.

### (h) Revenue recognition:

Restricted contributions, except for the Land Ambulance Program, are recognized as revenue in the year in which the related expenses are incurred. In the Land Ambulance Program, the Ministry of Health funding model permits the inclusion of prior years' deficits in the current year budgeting process. The restricted contributions related to the funding of the deficit are recognized in revenue when the budget is approved by the Ministry.

Unrestricted investment income is recognized as revenue when earned.

Rental revenue is recognized monthly when the units are occupied and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

### (i) 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.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

---

## 1. Significant accounting policies (continued):

### (j) 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.

- 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.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

---

## **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, \$123,251 (2019 - \$302,171) was advanced as loans under the Program. The net payable at December 31, 2020 was \$235,316 (2019 - \$421,246) 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 \$611,504 (2019 - \$679,628) in loan balances was forgiven.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

### 3. Long-term debt:

	2020	2019
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	\$ 279,902	\$ 505,769
2.47% mortgage payable in monthly instalments of \$11,812, including interest, due June 2050, secured by land and building in Sault Ste. Marie, Ontario (a)	2,966,051	–
2.56% mortgage payable in monthly instalments of \$29,904, including interest, due July 2050, secured by land and building in Sault Ste. Marie, Ontario (a)	6,238,451	–
2.29% mortgage payable in monthly instalments of \$3,459, including interest, due November 2050, secured by land and building in Sault Ste. Marie, Ontario (a)	891,261	–
	<b>\$ 10,375,665</b>	<b>\$ 505,769</b>

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

2021	\$ 470,906
2022	259,760
2023	260,044
2024	249,077
2025	255,405
Thereafter	8,880,473
	<b>\$ 10,375,665</b>

(a) To reduce the interest rate cash flow risk on the mortgages, the Board has entered into interest rate swap contracts that entitles the Board to receive interest at floating rates on the notional principal amount and obliges it to pay interest at fixed rates of 2.47%, 2.56% and 2.29% respectively over the entire terms of the mortgages. The fair value of the interest rate swaps at December 31, 2020 are (\$431,047) (2019 - \$nil).

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

#### 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:

	2020	2019
Post-employment and post-retirement benefits	\$ 1,306,599	\$ 960,893
Vacation pay	48,578	24,226
Non-vesting sick leave benefits	709,601	385,428
	<b>\$ 2,064,778</b>	<b>\$ 1,370,547</b>

#### *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, 2018.

The benefit liability continuity is as follows:

	2020	2019
Accrued benefit liability, January 1	\$ 960,893	\$ 952,337
Benefit cost	88,407	52,577
Interest cost	31,585	23,667
Assumption of employee future benefit liabilities from City of Sault Ste. Marie (note 13)	281,871	-
Benefit payments	(29,006)	(35,001)
Actuarial loss	(27,151)	(32,687)
Accrued benefit liability, December 31	<b>\$ 1,306,599</b>	<b>\$ 960,893</b>

#### *Significant assumptions:*

Discount rate 2.25% (2019 – 3.00%)

Health cost increase 5.0% – 6.25% (2019 – 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, 2020.

#### *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, 2020

## 5. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals and Transfers	Balance at December 31, 2020
Land	\$ 1,756,634	1,618,100	-	\$ 3,374,734
Buildings	7,184,980	20,189,593	-	27,374,573
Vehicles	1,688,631	228,479	(282,603)	1,634,507
Furniture and equipment	952,564	451,686	(109,203)	1,295,047
Construction-in-progress	6,024,724	-	(6,024,724)	-
<b>Total</b>	<b>\$ 17,607,533</b>	<b>22,487,858</b>	<b>(6,416,530)</b>	<b>\$ 33,678,861</b>

Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization Expense	Balance at December 31, 2020
Land	\$ -	-	-	\$ -
Buildings	3,987,600	-	709,693	4,697,293
Vehicles	1,009,569	(282,602)	189,562	916,529
Furniture and equipment	586,119	(100,362)	136,628	622,385
<b>Total</b>	<b>\$ 5,583,288</b>	<b>(382,964)</b>	<b>1,035,883</b>	<b>\$ 6,236,207</b>

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	\$ 1,756,634	\$ 3,374,734
Buildings	3,197,380	22,677,280
Vehicles	679,062	717,978
Furniture and equipment	366,445	672,662
Construction-in-progress	6,024,724	-
<b>Total</b>	<b>\$ 12,024,245</b>	<b>\$ 27,442,654</b>

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

## 5. Tangible capital assets (continued):

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
<b>Total</b>	<b>\$ 11,914,064</b>	<b>6,044,939</b>	<b>(351,470)</b>	<b>\$ 17,607,533</b>

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	955,282	(127,183)	181,470	1,009,569
Furniture and equipment	700,344	(224,287)	110,062	586,119
<b>Total</b>	<b>\$ 5,436,289</b>	<b>(351,470)</b>	<b>498,469</b>	<b>\$ 5,583,288</b>

	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	722,709	679,062
Furniture and equipment	383,307	366,445
Construction-in-progress	369,247	6,024,724
<b>Total</b>	<b>\$ 6,477,775</b>	<b>\$ 12,024,245</b>

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

## 6. Accumulated surplus:

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

	2020	2019
Invested in tangible capital assets	\$ 27,442,654	\$ 12,024,245
Operating fund	1,479,396	1,293,006
Unfunded long-term debt	(10,375,665)	(505,769)
Unfunded employee future benefits	(2,064,778)	(1,370,547)
Reserves and reserve funds (note 7)	10,174,216	9,923,874
Accumulated rereasurement losses	(413,047)	-
	<b>\$ 26,242,776</b>	<b>\$ 21,364,809</b>

## 7. Reserves and reserve funds:

	January 1, 2020	Transfers to	Transfers from	December 31, 2020
Set aside for specific purposes by the Board:				
Reserves:				
Working funds	\$ 1,113,551	-	-	\$ 1,113,551
Social housing operations	1,296,587	6,000	-	1,302,587
Early years reserve fund	1,124,212	-	-	1,124,212
Ambulances	286,068	274,019	(134,904)	425,183
	<b>3,820,418</b>	<b>280,019</b>	<b>(134,904)</b>	<b>3,965,533</b>
Reserve funds:				
Replacement reserve fund	990,069	-	-	990,069
Levy stabilization fund	5,113,387	2,649,724	(2,544,497)	5,218,614
2020 balances	<b>\$ 9,923,874</b>	<b>2,929,743</b>	<b>(2,679,401)</b>	<b>\$ 10,174,216</b>
2019 balances	<b>\$ 8,502,446</b>	<b>2,533,443</b>	<b>(1,112,015)</b>	<b>\$ 9,923,874</b>

## 8. Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 178 members (2019 – 110 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 \$1,255,592 (2019 - \$657,686) 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, 2020

## 9. Expenses by object:

	2020	2019
Salaries and benefits	\$ 16,999,222	\$ 8,964,113
Materials and supplies	45,130,931	49,378,564
Amortization of tangible capital assets	1,035,883	498,469
Purchased services	–	7,320,558
	<u>\$ 63,166,036</u>	<u>\$ 66,161,704</u>

In the prior year, the Board purchased 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 December 2029.

The minimum annual payments under the terms of these commitments for the next five years are as follows:

2021	\$ 886,861
2022	562,470
2023	216,747
2024	224,907
2025	227,845

The Corporation issued letters of guarantee through its financial institution to provide guarantees to a certain vendor. The outstanding letters of guarantee amounted to \$50,000 (2019 - \$25,000).

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

## 11. Budget figures:

The operating budgets approved by the Board for 2020 were prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2020 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 (Liabilities) 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:	
Amortization of tangible capital assets	(1,035,883)
Acquisition of tangible capital assets	5,428,741
Proceeds from long-term debt	(4,814,176)
<hr/>	
Budget deficit per consolidated statement of operations and accumulated surplus	\$ (421,318)

---

## 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. Assumption of employee future benefits:

Effective January 1, 2020 ("transition date"), the Board ended its' services delivery contract with the City of Sault Ste. Marie. Employees that provided services to the Board's Land Ambulance program 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:

---

	January 1, 2020
Post-employment and post-retirement benefits	\$ 281,871
Non-vesting sick leave benefits	246,000
<hr/>	
	\$ 527,871

---

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

---

## 14. Impact of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus.

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.

- Closure of certain Early Years' service providers, reducing total transfers to service providers and increasing the balance of funds repayable to the Province;
- Temporary increases in personnel costs for certain staff eligible for the Provincial government's "pandemic pay" program with corresponding increases in Provincial funding;
- Additional expenses and Provincial revenues to support vulnerable populations impacted by the pandemic;
- Closure of administrative buildings from March 27, 2020 to the date of the auditors' report based on public health recommendations and 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, 2020

---

## 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.

### Early Years Services

Early years services funding is administered to childcare 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, 2020

## 15. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	2020 Total
<b>Revenues:</b>							
Province of Ontario	\$ 22,814,712	4,826,446	-	7,648,788	3,703,103	1,850,287	\$ 40,843,336
Government of Canada	-	3,614,191	-	-	-	-	3,614,191
Participating municipalities	3,651,848	11,188,436	-	1,775,899	3,894,563	-	20,510,746
Other	974	45,231	-	-	-	-	46,205
Investment income	-	24,921	173,726	-	-	-	198,647
Rental income	-	3,771,796	-	-	-	-	3,771,796
	26,467,534	23,471,021	173,726	9,424,687	7,597,666	1,850,287	68,984,921
<b>Expenses:</b>							
Salaries and benefits	5,012,439	2,006,333	1,663,767	891,724	5,957,680	1,467,279	16,999,222
DSSAB operations	-	-	737,566	-	-	-	737,566
Materials and services	166,712	8,087,817	-	145,755	1,151,674	217,330	9,769,288
Transfers to recipients and social providers	17,725,622	7,812,966	-	7,643,078	-	-	33,181,666
Employment related costs	1,442,411	-	-	-	-	-	1,442,411
	24,347,184	17,907,116	2,401,333	8,680,557	7,109,354	1,684,609	62,130,153
Amortization of tangible capital assets	-	709,693	-	-	274,019	52,171	1,035,883
<b>Total expenses</b>	<b>24,347,184</b>	<b>18,616,809</b>	<b>2,401,333</b>	<b>8,680,557</b>	<b>7,383,373</b>	<b>1,736,780</b>	<b>63,166,036</b>
Annual surplus (deficit), before allocation of administration costs	2,120,350	4,854,212	(2,227,607)	744,130	214,293	113,507	5,818,885
Allocation of administration costs	(1,064,926)	(598,819)	2,395,276	(306,742)	(289,629)	(135,160)	-
<b>Annual surplus (deficit)</b>	<b>\$ 1,055,424</b>	<b>4,255,393</b>	<b>167,669</b>	<b>437,388</b>	<b>(75,336)</b>	<b>(21,653)</b>	<b>\$ 5,818,885</b>

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2020

## 15. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	2019 Total
<b>Revenues:</b>							
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	3,588,781	11,126,083	-	1,711,424	3,972,680	-	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
	27,935,202	21,111,184	336,649	14,661,135	7,156,176	1,478,752	72,679,098
<b>Expenses:</b>							
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	8,694,521	-	119,526	606,867	89,574	10,160,358
Transfers to recipients and social providers	19,173,843	6,436,746	-	11,005,839	-	-	36,616,428
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
<b>Purchased services:</b>							
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
<b>Total expenses</b>	<b>26,159,299</b>	<b>17,094,018</b>	<b>2,546,386</b>	<b>11,931,882</b>	<b>6,960,053</b>	<b>1,470,066</b>	<b>66,161,704</b>
Annual surplus (deficit), before allocation of administration costs	1,775,903	4,017,166	(2,209,737)	2,729,253	196,123	8,686	6,517,394
Allocation of administration costs	(1,275,822)	(622,561)	2,452,427	(336,538)	(174,005)	(43,501)	-
<b>Annual surplus (deficit)</b>	<b>\$ 500,081</b>	<b>3,394,605</b>	<b>242,690</b>	<b>2,392,715</b>	<b>22,118</b>	<b>(34,815)</b>	<b>\$ 6,517,394</b>