

Consolidated Financial Statements of

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

Year ended December 31, 2022

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 Auditor's 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
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Sault Ste. Marie ON P6A 6L6
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INDEPENDENT AUDITOR'S 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, 2022
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains (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, 2022 and its consolidated results of operations, its consolidated changes in net debt, its consolidated cash flows and its remeasurement gains (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 "***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***" section of our auditor's 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.

Auditor's 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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



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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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Canada
October 10, 2023

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

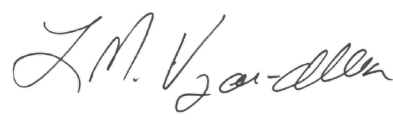
	2022	2021
Financial assets		
Cash and cash equivalents	\$ 19,051,698	\$ 22,500,840
Accounts receivable	2,666,855	1,660,363
Interest rate swaps	3,965,717	-
	<u>25,684,270</u>	<u>24,161,203</u>
Financial liabilities		
Accounts payable and accrued liabilities	\$ 8,783,225	4,771,796
Payable to Province of Ontario	5,840,376	6,823,658
Construction credit facility (note 4)	3,254,635	-
Interest rate swaps	-	1,000,627
Long-term debt (note 5)	9,644,999	9,904,759
Employee future benefits (note 6)	2,491,707	2,243,556
	<u>30,014,942</u>	<u>24,744,396</u>
Net debt	(4,330,672)	(583,193)
Non-financial assets		
Tangible capital assets (note 7)	43,075,052	30,411,519
Prepaid expenses	2,314,792	2,019,376
	<u>45,389,844</u>	<u>32,430,895</u>
Forgivable loans (note 3)		
Commitments (note 12)		
Accumulated surplus (note 8)	\$ 41,059,172	\$ 31,847,702
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 37,093,455	\$ 32,848,329
Accumulated remeasurement gains (losses)	3,965,717	(1,000,627)
	<u>\$ 41,059,172</u>	<u>\$ 31,847,702</u>

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, 2022, with comparative information for 2021

	2022 Budget (note 14)	Actual 2022	Actual 2021
Revenue:			
Province of Ontario	\$ 48,661,880	\$ 50,158,245	\$ 43,304,667
Government of Canada	2,210,721	3,501,745	5,168,456
Participating municipalities	21,486,283	21,486,283	20,838,428
Other	309,965	400,551	292,859
Investment income	142,236	526,347	159,554
Rental income	5,211,977	5,202,478	4,781,844
Total revenue	78,023,062	81,275,649	74,545,808
Expenses:			
General assistance	28,799,464	23,710,717	21,784,522
Housing services	20,405,970	21,096,266	21,226,447
Administration	3,031,585	3,138,572	2,524,123
Early years services	14,118,182	16,050,930	12,292,185
Land ambulance and Community Paramedicine for Long Term Care	10,748,680	11,723,562	9,350,388
Amortization of tangible capital assets	1,310,476	1,310,476	1,175,637
Total expenses	78,414,357	77,030,523	68,353,302
Annual operating surplus (deficit)	(391,295)	4,245,126	6,192,506
Accumulated operating surplus, beginning of year	32,848,329	32,848,329	26,655,823
Accumulated operating surplus, end of year	\$ 32,457,034	\$ 37,093,455	\$ 32,848,329

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 Debt

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 14)	Actual 2022	Actual 2021
Annual surplus (deficit)	\$ (391,295)	\$ 4,245,126	\$ 6,192,506
Acquisition of tangible capital assets	(1,058,388)	(13,974,009)	(4,145,027)
Loss on disposal of tangible capital assets	-	-	525
Amortization of tangible capital assets	1,310,476	1,310,476	1,175,637
	(139,207)	(8,418,407)	3,223,641
Acquisition of prepaid expense	-	(2,314,792)	(2,019,376)
Use of prepaid expenses	-	2,019,376	1,539,577
Change in net financial liabilities excluding net remeasurement losses	(139,207)	(8,713,823)	2,743,842
Remeasurement losses	-	4,966,344	(587,580)
Change in net debt	(139,207)	(3,747,479)	2,156,262
Net debt, beginning of year	-	(583,193)	(2,739,455)
Net debt, end of year	\$ (139,207)	\$ (4,330,672)	\$ (583,193)

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 Gains (Losses)

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Accumulated remeasurement losses, beginning of year	\$ (1,000,627)	\$ (413,047)
Unrealized gains (losses) attributed to:		
Derivative - interest rate swaps	4,966,344	(587,580)
Accumulated remeasurement gains (losses), end of year	\$ 3,965,717	\$ (1,000,627)

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,245,126	\$ 6,192,506
Items not involving cash:		
Amortization of tangible capital assets	1,310,476	1,175,637
Loss on disposal of tangible capital assets	-	525
Change in employee future benefits	248,151	178,778
	5,803,753	7,547,446
Change in non-cash assets and liabilities:		
Accounts receivable	(1,006,492)	457,832
Accounts payable and accrued liabilities	4,011,429	1,651,063
Payable to Province of Ontario	(983,282)	(819,652)
Prepaid expenses	(295,416)	(479,799)
Net change in cash from operating activities	7,529,992	8,356,890
Capital activities:		
Cash used to acquire tangible capital assets	(13,974,009)	(4,145,027)
Financing activities:		
Proceeds from construction credit facility	3,254,635	-
Long-term debt principal repayments	(259,760)	(470,906)
Net change in cash from financing activities	2,994,875	(470,906)
Net change in cash and cash equivalents	(3,449,142)	3,740,957
Cash and cash equivalents, beginning of year	22,500,840	18,759,883
Cash and cash equivalents, end of year	\$ 19,051,698	\$ 22,500,840

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, 2022

The District of Sault Ste. Marie Social Services Administration Board (the "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 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, 2022

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, 2022

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 transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the subsidy occur, providing the transfers 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 and Community Paramedicine for Long Term Care, 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, 2022

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 pensions, are the employer's contributions due to the plan in the period.

2. Accounting standards issued but not yet adopted:

Section PS 1201, Financial Statement Presentation, PS 3041, Portfolio Investments, PS 3280, Asset Retirement Obligations, PS 3450, Financial Instruments, are effective for fiscal years beginning on or after April 1, 2022. While early adoption is permitted, all four of the standards must be adopted in the same year except for PS 3280. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 3041, Portfolio Investments provides guidance on how to account for and report portfolio investments. PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of tangible capital assets. PS 3450, Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. The Board has not yet adopted these standards or determined the effect on the consolidated financial statements.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

2. Accounting standards issued but not yet adopted (continued):

Section PS 2601 Foreign Currency Translation is effective for fiscal years beginning on or after April 1, 2022. This section includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. The Board has not yet adopted these standards or determined the effect on the consolidated financial statements.

Section PS 3400, Revenue is effective for fiscal years beginning on or after April 1, 2023, early adoption is permitted. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The Board has not yet adopted this standard or determined the effect on the consolidated financial statements.

3. Forgivable loans:

The Board administers various programs under the Canada-Ontario Affordable Housing Program ("AHP") and the Social Infrastructure Fund ("SIF"), collectively the programs. 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, \$Nil (2021 – \$10,400) was advanced as loans under the Programs. The net payable at December 31, 2022 was \$309,700 (2021 – \$295,973) 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 \$394,678 (2021 – \$464,959) in loan balances was forgiven.

4. Construction credit facility:

The construction credit facility is authorized to a maximum of \$13,900,000 (2021 - \$13,900,000), is repayable on demand, has interest calculated at bank prime minus 0.50% and is secured by a borrowing resolution. At December 31, 2022, the amount drawn against this facility is \$3,254,635 (2021 - \$Nil). The Board intends to convert the facility to a term loan, not to exceed 35 years, upon completion of the related capital project.

The Board has entered into an interest rate derivative agreement to manage the volatility of the interest rate on this facility. The Board has converted floating rate debt to fixed rate debt, equal to 3.38%. The agreement expires February 2059. See note 5a.

Interest of \$35,918 (2021 – \$Nil) relating to the construction credit facility has been included in expenses on the consolidated statement of operations.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

5. Long-term debt:

	2023	2022
Canada Mortgage and Housing Corporation, various debentures, interest rates varying from 6.09% to 6.34%, annual payments totaling \$22,875 due December 2023 secured by real property	\$ 17,139	\$ 40,014
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)	2,825,984	2,896,882
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)	5,953,740	6,097,918
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)	848,136	869,945
	\$ 9,644,999	\$ 9,904,759

Interest of \$247,682 (2021 – \$268,443) relating to long-term debt has been included in expenses on the consolidated statement of operations.

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

2023	\$ 260,044
2024	249,077
2025	255,405
2026	261,896
2027	268,549
Thereafter	8,350,028
	\$ 9,644,999

The Board is approved for a \$13,900,000 term loan which was not drawn upon at December 31, 2022. The Board has entered into an interest rate swap contract for this term loan. See note 4a.

- (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, 2022 are an asset of \$3,965,717 (2021 – liability of \$1,000,704).

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

6. 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:

	2022	2021
Post-employment and post-retirement benefits	\$ 1,539,585	\$ 1,378,351
Vacation pay	59,905	59,827
Non-vesting sick leave benefits	892,217	805,378
	\$ 2,491,707	\$ 2,243,556

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, 2021 and extrapolated to December 31, 2022.

The benefit liability continuity is as follows:

	2022	2021
Accrued benefit liability, January 1	\$ 1,378,351	\$ 1,306,599
Benefit cost	128,387	103,157
Interest cost	52,079	28,521
Benefit payments	(32,205)	(43,545)
Net amortization of estimation adjustment loss (gain)	12,973	(16,381)
Accrued benefit liability, December 31	\$ 1,539,585	\$ 1,378,351

Significant assumptions:

Discount rate 5.00% (2021 – 3.00%)

Health cost increase 4.00% – 6.50% (2021 – 4.00% – 6.50%)

Accrued vacation pay:

Accrued vacation pay represents the liability for vacation entitlements earned by employees but not taken as at December 31, 2022.

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, 2021

7. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals and Transfers	Balance at December 31, 2022
Land	\$ 3,429,683	72,051	-	\$ 3,501,734
Buildings	28,855,910	1,612,524	-	30,468,434
Vehicles	1,780,785	544,786	(17,196)	2,308,375
Furniture and equipment	1,352,434	152,740	(126,772)	1,378,402
Construction-in-progress	2,367,362	11,591,908	-	13,959,270
Total	\$ 37,786,174	13,974,009	(143,968)	\$ 51,616,215

Accumulated Amortization	Balance at December 31, 2021	Disposals	Amortization Expense	Balance at December 31, 2022
Land	\$ -	-	974,693	\$ 974,693
Buildings	5,517,785	(17,196)	176,362	5,676,951
Vehicles	1,116,564	(126,772)	159,421	1,149,213
Furniture and equipment	740,306	-	-	740,306
Total	\$ 7,374,655	(143,968)	1,310,476	\$ 8,541,163

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 3,429,683	\$ 2,527,041
Buildings	23,338,125	24,791,483
Vehicles	664,221	1,159,162
Furniture and equipment	612,128	638,096
Construction-in-progress	2,367,362	13,959,270
Total	\$ 30,411,519	\$ 43,075,052

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2021

7. Tangible capital assets (continued):

Cost	Balance at December 31, 2020	Additions	Disposals and Transfers	Balance at December 31, 2021
Land	\$ 3,374,734	54,949	-	\$ 3,429,683
Buildings	27,374,573	1,481,337	-	28,855,910
Vehicles	1,634,507	146,278	-	1,780,785
Furniture and equipment	1,295,047	95,101	(37,714)	1,352,434
Construction-in-progress	-	2,367,362	-	2,367,362
Total	\$ 33,678,861	4,145,027	(37,714)	\$ 37,786,174

Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization Expense	Balance at December 31, 2021
Land	\$ -	-	-	\$ -
Buildings	4,697,293	-	820,492	5,517,785
Vehicles	916,529	-	200,035	1,116,564
Furniture and equipment	622,385	(37,189)	155,110	740,306
Total	\$ 6,236,207	(37,189)	1,175,637	\$ 7,374,655

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 3,374,734	\$ 3,429,683
Buildings	22,677,280	23,338,125
Vehicles	717,978	664,221
Furniture and equipment	672,662	612,128
Construction-in-progress	-	2,367,362
Total	\$ 27,442,654	\$ 30,411,519

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

8. Accumulated surplus:

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

	2022	2021
Invested in tangible capital assets	\$ 43,075,052	\$ 30,411,519
Operating fund	1,784,256	4,877,468
Unfunded long-term debt and construction credit facility	(12,899,634)	(9,904,759)
Unfunded employee future benefits	(2,491,707)	(2,243,556)
Reserves and reserve funds (note 8)	7,625,488	9,707,657
Accumulated remeasurement gains (losses)	3,965,717	(1,000,627)
	\$ 41,059,172	\$ 31,847,702

9. Reserves and reserve funds:

	January 1, 2022	Transfers to	Transfers from	December 31, 2022
Set aside for specific purposes by the Board:				
Reserves:				
Working funds	\$ 789,791	—	—	\$ 789,791
Social housing operations	1,308,587	6,000	—	1,314,587
Early years reserve fund	328,110	—	—	328,110
Ambulances	483,532	273,999	(666,372)	91,159
Direct delivery operations	30,711	—	—	30,711
Affordable Home Pilot Program	713,573	100,000	(124,958)	688,615
Depressed Housing Program	—	227,975	(85,622)	142,353
	3,654,304	607,974	(876,952)	3,385,326
Reserve funds:				
Replacement reserve fund	590,069	132,025	—	722,094
Levy stabilization fund	5,463,284	1,873,404	(3,818,620)	3,518,068
2022 balances	\$ 9,707,657	2,613,403	(4,695,572)	\$ 7,625,488
2021 balances	\$ 10,174,216	2,819,476	(3,286,035)	\$ 9,707,657

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

10. Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 205 members (2021 – 189 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 \$1,335,948 (2021 - \$1,273,255) for current service. This amount is included as an expense on the consolidated statement of operations and accumulated surplus.

11. Direct delivery of childcare services:

In February 2021, the Board began offering direct delivery of licensed child-care with a Before and After School Program at St. Paul's School. In January 2022, regular licensed childcare for children 0 – 4 years of age opened at Prince Charles School. The Board approved the creation of a Direct Delivery Operational Reserve Fund in order to capture annual year-end surpluses within the direct delivery of childcare operations. The ability to retain any surplus within the direct delivery operations will allow the Board to offset any potential shortfalls in future years or mitigate the impact of unexpected and unforeseen expenditures that may arise for any capital and/or program needs. The results below are included in Early Years Services in the statement of operations.

	2022	2021
Revenue	\$ 1,039,010	\$ 415,320
Expenses:		
Salaries and benefits	661,282	194,545
Other expenses	215,719	190,064
	877,001	384,609
Surplus before the undernoted	162,009	30,711
Change in employee future benefits obligations	(12,495)	–
Surplus	\$ 149,514	\$ 30,711

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

12. Commitments:

The Board has entered into lease and contractual agreements for office space and other service contracts with terms ending between December 2022 and December 2029.

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

2023	\$ 1,511,708
2024	692,827
2025	305,137
2026	37,400
2027	37,400

The Entity issued letters of guarantee through its financial institution to provide guarantees to a certain vendor. The outstanding letters of guarantee amounted to \$2,500 (2021 – \$25,000).

13. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Entity will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Entity manages its liquidity risk by monitoring its operating requirements. The Entity prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2021.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Entity is exposed to credit risk with respect to the accounts receivable. The Entity assesses, on a continuous basis, accounts receivable and provides for any amounts that are collectible in the allowance for doubtful accounts.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Entity is exposed to this risk mainly in respect of certain bank credit facilities.

The Entity has entered into interest rate swap contracts that entitles the Entity to receive interest at floating rates on the notional principal amount and obliges it to pay interest at fixed rates of interest.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

14. Budget information:

The operating budgets approved by the Board for 2022 were prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2022 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, include use of reserve funds and repayments of long-term debt.

The consolidated budget figures presented in the Consolidated Statement of Operations and Accumulated Operating Surplus and the Consolidated Statement of Change in Net Debt 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	(1,310,476)
Acquisition of tangible capital assets	1,058,388
Use of reserve funds	(391,723)
Repayment of long-term debt	252,516
Budget deficit per consolidated statement of operations and accumulated operating surplus	\$ (391,295)

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 Indigenous 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.

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

15. Segmented information (continued):

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 Land Ambulance

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

Community Paramedicine for Long Term Care

Non-emergency paramedic services ensuring that seniors and others at risk remain stable in their own homes or in community-based settings for as long as possible.

Community Paramedicine for Long Term Care is a new program in 2022.

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, 2022

15. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	Community Paramedicine for Long Term Care	2022 Total
Revenues:								
Province of Ontario	\$ 22,255,574	5,487,073	-	15,166,838	4,792,184	1,636,505	820,071	\$ 50,158,245
Government of Canada	-	3,501,745	-	-	-	-	-	3,501,745
Participating municipalities	3,771,967	11,022,405	-	1,818,672	4,843,816	29,423	-	21,486,283
Other	768	191,068	538	206,085	2,092	-	-	400,551
Investment income	-	124,619	401,728	-	-	-	-	526,347
Rental income	-	5,202,478	-	-	-	-	-	5,202,478
	26,028,309	25,529,388	402,266	17,191,595	9,638,092	1,665,928	820,071	81,275,649
Expenses:								
Salaries and benefits	5,067,564	2,244,932	1,897,076	711,208	7,984,154	960,690	196,357	19,061,981
DSSAB operations	-	-	1,241,496	-	-	-	-	1,241,496
Materials and services	328,500	9,820,337	-	169,940	1,715,329	287,543	579,489	12,901,138
Transfers to recipients and social providers	17,166,909	9,030,997	-	14,280,286	-	-	-	40,478,192
Direct delivery costs	-	-	-	889,496	-	-	-	889,496
Employment related costs	1,147,744	-	-	-	-	-	-	1,147,744
	23,710,717	21,096,266	3,138,572	16,050,930	9,699,483	1,248,233	775,846	75,720,047
Amortization of tangible capital assets	-	974,693	-	-	262,414	73,369	-	1,310,476
Total expenses	23,710,717	22,070,959	3,138,572	16,050,930	9,961,897	1,321,602	775,846	77,030,523
Annual surplus (deficit), before allocation of administration costs	2,317,592	3,458,429	(2,736,306)	1,140,665	(323,805)	344,326	44,225	4,245,126
Allocation of administration costs	(1,258,814)	(717,643)	2,941,156	(376,468)	(443,889)	(117,646)	(26,696)	-
Annual surplus (deficit)	\$ 1,058,778	2,740,786	204,850	764,197	(767,694)	226,680	17,529	\$ 4,245,126

DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES

ADMINISTRATION BOARD

Notes to Consolidated Financial Statements

Year ended December 31, 2022

15. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	2021 Total
Revenues:							
Province of Ontario	\$ 20,006,165	6,017,444	-	11,683,075	3,893,931	1,704,052	\$ 43,304,667
Government of Canada	-	5,168,456	-	-	-	-	5,168,456
Participating municipalities	3,676,866	11,188,748	-	1,794,321	4,162,861	15,632	20,838,428
Other	1,317	225,121	397	21,980	44,044	-	292,859
Investment income	-	25,576	133,978	-	-	-	159,554
Rental income	-	4,781,844	-	-	-	-	4,781,844
	23,684,348	27,407,189	134,375	13,499,376	8,100,836	1,719,684	74,545,808
Expenses:							
Salaries and benefits	5,094,690	2,276,061	1,745,985	955,676	6,839,618	1,078,328	17,990,358
DSSAB operations	-	-	778,138	-	-	-	778,138
Materials and services	382,742	10,999,887	-	128,318	1,196,716	235,726	12,943,389
Transfers to recipients and social providers	14,874,316	7,950,499	-	10,823,582	-	-	33,648,397
Direct delivery costs	-	-	-	384,609	-	-	384,609
Employment related costs	1,432,774	-	-	-	-	-	1,432,774
	21,784,522	21,226,447	2,524,123	12,292,185	8,036,334	1,314,054	67,177,665
Amortization of tangible capital assets	-	820,492	-	-	288,644	66,501	1,175,637
Total expenses	21,784,522	22,046,939	2,524,123	12,292,185	8,324,978	1,380,555	68,353,302
Annual surplus (deficit), before allocation of administration costs	1,899,826	5,360,250	(2,389,748)	1,207,191	(224,142)	339,129	6,192,506
Allocation of administration costs	(1,164,394)	(657,540)	2,608,059	(328,771)	(313,766)	(143,588)	-
Annual surplus (deficit)	\$ 735,432	4,702,710	218,311	878,420	(537,908)	195,541	\$ 6,192,506