

Consolidated Financial Statements of

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

Year ended December 31, 2023

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

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Year ended December 31, 2023

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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.



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Chief Executive Officer



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Chief Financial Officer



**KPMG LLP**

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Telephone 705 949 5811  
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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 Board), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- 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 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 Board as at December 31, 2023 and its consolidated results of operations, its consolidated changes in net debt, its consolidated cash flows and its remeasurement gains 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 Board 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.



### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022, as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

### ***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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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.



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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 Board'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 Board'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 Board 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 Board 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' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

July 15, 2024

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD


Consolidated Statement of Financial Position

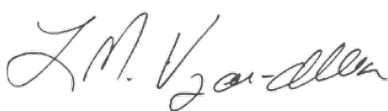
December 31, 2023, with comparative information for 2022

	2023	2022 <small>(as restated - note 2)</small>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 23,156,863	\$ 19,051,698
Accounts receivable	1,452,808	2,666,855
Interest rate swaps	2,236,989	3,965,717
Loan receivable (note 3)	748,810	-
	27,595,470	25,684,270
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	10,262,896	8,783,225
Payable to Province of Ontario	6,723,984	5,840,376
Construction credit facility (note 5)	10,679,474	3,254,635
Long-term debt (note 6)	12,709,372	9,644,999
Asset retirement obligations (note 7)	23,843,809	23,843,809
Employee future benefits (note 8)	2,553,519	2,491,707
	66,773,054	53,858,751
Net debt	(39,177,584)	(28,174,481)
<b>Non-financial assets</b>		
Tangible capital assets (note 9)	67,441,113	52,244,060
Prepaid expenses	2,792,262	2,314,792
	70,233,375	54,558,852
Forgivable loans (note 4)		
Commitments (note 14)		
Accumulated surplus (note 10)	\$ 31,055,791	\$ 26,384,371
Accumulated surplus is comprised of:		
Accumulated operating surplus	\$ 28,818,802	\$ 22,418,654
Accumulated remeasurement gains	2,236,989	3,965,717
	\$ 31,055,791	\$ 26,384,371

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, 2023, with comparative information for 2022

	Actual Budget (note 16)	2023 Actual	2022 Actual (as restated - note 2)
<b>Revenue:</b>			
Province of Ontario	\$ 58,833,141	\$ 53,994,567	\$ 50,158,245
Government of Canada	1,893,461	4,562,312	3,501,745
Participating municipalities	22,648,727	22,648,727	21,486,283
Other	918,010	764,366	400,551
Investment income	345,900	1,318,061	526,347
Rental income	5,804,345	6,195,598	5,202,478
<b>Total revenue</b>	<b>90,443,584</b>	<b>89,483,631</b>	<b>81,275,649</b>
<b>Expenses:</b>			
General assistance	28,324,610	22,869,554	23,710,717
Housing services	23,787,833	23,046,322	21,096,266
Administration	3,031,585	3,389,995	3,138,572
Early years services	21,872,245	18,996,748	16,050,930
Land ambulance	11,264,642	11,174,926	10,947,716
Community Paramedicine for Long-Term Care	1,634,750	1,838,304	775,846
Amortization of tangible capital assets	1,767,634	1,767,634	1,904,703
<b>Total expenses</b>	<b>91,683,299</b>	<b>83,083,483</b>	<b>77,624,750</b>
<b>Annual operating surplus (deficit)</b>	<b>(1,239,715)</b>	<b>6,400,148</b>	<b>3,650,899</b>
Accumulated operating surplus, beginning of year	22,418,654	22,418,654	32,848,329
Adjustment for asset retirement obligation	-	-	(14,080,574)
<b>Accumulated operating surplus, end of year</b>	<b>\$ 21,178,939</b>	<b>\$ 28,818,802</b>	<b>\$ 22,418,654</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 Debt

Year ended December 31, 2023, with comparative information for 2022

	Actual Budget (note 16)	2023 Actual	2022 Actual (as restated - note 2)
Annual surplus (deficit)	\$ (1,239,715)	\$ 6,400,148	\$ 3,650,899
Acquisition of tangible capital assets	(657,715)	(16,964,687)	(13,974,009)
Amortization of tangible capital assets	1,767,634	1,767,634	1,904,703
	(129,796)	(8,796,905)	(8,418,407)
Acquisition of prepaid expense	-	(2,792,262)	(2,314,792)
Use of prepaid expenses	-	2,314,792	2,019,376
Change in net financial liabilities excluding net remeasurement losses	(129,796)	(9,274,375)	(8,713,823)
Remeasurement (losses) gains	-	(1,728,728)	4,966,344
Change in net debt	(129,796)	(11,003,103)	(3,747,479)
Net debt, beginning of year	(28,174,481)	(28,174,481)	(583,193)
Adjustment for asset retirement obligation	-	-	(23,843,809)
<b>Net debt, end of year</b>	<b>\$ (28,304,277)</b>	<b>\$ (39,177,584)</b>	<b>\$ (28,174,481)</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 Gains

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gain (losses), beginning of year	\$ 3,965,717	\$ (1,000,627)
Unrealized (losses) gains attributed to:		
Derivative - interest rate swaps	(1,728,728)	4,966,344
Accumulated remeasurement gains, end of year	\$ 2,236,989	\$ 3,965,717

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, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 6,400,148	\$ 3,650,899
Items not involving cash:		
Amortization of tangible capital assets	1,767,634	1,904,703
Change in employee future benefits	61,812	248,151
	8,229,594	5,803,753
Change in non-cash assets and liabilities:		
Accounts receivable	1,214,047	(1,006,492)
Accounts payable and accrued liabilities	1,479,671	4,011,429
Payable to Province of Ontario	883,608	(983,282)
Prepaid expenses	(477,470)	(295,416)
Net change in cash from operating activities	11,329,450	7,529,992
Capital activities:		
Cash used to acquire tangible capital assets	(16,964,687)	(13,974,009)
Financing activities:		
Proceeds from construction credit facility	7,424,839	3,254,635
Proceeds from long-term debt	3,330,000	-
Loan provided	(750,000)	-
Principal payments received on loan receivable	1,190	-
Long-term debt principal repayments	(265,627)	(259,760)
Net change in cash from financing activities	9,740,402	2,994,875
Net change in cash and cash equivalents	4,105,165	(3,449,142)
Cash and cash equivalents, beginning of year	19,051,698	22,500,840
Cash and cash equivalents, end of year	\$ 23,156,863	\$ 19,051,698

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, 2023

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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:

Financial instruments are classified into three categories: fair value, amortized cost or cost.

#### Fair value

The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the statement of remeasurement gains until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated operating surplus and related balances reversed from the statement of remeasurement gains.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

#### Amortized cost

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

#### Cost

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

The following chart shows the measurement method for each type of financial instrument:

Financial instrument	Measurement method
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Interest rate swaps	Fair value
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Payable to the Province of Ontario	Amortized cost
Construction credit facility	Amortized cost
Long-term debt	Amortized cost

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 until they are realized, when they are transferred to the statement of operations and accumulated operating surplus.

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

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (c) Financial instruments (continued):

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 associated with that instrument are reversed and recognized in the statement of operations and accumulated operating surplus.

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; and

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

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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.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

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

#### 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.

### (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:

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulations is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability for the Board.

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.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (h) Revenue recognition (continued):

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

Other revenues including certain user fees, contributions from other entities and interest are recorded on the accrual basis, when earned, if the amount to be received can be reasonably estimated and collection is reasonably assured.

### (i) Loans receivable:

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when the risk of loss exists. Changes in the valuation of loans receivables are recognized in the Consolidated Statement of Operations and Accumulated Operating Surplus.

Interest is accrued on loans receivable to the extent it is deemed collectable. When the terms associated with a loan are considered to be concessionary such that all or a part of the loan is considered to be a grant, the Board will expense the grant portion of the transaction in the Consolidated Statement of Operations and Accumulated Operating Surplus at the time the loan is made.

### (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.



# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

(j) Employee future benefits (continued):

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.

(k) 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, valuation allowances for receivables and Canada – Ontario Affordable Housing Program Loans and estimation of liabilities for asset retirement obligations. 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 and accumulated operating surplus in the year in which they become known.

## 2. Change in accounting policy – adoption of new accounting standards:

PS1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 2. Change in accounting policy – adoption of new accounting standards (continued):

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the consolidated statement of remeasurement gains and losses.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- 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 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 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 (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## **2. Change in accounting policy – adoption of new accounting standards (continued):**

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from Board buildings. The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

The Board's ongoing efforts to assess the extent to which designated substances exist in Board assets, and new information obtained through regular maintenance and renewal of Board assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to in the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows.

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the Board uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific.

As a result of applying this accounting standard, an asset retirement obligation of \$23,843,809 (2022 – \$23,843,809) was recognized as a liability in the statement of financial position. These obligations represent estimated retirement costs for the Board owned buildings. The Board has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization for the period January 1, 2023 to December 31, 2023 as a proxy for January 1, 2022 to December 31, 2022 information. The associated TCA gross book value, TCA accumulated amortization and TCA amortization expense were not restated.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 2. Change in accounting policy – adoption of new accounting standards (continued):

The adoption of PS 3280 ARO was applied to the comparative period as follows:

	As previously reported	Adjustments	As restated
<b>Consolidated Statement of Financial Position</b>			
Tangible capital assets including ARO	\$ 43,075,052	\$ 9,169,008	\$ 52,244,060
Asset retirement obligation liability	–	23,843,809	23,843,809
Accumulated operating surplus	37,093,455	(14,674,801)	22,418,654
<b>Consolidated Statement of Change in Net Debt</b>			
Adjustment for asset retirement obligation	–	(23,843,809)	(23,843,809)
Annual surplus	4,245,126	(594,227)	3,650,899
Amortization tangible capital assets	1,310,476	594,227	1,904,703
<b>Consolidated Statement of Operations</b>			
Annual operating surplus	4,245,126	(594,227)	3,650,899
Adjustment for asset retirement obligation	–	(14,080,574)	(14,080,574)
Accumulated operating surplus	37,093,455	(14,674,801)	22,418,654

## 3. Loan receivable:

	2023	2022
Loan receivable from community organization bearing interest at 5.472%, payable in monthly installments of \$4,014, including interest, due October 2058, secured by land and building in Sault Ste. Marie, Ontario (note 6(b))	\$ 748,810	\$ –
	\$ 748,810	\$ –

## 4. 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.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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#### **4. Forgivable loans (continued):**

During the year, \$Nil (2022 - \$Nil) was advanced as loans under the Programs. The net payable at December 31, 2023 was \$83,227 (2022 – \$309,700) 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 \$258,756 (2022 – \$394,678) in loan balances was forgiven.

#### **5. Construction credit facility:**

The construction credit facility is authorized to a maximum of \$13,900,000 (2022 - \$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, 2023, the amount drawn against this facility is \$10,679,474 (2022 - \$3,254,635). 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 6(a).

Interest of \$427,808 (2022 – \$35,918) relating to the construction credit facility has been included in expenses on the consolidated statement of operations and accumulated operating surplus.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. 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
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)	2,753,312	2,825,984
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)	5,805,821	5,953,740
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)	825,821	848,136
5.160% mortgage payable in monthly instalments of \$13,285, including interest, due October 2058, secured by land and building in Sault Ste. Marie, Ontario (a)	2,575,608	–
5.472% mortgage payable in monthly instalments of \$4,014, including interest, due October 2058, secured by land and building in Sault Ste. Marie, Ontario (a) (b)	748,810	–
	\$ 12,709,372	\$ 9,644,999

Interest of \$262,803 (2022 - \$247,682) 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:

2024	\$	283,612
2025		291,789
2026		300,226
2027		308,934
2028		317,918
Thereafter		11,206,893
		\$ 12,709,372

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. Long-term debt (continued):

The Board is approved for a \$13,900,000 term loan which was not drawn upon at December 31, 2023. The Board has entered into an interest rate swap contract for this term loan. See note 4.

- (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 2.473%, 2.564%, 2.290%, 5.160%, 5.472% and 3.380% respectively over the entire terms of the mortgages. The fair value of the interest rate swaps at December 31, 2023 are an asset \$2,236,989 (2022 – \$3,965,717).
- (b) The Board advanced the proceeds from this loan to another community organization as a loan receivable to support additional social services in the Algoma region. The repayments terms of the loan receivable from the community organization to the Board are consistent with the terms describe above. See note 3.

## 7. Asset retirement obligations:

The Board has recorded ARO as of the January 1, 2023 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The Board discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
Liabilities for Asset Retirement Obligations at Beginning of Year	\$ 23,843,809	\$ –
Opening Adjustments for PSAB Adjustment	–	23,843,809
Increase in Liabilities Reflecting Changes in the Estimate of Liabilities <sup>1</sup>	–	–
Liabilities Settled During the Year	–	–
<b>Liabilities for Asset Retirement Obligations at End of Year</b>	<b>\$ 23,843,809</b>	<b>\$ 23,843,809</b>

<sup>1</sup> Reflecting changes in the estimated cash flows and the discount rate

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. 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:

	2023	2022
Post-employment and post-retirement benefits	\$ 1,574,845	\$ 1,539,585
Vacation pay	19,020	59,905
Non-vesting sick leave benefits	959,654	892,217
	<u>\$ 2,553,519</u>	<u>\$ 2,491,707</u>

### *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, 2022 and extrapolated to December 31, 2023.

The benefit liability continuity is as follows:

	2023	2022
Accrued benefit liability, January 1	\$ 1,539,585	\$ 1,378,351
Benefit cost	93,510	128,387
Interest cost	70,443	52,079
Benefit payments	(107,827)	(32,205)
Net amortization of estimation adjustment loss (gain)	(20,866)	12,973
Accrued benefit liability, December 31	<u>\$ 1,574,845</u>	<u>\$ 1,539,585</u>

### *Significant assumptions:*

Discount rate 4.60% (2022 - 5.00%)

Health cost increase 4.00% - 6.00% (2022 – 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, 2023.

### *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 (continued)

Year ended December 31, 2023

## 9. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals and Transfers	Balance at December 31, 2023
Land	\$ 3,501,734	105,731	-	\$ 3,607,465
Buildings	54,312,243	1,889,819	-	56,202,062
Vehicles	2,308,375	-	(8,428)	2,299,947
Furniture and equipment	1,378,402	115,002	-	1,493,404
Construction-in-progress	13,959,270	14,854,135	-	28,813,405
<b>Total</b>	<b>\$ 75,460,024</b>	<b>16,964,687</b>	<b>(8,428)</b>	<b>\$ 92,416,283</b>

Accumulated Amortization	Balance at December 31, 2022	Disposals	Amortization Expense	Balance at December 31, 2023
Land	\$ 974,693	-	-	\$ 974,693
Buildings	20,351,752	-	1,374,848	21,726,600
Vehicles	1,149,213	(8,428)	392,786	1,533,571
Furniture and equipment	740,306	-	-	740,306
Construction-in-progress	-	-	-	-
<b>Total</b>	<b>\$ 23,215,964</b>	<b>(8,428)</b>	<b>1,767,634</b>	<b>\$ 24,975,170</b>

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 2,527,041	\$ 2,632,772
Buildings	33,960,491	34,475,462
Vehicles	1,159,162	766,376
Furniture and equipment	638,096	753,098
Construction-in-progress	13,959,270	28,813,405
<b>Total</b>	<b>\$ 52,244,060</b>	<b>\$ 67,441,113</b>

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**9. Tangible capital assets:**

Cost	Balance at December 31, 2021	Adjustment for PS3280	Balance at January 1, 2022	Additions	Disposals and Transfers	Balance at December 31, 2022
Land	\$ 3,429,683	\$ -	\$ 3,429,683	\$ 72,051	\$ -	\$ 3,501,734
Buildings	28,855,910	23,843,809	52,699,719	1,612,524	-	54,312,243
Vehicles	1,780,785	-	1,780,785	544,786	(17,196)	2,308,375
Furniture and equipment	1,352,434	-	1,352,434	152,740	(126,772)	1,378,402
Construction-in-progress	2,367,362	-	2,367,362	11,591,908	-	13,959,270
<b>Total</b>	<b>\$ 37,786,174</b>	<b>\$ 23,843,809</b>	<b>\$ 61,629,983</b>	<b>\$ 13,974,009</b>	<b>\$ (143,968)</b>	<b>\$ 75,460,024</b>

Accumulated Amortization	Balance at December 31, 2021	Adjustment for PS3280	Balance at January 1, 2022	Amortization Expense	Disposals	Adjustment for ARO Amortization	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ 974,693	\$ -	\$ -	\$ 974,693
Buildings	5,517,785	14,080,574	19,598,359	176,362	(17,196)	594,227	20,351,752
Vehicles	1,116,564	-	1,116,564	159,421	(126,772)	-	1,149,213
Furniture and equipment	740,306	-	740,306	-	-	-	740,306
<b>Total</b>	<b>\$ 7,374,655</b>	<b>\$ 14,080,574</b>	<b>\$ 21,455,229</b>	<b>\$ 1,310,476</b>	<b>\$ (143,968)</b>	<b>\$ -</b>	<b>\$ 23,215,964</b>

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 3,429,683	\$ 2,527,041
Buildings	23,338,125	33,960,491
Vehicles	664,221	1,159,162
Furniture and equipment	612,128	638,096
Construction-in-progress	2,367,362	13,959,270
<b>Total</b>	<b>\$ 30,411,519</b>	<b>\$ 52,244,060</b>

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 10. Accumulated surplus:

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

	2023	2022
Invested in tangible capital assets	\$ 67,441,113	\$ 52,244,060
Operating fund	477,355	1,784,256
Unfunded long-term debt and construction credit facility	(23,388,846)	(12,899,634)
Asset retirement obligation	(23,843,809)	(23,843,809)
Unfunded employee future benefits	(2,553,519)	(2,491,707)
Reserves and reserve funds (note 11)	10,686,508	7,625,488
Accumulated rereasurement gains	2,236,989	3,965,717
	\$ 31,055,791	\$ 26,384,371

## 11. Reserves and reserve funds:

	January 1, 2023	Transfers to	Transfers from	December 31, 2023
Set aside for specific purposes by the Board:				
Reserves:				
Working funds	\$ 789,791	\$ 135,242	\$ (65,448)	\$ 859,585
Social housing operations	1,314,587	6,000	-	1,320,587
Early years reserve fund	328,110	-	-	328,110
Ambulances	91,159	332,754	(115,146)	308,767
Direct delivery operations	30,711	162,009	-	192,720
Affordable Home Ownership Program	688,615	257,788	(266,865)	679,538
Depressed Housing Program	142,353	-	(4,700)	137,653
Community Resource Centre	-	3,950	(703)	3,247
	3,385,326	897,743	(452,862)	3,830,207
Reserve funds:				
Capital reserve fund	722,094	1,523,003	(340,464)	1,904,633
Levy stabilization fund	3,518,068	1,469,162	(35,562)	4,951,668
2023 balances	\$ 7,625,488	\$ 3,889,908	\$ (828,888)	\$ 10,686,508
2022 balances	\$ 9,707,657	\$ 2,613,403	\$ (4,695,572)	\$ 7,625,488

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 12. Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 206 members (2022 – 205 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 \$1,631,270 (2022 – \$1,335,948) for current service. This amount is included as an expense on the consolidated statement of operations and accumulated surplus.

## 13. 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.

	2023	2022
Revenue	\$ 1,310,065	\$ 1,039,010
Expenses:		
Salaries and benefits	1,074,186	661,282
Other expenses	133,253	215,719
	1,207,439	877,001
Surplus before the undernoted	102,626	162,009
Change in employee future benefits obligations	(2,335)	(12,495)
Surplus	\$ 100,291	\$ 149,514

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 14. 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:

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2024	\$	692,827
2025		305,137
2026		37,400
2027		37,400
2028		37,400

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The Board issued letters of guarantee through its financial institution to provide guarantees to a certain vendor. The outstanding letters of guarantee amounted to \$nil (2022 - \$2,500).

## 15. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Board will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Board manages its liquidity risk by monitoring its operating requirements. The Board 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 2022.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Board is exposed to credit risk with respect to the accounts receivable. The Board 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 Board is exposed to this risk mainly in respect of certain bank credit facilities.

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 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 (continued)

Year ended December 31, 2023

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## 16. Budget information:

The operating budgets approved by the Board for 2023 were prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2023 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. Where amounts were not budgeted for (ARO amortization), the actual amounts for 2023 were used to adjust the budget numbers to reflect the same accounting policies that were used to report the actual results. A reconciliation of the Board approved budgets and the consolidated budget presented in these financial statements is presented below:

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Adopted consolidated budget:	
Consolidated budgeted annual surplus for the year	\$ -
Adjustments to adopted budget:	
Amortization of tangible capital assets	(1,767,634)
Acquisition of tangible capital assets	657,715
Use of reserve funds	(464,576)
Repayment of long-term debt	334,780
Budget deficit per consolidated statement of operations and accumulated operating surplus	\$ (1,239,715)

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## 17. 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.

# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 17. Segmented information (continued):

### *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.

### *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.

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 (continued)

Year ended December 31, 2023

## 17. Segmented information (continued):

	Ontario Works	Housing Services	DSSAB Administration	Early Years Services	Land Ambulance	Garden River Land Ambulance	Community Paramedicine for Long-Term Care	2023 Total
<b>Revenues:</b>								
Province of Ontario	\$ 21,667,641	5,785,261	-	18,077,586	4,760,576	1,700,989	2,002,514	\$ 53,994,567
Government of Canada	-	4,562,312	-	-	-	-	-	4,562,312
Participating municipalities	3,329,393	12,559,222	-	1,230,726	5,448,821	80,565	-	22,648,727
Other	1,233	495,917	20,873	246,343	-	-	-	764,366
Investment income	-	363,871	954,190	-	-	-	-	1,318,061
Rental income	-	6,195,598	-	-	-	-	-	6,195,598
	24,998,267	29,962,181	975,063	19,554,655	10,209,397	1,781,554	2,002,514	89,483,631
<b>Expenses:</b>								
Salaries and benefits	4,740,083	2,344,784	2,176,936	613,950	7,994,468	1,336,820	1,342,798	20,549,839
DSSAB operations	-	-	1,213,059	-	-	-	-	1,213,059
Materials and services	678,313	9,186,096	-	267,025	1,598,543	245,095	495,506	12,470,578
Transfers to recipients and social providers	16,657,573	11,515,442	-	16,905,999	-	-	-	45,079,014
Direct delivery costs	-	-	-	1,209,774	-	-	-	1,209,774
Employment related costs	793,585	-	-	-	-	-	-	793,585
	22,869,554	23,046,322	3,389,995	18,996,748	9,593,011	1,581,915	1,838,304	81,315,849
Amortization of tangible capital assets	-	1,374,848	-	-	331,384	61,402	-	1,767,634
<b>Total expenses</b>	<b>22,869,554</b>	<b>24,421,170</b>	<b>3,389,995</b>	<b>18,996,748</b>	<b>9,924,395</b>	<b>1,643,317</b>	<b>1,838,304</b>	<b>83,083,483</b>
Annual surplus (deficit), before allocation of administration costs	2,128,713	5,541,011	(2,414,932)	557,907	285,002	138,237	164,210	6,400,148
Allocation of administration costs	(1,338,100)	(762,841)	3,126,403	(400,180)	(437,697)	(125,056)	(62,529)	-
<b>Annual surplus (deficit)</b>	<b>\$ 790,613</b>	<b>4,778,170</b>	<b>711,471</b>	<b>157,727</b>	<b>(152,695)</b>	<b>13,181</b>	<b>101,681</b>	<b>\$ 6,400,148</b>



# DISTRICT OF SAULT STE. MARIE SOCIAL SERVICES ADMINISTRATION BOARD

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 17. 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
<b>Revenues:</b>								
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
<b>Expenses:</b>								
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	-	1,568,920	-	-	262,414	73,369	-	1,904,703
<b>Total expenses</b>	<b>23,710,717</b>	<b>22,665,186</b>	<b>3,138,572</b>	<b>16,050,930</b>	<b>9,961,897</b>	<b>1,321,602</b>	<b>775,846</b>	<b>77,624,750</b>
Annual surplus (deficit), before allocation of administration costs	2,317,592	2,864,202	(2,736,306)	1,140,665	(323,805)	344,326	44,225	3,650,899
Allocation of administration costs	(1,258,814)	(717,643)	2,941,156	(376,468)	(443,889)	(117,646)	(26,696)	-
<b>Annual surplus (deficit)</b>	<b>\$ 1,058,778</b>	<b>2,146,559</b>	<b>204,850</b>	<b>764,197</b>	<b>(767,694)</b>	<b>226,680</b>	<b>17,529</b>	<b>\$ 3,650,899</b>