



**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

Consolidated Financial Statements

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

December 31, 2017



**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**STATEMENT OF ADMINISTRATIVE RESPONSIBILITY**

The management of The District of Thunder Bay Social Services Administration Board has prepared the accompanying financial statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that the Board assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Board of Directors reviews and approves the financial statements before such statements are published for the residents of the District of Thunder Bay. The external auditors have access to, and meet with the Board to discuss their audit and the results of their examination.

The 2017 Financial Statements have been reported on by The District of Thunder Bay Social Services Administration Board's external auditors, Grant Thornton LLP, the auditors appointed by the Board. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

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Lucy Kloosterhuis  
Board Chair

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William Bradica, CPA, CGA  
Chief Administrative Officer

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Georgina Daniels, FCPA, FCA  
Director - Corporate Services Division

# THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

December 31, 2017

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# Independent Auditor's Report

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To the Board Members, Members of Municipal Councils  
Inhabitants and Ratepayers as listed in the Notes to the Financial Statements

We have audited the accompanying consolidated financial statements of The District of Thunder Bay Social Services Administration Board, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of re-measurement gains and losses, operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

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

## Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The District of Thunder Bay Social Services Administration Board as at December 31, 2017, and the consolidated results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
April 19, 2018

Chartered Professional Accountants  
Licensed Public Accountants

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Statement of Financial Position**

Year ended December 31

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	12,933,706	14,206,757
Marketable securities	20,554,607	17,818,735
Accounts receivable	1,045,441	904,661
Client benefit advances	1,712,360	1,763,488
Interest receivable	16,121	11,376
HST receivable	909,739	688,582
	<b>37,171,974</b>	<b>35,393,599</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,635,796	3,004,479
Payable to participating municipalities and funded agencies [note 3]	1,022,305	965,473
Due to Province of Ontario [note 4]	1,233,818	1,249,746
Deferred revenue [note 5]	7,515,834	7,784,572
Long-term debt [note 6]	23,883,359	27,131,884
Employee benefits obligations [note 7]	2,589,529	2,612,726
	<b>39,880,641</b>	<b>42,748,880</b>
<b>NET DEBT</b>	<b>(2,708,667)</b>	<b>(7,355,281)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net [Schedule 2]	47,894,722	50,052,302
Prepaid expenses	587,769	656,638
	<b>48,482,491</b>	<b>50,708,940</b>
<b>ACCUMULATED SURPLUS [Schedule 3]</b>		
Accumulated operating surplus	45,574,232	42,813,024
Accumulated re-measurement gains	199,592	540,635
	<b>45,773,824</b>	<b>43,353,659</b>

*The accompanying notes and schedules are an integral part of these financial statements*

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**  
**Consolidated Statement of Re-measurement Gains and Losses**

As at December 31

	2017 \$	2016 \$
<b>ACCUMULATED RE-MEASUREMENT GAINS (LOSSES), BEGINNING OF YEAR</b>	<b>540,635</b>	<b>(329,968)</b>
Unrealized gains (losses) attributable to:		
Portfolio investments	95,409	877,196
Derivatives	158,892	(98,087)
Amounts reclassified to the statement of operations:		
Disposition of investments	(595,344)	91,494
<b>NET RE-MEASUREMENT (LOSSES) GAINS FOR THE YEAR</b>	<b>(341,043)</b>	<b>870,603</b>
<b>ACCUMULATED RE-MEASUREMENT GAINS, END OF YEAR</b>	<b>199,592</b>	<b>540,635</b>

*The accompanying notes and schedules are an integral part of these financial statements*

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Statement of Operations**

Year ended December 31

	2017		2016
	Budget \$	Actual \$	Actual \$
	<i>[note 12]</i>		
<b>REVENUES</b>			
Province of Ontario			
Ontario Works	31,068,900	31,240,493	29,739,146
Addiction services initiative	700,200	667,037	621,541
Child care	13,101,600	12,802,020	12,302,055
Social and affordable housing	4,898,200	3,418,097	1,670,980
Homelessness prevention	2,956,900	3,294,685	3,012,759
	<b>52,725,800</b>	<b>51,422,332</b>	<b>47,346,481</b>
Federal Grants			
Child care	-	31,455	-
Social and affordable housing	14,337,600	12,586,075	10,497,815
	<b>14,337,600</b>	<b>12,617,530</b>	<b>10,497,815</b>
Municipal levies	23,510,000	23,510,000	24,012,000
Rents	10,781,900	10,734,434	10,529,612
Income earned on unrestricted funds	84,000	102,452	73,645
Income earned on reserve funds	200,000	1,151,506	441,880
Other revenue	143,500	583,818	390,387
	<b>34,719,400</b>	<b>36,082,210</b>	<b>35,447,524</b>
<b>TOTAL REVENUES</b>	<b>101,782,800</b>	<b>100,122,072</b>	<b>93,291,820</b>



**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Statement of Operations**

Year ended December 31

	2017		2016
	Budget \$	Actual \$	Actual \$
	<i>[note 12]</i>		
EXPENSES			
Ontario Works <i>[note 13]</i>	36,025,300	35,748,089	35,867,402
Addiction services initiative	708,900	680,816	662,768
Child care <i>[note 14]</i>	15,021,800	14,792,426	14,278,931
Social and affordable housing <i>[note 15]</i>	19,743,700	16,946,707	15,949,620
Direct-owned housing and administration <i>[note 15]</i>	28,063,900	25,242,759	23,063,567
Homelessness prevention <i>[note 16]</i>	2,956,900	3,294,685	3,012,759
Community social reinvestment program	655,400	655,382	654,314
<b>TOTAL EXPENSES</b>	<b>103,175,900</b>	<b>97,360,864</b>	<b>93,489,361</b>
<b>ANNUAL OPERATING SURPLUS (DEFICIT)</b>	<b>(1,393,100)</b>	<b>2,761,208</b>	<b>(197,541)</b>
ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR	42,813,024	42,813,024	43,010,565
ACCUMULATED OPERATING SURPLUS, END OF YEAR	41,419,924	45,574,232	42,813,024

*The accompanying notes and schedules are an integral part of these financial statements*

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Statement of Changes in Net Debt**

Year ended December 31

	2017		2016
	Budget \$ <i>[note 12]</i>	Actual \$	Actual \$
ANNUAL OPERATING DEFICIT	<b>(1,393,100)</b>	<b>2,761,208</b>	(197,541)
Acquisition of tangible capital assets <i>[Schedule 2]</i>	-	<b>(437,951)</b>	(1,220,779)
Amortization of tangible capital assets <i>[Schedule 2]</i>	-	<b>2,278,592</b>	2,393,878
Proceeds on disposal of tangible capital assets	-	<b>241,378</b>	-
Loss on disposal of tangible capital assets	-	<b>75,561</b>	1,500
Addition of prepaid expense	-	<b>(587,769)</b>	(656,638)
Use of prepaid expense	-	<b>656,638</b>	446,995
	<b>(1,393,100)</b>	<b>4,987,657</b>	767,415
Remeasurement (loss) gain	-	<b>(341,043)</b>	870,603
<b>CHANGE IN NET DEBT</b>	<b>(1,393,100)</b>	<b>4,646,614</b>	1,638,018
NET DEBT, BEGINNING OF YEAR	<b>(7,355,281)</b>	<b>(7,355,281)</b>	(8,993,299)
NET DEBT, END OF YEAR	<b>(8,748,381)</b>	<b>(2,708,667)</b>	(7,355,281)

*The accompanying notes and schedules are an integral part of these financial statements*

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Statement of Cash Flows**

Year ended December 31

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING</b>		
Annual surplus (deficit)	<b>2,761,208</b>	(197,541)
<b>Uses</b>		
Increase in accounts receivable	<b>(140,780)</b>	-
Increase in client benefit advances	-	(13,837)
Increase in interest receivable	<b>(4,745)</b>	(2,527)
Increase in HST receivable	<b>(221,157)</b>	-
Decrease in payable to participating municipalities and funded agencies	-	(38,924)
Decrease in due to Province of Ontario	<b>(15,928)</b>	-
Decrease in deferred revenue	<b>(268,738)</b>	-
Decrease in employee benefits obligation	<b>(23,197)</b>	-
Increase in prepaid expense	-	(209,643)
	<b>2,086,663</b>	(462,472)
<b>Sources</b>		
Decrease in accounts receivable	-	125,704
Decrease in client benefit advances	<b>51,128</b>	-
Decrease in HST receivable	-	204,921
Decrease in prepaid expense	<b>68,869</b>	-
Increase in accounts payable and accrued liabilities	<b>631,317</b>	147,101
Increase in payable to participating municipalities and funded agencies	<b>56,832</b>	-
Increase in due to Province of Ontario	-	1,107,965
Increase in deferred revenue	-	2,111,171
Increase in employee benefits obligation	-	974,018
	<b>808,146</b>	4,670,880
<b>Non-cash charges to operations</b>		
Amortization of tangible capital assets	<b>2,278,592</b>	2,393,878
<b>Cash provided by operating transactions</b>	<b>5,173,401</b>	6,602,286
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<b>(437,951)</b>	(1,220,779)
Proceeds on disposal of tangible capital assets	<b>241,378</b>	-
Loss on disposal of tangible capital assets	<b>75,561</b>	1,500
<b>Cash used in capital transactions</b>	<b>(121,012)</b>	(1,219,279)
<b>INVESTING</b>		
(Increase) decrease in investments	<b>(2,735,872)</b>	70,780
<b>FINANCING</b>		
Decrease in long-term debt	<b>(3,248,525)</b>	(2,449,415)
<b>RE-MEASUREMENT</b>		
Net unrealized gain (loss)	<b>(341,043)</b>	870,603
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(1,273,051)</b>	3,874,975
<b>CASH, BEGINNING OF YEAR</b>	<b>14,206,757</b>	10,331,782
<b>CASH, END OF YEAR</b>	<b>12,933,706</b>	14,206,757

*The accompanying notes and schedules are an integral part of these financial statements*

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# **THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

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## **GENERAL**

Effective April 1, 1999, pursuant to provincial legislation, The District of Thunder Bay Social Services Administration Board [TBDSSAB] was formed to accommodate the provincial government's requirement to consolidate the delivery of Social Services. TBDSSAB delivers provincially mandated services on behalf of the citizens of the District of Thunder Bay.

Its service district includes 15 municipalities which appoint representatives to the Board of Directors through their municipal Councils. As well, the Board of Directors includes an elected representative from the Territories without Municipal Organization [TWOMO]. The following are included within the District of Thunder Bay service area:

City of Thunder Bay  
Municipality of Greenstone  
Municipality of Neebing  
Municipality of Oliver Paipoonge  
Municipality of Shuniah  
Town of Marathon  
Township of Conmee  
Township of Dorion  
Township of Gillies  
Township of Manitouwadge  
Township of Nipigon  
Township of O'Connor  
Township of Red Rock  
Township of Schreiber  
Township of Terrace Bay  
TWOMO

## **1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements are prepared by management in accordance with accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

### **Basis of consolidation**

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund and reserve funds of TBDSSAB and include the activities of its wholly-owned subsidiary, the Thunder Bay District Housing Corporation [TBDHC].

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# THE DISTRICT OF THUNDER BAY

## SOCIAL SERVICES ADMINISTRATION BOARD

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

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#### **Basis of accounting**

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash on deposit, and short-term investments which are readily convertible into a known amount of cash and are subject to an insignificant risk to changes in fair value.

#### **Marketable securities**

Marketable securities include funds invested in pooled funds, fixed income securities, and equities which are held in trust and managed by an external fund manager. Investments are recorded at fair value using quoted prices in an active market with unrealized gains and losses being recognized in the consolidated statement of re-measurement gains and losses.

When there has been other than a temporary decline in the value of an investment, the investment is written-down to reflect market value. If there is a subsequent increase in the value, prior years' recognized losses are not reversed.

#### **Accounts receivable**

Under certain Federal/Provincial programs, TBDSSAB provides forgivable loans to eligible recipients, in which the principal and any accrued interest is forgiven after a specified number of years, if the recipient meets all identified conditions. A forgivable loan is only recorded as receivable if the recipient fails to meet the identified conditions and there is a reasonable expectation of its recovery.

#### **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. The change in non-financial assets during the year, together with the excess of revenues over expenses provides the Change in Net Debt for the year.

#### **[i] Tangible capital assets**

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

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# THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

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Land improvements – up to 30 years  
Buildings – up to 50 years  
Machinery and equipment – up to 20 years  
Vehicles – 5 to 15 years  
Computer hardware and software – 3 to 10 years  
Furniture – 5 to 10 years

Full annual 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 productive use, at which time they are capitalized.

[ii] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[iii] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

[iv] Prepaid expenses

Amounts paid in advance of the receipt of goods or services are recorded as prepaid expense.

### Revenue recognition

Revenue is recognized as it is received or becomes receivable and expended according to the terms of applicable funding agreements. Investment income and other revenue are recognized when they are earned. Rental revenue is recognized when rent is receivable based on tenant occupancy. Prepaid rents are recorded as deferred revenue.

### Employee related costs

TBDSSAB has adopted the following policies with respect to employee benefit plans:

- [i] Contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made.
- [ii] The costs of compensated absences, post-employment benefits, and workplace safety and insurance obligations are recognized when the event that obligates TBDSSAB occurs.
- [iii] The costs of post-employment benefits and workplace safety and insurance obligations are actuarially determined using the projected benefits method and prorated on service and management's best estimate of retirement ages of employees, salary escalation, and expected health care costs. *[note 7]*.

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**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

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**2. FINANCIAL INSTRUMENTS**

[i] Fair value of financial instruments

The carrying values of cash and cash equivalents, marketable securities, accounts receivable, interest receivable, accounts payable and accrued liabilities, payable to participating municipalities and funded agencies, and due to Province of Ontario approximate their fair values due to the relative short periods to maturity of the instruments. The carrying value of the long-term debt may differ from its fair value due to the terms of repayment and interest rates charged.

[ii] Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. TBDSSAB is exposed to market price risk through its investments held and quoted in an active market.

[iii] Credit Risk

Credit risk is the risk that a third party will fail to discharge its obligation to TBDSSAB, reducing the expected cash inflow from TBDSSAB's assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. TBDSSAB provides for an allowance for doubtful accounts to absorb credit losses. TBDSSAB has assessed that there are no significant concentrations of credit risk with respect to any class of financial assets.

**3. PAYABLE TO PARTICIPATING MUNICIPALITIES AND FUNDED AGENCIES**

Payable to participating municipalities and funded agencies consists of:

	2017	2016
	\$	\$
<b>Participating municipalities</b>		
City of Thunder Bay	12,164	22,106
City of Thunder Bay (child care provider)	89,643	95,190
Municipality of Greenstone	70	79
Municipality of Greenstone (child care provider)	8,220	8,076
Township of Manitouwadge	-	697
Township of Schreiber	-	735
<b>Funded agencies</b>		
Child care providers	235,402	237,127
Social housing providers	676,571	601,463
Other	235	-
	<b>1,022,305</b>	<b>965,473</b>

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2017

**4. DUE TO PROVINCE OF ONTARIO**

Due to Province of Ontario consists of:

	2017	2016
	\$	\$
Due to Ministry of Community and Social Services [MCSS]	2,177,716	2,085,793
Due to Ministry of Education [EDU]	186,485	239,602
Due from Ministry of Housing [MHO]	(1,130,383)	(1,075,649)
	<b>1,233,818</b>	<b>1,249,746</b>

**5. DEFERRED REVENUE**

Deferred revenue balance consists of the following:

	2017	2016
	\$	\$
Child care and early years	1,511,818	-
Child care mitigation	3,675,094	3,708,338
Community Homelessness Prevention Initiative	302,088	533,801
Investment in Affordable Housing [Administration]	63,286	63,327
Investment in Affordable Housing [Homeowner]	248,340	121,896
Investment in Affordable Housing [Housing Allowance]	201,484	69,125
Investment in Affordable Housing [Ontario Renovates]	20,429	23,763
Investment in Affordable Housing [Rent supplement]	-	3,527
Investment in Affordable Housing [Revolving loan]	695,280	484,130
Investment in Affordable Housing [Social Infrastructure Fund]	-	402,156
Miscellaneous	37,625	38,018
Northern Home Repair [Loan discharge]	19,644	17,127
Northern Home Repair [Wave 1]	5,322	5,322
Northern Home Repair [Wave 2]	975	975
Social Housing Apartment Retrofit Program	465,525	2,046,209
Strong Communities rent supplement	43,302	42,884
Tenant rent	225,622	223,974
	<b>7,515,834</b>	<b>7,784,572</b>

**6. LONG-TERM DEBT**

Long-term debt balance consists of the following:

	2017	2016
	\$	\$
Debt payable on direct-owned housing	19,107,745	21,850,970
Debt payable on office headquarters	4,589,759	4,983,651
Capital leases payable	185,855	297,263
	<b>23,883,359</b>	<b>27,131,884</b>



**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

- [i] Long-term debt includes various amounts payable as at December 31, 2016 on direct-owned housing:

	<b>2017</b>	<b>2016</b>
	\$	\$
<hr/>		
Debt payable to:		
Canada Mortgage and Housing Corporation [CMHC]	<b>6,726,952</b>	8,034,247
Other lenders	<b>12,380,793</b>	13,816,723
	<b>19,107,745</b>	21,850,970

The land, buildings, appliances, and equipment of each project together with an assignment of the rents are pledged as collateral for the mortgage of each project. The net book value of the pledged assets as at December 31, 2017 was \$25,480,176 [2016 - \$27,846,489].

The CMHC mortgages bear interest at rates between 1.0% and 3.5% [2016 – 1.0% and 3.5%]. These mortgages mature between 2018 and 2027.

The other long-term debt bears interest at rates between 1.9% and 6.1% [2016 – 2.0% and 9.3%]. These mortgages mature between 2020 and 2026.

- [ii] Included in long-term debt is a swap rate takeout loan agreement on the TBDSSAB office headquarters payable to the Royal Bank of Canada [RBC] as at December 31, 2017.

	<b>2017</b>	<b>2016</b>
	\$	\$
<hr/>		
TBDSSAB office headquarters loan payable	<b>4,585,000</b>	4,820,000
Plus fair value adjustment of derivative	<b>4,759</b>	163,651
	<b>4,589,759</b>	4,983,651

The RBC retains a general security agreement over certain assets of TBDSSAB as collateral for this loan. The RBC loan on the TBDSSAB office headquarters bears interest at 2.97% and matures in 2032.

- [iii] Included in long-term debt are capital leases for certain computer equipment.

	<b>2017</b>	<b>2016</b>
	\$	\$
<hr/>		
Disaster recovery computer equipment	<b>20,599</b>	70,036
Desktop computers	<b>165,256</b>	227,227
	<b>185,855</b>	297,263

The lease contract for the disaster recovery computer equipment is payable in monthly instalments of \$5,278 including harmonized sales tax and interest calculated at 5.78%, maturing in June, 2018.

The lease contract for the desktop computers is payable in monthly instalments of \$6,469 including harmonized sales tax and interest calculated at 4.85%, maturing in August, 2020.

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2017**

Principal payments due within each of the next ten years on long-term debt assuming refinancing at similar terms and conditions are approximately as follows:

	Direct-Owned Housing		Office Headquarters	Capital Leases	Total
	CMHC	Other			
	\$	\$	\$	\$	\$
2018	1,020,927	1,364,873	263,000	82,571	2,731,371
2019	970,284	1,398,132	271,000	61,971	2,701,387
2020	989,440	1,432,154	279,000	41,313	2,741,907
2021	942,330	1,467,525	288,000	-	2,697,855
2022	802,195	1,443,022	297,000	-	2,542,217
2023	817,477	1,235,181	306,000	-	2,358,658
2024	567,187	1,266,078	315,000	-	2,148,265
2025	303,603	1,287,699	326,000	-	1,917,302
2026	184,189	1,067,307	335,000	-	1,586,496
2027	129,320	418,822	346,000	-	894,142
2028 and beyond	-	-	1,559,000	-	1,559,000
	6,726,952	12,380,793	4,585,000	185,855	23,878,600

**7. EMPLOYEE BENEFITS OBLIGATIONS**

The employee benefits obligations of TBDSSAB are as follows:

	2017	2016
	\$	\$
Post-employment retiree benefits	2,373,413	2,334,834
Vacation entitlements	216,116	277,892
	2,589,529	2,612,726

[i] TBDSSAB pays certain post-employment benefits on behalf of its retired employees and recognizes these post-retirement costs in the period in which the employees rendered the services. The accrued benefit obligation at December 31, 2017 of \$2,009,544 [2016 - \$1,925,481] was determined by an actuarial valuation prepared for the year ended December 31, 2016, and updated for 2017.

Information about TBDSSAB's post-employment retiree benefit liability recognized in the consolidated financial statements is as follows:

	2017	2016
	\$	\$
Accrued benefit liability, beginning of year	2,334,834	1,330,624
Expense for the year	153,012	1,120,810
Benefits paid for the year	(114,433)	(116,600)
Accrued benefit liability, end of year	2,373,413	2,334,834

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# THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The main actuarial assumptions employed for the valuation are as follows:

**General inflation**

Future general inflation levels, as measured by changes in the Consumer Price Index, were assumed at 2% per annum.

**Interest (discount) rate**

The obligation as at December 31, 2017 of the present value of future liabilities and the expense for the year then ended was determined using an annual discount rate of 3.25%. This rate reflects the assumed long-term yield on high quality bonds as at January 1, 2016.

**Medical and dental costs**

Medical costs were assumed to increase by 6.2% in 2016, with further annual increases gradually declining from 6.2% to 4.5% in 2023 and each year thereafter. Dental costs were assumed to increase at 4.5% in 2016 and each year thereafter.

[ii] Vacation Entitlements

Vacation entitlements earned by the employees would be converted to a cash payment if they retire or leave TBDSSAB's employment. The liability for these accumulated days as at December 31, 2017 would amount to approximately \$216,116 [2016 - \$277,892].

[iii] Workplace Safety and Insurance Obligations

TBDSSAB is a Schedule 2 employer under the Workplace Safety and Insurance Act and as such, assumes responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation of claims to be insured based on the history of claims. The liability accrued at December 31, 2017 of \$0 [2016 - \$0] reflects the valuation as at December 31, 2016.

[iv] Pension Agreement

Employees are members of the Ontario Municipal Employees' Retirement Fund [OMERS], a multi-employer pension plan. OMERS is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on length of service and rates of pay. From January 1, 2017 to December 31, 2017, employees contributed at levels of up to 14.6% of earnings [2016 - 14.6%]. TBDSSAB makes contributions equal to the employee contributions to the plan. Required contributions by TBDSSAB for 2017 amounted to \$951,420 [2016 - \$949,790]. These contributions are included in the consolidated statement of operations. No pension liability for this type of plan is included in the consolidated financial statements.

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**THE DISTRICT OF THUNDER BAY  
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**8. COMMITMENTS**

- [i] TBDSSAB has commitments under various building lease agreements expiring between 2018 and 2021. The following approximate annual rental payments are required under these operating leases.

Year	Annual Payment
2018	61,561
2019	33,864
2020	31,709
2021	22,607
Total	\$ 149,741

- [ii] TBDSSAB has commitments under various leases and service agreements for certain computer equipment and software expiring between 2018 and 2023. The following approximate annual payments are required under these agreements.

Year	Annual Payment
2018	145,434
2019	126,375
2020	103,074
2021	56,472
2022	56,472
2023	4,706
Total	\$ 492,533

- [iii] TBDSSAB leases multi-function devices which are charged at varying rates on a per-copy basis, with leases expiring in August, 2023. The amount of the commitment cannot be reasonably estimated.
- [iv] On February 1, 2012, TBDSSAB entered into a 20 year amortization, 5 year term indicative swap rate takeout loan agreement in the amount of \$6,000,000 with the RBC to finance the construction of the TBDSSAB headquarters. This loan was renewed effective February 1, 2017, for the remaining 15 year term. The balance of the loan as at December 31, 2017 is \$4,585,000 [2016 - \$4,820,000]. The swap agreement exchanges TBDSSAB's Banker's Acceptance variable loan payments for an established fixed interest rate payment. The exchange of interest payments results in an effective interest rate of 2.32% plus a 0.65% stamping fee for an all-in interest rate of 2.97% for the 15 year term. The approximate cost of breaking the swap rate loan agreement prior to maturation, given the market interest rates as at December 31, 2017, is estimated to be \$4,759 [2016 - \$163,651].
- [v] In 1975, the Thunder Bay Community Projects Incorporated entered into an agreement with the Corporation of the City of Thunder Bay to lease land on which the Andras Court housing project was built. Through amalgamation, TBDSSAB has assumed all responsibilities under this lease. TBDSSAB is responsible for all operating costs of the property and for the mortgage payments on the property [note 6]. The lease expires on May 31, 2032, at which time the land and buildings revert back to the Corporation of the City of Thunder Bay.

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**THE DISTRICT OF THUNDER BAY  
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**9. CONTINGENT LIABILITIES**

The nature of TBDSSAB's activities is such that there is often litigation pending or in prospect at any time. With respect to claims at December 31, 2017, management believes TBDSSAB has valid defenses and appropriate insurance coverage in place. In the event that claims are successful, management believes that such claims are not expected to have a material effect on TBDSSAB's financial position.

**10. RESERVE FUNDS**

The continuity of reserve funds is as follows:

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Reserve funds</b>		
Balance, beginning of year	<b>21,757,240</b>	22,380,239
<b>Adjustment</b>		
Adjustment related to prior years	-	(116,122)
<b>Revenue</b>		
Transfers from current operations	<b>3,308,200</b>	2,804,028
Income earned	<b>1,151,506</b>	441,880
	<b>4,459,706</b>	3,245,908
<b>Expenditures</b>		
Transfers to current operations	<b>3,009,494</b>	3,752,785
<b>Balance, end of year</b>	<b>23,207,452</b>	21,757,240

**11. DESIGNATED ASSETS**

Of the assets reported on the consolidated statement of financial position, TBDSSAB has designated \$23,207,452 [2016 - \$21,757,240] to support reserve funds.

**12. BUDGET AMOUNTS**

The budgeted figures presented for comparative purposes are those as approved by TBDSSAB.

**THE DISTRICT OF THUNDER BAY  
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**13. ONTARIO WORKS**

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
	<i>[note 12]</i>		
Financial assistance	25,069,400	25,515,001	24,780,982
Program delivery	8,525,500	7,571,462	8,656,120
Employment assistance services	2,430,400	2,661,626	2,430,300
	<b>36,025,300</b>	<b>35,748,089</b>	<b>35,867,402</b>

**14. CHILD CARE**

The expenses by program description under the Child Care service agreement are outlined below:

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
	<i>[note 12]</i>		
Administration	1,391,900	1,385,177	1,169,568
Fee subsidy	4,622,600	4,346,279	4,626,509
Ontario works formal	411,600	271,647	306,559
Ontario works informal	40,000	37,781	29,844
Pay equity	104,300	104,300	104,300
Repairs and maintenance	22,700	52,093	132,105
Resource centres	848,100	848,067	738,647
Small water works	14,100	11,544	14,080
Special needs resourcing	1,590,600	1,588,730	1,590,598
General operating	4,452,100	4,529,300	4,209,200
Occupancy incentive	300,000	300,000	300,000
Capacity building	55,500	45,885	52,301
Transformation	44,500	3,720	8,410
Play-based materials and equipment	-	81,800	-
Capital retrofits	16,400	-	(62,457)
Planning	27,000	21,503	9,148
Aboriginal planning	30,400	-	1,982
Wage enhancement	1,050,000	1,133,145	1,048,137
Early Learning and Child Care	-	31,455	-
	<b>15,021,800</b>	<b>14,792,426</b>	<b>14,278,931</b>

# THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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TBDSSAB has a child care service agreement with the EDU. A requirement of the EDU service agreement is the production of supplementary information by detail code (funding type) which summarizes all revenues and expenditures relating to the service agreement.

EDU reporting is based on modified accrual accounting which forms the basis of funding and is also guided by the admissible/inadmissible expenditure policy. This method of accounting requires the inclusion of short-term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of the budget year-end.

The modified accrual basis of accounting, as defined by the EDU, does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenses do not represent an actual cash expenditure related to the current period.

Expenditures for the 2017 year in the amount of \$14,981,271, relative to the EDU service agreement provided in the table below do not include adjustments for tangible capital assets (\$8,047), employee benefit obligations (\$12,116), or other adjustments (\$5,685) as directed by the EDU. In accordance with the DSSAB Act, the TBDSSAB annual levy is apportioned amongst its fifteen member municipalities and unincorporated territory. The cost related to the unincorporated territory is billed to each Ministry based on the net cost of each program. As directed by the EDU, the table below includes the EDU's share of the 2016 annual levy (\$214,693).

	Expenses			Total Expenses
	Non-Profit	Profit	Other	
<b>Full Flexibility</b>				
1.1 - General operating	4,422,800	406,500	-	4,829,300
1.2 - Regular fee subsidy	3,913,810	432,469	-	4,346,279
1.5 - Ontario Works formal	237,825	33,822	-	271,647
1.6 - Ontario Works informal	-	-	37,781	37,781
1.7 - Pay equity memorandum	104,300	-	-	104,300
1.8 - Special needs resourcing	1,588,730	-	-	1,588,730
1.9 - Administration	-	-	1,286,176	1,286,176
1.10 - Repairs and maintenance	43,682	8,411	-	52,093
1.11 - Play-based materials and equipment	81,800	-	-	81,800
<b>Total (full flexibility)</b>	<b>10,392,947</b>	<b>881,202</b>	<b>1,323,957</b>	<b>12,598,106</b>
1.13 - Transformation	3,720	-	-	3,720
<b>Limited Flexibility</b>				
1.12 - Capacity building	45,885	-	-	45,885
3.1 - Small water works	11,544	-	-	11,544
4.1 - Resource centres	848,067	-	-	848,067
4.5 - ECD planning	-	-	21,503	21,503
<b>Total (limited flexibility)</b>	<b>905,496</b>	<b>-</b>	<b>21,503</b>	<b>926,999</b>
<b>No Flexibility</b>				
3.2 - Territory without municipal organization	-	-	214,693	214,693
Wage enhancement	978,854	154,291	-	1,133,145
Data Analysis Services	-	-	73,153	73,153
Early learning and child care	31,455	-	-	31,455
<b>Total Expenses</b>	<b>12,312,472</b>	<b>1,035,493</b>	<b>1,633,306</b>	<b>14,981,271</b>

# THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Revenues for the 2017 year in the amount of \$17,001,796, relative to the EDU service agreement are provided in the table below. Actual cashflow from the EDU relative to the 2017 funding year was \$14,333,112 (excluding the levy portion). TBDSSAB also utilized \$33,244 from its child care mitigation fund (deferred revenue). TBDSSAB has recorded \$1,511,818 as deferred revenue related to Expansion and Early Learning Child Care funding and \$21,063 as due to the EDU for the 2017 year. As directed by the EDU, the table below includes the amount paid by the EDU for its share of the annual TBDSSAB levy (\$214,641).

	Revenues (Ministry of Education Service Agreement)						
	Ministry of Education				Legislated Cost Share	Total Revenues	
	Base	Expansion	ELCC	Subtotal			
<b>Full Flexibility</b>							
1.1 - Core services delivery (100%)	2,095,818	942,941	589,300	3,628,059	0%	-	3,628,059
1.2 - Core services delivery - (80/20)	5,611,740	-	-	5,611,740	20%	1,402,935	7,014,675
1.3 - Core services delivery - (50/50)	333,851	-	-	333,851	50%	333,851	667,702
2.1 - Language	211,281	24,767	15,479	251,527	0%	-	251,527
2.2 - Indigenous	164,241	19,253	12,033	195,527	0%	-	195,527
2.3 - Cost of living	277,027	32,474	20,296	329,797	0%	-	329,797
2.4 - Rural/remote	1,926,235	225,799	141,124	2,293,158	0%	-	2,293,158
2.6 - Utilization adjustment	(95,720)	-	-	(95,720)	0%	-	(95,720)
2.9 - Repairs and maintenance	22,153	2,597	1,623	26,373	0%	-	26,373
<b>Total (full flexibility)</b>	<b>10,546,626</b>	<b>1,247,831</b>	<b>779,855</b>	<b>12,574,312</b>		<b>1,736,786</b>	<b>14,311,098</b>
2.6 - Transformation	-	-	-	-	0%	-	-
<b>Limited Flexibility</b>							
2.7 - Capacity building	58,855	6,921	4,323	70,099	0%	-	70,099
2.8 - Small water Works	14,080	-	-	14,080	0%	-	14,080
8.1 - Resource centres	742,441	-	-	742,441	20%	185,610	928,051
8.4 - ECD aboriginal	30,400	-	-	30,400	0%	-	30,400
8.5 - ECD - planning	27,000	-	-	27,000	0%	-	27,000
8.6 - Data analysis services	73,153	-	-	73,153	0%	-	73,153
<b>Total (limited flexibility)</b>	<b>945,929</b>	<b>6,921</b>	<b>4,323</b>	<b>957,173</b>		<b>185,610</b>	<b>1,142,783</b>
<b>No Flexibility</b>							
2.9 - TWOMO	214,641	-	-	214,641	0%	-	214,641
Wage enhancement	1,195,555	-	-	1,195,555	0%	-	1,195,555
Journey together	50,000	-	-	50,000	0%	-	50,000
EarlyON	87,719	-	-	87,719	0%	-	87,719
<b>Total Revenues</b>	<b>13,040,470</b>	<b>1,254,752</b>	<b>784,178</b>	<b>15,079,400</b>		<b>1,922,396</b>	<b>17,001,796</b>

The EDU results comprise part of the child care revenues and expenditures that are included in the consolidated statement of operations.



**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
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**15. SOCIAL AND AFFORDABLE HOUSING**

Each year TBDSSAB is required to provide the MHO a Service Manager Annual Information Return [SMAIR] which, among other things, confirms the expenditures for the year by program. A portion of these expenditures are included in the summary of Direct-Owned Housing and Administration. For the purposes of the 2017 SMAIR, TBDSSAB has attributed \$5,575,316 [2016 - \$5,559,389] to the Public Housing program, and \$5,070,294 [2016 - \$5,098,507] to the Provincial Reformed program. The expenses by program for Social and Affordable Housing are as follows:

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
	<i>[note 12]</i>		
<b>Social and Affordable Housing (External Transfers)</b>			
Provincial reformed	6,359,000	6,332,452	6,109,562
NHA Section 95 private non-profit	12,600	12,576	12,576
Rent supplement – private landlord	3,096,500	3,106,522	2,935,070
Rent supplement – non-profit	1,707,100	1,663,538	1,640,751
Strong Communities – regular	386,400	387,402	381,308
Strong Communities – MCSS	28,700	21,330	24,569
Strong Communities – MOHLTC	46,000	28,067	33,361
Urban Native, Pre-1986	693,800	683,476	592,133
Urban Native, Post-1985	1,432,400	1,428,741	1,465,667
Affordable Housing Program (NHRP Wave 1)	-	283	2,974
Investment in Affordable Housing (IAH)			
Ontario renovates	-	-	11,101
Rent supplement	90,000	89,740	85,108
Revolving loan	-	-	27,651
IAH Extension			
Administration	84,400	84,380	84,400
Housing Allowance	230,200	211,391	113,375
Ontario renovates	363,600	650,185	53,369
Rental housing	1,818,000	650,000	1,000,000
IAH Social Infrastructure Fund			
Administration	120,300	49,336	44,623
Ontario renovates	679,500	498,726	298,352
Rental housing	1,609,400	440,000	550,000
Social Housing Improvement Program (SHIP)	478,500	320,746	459,500
SHIP administration	137,200	108,934	24,170
Survivors of Domestic Violence (SDV)	256,000	90,175	-
SDV administration	25,600	9,018	-
Social Housing Apartment Retrofit Program (SHARP)			
Administration	88,500	79,689	-
	<b>19,743,700</b>	<b>16,946,707</b>	<b>15,949,620</b>

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
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	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
<b>Direct-owned Housing and Administration</b>			
Housing program administration	852,600	883,904	1,098,303
Housing portfolio administration	4,475,700	4,304,784	4,581,588
Housing operations			
Interest on long-term debt	521,100	497,048	912,272
Loan principal payments / amortization	2,768,600	1,739,436	1,752,101
Repairs, maintenance, and operating services	7,178,600	6,326,284	6,428,987
IAH SIF – SHIP	2,132,500	1,750,238	-
SHARP	1,641,500	1,514,992	94,779
Utilities	4,368,500	4,080,630	4,086,028
Municipal taxes	5,203,200	5,192,062	5,130,447
Recovery from rent supplement	(1,078,400)	(1,046,619)	(1,020,938)
	<b>28,063,900</b>	<b>25,242,759</b>	<b>23,063,567</b>
	<b>47,807,600</b>	<b>42,189,466</b>	<b>39,013,187</b>

**16. HOMELESSNESS PREVENTION**

The expenses by program for Homelessness Prevention are as follows:

	Budget 2017 \$	Actual 2017 \$	Actual 2016 \$
	<i>[note 12]</i>		
<b>Community Homelessness Prevention Initiative</b>			
Administration	295,700	314,556	301,255
Emergency shelter solutions	1,181,800	1,181,800	1,181,800
Homelessness prevention	635,300	793,880	871,873
Housing with related supports	263,300	274,319	450,931
Services and supports	580,800	580,800	206,900
	<b>2,956,900</b>	<b>3,145,355</b>	<b>3,012,759</b>
<b>Home for Good</b>			
Administration	-	14,930	-
Support services	-	134,400	-
	-	149,330	-
	<b>2,956,900</b>	<b>3,294,685</b>	<b>3,012,759</b>

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**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
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December 31, 2017

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**17. RELATED PARTY TRANSACTIONS**

**Measurement basis**

Related party transactions are in the normal course of operations. The expenses represent purchased services and rents under contracts approved by TBDSSAB.

**Related corporations**

TBDSSAB is related to the following corporations:

The Corporation of the City of Thunder Bay acted as a delivery agent for Child Care programs, and provided certain software licenses to TBDSSAB. TBDSSAB provided Community Social Reinvestment Program funds to the City.

The Municipality of Greenstone acted as a delivery agent for Child Care programs, and provided rental accommodations to TBDSSAB. TBDSSAB provided Community Social Reinvestment Program funds to the Municipality of Greenstone.

The Township of Manitouwadge provided rental accommodations to TBDSSAB.

TBDSSAB provided Community Social Reinvestment Program funds to the Township of Nipigon.

The Township of Schreiber provided rental accommodations to TBDSSAB.

TBDSSAB provided Community Social Reinvestment Program funds to the Township of Red Rock.

	<b>2017</b>	<b>2016</b>
	\$	\$
<hr/>		
Amounts owing to related parties, included in Payable to participating municipalities and funded agencies:		
City of Thunder Bay	<b>101,807</b>	117,296
Municipality of Greenstone	<b>8,290</b>	8,155
Township of Manitouwadge	-	697
Township of Schreiber	-	735
Amounts paid to related parties for purchased services and rent, included in expenses:		
City of Thunder Bay	<b>1,740,621</b>	1,760,147
Municipality of Greenstone	<b>534,950</b>	592,225
Township of Manitouwadge	<b>8,365</b>	8,310
Township of Nipigon	<b>270</b>	250,000
Township of Red Rock	<b>10,000</b>	10,000
Township of Schreiber	<b>8,951</b>	8,758

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**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD  
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**18. PROVINCE OF ONTARIO GRANTS**

Revenue from the Province of Ontario has been calculated according to the terms of the governing statutes and is subject to final approval by the Province. Ultimate determination of amounts is dependent upon the reconciliation of funding by the Province of Ontario. Adjustment to the accounting records is made at the time of final settlement.

**19. COMPARATIVE FIGURES**

Certain of the 2016 comparative figures have been reclassified to conform to the presentation adopted in the current year.

Beginning in 2017, TBDSSAB enhanced its method of reporting unrealized gains and losses attributable to portfolio investments in the consolidated statement of re-measurement gains and losses. The enhancement included reclassification of amounts to the consolidated statement of operations resulting from the disposition of investment holdings. The 2016 re-measurement gains and losses have been reclassified for comparative purposes.

**20. ADEQUACY OF HOUSING PROVIDERS' CAPITAL RESERVE FUNDS**

TBDSSAB and certain non-profit housing providers are required to establish capital reserve funds for financing future major repairs and replacements. Building Condition Assessments [BCA] and Capital Reserve Fund Studies [the Study], conducted by Stantec Consulting Ltd. during the period 2012 to 2014 evaluated the adequacy of annual contributions to the capital reserve funds of certain housing providers that receive funding from TBDSSAB.

The Study indicated that, based on the capital reserve fund balances as at December 31, 2012 and the level of annual capital reserve contributions in effect for the year 2012, that over a 30-year period, the capital reserve funds for the public housing and certain provincial reformed non-profit housing providers that receive funding from TBDSSAB would be deficient. The capital reserve funds of housing providers were evaluated on the basis of expected repair and replacement costs and life expectancy of the building projects. Such evaluation is based on numerous assumptions and future events.

The Board approved Reserve and Reserve Fund Strategy has been established to prolong the adequacy of financial resources by controlling the amount of capital projects undertaken each year and enhancing the annual contributions to capital reserve funds.

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Schedule of Segment Disclosure**

Year ended December 31

**Schedule 1**

	Corporate Management and Program Support		Integrated Client Services		Ontario Works		Child Care Programs	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$			\$	\$	\$	\$
<b>Revenues</b>								
Levy to municipalities and TWOMO	(84,000)	(84,000)	-	-	4,947,500	5,656,800	1,925,500	1,926,800
Provincial grants	-	-	-	-	31,907,530	30,360,687	12,802,020	12,302,055
Federal grants	-	-	-	-	-	-	31,455	-
Rent	-	-	-	-	-	-	-	-
Income earned on unrestricted funds	102,452	73,645	-	-	-	-	-	-
Income earned on reserve funds	92,525	58,729	-	-	7,152	4,643	11,554	7,500
Other	296,443	30,600	-	-	294	15,305	-	(99)
	407,420	78,974	-	-	36,862,476	36,037,435	14,770,529	14,236,256
<b>Expenses</b>								
Salaries, wages & employee benefits	3,399,292	3,572,877	812,759	871,357	4,408,619	4,935,662	592,228	486,127
Interest on long-term debt	129,572	118,003	-	-	-	-	-	-
Materials	1,658,884	1,518,801	11,266	21,037	596,762	618,225	80,466	60,890
Contracted services	208,012	196,655	-	-	11,184	8,885	43,757	-
Rents and financial expenses	11,134	20,192	-	-	84,839	79,788	23,574	-
External transfers - persons	-	-	-	-	26,907,634	26,238,771	-	-
External transfers - funded agencies	-	-	-	-	-	-	13,362,172	13,098,233
Amortization	495,086	587,548	2,685	2,685	8,442	14,974	16,459	16,459
Allocation of internal administration	(5,901,980)	(6,014,076)	(826,710)	(895,079)	4,411,425	4,633,865	673,770	617,222
	-	-	-	-	36,428,905	36,530,170	14,792,426	14,278,931
<b>Excess (deficiency) of revenues over expenses</b>	407,420	78,974	-	-	433,571	(492,735)	(21,897)	(42,675)

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Schedule of Segment Disclosure**

Year ended December 31

**Schedule 1**

(continued)

	Housing and Homelessness Programs		Other		Total	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>						
Levy to municipalities and TWOMO	16,183,700	15,975,100	537,300	537,300	<b>23,510,000</b>	24,012,000
Provincial grants	6,712,782	4,683,739	-	-	<b>51,422,332</b>	47,346,481
Federal grants	12,586,075	10,497,815	-	-	<b>12,617,530</b>	10,497,815
Rent	10,734,434	10,529,612	-	-	<b>10,734,434</b>	10,529,612
Income earned on unrestricted funds	-	-	-	-	<b>102,452</b>	73,645
Income earned on reserve funds	1,031,671	365,423	8,604	5,585	<b>1,151,506</b>	441,880
Other	287,081	344,581	-	-	<b>583,818</b>	390,387
	<b>47,535,743</b>	<b>42,396,270</b>	<b>545,904</b>	<b>542,885</b>	<b>100,122,072</b>	<b>93,291,820</b>
<b>Expenses</b>						
Salaries, wages & employee benefits	4,084,383	4,250,704	-	-	<b>13,297,281</b>	14,116,727
Interest on long-term debt	497,048	912,272	-	-	<b>626,620</b>	1,030,275
Materials	19,202,242	15,983,157	-	-	<b>21,549,620</b>	18,202,110
Contracted services	39,821	99,707	-	-	<b>302,774</b>	305,247
Rents and financial expenses	(8,099)	59,527	-	-	<b>111,448</b>	159,507
External transfers - persons	2,397,300	1,595,233	-	-	<b>29,304,934</b>	27,834,004
External transfers - funded agencies	15,941,193	15,760,566	589,882	588,814	<b>29,893,247</b>	29,447,613
Amortization	1,752,268	1,772,212	-	-	<b>2,274,940</b>	2,393,878
Allocation of internal administration	1,577,995	1,592,568	65,500	65,500	-	-
	<b>45,484,151</b>	<b>42,025,946</b>	<b>655,382</b>	<b>654,314</b>	<b>97,360,864</b>	<b>93,489,361</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>2,051,592</b>	<b>370,324</b>	<b>(109,478)</b>	<b>(111,429)</b>	<b>2,761,208</b>	<b>(197,541)</b>

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Schedule of Tangible Capital Assets**

Year ended December 31

**Schedule 2**

	Land	Land Improvements	Building	Vehicles	Computer	Furniture	Machinery & Equipment	Assets Under Construction	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning of year	10,184,415	356,222	90,333,448	378,451	1,545,082	431,529	3,347,512	-	<b>106,576,659</b>	105,394,359
Add:										
Additions during the year	-	-	11,601	-	-	-	331,597	94,753	<b>437,951</b>	1,220,779
Less:										
Deductions during the year	(179,883)	-	(617,717)	-	(65,461)	-	(101,076)	-	<b>(964,137)</b>	(38,479)
<b>BALANCE, END OF YEAR</b>	<b>10,004,532</b>	<b>356,222</b>	<b>89,727,332</b>	<b>378,451</b>	<b>1,479,621</b>	<b>431,529</b>	<b>3,578,033</b>	<b>94,753</b>	<b>106,050,473</b>	<b>106,576,659</b>
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	-	131,068	54,018,344	314,039	823,588	215,765	1,021,553	-	<b>56,524,357</b>	54,167,458
Add:										
Amortization during the year	-	35,622	1,742,476	22,970	198,302	43,153	236,069	-	<b>2,278,592</b>	2,393,878
Less:										
Accumulated amortization on deductions	-	-	(552,586)	-	(65,461)	-	(29,151)	-	<b>(647,198)</b>	(36,979)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>166,690</b>	<b>55,208,234</b>	<b>337,009</b>	<b>956,429</b>	<b>258,918</b>	<b>1,228,471</b>	<b>-</b>	<b>58,155,751</b>	<b>56,524,357</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>10,004,532</b>	<b>189,532</b>	<b>34,519,098</b>	<b>41,442</b>	<b>523,192</b>	<b>172,611</b>	<b>2,349,562</b>	<b>94,753</b>	<b>47,894,722</b>	<b>50,052,302</b>

**THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD**

**Consolidated Schedule of Accumulated Surplus**

Year ended December 31

**Schedule 3**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>RESERVE FUNDS</b>		
Capital Regeneration	<b>234,507</b>	-
Community Social Reinvestment Program	<b>32,981</b>	142,459
Direct-Owned Housing Portfolio Capital Replacement	<b>10,197,588</b>	9,681,935
Early Years	<b>471,752</b>	460,198
Employment compensation and benefits	<b>952,729</b>	963,540
Levy stabilization	<b>2,445,783</b>	2,193,064
Office building capital	<b>933,197</b>	802,065
Ontario Works client benefits	-	53,290
Social housing	<b>7,938,915</b>	7,460,689
<b>Total - Reserve Funds</b>	<b>23,207,452</b>	21,757,240
<b>SURPLUSES (DEFICITS)</b>		
Invested in tangible capital assets	<b>24,011,363</b>	22,920,418
General	<b>(1,444,991)</b>	(1,323,999)
<b>Total - Surpluses</b>	<b>22,566,372</b>	21,596,419
<b>ACCUMULATED SURPLUS</b>	<b>45,773,824</b>	43,353,659