



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

Consolidated Financial Statements

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

December 31, 2018



**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 2018 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.

William Bradica, CPA, CGA
Chief Administrative Officer

Georgina Daniels, FCPA, FCA
Director - Corporate Services Division

THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD

December 31, 2018

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Independent Auditor's Report

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To the Members of the Board of Directors

Opinion

We have audited the consolidated financial statements of The District of Thunder Bay Social Services Administration Board ("the Board"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, remeasurement of gains and losses, changes in net assets (debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The District of Thunder Bay Social Services Administration Board as at December 31, 2018, and its results of operations, its changes in net assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 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 a 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 consolidated 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 these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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. We 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
April 18, 2019

Chartered Professional Accountants
Licensed Public Accountants

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

Consolidated Statement of Financial Position

Year ended December 31

| | 2018 \$ | 2017 \$ |
|---|-------------------|--------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | 14,998,427 | 12,933,706 |
| Marketable securities | 19,608,583 | 20,554,607 |
| Accounts receivable | 1,598,107 | 1,045,441 |
| Client benefit advances | 1,790,363 | 1,712,360 |
| Interest receivable | 29,436 | 16,121 |
| HST receivable | 861,156 | 909,739 |
| | 38,886,072 | 37,171,974 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 3,904,428 | 3,635,796 |
| Payable to participating municipalities and funded agencies [note 3] | 975,169 | 1,022,305 |
| Due to Province of Ontario [note 4] | 4,427,397 | 1,233,818 |
| Deferred revenue [note 5] | 5,052,864 | 7,515,834 |
| Long-term debt [note 6] | 21,584,776 | 23,883,359 |
| Employee benefits obligations [note 7] | 2,561,804 | 2,589,529 |
| | 38,506,438 | 39,880,641 |
| NET FINANCIAL ASSETS (DEBT) | 379,634 | (2,708,667) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets - net [Schedule 2] | 46,396,188 | 47,894,722 |
| Prepaid expenses | 590,692 | 587,769 |
| | 46,986,880 | 48,482,491 |
| ACCUMULATED SURPLUS [Schedule 3] | | |
| Accumulated operating surplus | 48,016,819 | 45,574,232 |
| Accumulated re-measurement (losses) gains | (650,305) | 199,592 |
| | 47,366,514 | 45,773,824 |

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


Board Chair


Audit Committee Chair

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

As at December 31

| | 2018 | 2017 |
|---|------------------|-------------|
| | \$ | \$ |
| ACCUMULATED RE-MEASUREMENT GAINS, BEGINNING OF YEAR | 199,592 | 540,635 |
| Unrealized (losses) gains attributable to: | | |
| Portfolio investments | (730,087) | 95,409 |
| Derivatives | 21,617 | 158,892 |
| Amounts reclassified to the statement of operations: | | |
| Disposition of investments | (141,427) | (595,344) |
| NET RE-MEASUREMENT LOSSES FOR THE YEAR | (849,897) | (341,043) |
| ACCUMULATED RE-MEASUREMENT (LOSSES) GAINS, END OF YEAR | (650,305) | 199,592 |

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

| | 2018 | | 2017 |
|-------------------------------------|--------------------|--------------------|--------------------|
| | Budget \$ | Actual \$ | Actual \$ |
| | <i>[note 12]</i> | | |
| REVENUES | | | |
| Provincial Grants | | | |
| Ontario Works | 32,983,300 | 31,714,362 | 31,240,493 |
| Addiction Services Initiative | 713,600 | 609,490 | 667,037 |
| Child care and early years | 19,452,500 | 16,338,290 | 12,802,020 |
| Social and affordable housing | 4,602,800 | 4,447,457 | 3,418,097 |
| Homelessness prevention | 4,772,300 | 4,326,685 | 3,294,685 |
| TWOMO election | - | 22,000 | - |
| | 62,524,500 | 57,458,284 | 51,422,332 |
| Federal Grants | | | |
| Child care and early years | 1,304,100 | - | 31,455 |
| Social and affordable housing | 10,823,900 | 10,623,742 | 12,586,075 |
| | 12,128,000 | 10,623,742 | 12,617,530 |
| Levy to municipalities and TWOMO | 22,806,700 | 22,806,700 | 23,510,000 |
| Rents | 10,991,100 | 10,887,090 | 10,734,434 |
| Income earned on unrestricted funds | 84,000 | 268,420 | 102,452 |
| Income earned on reserve funds | 200,000 | 637,611 | 1,151,506 |
| Other | 136,200 | 367,311 | 583,818 |
| | 34,218,000 | 34,967,132 | 36,082,210 |
| TOTAL REVENUES | 108,870,500 | 103,049,158 | 100,122,072 |

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

Consolidated Statement of Operations

Year ended December 31

| | 2018 | | 2017 |
|--|--------------------|--------------------|-------------------|
| | Budget \$ | Actual \$ | Actual \$ |
| | <i>[note 12]</i> | | |
| EXPENSES | | | |
| Ontario Works <i>[note 13]</i> | 37,161,700 | 35,604,037 | 35,748,089 |
| Addiction Services Initiative | 710,300 | 609,482 | 680,816 |
| Child care and early years <i>[note 14]</i> | 22,495,400 | 18,105,949 | 14,792,426 |
| Social and affordable housing <i>[note 15]</i> | 18,786,300 | 16,579,861 | 16,946,707 |
| Direct-owned housing and administration <i>[note 15]</i> | 25,692,300 | 24,214,126 | 25,242,759 |
| Homelessness prevention <i>[note 16]</i> | 4,772,300 | 4,326,685 | 3,294,685 |
| Community social reinvestment program | 589,900 | 587,677 | 655,382 |
| TWOMO election | - | 22,000 | - |
| TOTAL EXPENSES | 110,208,200 | 100,049,817 | 97,360,864 |
| REVENUES LESS EXPENSES | (1,337,700) | 2,999,341 | 2,761,208 |
| OTHER | | | |
| Distribution to municipalities | - | (556,754) | - |
| ANNUAL OPERATING SURPLUS (DEFICIT) | (1,337,700) | 2,442,587 | 2,761,208 |
| ACCUMULATED OPERATING SURPLUS, BEGINNING OF YEAR | 45,574,232 | 45,574,232 | 42,813,024 |
| ACCUMULATED OPERATING SURPLUS, END OF YEAR | 44,236,532 | 48,016,819 | 45,574,232 |

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 Assets (Debt)

Year ended December 31

| | 2018 | | 2017 |
|--|---------------------------|--------------------|--------------|
| | Budget \$ [note 12] | Actual \$ | Actual \$ |
| ANNUAL OPERATING SURPLUS (DEFICIT) | (1,337,700) | 2,442,587 | 2,761,208 |
| Acquisition of tangible capital assets [Schedule 2] | - | (1,267,101) | (437,951) |
| Amortization of tangible capital assets [Schedule 2] | - | 2,659,649 | 2,278,592 |
| Proceeds on disposal of tangible capital assets | - | 596,234 | 241,378 |
| (Gain) loss on disposal of tangible capital assets | - | (490,248) | 75,561 |
| Addition of prepaid expense | - | (590,692) | (587,769) |
| Use of prepaid expense | - | 587,769 | 656,638 |
| | (1,337,700) | 3,938,198 | 4,987,657 |
| Remeasurement losses | - | (849,897) | (341,043) |
| CHANGE IN NET ASSETS (DEBT) | (1,337,700) | 3,088,301 | 4,646,614 |
| NET DEBT, BEGINNING OF YEAR | (2,708,667) | (2,708,667) | (7,355,281) |
| NET ASSETS (DEBT), END OF YEAR | (4,046,367) | 379,634 | (2,708,667) |

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

| | 2018 | 2017 |
|---|--------------------|-------------|
| | \$ | \$ |
| OPERATING | | |
| Annual surplus | 2,442,587 | 2,761,208 |
| Uses | | |
| Increase in accounts receivable | (552,666) | (140,780) |
| Increase in client benefit advances | (78,003) | - |
| Increase in interest receivable | (13,315) | (4,745) |
| Increase in HST receivable | - | (221,157) |
| Decrease in payable to participating municipalities and funded agencies | (47,136) | - |
| Decrease in due to Province of Ontario | - | (15,928) |
| Decrease in deferred revenue | (2,462,970) | (268,738) |
| Decrease in employee benefits obligation | (27,725) | (23,197) |
| Increase in prepaid expense | (2,923) | - |
| | (742,151) | 2,086,663 |
| Sources | | |
| Decrease in client benefit advances | - | 51,128 |
| Decrease in HST receivable | 48,583 | - |
| Increase in accounts payable and accrued liabilities | 268,632 | 631,317 |
| Increase in payable to participating municipalities and funded agencies | - | 56,832 |
| Increase in due to Province of Ontario | 3,193,579 | - |
| Decrease in prepaid expense | - | 68,869 |
| | 3,510,794 | 808,146 |
| Non-cash charges to operations | | |
| Amortization of tangible capital assets | 2,659,649 | 2,278,592 |
| Cash provided by operating transactions | 5,428,292 | 5,173,401 |
| CAPITAL | | |
| Acquisition of tangible capital assets | (1,267,101) | (437,951) |
| Proceeds on disposal of tangible capital assets | 596,234 | 241,378 |
| (Gain) loss on disposal of tangible capital assets | (490,248) | 75,561 |
| Cash used in capital transactions | (1,161,115) | (121,012) |
| INVESTING | | |
| Decrease (increase) in investments | 946,024 | (2,735,872) |
| FINANCING | | |
| Decrease in long-term debt | (2,298,583) | (3,248,525) |
| RE-MEASUREMENT | | |
| Net unrealized loss | (849,897) | (341,043) |
| NET INCREASE (DECREASE) IN CASH | 2,064,721 | (1,273,051) |
| CASH, BEGINNING OF YEAR | 12,933,706 | 14,206,757 |
| CASH, END OF YEAR | 14,998,427 | 12,933,706 |

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

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

December 31, 2018

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].

THE DISTRICT OF THUNDER BAY

SOCIAL SERVICES ADMINISTRATION BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2018

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:

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

December 31, 2018

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]*.

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

December 31, 2018

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 fair values due to the relative short periods to maturity of the instruments. The carrying value of 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 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:

| | 2018 | 2017 |
|--|----------------|------------------|
| | \$ | \$ |
| Participating municipalities | | |
| City of Thunder Bay | 12,159 | 12,164 |
| City of Thunder Bay (child care provider) | 83,710 | 89,643 |
| Municipality of Greenstone | 91 | 70 |
| Municipality of Greenstone (child care provider) | 5,942 | 8,220 |
| Township of Conmee | (6,162) | - |
| Township of Nipigon | (9,285) | - |
| Township of Red Rock | 2 | - |
| Funded agencies | | |
| Child care providers | 295,497 | 235,402 |
| Social housing providers | 593,215 | 676,571 |
| Other | - | 235 |
| | 975,169 | 1,022,305 |

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

December 31, 2018

4. DUE TO PROVINCE OF ONTARIO

Due to Province of Ontario consists of:

| | 2018 | 2017 |
|--|--------------------|-------------|
| | \$ | \$ |
| Due to Ministry of Children, Community and Social Services [MCCSS] | 1,300,806 | 2,177,716 |
| Due to Ministry of Education [EDU] | 5,330,619 | 186,485 |
| Due from Ministry of Municipal Affairs and Housing [MMAH] | (2,204,028) | (1,130,383) |
| | 4,427,397 | 1,233,818 |

5. DEFERRED REVENUE

Deferred revenue balance consists of the following:

| | 2018 | 2017 |
|--|------------------|-----------|
| | \$ | \$ |
| Child care and early years | 104,557 | 1,511,818 |
| Child care mitigation | 3,463,561 | 3,675,094 |
| Community Homelessness Prevention Initiative | - | 302,088 |
| Home for Good | 97,623 | - |
| Investment in Affordable Housing [Administration] | 63,157 | 63,286 |
| Investment in Affordable Housing [Homeowner] | 248,340 | 248,340 |
| Investment in Affordable Housing [Housing Allowance] | 42,469 | 201,484 |
| Investment in Affordable Housing [Ontario Renovates] | - | 20,429 |
| Investment in Affordable Housing [Revolving loan] | 759,475 | 695,280 |
| Miscellaneous | 28,180 | 37,625 |
| Northern Home Repair [Loan discharge] | 19,342 | 19,644 |
| Northern Home Repair [Wave 1] | 5,322 | 5,322 |
| Northern Home Repair [Wave 2] | 975 | 975 |
| Social Housing Apartment Retrofit Program | - | 465,525 |
| Strong Communities rent supplement | 66,909 | 43,302 |
| Tenant rent | 152,954 | 225,622 |
| | 5,052,864 | 7,515,834 |

6. LONG-TERM DEBT

Long-term debt balance consists of the following:

| | 2018 | 2017 |
|--------------------------------------|-------------------|------------|
| | \$ | \$ |
| Debt payable on direct-owned housing | 16,721,942 | 19,107,745 |
| Debt payable on office headquarters | 4,305,142 | 4,589,759 |
| Capital leases payable | 557,692 | 185,855 |
| | 21,584,776 | 23,883,359 |

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

December 31, 2018

- [i] Long-term debt includes various amounts payable as at December 31, 2018 on direct-owned housing:

| | 2018 | 2017 |
|--|-------------------|-------------|
| | \$ | \$ |
| <hr/> | | |
| Debt payable to: | | |
| Canada Mortgage and Housing Corporation [CMHC] | 5,706,026 | 6,726,952 |
| Other lenders | 11,015,916 | 12,380,793 |
| | 16,721,942 | 19,107,745 |

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, 2018 was \$22,917,073 [2017 - \$25,480,176].

The CMHC mortgages bear interest at rates between 1.0% and 3.5% [2017 – 1.0% and 3.5%]. These mortgages mature between 2021 and 2027.

The other long-term debt bears interest at rates between 1.9% and 6.1% [2017 – 1.9% and 6.1%]. These mortgages mature between 2022 and 2027.

- [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, 2018:

| | 2018 | 2017 |
|--|------------------|-------------|
| | \$ | \$ |
| <hr/> | | |
| TBDSSAB office headquarters loan payable | 4,322,000 | 4,585,000 |
| Fair value adjustment of derivative | (16,858) | 4,759 |
| | 4,305,142 | 4,589,759 |

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.

| | 2018 | 2017 |
|--|----------------|-------------|
| | \$ | \$ |
| <hr/> | | |
| Desktop computers | 103,284 | 165,256 |
| Disaster recovery computer equipment | 154,083 | 20,599 |
| Office headquarters computer equipment | 205,450 | - |
| Telephone system | 94,875 | - |
| | 557,692 | 185,855 |

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.

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The lease contract for the disaster recovery computer equipment, payable in monthly instalments of \$5,278 including harmonized sales tax and interest calculated at 5.78%, matured in June, 2018. A new lease contract for disaster recovery computer equipment was executed in 2018, payable in monthly instalments of \$3,653 including harmonized sales tax and interest calculated at 4.98%, maturing in June, 2023

The lease contract for the office headquarters computer equipment is payable in monthly instalments of \$5,224 including harmonized sales tax and interest calculated at 4.63%, maturing in February, 2023.

The lease contract for the telephone system is payable in monthly instalments of \$2,051 including harmonized sales tax and interest calculated at 1.98%, maturing in July, 2023.

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 | Capital | |
|-----------------|-----------------------------|-------------------|---------------------|----------------|-------------------|
| | CMHC | Other | Headquarters | Leases | Total |
| | \$ | \$ | \$ | \$ | \$ |
| 2019 | 970,287 | 1,398,132 | 271,000 | 168,256 | 2,807,675 |
| 2020 | 989,440 | 1,432,154 | 279,000 | 147,598 | 2,848,192 |
| 2021 | 942,328 | 1,467,525 | 288,000 | 106,285 | 2,804,138 |
| 2022 | 802,161 | 1,443,022 | 297,000 | 106,285 | 2,648,468 |
| 2023 | 817,483 | 1,235,181 | 306,000 | 29,268 | 2,387,932 |
| 2024 | 567,216 | 1,266,075 | 315,000 | - | 2,148,291 |
| 2025 | 303,602 | 1,287,694 | 326,000 | - | 1,917,296 |
| 2026 | 184,189 | 1,067,308 | 335,000 | - | 1,586,497 |
| 2027 | 129,320 | 418,825 | 346,000 | - | 894,145 |
| 2028 | - | - | 356,000 | - | 356,000 |
| 2029 and beyond | - | - | 1,203,000 | - | 1,203,000 |
| | 5,706,026 | 11,015,916 | 4,322,000 | 557,692 | 21,601,634 |

7. EMPLOYEE BENEFITS OBLIGATIONS

The employee benefits obligations of TBDSSAB are as follows:

| | 2018 | 2017 |
|----------------------------------|------------------|-------------|
| | \$ | \$ |
| Post-employment retiree benefits | 2,364,500 | 2,373,413 |
| Vacation entitlements | 197,304 | 216,116 |
| | 2,561,804 | 2,589,529 |

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[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, 2018 of \$2,046,114 [2017 – \$2,009,544] was determined by an actuarial valuation prepared for the year ended December 31, 2016, and updated for 2018.

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

| | 2018 | 2017 |
|--|------------------|-------------|
| | \$ | \$ |
| Accrued benefit liability, beginning of year | 2,373,413 | 2,334,834 |
| Expense for the year | 145,837 | 153,012 |
| Benefits paid for the year | (154,750) | (114,433) |
| Accrued benefit liability, end of year | 2,364,500 | 2,373,413 |

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, 2018 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, 2018 would amount to approximately \$197,304 [2017 - \$216,116].

[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, 2018 of \$0 [2017 - \$0] reflects the valuation as at December 31, 2017.

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[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, 2018 to December 31, 2018, employees contributed at levels of up to 14.6% of earnings [2017 – 14.6%]. TBDSSAB makes contributions equal to the employee contributions to the plan. Required contributions by TBDSSAB for 2018 amounted to \$996,152 [2017 - \$951,420]. 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.

8. COMMITMENTS

- [i] TBDSSAB has commitments under various building lease agreements expiring between 2019 and 2022. The following approximate annual rental payments are required under these operating leases.

| Year | Annual Payment |
|-------|----------------|
| 2019 | 69,225 |
| 2020 | 60,659 |
| 2021 | 43,675 |
| 2022 | 2,815 |
| Total | \$ 176,374 |

- [ii] TBDSSAB has commitments under various leases and service agreements for certain computer equipment and software expiring between 2020 and 2023. The following approximate annual payments are required under these agreements.

| Year | Annual Payment |
|-------|----------------|
| 2019 | 187,997 |
| 2020 | 164,696 |
| 2021 | 118,094 |
| 2022 | 118,094 |
| 2023 | 32,235 |
| Total | \$ 621,116 |

- [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, 2018 is \$4,322,000 [2017 - \$4,585,000]. 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%

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stamping fee for an all-in interest rate of 2.97% for the 15 year term. The approximate gain (cost) of breaking the swap rate loan agreement prior to maturation, given the market interest rates as at December 31, 2018, is estimated to be \$16,858 [2017 – (\$4,759)].

[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.

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, 2018, 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:

| | 2018 | 2017 |
|-----------------------------------|-------------------|-------------|
| | \$ | \$ |
| Reserve funds | | |
| Balance, beginning of year | 23,207,452 | 21,757,240 |
| Revenue | | |
| Transfers from current operations | 3,281,777 | 3,308,200 |
| Income earned | 637,611 | 1,151,506 |
| | 3,919,388 | 4,459,706 |
| Expenditures | | |
| Transfers to current operations | 2,623,706 | 3,009,494 |
| Balance, end of year | 24,503,134 | 23,207,452 |

11. DESIGNATED ASSETS

Of the assets reported on the consolidated statement of financial position, TBDSSAB has designated \$24,503,134 [2017 - \$23,207,452] to support reserve funds.

12. BUDGET AMOUNTS

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

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13. ONTARIO WORKS

| | Budget 2018 \$ | Actual 2018 \$ | Actual 2017 \$ |
|--------------------------------|----------------------|----------------------|----------------------|
| | <i>[note 12]</i> | | |
| Financial assistance | 25,972,000 | 25,024,895 | 25,515,001 |
| Program delivery | 8,450,900 | 7,840,442 | 7,571,462 |
| Employment assistance services | 2,738,800 | 2,738,700 | 2,661,626 |
| | 37,161,700 | 35,604,037 | 35,748,089 |

14. CHILD CARE AND EARLY YEARS

The expenses by program description under the child care and early years service agreement are outlined below:

| | Budget 2018 \$ | Actual 2018 \$ | Actual 2017 \$ |
|------------------------------------|----------------------|----------------------|----------------------|
| | <i>[note 12]</i> | | |
| Administration | 1,219,700 | 1,148,865 | 1,385,177 |
| Capacity building | 58,200 | 51,712 | 45,885 |
| Early Learning and Child Care | 1,304,100 | | 31,455 |
| Expansion plan | 3,346,100 | 214,400 | - |
| Fee stabilization support | 81,400 | 13,068 | - |
| Fee subsidy | 4,630,100 | 4,227,354 | 4,346,279 |
| General operating | 4,612,900 | 4,963,900 | 4,529,300 |
| Occupancy incentive | 300,000 | 300,000 | 300,000 |
| Ontario works formal | 300,000 | 255,757 | 271,647 |
| Ontario works informal | 40,000 | 40,296 | 37,781 |
| Pay equity | 104,300 | 104,300 | 104,300 |
| Play-based materials and equipment | | 11,196 | 81,800 |
| Repairs and maintenance | 36,700 | 55,438 | 52,093 |
| Small water works | 14,100 | 3,200 | 11,544 |
| Special needs resourcing | 1,590,600 | 1,590,600 | 1,588,730 |
| Transformation | - | - | 3,720 |
| Wage enhancement | 1,133,700 | 1,113,179 | 1,133,145 |
| EarlyON Child and Family Programs | | | |
| Data analysis services | 92,700 | 93,386 | - |
| Ontario early years centres | 2,225,300 | 2,222,055 | 848,067 |
| Planning | 27,000 | 18,535 | 21,503 |
| Planning - Indigenous | 30,400 | 12,104 | - |
| The Journey Together – capital | 240,000 | 277,114 | - |
| The Journey Together – operating | 1,108,100 | 1,389,490 | - |
| | 22,495,400 | 18,105,949 | 14,792,426 |

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TBDSSAB has a child care and early years 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 2018 year in the amount of \$18,267,408, relative to the EDU service agreement provided in the table below do not include adjustments for tangible capital assets (\$10,113), employee benefit obligations (\$4,303), or other adjustments (\$16,456) 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 2018 levy (\$192,331).

| | Non-Profit | Profit | Other | Total Expenses |
|---|-------------------|----------------|------------------|-------------------|
| Full Flexibility (2.3) | | | | |
| General operating | 4,798,200 | 465,700 | - | 5,263,900 |
| Fee subsidy – regular | 3,823,925 | 403,428 | - | 4,227,353 |
| Ontario Works – formal | 219,689 | 36,068 | - | 255,757 |
| Ontario Works – informal | - | - | 40,296 | 40,296 |
| Pay equity settlement | 104,300 | - | - | 104,300 |
| Special needs resourcing | 1,590,600 | - | - | 1,590,600 |
| Administration | - | - | 1,055,583 | 1,055,583 |
| Repairs and maintenance | 45,198 | 10,240 | - | 55,438 |
| Play-based equipment | 11,196 | - | - | 11,196 |
| Total (full flexibility) | 10,593,108 | 915,436 | 1,095,879 | 12,604,423 |
| Full Flexibility – Expansion (2.3A) | | | | |
| General operating – expansion | 214,400 | - | - | 214,400 |
| Total (full flexibility – expansion) | 214,400 | - | - | 214,400 |
| Limited Flexibility (2,3) | | | | |
| Capacity building | 51,713 | - | - | 51,713 |
| Small water works | 3,200 | - | - | 3,200 |
| Total (limited flexibility) | 54,913 | - | - | 54,913 |
| No Flexibility | | | | |
| TWOMO (2.7) | - | - | 192,331 | 192,331 |
| Wage enhancement (4.3) | - | - | 1,106,179 | 1,106,179 |
| Wage enhancement admin (4.3) | - | - | 69,410 | 69,410 |
| Fee stabilization support (4.4) | - | - | 13,068 | 13,068 |
| Total (no flexibility) | - | - | 1,380,988 | 1,380,988 |
| Total | 10,862,421 | 915,436 | 2,476,867 | 14,254,724 |

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| | Non-Profit | Profit | Other | Total Expenses |
|----------------------------------|------------|---------|-----------|----------------|
| Child and Family Programs | | | | |
| EarlyON child and family centre | 2,108,537 | - | 237,543 | 2,346,080 |
| Journey Together - capital | 277,114 | - | - | 277,114 |
| Journey Together - operating | 1,389,490 | - | - | 1,389,490 |
| Total child and family programs | 3,775,141 | - | 237,543 | 4,012,684 |
| Total child care and early years | 14,637,562 | 915,436 | 2,714,410 | 18,267,408 |

A further breakdown of these expenditures (excluding child and family programs) by child age group is provided below. The "Parent Fees" as indicated, were obtained from the Ontario Child Care Management System and are pro-rated in each age group based on the average number of children in each group and added to the TBDSSAB subsidy provided to child care providers to arrive at the "Gross Expense".

| | 0-4 (Infant, Toddler, Preschool) | | | 4-6 (Kindergarten) | | |
|--------------------------------------|----------------------------------|-------------|------------------------|--------------------|-------------|------------------------|
| | Gross Expense | Parent Fees | Adjusted Gross Expense | Gross Expense | Parent Fees | Adjusted Gross Expense |
| Full Flexibility (2.3) | | | | | | |
| General operating | 4,495,700 | - | 4,495,700 | 296,300 | - | 296,300 |
| Fee subsidy – regular | 2,835,259 | (413,881) | 2,421,378 | 1,085,677 | (165,377) | 920,300 |
| Ontario Works – formal | 165,456 | - | 165,456 | 66,183 | - | 66,183 |
| Ontario Works – informal | 34,696 | - | 34,696 | 2,200 | - | 2,200 |
| Pay equity settlement | - | - | - | - | - | - |
| Special needs resourcing | 794,300 | - | 794,300 | 317,500 | - | 317,500 |
| Administration | - | - | - | - | - | - |
| Repairs and maintenance | 29,542 | - | 29,542 | 10,327 | - | 10,327 |
| Play-based equipment | 7,802 | - | 7,802 | 1,353 | - | 1,353 |
| Total (full flexibility) | 8,362,755 | (413,881) | 7,948,874 | 1,779,540 | (165,377) | 1,614,163 |
| Full Flexibility – Expansion (2.3A) | | | | | | |
| General operating – expansion | 214,400 | - | 214,400 | - | - | - |
| Total (full flexibility – expansion) | 214,400 | - | 214,400 | - | - | - |
| Limited Flexibility (2,3) | | | | | | |
| Capacity building | 25,824 | - | 25,824 | 10,324 | - | 10,324 |
| Small water works | - | - | - | - | - | - |
| Total (limited flexibility) | 25,824 | - | 25,824 | 10,324 | - | 10,324 |
| No Flexibility | | | | | | |
| TWOMO (2.7) | - | - | - | - | - | - |
| Wage enhancement (4.3) | - | - | - | - | - | - |
| Wage enhancement admin (4.3) | - | - | - | - | - | - |
| Fee stabilization support (4.4) | - | - | - | - | - | - |
| Total (no flexibility) | - | - | - | - | - | - |
| Total | 8,602,979 | (413,881) | 8,189,098 | 1,789,864 | (165,377) | 1,624,487 |

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| | 6-12 (School Aged) | | | Unspecified Age Group | | |
|---|--------------------|------------------|------------------------|-----------------------|-------------|------------------------|
| | Gross Expense | Parent Fees | Adjusted Gross Expense | Gross Expense | Parent Fees | Adjusted Gross Expense |
| Full Flexibility (2.3) | | | | | | |
| General operating | 471,900 | - | 471,900 | - | - | - |
| Fee subsidy – regular | 1,040,097 | (154,422) | 885,675 | - | - | - |
| Ontario Works – formal | 24,118 | - | 24,118 | - | - | - |
| Ontario Works – informal | 3,400 | - | 3,400 | - | - | - |
| Pay equity settlement | - | - | - | 104,300 | - | 104,300 |
| Special needs resourcing | 478,800 | - | 478,800 | - | - | - |
| Administration | - | - | - | 1,055,583 | - | 1,055,583 |
| Repairs and maintenance | 15,569 | - | 15,569 | - | - | - |
| Play-based equipment | 2,041 | - | 2,041 | - | - | - |
| Total (full flexibility) | 2,035,925 | (154,422) | 1,881,503 | 1,159,883 | - | 1,159,883 |
| Full Flexibility – Expansion (2.3A) | | | | | | |
| General operating – expansion | - | - | - | - | - | - |
| Total (full flexibility – expansion) | - | - | - | - | - | - |
| Limited Flexibility (2,3) | | | | | | |
| Capacity building | 15,565 | - | 15,565 | - | - | - |
| Small water works | - | - | - | 3,200 | - | 3,200 |
| Total (limited flexibility) | 15,565 | - | 15,565 | 3,200 | - | 3,200 |
| No Flexibility | | | | | | |
| TWOMO (2.7) | - | - | - | 192,331 | - | 192,331 |
| Wage enhancement (4.3) | - | - | - | 1,106,179 | - | 1,106,179 |
| Wage enhancement admin (4.3) | - | - | - | 69,410 | - | 69,410 |
| Fee stabilization support (4.4) | - | - | - | 13,068 | - | 13,068 |
| Total (no flexibility) | - | - | - | 1,380,988 | - | 1,380,988 |
| Total | 2,051,490 | (154,422) | 1,897,068 | 2,544,071 | - | 2,544,071 |

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Revenues for the 2018 year in the amount of \$21,885,286, relative to the EDU service agreement are provided in the table below. Actual cashflow from the EDU relative to the 2018 funding year was \$19,954,841 (excluding the TWOMO levy portion). TBDSSAB also utilized \$211,533 from its child care mitigation fund (deferred revenue) and \$214,400 from 2017 expansion plan carryover funding (deferred revenue). TBDSSAB has recorded \$104,557 as deferred revenue related to the Early Learning Child Care funding and \$3,937,927 (including \$31,880 related to child and family programs) as due to the EDU for the 2018 year. As directed by the EDU, the table below includes the amount paid by the EDU for its share of the annual TBDSSAB levy (\$193,659).

| | Ministry of Education | | | Legislated Cost Share | Total Revenues | |
|---|-----------------------|---------------------|-------------------|--------------------------|-------------------|-------------------|
| | Base | Expansion Year 2 | Subtotal | | | |
| Full Flexibility | | | | | | |
| Core services delivery (100%) | 2,116,978 | 141,479 | 2,258,457 | 0% | - | 2,258,457 |
| Core services delivery (80/20) | 5,611,740 | - | 5,611,740 | 20% | 1,402,935 | 7,014,675 |
| Core services delivery (50/50) | 333,851 | - | 333,851 | 50% | 333,851 | 667,702 |
| Language | 212,355 | 3,724 | 216,079 | 0% | - | 216,079 |
| Indigenous | 165,076 | 2,895 | 167,971 | 0% | - | 167,971 |
| Cost of living | 277,031 | 4,858 | 281,889 | 0% | - | 281,889 |
| Rural/remote | 1,936,025 | 33,953 | 1,969,978 | 0% | - | 1,969,978 |
| Utilization adjustment | (18,641) | - | (18,641) | 0% | - | (18,641) |
| Repairs and maintenance | 21,689 | 394 | 22,083 | 0% | - | 22,083 |
| Total (full flexibility) | 10,656,104 | 187,303 | 10,843,407 | | 1,736,786 | 12,580,193 |
| Limited Flexibility | | | | | | |
| Capacity building | 58,753 | 1,036 | 59,789 | 0% | - | 59,789 |
| Small water works | 14,080 | - | 14,080 | 0% | - | 14,080 |
| Total (limited flexibility) | 72,833 | 1,036 | 73,869 | | - | 73,869 |
| No Flexibility | | | | | | |
| TWOMO | 193,659 | - | - | 0% | - | 193,659 |
| Wage enhancement | 1,318,080 | - | - | 0% | - | 1,318,080 |
| Fee stabilization | 325,607 | - | - | 0% | - | 325,607 |
| Licensed home child care | 56,925 | - | - | 0% | - | 56,925 |
| Expansion year 1 | 2,091,253 | - | - | 0% | - | 2,091,253 |
| ELCC | 1,045,573 | - | - | 0% | - | 1,045,573 |
| Expansion plan capital spaces | - | 155,563 | - | 0% | - | 155,563 |
| Total (no flexibility) | 5,031,097 | 155,563 | 5,186,660 | | - | 5,186,660 |
| Total | 15,760,034 | 343,902 | 16,103,936 | | 1,736,786 | 17,840,722 |
| Child and Family Programs | | | | | | |
| EarlyON child and family centre | 2,375,429 | - | 2,375,429 | 0% | - | 2,375,429 |
| Journey Together - capital | 279,645 | - | 279,645 | 0% | - | 279,645 |
| Journey Together - operating | 1,389,490 | - | 1,389,490 | 0% | - | 1,389,490 |
| Total child and family programs | 4,044,564 | - | 4,044,564 | | - | 4,044,564 |
| Total child care and early years | 19,804,598 | 343,902 | 20,148,500 | | 1,736,786 | 21,885,286 |

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

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15. SOCIAL AND AFFORDABLE HOUSING

Each year TBDSSAB is required to provide the MMAH 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 2018 SMAIR, TBDSSAB has attributed \$5,717,124 [2017 - \$5,575,316] to the Public Housing program and \$4,163,530 [2017 - \$5,070,294] to the Provincial Reformed program. The expenses by program for are as follows:

| | Budget 2018 \$ | Actual 2018 \$ | Actual 2017 \$ |
|---|-------------------------------|-------------------------------|-------------------------------|
| | <i>[note 12]</i> | | |
| Social and Affordable Housing (External Transfers) | | | |
| Provincial reformed | 6,328,400 | 6,155,066 | 6,332,452 |
| NHA Section 95 private non-profit | 1,100 | 1,048 | 12,576 |
| Portable Housing Benefit | 57,000 | 9,438 | - |
| Rent supplement – private landlord | 3,338,800 | 3,033,735 | 3,106,522 |
| Rent supplement – non-profit | 1,771,200 | 1,636,032 | 1,663,538 |
| Strong Communities – regular | 362,500 | 362,494 | 387,402 |
| Strong Communities – MCCSS | 28,700 | 23,335 | 21,330 |
| Strong Communities – MOHLTC | 46,000 | 27,782 | 28,067 |
| Urban Native, Pre-1986 | 683,000 | 643,236 | 683,476 |
| Urban Native, Post-1985 | 1,474,900 | 1,490,081 | 1,428,741 |
| Affordable Housing Program (NHRP Wave 1) | - | - | 283 |
| Investment in Affordable Housing (IAH) | | | |
| Rent supplement | 90,000 | 109,652 | 89,740 |
| Revolving loan | - | 27,890 | - |
| IAH Extension | | | |
| Administration | 84,300 | 84,300 | 84,380 |
| Housing Allowance | 246,000 | 252,765 | 211,391 |
| Ontario renovates | 227,200 | 241,997 | 650,185 |
| Rental housing | 2,098,800 | 1,068,200 | 650,000 |
| IAH Social Infrastructure Fund | | | |
| Administration | 95,100 | 98,946 | 167,288 |
| Ontario renovates | 569,400 | 420,594 | 498,726 |
| Rental housing | 1,147,900 | 639,680 | 440,000 |
| Social Housing Improvement Program (SHIP) | - | 13,318 | 320,746 |
| Survivors of Domestic Violence (SDV) | 47,300 | 114,428 | 90,175 |
| Social Housing Apartment Retrofit Program (SHARP) | | | |
| Administration | - | 39,999 | 79,689 |
| Social Housing Apartment Improvement Program (SHAIP) | | | |
| Administration | 88,700 | 85,845 | - |
| | 18,786,300 | 16,579,861 | 16,946,707 |

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

December 31, 2018

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 of Thunder Bay.

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 IAH-Rental Housing funds and Community Social Reinvestment Program funds to the Township of Nipigon.

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

The Township of Schreiber provided rental accommodations to TBDSSAB.

| | 2018 | 2017 |
|---|------------------|-------------|
| | \$ | \$ |
| Amounts owing to (from) related parties, included in Payable to participating municipalities and funded agencies: | | |
| City of Thunder Bay | 95,869 | 101,807 |
| Municipality of Greenstone | 6,033 | 8,290 |
| Amounts paid to related parties for purchased services and rent, included in expenses: | | |
| City of Thunder Bay | 1,841,442 | 1,740,621 |
| Municipality of Greenstone | 500,163 | 534,950 |
| Township of Manitouwadge | 628 | 8,365 |
| Township of Nipigon | 250,095 | 270 |
| Township of Red Rock | 10,750 | 10,000 |
| Township of Schreiber | 6,974 | 8,951 |

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

December 31, 2018

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 2018 comparative figures have been reclassified to conform to the presentation adopted in the current year.

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 Intake Services | | Ontario Works and Addiction Services Initiative | | Child Care Programs | |
|--|---|----------------|--------------------------------------|-----------|--|-------------------|------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | | | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | |
| Levy to municipalities and TWOMO | (84,000) | (84,000) | - | - | 4,220,400 | 4,947,500 | 1,740,400 | 1,925,500 |
| Provincial grants | - | - | - | - | 32,323,852 | 31,907,530 | 16,338,290 | 12,802,020 |
| Federal grants | - | - | - | - | - | - | - | 31,455 |
| Rents | - | - | - | - | - | - | - | - |
| Income earned on unrestricted funds | 268,420 | 102,452 | - | - | - | - | - | - |
| Income earned on reserve funds | 138,182 | 92,525 | - | - | - | 7,152 | 15,049 | 11,554 |
| Other | 26,793 | 296,443 | - | - | 24,137 | 294 | - | - |
| | <u>349,395</u> | <u>407,420</u> | <u>-</u> | <u>-</u> | <u>36,568,389</u> | <u>36,862,476</u> | <u>18,093,739</u> | <u>14,770,529</u> |
| Expenses | | | | | | | | |
| Salaries, wages & employee benefits | 3,563,427 | 3,399,292 | 773,229 | 812,759 | 4,417,295 | 4,408,619 | 679,874 | 592,228 |
| Interest on long-term debt | 123,305 | 129,572 | - | - | - | - | - | - |
| Materials | 1,710,198 | 1,658,884 | 21,985 | 11,266 | 712,218 | 596,762 | 65,467 | 80,466 |
| Contracted services | 178,817 | 208,012 | - | - | 24,007 | 11,184 | - | 43,757 |
| Rents and financial expenses | 15,755 | 11,134 | - | - | 88,389 | 84,839 | 1,762 | 23,574 |
| (Gain) loss on disposal of assets | 41,197 | - | - | - | - | - | - | - |
| External transfers | - | - | - | - | 26,294,377 | 26,907,634 | 16,624,393 | 13,362,172 |
| Amortization | 556,038 | 495,086 | 2,683 | 2,685 | - | 8,442 | 16,456 | 16,459 |
| Allocation of internal administration | (6,188,737) | (5,901,980) | (797,897) | (826,710) | 4,677,233 | 4,411,425 | 717,997 | 673,770 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>36,213,519</u> | <u>36,428,905</u> | <u>18,105,949</u> | <u>14,792,426</u> |
| Excess (deficiency) of revenues over expenses | <u>349,395</u> | <u>407,420</u> | <u>-</u> | <u>-</u> | <u>354,870</u> | <u>433,571</u> | <u>(12,210)</u> | <u>(21,897)</u> |

**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 | |
|--|-----------------------------------|-------------------|-----------------|------------------|--------------------|--------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | |
| Levy to municipalities and TWOMO | 16,370,000 | 16,183,700 | 559,900 | 537,300 | 22,806,700 | 23,510,000 |
| Provincial grants | 8,774,142 | 6,712,782 | 22,000 | - | 57,458,284 | 51,422,332 |
| Federal grants | 10,623,742 | 12,586,075 | - | - | 10,623,742 | 12,617,530 |
| Rents | 10,887,090 | 10,734,434 | - | - | 10,887,090 | 10,734,434 |
| Income earned on unrestricted funds | - | - | - | - | 268,420 | 102,452 |
| Income earned on reserve funds | 483,328 | 1,031,671 | 1,052 | 8,604 | 637,611 | 1,151,506 |
| Other | 316,381 | 287,081 | - | - | 367,311 | 583,818 |
| | 47,454,683 | 47,535,743 | 582,952 | 545,904 | 103,049,158 | 100,122,072 |
| Expenses | | | | | | |
| Salaries, wages & employee benefits | 4,437,118 | 4,084,383 | 3,915 | - | 13,874,858 | 13,297,281 |
| Interest on long-term debt | 404,224 | 497,048 | - | - | 527,529 | 626,620 |
| Materials | 18,448,648 | 19,090,994 | 18,085 | - | 20,976,601 | 21,438,372 |
| Contracted services | 60,394 | 39,821 | - | - | 263,218 | 302,774 |
| Rents and financial expenses | (61,507) | 27,588 | - | - | 44,399 | 147,135 |
| (Gain) loss on disposal of assets | (531,445) | 75,561 | - | - | (490,248) | 75,561 |
| External transfers | 18,687,364 | 18,338,493 | 587,677 | 589,882 | 62,193,811 | 59,198,181 |
| Amortization | 2,084,472 | 1,752,268 | - | - | 2,659,649 | 2,274,940 |
| Allocation of internal administration | 1,591,404 | 1,577,995 | - | 65,500 | - | - |
| | 45,120,672 | 45,484,151 | 609,677 | 655,382 | 100,049,817 | 97,360,864 |
| Excess (deficiency) of revenues over expenses | 2,334,011 | 2,051,592 | (26,725) | (109,478) | 2,999,341 | 2,761,208 |

**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 | 2018 | 2017 |
|--|-------------------|----------------------|-------------------|----------------|------------------|----------------|--------------------------|------------------------------|--------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| COST | | | | | | | | | | |
| Balance, beginning of year | 10,004,532 | 356,222 | 89,727,332 | 378,451 | 1,479,621 | 431,529 | 3,578,033 | 94,753 | 106,050,473 | 106,576,659 |
| Add: | | | | | | | | | | |
| Additions during the year | 65,800 | - | - | - | 426,006 | - | 775,295 | - | 1,267,101 | 437,951 |
| Less: | | | | | | | | | | |
| Deductions during the year | (37,191) | - | (295,504) | - | (374,209) | - | (12,029) | | (718,933) | (964,137) |
| Transfers during the year | - | - | - | - | - | - | 66,479 | (66,479) | - | (964,137) |
| BALANCE, END OF YEAR | 10,033,141 | 356,222 | 89,431,828 | 378,451 | 1,531,418 | 431,529 | 4,407,778 | 28,274 | 106,598,641 | 105,086,336 |
| ACCUMULATED AMORTIZATION | | | | | | | | | | |
| Balance, beginning of year | - | 166,690 | 55,208,234 | 337,009 | 956,429 | 258,918 | 1,228,471 | - | 58,155,751 | 56,524,357 |
| Add: | | | | | | | | | | |
| Amortization during the year | - | 35,622 | 1,695,629 | 16,487 | 235,819 | 43,153 | 632,939 | - | 2,659,649 | 2,278,592 |
| Less: | | | | | | | | | | |
| Accumulated amortization on deductions | - | - | (273,520) | - | (333,011) | - | (6,416) | - | (612,947) | (647,198) |
| BALANCE, END OF YEAR | - | 202,312 | 56,630,343 | 353,496 | 859,237 | 302,071 | 1,854,994 | - | 60,202,453 | 58,155,751 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 10,033,141 | 153,910 | 32,801,485 | 24,955 | 672,181 | 129,458 | 2,552,784 | 28,274 | 46,396,188 | 46,930,585 |

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

Consolidated Schedule of Accumulated Surplus

Year ended December 31

Schedule 3

| | 2018 | 2017 |
|--|--------------------|-------------|
| | \$ | \$ |
| RESERVE FUNDS | | |
| Capital regeneration | 806,366 | 234,507 |
| Community social reinvestment program | - | 32,981 |
| Direct-owned housing portfolio capital replacement | 10,364,006 | 10,197,588 |
| Early years | 486,801 | 471,752 |
| Employment compensation and benefits | 983,121 | 952,729 |
| Levy stabilization | 2,523,804 | 2,445,783 |
| Office building capital | 1,146,866 | 933,197 |
| Social housing | 8,192,170 | 7,938,915 |
| Total - Reserve Funds | 24,503,134 | 23,207,452 |
| SURPLUSES (DEFICITS) | | |
| Invested in tangible capital assets | 24,811,412 | 24,011,363 |
| General | (1,948,032) | (1,444,991) |
| Total - Surpluses | 22,863,380 | 22,566,372 |
| ACCUMULATED SURPLUS | 47,366,514 | 45,773,824 |