



	REPORT NO.: 2018-21
MEETING DATE: APRIL 19, 2018	DATE PREPARED: MARCH 23, 2018
SUBJECT: THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD 2017 FOURTH QUARTER FINANCIAL REPORT AND PROGRAM LEVY OPERATING SURPLUS DISPOSITION	

RECOMMENDATION

THAT with respect to Report No. 2018-21 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the 2017 program levy operating surplus of \$556,754 be distributed to member municipalities and Territories without Municipal Organization, based on the 2017 weighted assessment calculation.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the 2017 Fourth Quarter Financial Report, and to provide the Board with a recommendation regarding disposition of the 2017 program levy operating surplus.

BACKGROUND

In accordance with Budget Policy #CS-02:83, a Financial Report is prepared and reported to the Board quarterly, to provide a comparison of year-to-date and forecast revenues and expenditures to the approved Budget. The Financial Report includes an explanation of significant variances to the approved Budget, by program area. The year-to-date and forecast information is provided on the same basis that Federal and Provincial funding is provided, where certain accruals for potential future employee entitlements are not considered, and are only funded when paid, and purchases of capital assets are reported as expenditures in the year purchased.

At the June 2017 meeting, the Board approved a new format to present quarterly financial information. The 2017 Fourth Quarter Financial Report is presented in this new format.

COMMENTS

Overall, gross spending on TBDSSAB-delivered programs, for the period ended December 31, 2017, was \$3,473,069 (3.5%) less than Budget, with a program levy operating surplus of \$556,754 (2.37% of the 2017 levy). A summary of net cost variances, by program, is presented below:

Variations	
Ontario Works (OW)	\$533,204
Child Care and Early Years	2,023
Social and Affordable Housing	3,075
Unrestricted Interest Revenue	18,452
2017 Program Levy Operating Surplus	\$556,754

This result is slightly more favourable than the 2017 Third Quarter Financial Report projection (Surplus: \$541,700). Highlights for the 2017 year, and detailed variance explanations, are provided in Attachment 1: 2017 Fourth Quarter Financial Report.

DISTRIBUTION OF 2017 PROGRAM LEVY OPERATING SURPLUS

Since most of the program levy operating surplus was generated in OW, and since the Province has now fully uploaded the municipal share of OW financial and employment assistance costs, Administration is recommending the full 2017 program levy operating surplus, of \$556,754, be distributed to member municipalities using the 2017 weighted assessment calculation. The amounts to be distributed to each municipality are indicated in Attachment 2: Distribution of the 2017 Program Levy Operating Surplus by Municipality.

FINANCIAL LEGISLATIVE COMPLIANCE

TBDSSAB is required to file and remit payment for certain Federal, Provincial and other payroll remittances and contributions, including Canada Pension Plan, Employment Insurance, Employee Income Tax, Employer Health Tax, Harmonized Sales Tax, and the Ontario Municipal Employee Retirement Savings Plan. All filings and remittances were made in accordance with the established requirements and timelines.

TBDSSAB is also required to file and submit certain financial and program reports to the Province, in accordance with its various funding agreements. All reports were filed in accordance with the established requirements and timelines.

FINANCIAL IMPLICATIONS

This Report provides the financial results for the 2017 year, on the same basis as the approved Budget.

The financial implications relate to the disposition of the 2017 program levy operating surplus of \$556,754. Administration is recommending the full amount be distributed to member municipalities. The financial impact for each municipality is presented in Attachment 2.



CONCLUSION

It is concluded that the 2017 Fourth Quarter Financial Report indicates a program levy operating surplus for the year of \$556,754, or 2.37% of the 2017 levy.

It is further concluded that the 2017 program levy operating surplus should be distributed to member municipalities using the 2017 weighted assessment calculation.

REFERENCE MATERIALS ATTACHED

- Attachment 1: [2017 Fourth Quarter Financial Report](#)
- Attachment 2: [Distribution of the 2017 Program Levy Operating Surplus by Municipality](#)

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APPROVED / SIGNATURE:	 Georgina Daniels, FCPA, FCA, Director - Corporate Services Division The District of Thunder Bay Social Services Administration Board
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**THE DISTRICT OF THUNDER BAY
SOCIAL SERVICES ADMINISTRATION BOARD**

2017 FOURTH QUARTER FINANCIAL REPORT

Operating Budget



INTRODUCTION

A financial report is prepared and reported to The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) quarterly to provide a comparison of year-to-date and forecast revenues and expenses to the approved budget, and includes an explanation of significant variances to the approved budget, by program area.

This report is provided on the same basis that Provincial funding is provided, and matches the annual budget format, where certain accruals for potential future employee entitlements are not considered and are only funded when paid, and purchases of capital assets are reported as expenditures in the year purchased. This report will identify any program levy operating surplus, or deficit, for the year.

EXECUTIVE SUMMARY

Reflecting results for the 12-month period ending December 31, 2017, this Report provides an indication of TBDSSAB's financial status for the year, and identification of any significant variances from the 2017 approved Operating Budget.

Table 1 shows the 2017 Operating Budget revenue and expenditures, and actual results for the year.

Table 1:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	23,510.0	23,510.0	-	0.0%	23,510.0	23,510.0	-	0.0%
Federal grants	14,337.6	12,617.5	(1,720.1)	-12.0%	14,337.6	12,617.5	(1,720.1)	-12.0%
Provincial grants	52,725.8	51,422.3	(1,303.5)	-2.5%	52,725.8	51,422.3	(1,303.5)	-2.5%
Rents and other revenue	10,945.4	11,051.6	106.2	1.0%	10,945.4	11,051.6	106.2	1.0%
Interest on unrestricted funds	84.0	102.5	18.5	22.0%	84.0	102.5	18.5	22.0%
From (to) reserve funds	(2,010.9)	(2,022.1)	(11.2)	0.6%	(2,010.9)	(2,022.1)	(11.2)	0.6%
Total Financing	99,591.9	96,681.8	(2,910.1)	-2.9%	99,591.9	96,681.8	(2,910.1)	-2.9%
Expenses								
Personnel services	14,039.2	13,320.5	718.7	5.1%	14,039.2	13,320.5	718.7	5.1%
Interest on long-term debt	635.5	626.6	8.9	1.4%	635.5	626.6	8.9	1.4%
Materials	19,875.6	19,548.0	327.6	1.6%	19,875.6	19,548.0	327.6	1.6%
Contract services	270.2	295.9	(25.7)	-9.5%	270.2	295.9	(25.7)	-9.5%
Rents and financial expenses	176.5	123.6	52.9	30.0%	176.5	123.6	52.9	30.0%
External transfers-funded agency	32,616.7	29,958.5	2,658.2	8.1%	32,616.7	29,958.5	2,658.2	8.1%
External transfers-persons	28,947.6	29,277.4	(329.8)	-1.1%	28,947.6	29,277.4	(329.8)	-1.1%
Loan principal repayment	3,030.6	2,974.6	56.0	1.8%	3,030.6	2,974.6	56.0	1.8%
Total Expenses	99,591.9	96,125.0	3,466.9	3.5%	99,591.9	96,125.0	3,466.9	3.5%
Excess (Deficiency) of Revenues over Expenses	-	556.8	556.8	n/a	-	556.8	556.8	n/a



Highlights for the 2017 year include:

Federal and Provincial Grants	\$3,023,600 (4.5%) unfavourable
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Federal and Provincial Grants were \$3,023,600 less than budget in 2017. Federal and Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense variances are discussed below.

Personnel Services	\$718,700 (5.1%) favourable
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Personnel Services were \$718,700 under budget in 2017 due to temporarily-vacant staff positions.

Materials	\$327,600 (1.6%) favourable
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Materials were under budget by \$327,600 in 2017. The favourable variance is due to many factors, including lower costs incurred under the various 100% Federally-/Provincially-funded housing programs and lower electricity costs, offset somewhat by higher costs for repairs and maintenance on direct-owned buildings, snow removal, sanding and de-icing, and pest management.

External Transfers – Funded Agency	\$2,658,200 (8.1%) favourable
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External Transfers to funded agencies were \$2,658,200 less than budget in 2017 due, mainly, to Investment in Affordable Housing funds that will be deferred in 2017 and issued to proponents in 2018. These amounts are funded, 50/50, between the Federal and Provincial governments.

External Transfers – Persons	\$329,800 (1.1%) unfavourable
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External Transfers to individuals and families were higher than budget by \$329,800 in 2017, due, mainly, to higher Ontario Works' (OW) financial assistance benefits (approximately 97.2% Provincially funded) and Housing Security Fund issuances funded through the Community Homelessness Prevention Initiative (CHPI) (100% Provincially funded).

Overall, TBDSSAB incurred a favourable program levy operating surplus of \$556,754 for the 2017 year. Table 2 provides a breakdown of the year-end surplus, by program.

Table 2:

2017 Program Levy Operating Surplus	
Ontario Works	\$ 533,204
Child Care and Early Years	2,023
Social and Affordable Housing	3,075
Unrestricted Interest Revenue	18,452
Program Levy Operating Surplus	\$ 556,754



2017 FOURTH QUARTER OPERATING BUDGET RESULTS

The Fourth Quarter Report provides TBDSSAB's financial status for the year ending December 31, 2017, and identifies any significant variances from the 2017 Operating Budget. Overall, TBDSSAB recorded a net surplus of \$556,754 for the 2017 year. The financial detail for each program area is provided below.

A. Corporate Management and Program Support

Corporate Management and Program Support consists of Board, Office of the Chief Administrative Officer, Corporate Services, certain senior management costs, and headquarters' operating costs.

Table 3:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Allocation								
Ontario Works	4,034.2	3,882.9	(151.3)	-3.8%	4,034.2	3,882.9	(151.3)	-3.8%
Addiction services initiative	54.7	52.5	(2.2)	-4.1%	54.7	52.5	(2.2)	-4.1%
Child care programs	571.8	544.8	(27.0)	-4.7%	571.8	544.8	(27.0)	-4.7%
Housing programs	1,360.2	1,299.5	(60.7)	-4.5%	1,360.2	1,299.5	(60.7)	-4.5%
Total Allocation	6,020.9	5,779.7	(241.2)	-4.0%	6,020.9	5,779.7	(241.2)	-4.0%
Financing								
Levy to municipalities & TWOMO	(84.0)	(84.0)	-	0.0%	(84.0)	(84.0)	-	0.0%
Provincial grants	73.2	73.2	(0.0)	-0.1%	73.2	73.2	(0.0)	-0.1%
Other revenue	23.5	29.8	6.3	26.6%	23.5	29.8	6.3	26.6%
Interest on unrestricted funds	84.0	102.5	18.5	22.0%	84.0	102.5	18.5	22.0%
Total Financing	96.7	121.4	24.7	25.5%	96.7	121.4	24.7	25.5%
Expenses								
Personnel services	3,548.2	3,418.4	129.8	3.7%	3,548.2	3,418.4	129.8	3.7%
Interest on long-term debt	114.4	129.6	(15.2)	-13.3%	114.4	129.6	(15.2)	-13.3%
Materials	1,844.8	1,770.3	74.5	4.0%	1,844.8	1,770.3	74.5	4.0%
Contract services	227.2	208.0	19.2	8.4%	227.2	208.0	19.2	8.4%
Rents and financial expenses	14.9	11.1	3.8	25.3%	14.9	11.1	3.8	25.3%
Loan principal repayment	262.0	235.0	27.0	10.3%	262.0	235.0	27.0	10.3%
Internal administrative expense	151.1	151.1	-	0.0%	151.1	151.1	-	0.0%
Total Expenses	6,162.6	5,923.5	239.1	3.9%	6,162.6	5,923.5	239.1	3.9%
Recoveries								
From housing programs	22.8	16.6	6.2	27.1%	22.8	16.6	6.2	27.1%
From homelessness programs	22.2	24.3	(2.1)	-9.4%	22.2	24.3	(2.1)	-9.4%
Total Expenses Less Recoveries	6,117.6	5,882.6	235.0	3.8%	6,117.6	5,882.6	235.0	3.8%
Excess (Deficiency) of Revenues over Expenses	-	18.5	18.5	n/a	-	18.5	18.5	n/a



Table 3, above, shows the 2017 Operating Budget revenues and expenditures, and results for the 2017 year. Overall, Corporate Management and Program Support expenses were under budget by \$235,000 in 2017.

The net cost related to Corporate Management and Program Support is allocated to programs as Internal Administrative Expense, based on a pre-determined weighting approved through the annual Operating Budget. Expense highlights for 2017 include:

Personnel Services	\$129,800 (3.7%) favourable
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Personnel Services' expenses were under budget by \$129,800 in 2017, primarily due to temporarily-vacant staff positions during the year.

Interest on Long-term Debt	\$15,200 (13.3%) unfavourable
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Interest on long-term debt, which was higher than budget by \$15,200 in 2017, relates to the office headquarters' loan. The loan renewed in 2017 at a slightly higher interest rate than anticipated, as the terms of the loan were locked in for the remaining 15-year amortization period.

Materials	\$74,500 (4.0%) favourable
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Materials' expenses were under budget by \$74,500 in 2017 due to training, travel, technology, and office budgets that were not fully expended.

Contract Services	\$19,200 (8.4%) favourable
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Contract Services' expenses were under budget by \$19,200 in 2017 due to lower consulting fees and legal costs during the year.

Loan Principal Repayment	\$27,000 (10.3%) favourable
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Loan principal repayment of the office headquarters' loan was \$27,000 under budget in 2017. The first payment after the loan renewal did not include principal repayment, which resulted in expenses being \$27,000 less than budget at year end.



B. Integrated Client Services

Integrated Client Services includes costs associated with the shared intake and reception area located at the TBDSSAB headquarters.

Table 4, below, shows the 2017 Operating Budget revenues and expenditures, and results for the year ending December 31, 2017. Overall, Integrated Client Services expenses were under budget by \$151,300 at year end.

Table 4:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Allocation								
Ontario Works	720.9	605.9	(115.0)	-15.9%	720.9	605.9	(115.0)	-15.9%
Addiction services initiative	19.0	15.9	(3.1)	-16.1%	19.0	15.9	(3.1)	-16.1%
Child care programs	47.4	39.9	(7.5)	-15.9%	47.4	39.9	(7.5)	-15.9%
Housing programs	161.3	135.5	(25.8)	-16.0%	161.3	135.5	(25.8)	-16.0%
Total Allocation	948.6	797.3	(151.3)	-16.0%	948.6	797.3	(151.3)	-16.0%
Expenses								
Personnel services	943.7	810.2	133.5	14.1%	943.7	810.2	133.5	14.1%
Materials	27.6	11.3	16.3	59.2%	27.6	11.3	16.3	59.2%
Total Expenses	971.3	821.5	149.8	15.4%	971.3	821.5	149.8	15.4%
Recoveries								
From homelessness programs	22.7	24.2	(1.5)	-6.7%	22.7	24.2	(1.5)	-6.7%
Total Expenses Less Recoveries	948.6	797.3	151.3	16.0%	948.6	797.3	151.3	16.0%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a

The net cost related to Integrated Client Services is allocated to programs as Internal Administrative Expense, based on a pre-determined weighting approved through the annual Operating Budget. Expense highlights for 2017 include:

Personnel Services **\$133,500 (14.1%) favourable**

Personnel Services' expenses were under budget in 2017 by \$133,500 due to temporarily-vacant staff positions throughout the year.

Materials **\$16,300 (59.2%) favourable**

Materials' expenses were under budget by \$16,300 in 2017 due to training, travel, and office budgets that were not fully expended.



C. Ontario Works

Through the OW programs, TBDSSAB provides short-term social assistance to, or on behalf of, eligible individuals and families in the form of financial and employment benefits to assist eligible recipients to reach financial independence through employment.

The following significant events have impacted, or will impact, the financial performance within the OW programs:

- Provincial Budget – The Province of Ontario announced its 2017 Budget, which increased OW social assistance rates by 2%. The proposed increase took effect in October, however, the Province is responsible for the full cost of the increase until January 2018, at which time 100% of OW financial assistance will be paid by the Province.

The Budget also included increases in asset limits, which would allow people to retain more savings and still be eligible for social assistance. This could result in a higher OW caseload.

- Caseload – TBDSSAB has experienced a steady increase in the OW caseload since 2013, however, this trend has reversed in 2017. Overall, in 2017, TBDSSAB experienced a caseload decrease of 0.7%.
- 2-Year Funding Cycle – TBDSSAB received its gross planning allocation from the Province for the 2017/18 funding cycle during the 2017 year. The 2017/18 planning allocation included a greater proportion of Employment (upload) funding compared to the 2016/17 allocation. Since Employment funding is a cost shared by the Province at a more favourable rate than the 50/50 OW administration funding, Provincial grants were higher, and the net Municipal share decreased by approximately \$109,000.



Table 5, below, shows the 2017 Operating Budget revenues and expenditures, and actual results for OW programs. Overall, OW program expenses were less than revenues by \$533,200 at year end.

Table 5:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	4,947.5	4,947.5	-	0.0%	4,947.5	4,947.5	-	0.0%
Provincial grants	31,769.1	31,907.5	138.4	0.4%	31,769.1	31,907.5	138.4	0.4%
Other revenues	-	0.3	0.3	n/a	-	0.3	0.3	n/a
From (to) reserve funds	15.0	10.4	(4.6)	-30.6%	15.0	10.4	(4.6)	-30.6%
Total Financing	36,731.6	36,865.7	134.1	0.4%	36,731.6	36,865.7	134.1	0.4%
Expenses								
Personnel services	4,743.4	4,441.4	302.0	6.4%	4,743.4	4,441.4	302.0	6.4%
Materials	651.0	596.8	54.2	8.3%	651.0	596.8	54.2	8.3%
Contract services	10.0	11.2	(1.2)	-11.9%	10.0	11.2	(1.2)	-11.9%
Rents and financial expenses	83.6	84.8	(1.2)	-1.5%	83.6	84.8	(1.2)	-1.5%
External transfers-persons	26,669.4	26,907.6	(238.2)	-0.9%	26,669.4	26,907.6	(238.2)	-0.9%
Internal administration allocation	4,029.4	3,791.0	238.4	5.9%	4,029.4	3,791.0	238.4	5.9%
Imputed rent recovery	975.0	975.0	-	0.0%	975.0	975.0	-	0.0%
Total Expenses	37,161.8	36,807.8	354.0	1.0%	37,161.8	36,807.8	354.0	1.0%
Recoveries								
From CSRSP	65.5	65.5	-	0.0%	65.5	65.5	-	0.0%
From homelessness programs	189.1	201.0	11.9	6.3%	189.1	201.0	11.9	6.3%
Other recoveries	175.6	208.8	33.2	18.9%	175.6	208.8	33.2	18.9%
Total Expenses Less Recoveries	36,731.6	36,332.5	399.1	1.1%	36,731.6	36,332.5	399.1	1.1%
Excess (Deficiency) of Revenues over Expenses	-	533.2	533.2	n/a	-	533.2	533.2	n/a

Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for the 2017 year include:

Personnel Services	\$302,000 (6.4%) favourable
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Personnel Services' expenses were under budget by \$302,000 in 2017. There were several staff vacancies in OW during the year; when positions are back-filled internally, it causes cascading vacancies elsewhere in the organization, and further under-spending versus budget. Often, temporary vacancies are filled at a lower step in the salary grid than the incumbent, which also results in expenses less than anticipated by the approved budget.

Materials	\$54,200 (8.3%) favourable
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Materials' expenses were under budget by \$54,200 in 2017 due to training, travel, and office budgets that will not be fully expended and certain third-party service fees that were not fully used during the year.



External Transfers - Persons	\$238,200 (0.9%) unfavourable
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External transfers, financial and employment benefits issued to, or on behalf of, OW clients, were \$238,200 higher than budget in 2017. As indicated above, the Province announced an increase in social assistance rates which took effect in October. However, due to the cost-sharing framework with the Province, this did not have a significant impact on the net operating levy.

Allocation of Internal Administration	\$238,400 (5.9%) favourable
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Internal Administration is comprised of Corporate Management and Program Support (Board, Office of the Chief Administrative Officer, Corporate Services, certain senior management costs and headquarters' operating costs) and Integrated Client Services costs. These costs are allocated to programs based on a pre-determined weighting approved through the annual Operating Budget. Further variance explanation was provided above.



D. Child Care and Early Years

TBDSSAB is the service system manager for child care services in the District of Thunder Bay, and administers Child Care and Early Years' programs to create a comprehensive, consistent, quality-driven system to support children and families.

The following significant events have impacted, or will impact, the financial performance within the Child Care and Early Years programs:

- **Fee Subsidy Decline** – TBDSSAB has experienced a significant decline in the amount of fee subsidy provided to child care centres for eligible families. It is not uncommon for fluctuations in fee-subsidy levels from month to month as household income levels fluctuate and children age out of programs, however, overall fee subsidy amounts paid in 2017 were much lower than prior years. Administration is investigating possible explanations including the fact that household income levels have risen over the years, while the fee subsidy eligibility scales have not; and the long-term impact of full-day kindergarten.
- **Early Years' Transition** – In 2016, the Province announced a plan to integrate certain Provincial child and family programs into the Ontario Early Years Child and Family Centres (OEYCFC), to be delivered by District Social Services Administration Boards and Consolidated Municipal Service Managers. These programs have been re-branded by the Province as "EarlyON" programs.
- **The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples funding** – In January, the Province approved TBDSSAB's application for a \$50,000 grant intended to support the development of proposals for expanded access to culturally-relevant child care and child and family programs. Through this process, 5 proposals were approved by the Ministry and \$2.9 million has been allocated for the 2018-2019 years.
- **Canada-Ontario Early Learning and Child Care (ELCC) and Child Care Expansion Plan funding** – The ELCC supports the shared Ontario and Federal governments' commitment to provide investments in early learning and child care, with a focus on additional fee subsidies and increasing access to licensed child care. TBDSSAB's 2017 allocation was \$784,179, of which one-third may be carried forward to 2018. Due to the technical calculation requirements, TBDSSAB was only able to report \$31,500 spent in the 2017 year.

The Child Care Expansion Plan funding is also intended to support additional fee subsidies and increased access to child care. TBDSSAB's 2017 allocation was \$1,254,752, and per Report No. 2017-72, Child Care Expansion Funding Work Plan, this full Provincial allocation will be carried forward to 2018.



Table 6, below, shows the 2017 Operating Budget revenues and expenditures, and actual results for Child Care and Early Years programs. Overall, Child Care and Early Years program expenses were less than revenues by \$2,000 at year end.

Table 6:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	1,925.5	1,925.5	-	0.0%	1,925.5	1,925.5	-	0.0%
Federal grants	-	31.5	31.5	n/a	-	31.5	31.5	n/a
Provincial grants	13,028.4	12,728.9	(299.5)	-2.3%	13,028.4	12,728.9	(299.5)	-2.3%
From (to) reserve funds	(5.5)	(7.1)	(1.6)	28.7%	(5.5)	(7.1)	(1.6)	28.7%
Total Financing	14,948.4	14,678.7	(269.7)	-1.8%	14,948.4	14,678.7	(269.7)	-1.8%
Expenses								
Personnel services	620.6	582.1	38.5	6.2%	620.6	582.1	38.5	6.2%
Materials	75.7	66.3	9.4	12.4%	75.7	66.3	9.4	12.4%
Contract services	3.0	43.8	(40.8)	-1358.6%	3.0	43.8	(40.8)	-1358.6%
External transfers-funded agency	13,629.9	13,399.9	230.0	1.7%	13,629.9	13,399.9	230.0	1.7%
Internal administration allocation	555.3	523.3	32.0	5.8%	555.3	523.3	32.0	5.8%
Imputed rent recovery	78.0	78.0	-	0.0%	78.0	78.0	-	0.0%
Total Expenses	14,962.5	14,693.4	269.1	1.8%	14,962.5	14,693.4	269.1	1.8%
Recoveries								
Other recoveries	14.1	16.7	2.6	18.5%	14.1	16.7	2.6	18.5%
Total Expenses Less Recoveries	14,948.4	14,676.7	271.7	1.8%	14,948.4	14,676.7	271.7	1.8%
Excess (Deficiency) of Revenues over Expenses	-	2.0	2.0	n/a	-	2.0	2.0	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for the 2017 year include:

Personnel Services	\$38,500 (6.2%) favourable
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Personnel Services' expenses were under budget by \$38,500 in 2017, primarily due to temporarily-vacant staff positions throughout the year.

Materials	\$9,400 (12.4%) favourable
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Materials' expenses were under budget by \$9,400 in 2017 as TBDSSAB did not proceed with the planned upgrade to the web-based child care waitlist. Enhancements to the waitlist will be reviewed in 2018.



Contract Services **\$40,800 (1,358.6%) unfavourable**

As discussed above, TBDSSAB had engaged with an external consultant to develop a report under The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples. This resulted in a \$40,800 unfavourable expense variance, however, the project was 100% Provincially funded.

External Transfers – Funded Agency **\$230,000 (1.7%) favourable**

A further breakdown of this variance is provided in Table 7, below:

Table 7:

Description	Year-To-Date				Year 2017			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
External Transfer - Funded Agency								
Fee Subsidy	5,034.2	4,617.9	416.3	8.3%	5,034.2	4,617.9	416.3	8.3%
Special Needs	1,590.6	1,588.7	1.9	0.1%	1,590.6	1,588.7	1.9	0.1%
General Operating	4,452.1	4,529.3	(77.2)	-1.7%	4,452.1	4,529.3	(77.2)	-1.7%
Occupancy Incentive	300.0	300.0	-	0.0%	300.0	300.0	-	0.0%
Resource Centres	848.1	848.1	0.0	0.0%	848.1	848.1	0.0	0.0%
Wage Enhancement	1,050.0	1,133.1	(83.1)	-7.9%	1,050.0	1,133.1	(83.1)	-7.9%
Early Learning and Child Care	-	31.5	(31.5)	n/a	-	31.5	(31.5)	n/a
Other	354.9	351.3	3.6	1.0%	354.9	351.3	3.6	1.0%
Total	13,629.9	13,399.9	230.0	1.7%	13,629.9	13,399.9	230.0	1.7%

For the 2017 year, **fee subsidy** payments to agencies, based on actual child attendance each month, were \$416,300 (8.3%) lower than budget, reflecting lower-than-expected utilization. As discussed above, various factors contribute to this variance, including the ages of the children attending and family income levels.

All **wage enhancement** funds were issued to child care providers on May 1st. Providers were eligible for more wage enhancement funding in 2017 than the prior year, resulting in an unfavourable variance of \$83,100. This expense is 100% Provincially funded and does not impact the levy.

As discussed above, the ELCC is a new funding component to support additional fee subsidies and increased access to licensed child care. Administration spent \$31,500 in 2017. This funding component is funded 100% by the Federal government and does not impact the levy.

Allocation of Internal Administration **\$32,000 (5.8%) favourable**

Internal Administration is comprised of Corporate Management and Program Support (Board, Office of the Chief Administrative Officer, Corporate Services, certain senior management costs and headquarters' operating costs) and Integrated Client Services' costs. These costs are allocated to programs, based on a pre-determined weighting approved through the annual Operating Budget. Further variance explanation was provided above.



E. Social and Affordable Housing

TBDSSAB is the service system manager for various housing programs and services in the District of Thunder Bay. TBDSSAB operates and maintains 2,507 direct-owned housing units throughout the District of Thunder Bay, and also supports 929 housing units operated by non-profit housing providers, and over 600 units through rent supplement agreements.

The following significant events have impacted, or will impact, the financial performance within social and affordable housing programs:

- Fair Hydro Plan – The Province of Ontario has lowered electricity bills through its Fair Hydro Plan which began in January 2017 and fully took effect this past summer. Through this plan, TBDSSAB is receiving an 8% credit on its electricity bills. As well, the electricity commodity price has now decreased between 12% and 25% depending on the amount of electricity used in each building. This has had a significant favourable impact on TBDSSAB operations.
- Weather – Winter weather in the District of Thunder Bay was unusually warm, with less snow accumulation than normal. However, significant expense was incurred sanding and de-icing TBDSSAB properties to ensure the safety of tenants. In late April, an ice-storm hit the District requiring additional financial resources.
- Pest Management – Throughout the Province, pest issues have been on the rise. TBDSSAB has incurred significant increases in costs over the past few years treating pest outbreaks. TBDSSAB Administration continues to focus on pest management strategies, investigating innovative solutions to address the problem.
- Properties Sold – In accordance with the Board-approved Property Portfolio Action Plan (Report No. 2017-07), in 2017, TBDSSAB sold its properties located in Savant Lake and Upsala, and one house located in the City of Thunder Bay. Proceeds from the sales were transferred into the Capital Regeneration Reserve Fund.

Table 8, below, shows the 2017 Operating Budget revenues and expenditures, and actual results for Social and Affordable Housing programs. Overall, Social and Affordable Housing program expenses were lower than revenues by \$3,100 at year end.



Table 8:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	16,183.7	16,183.7	-	0.0%	16,183.7	16,183.7	-	0.0%
Federal grants	14,337.6	12,586.1	(1,751.5)	-12.2%	14,337.6	12,586.1	(1,751.5)	-12.2%
Provincial grants	4,898.2	3,418.1	(1,480.1)	-30.2%	4,898.2	3,418.1	(1,480.1)	-30.2%
Rents and other revenue	10,921.9	11,021.5	99.6	0.9%	10,921.9	11,021.5	99.6	0.9%
From (to) reserve funds	(2,138.5)	(2,143.5)	(5.0)	0.2%	(2,138.5)	(2,143.5)	(5.0)	0.2%
Total Financing	44,202.9	41,065.9	(3,137.0)	-7.1%	44,202.9	41,065.9	(3,137.0)	-7.1%
Expenses								
Personnel services	4,183.3	4,068.4	114.9	2.7%	4,183.3	4,068.4	114.9	2.7%
Interest on long-term debt	521.1	497.0	24.1	4.6%	521.1	497.0	24.1	4.6%
Materials	17,276.5	17,103.4	173.1	1.0%	17,276.5	17,103.4	173.1	1.0%
Contract services	30.0	32.9	(2.9)	-9.8%	30.0	32.9	(2.9)	-9.8%
Rents and financial expenses	78.0	27.6	50.4	64.6%	78.0	27.6	50.4	64.6%
External transfers-funded agency	16,608.6	14,046.0	2,562.6	15.4%	16,608.6	14,046.0	2,562.6	15.4%
External transfers-persons	1,619.3	1,536.2	83.1	5.1%	1,619.3	1,536.2	83.1	5.1%
Loan principal repayment	2,768.6	2,739.6	29.0	1.0%	2,768.6	2,739.6	29.0	1.0%
Internal administration allocation	1,190.7	1,106.5	84.2	7.1%	1,190.7	1,106.5	84.2	7.1%
Imputed rent recovery	247.0	247.0	-	0.0%	247.0	247.0	-	0.0%
Total Expenses	44,523.1	41,404.5	3,118.6	7.0%	44,523.1	41,404.5	3,118.6	7.0%
Recoveries								
From homelessness programs	275.7	288.9	13.2	4.8%	275.7	288.9	13.2	4.8%
Other recoveries	44.5	52.9	8.4	18.8%	44.5	52.9	8.4	18.8%
Total Expenses Less Recoveries	44,202.9	41,062.8	3,140.1	7.1%	44,202.9	41,062.8	3,140.1	7.1%
Excess (Deficiency) of Revenues over Expenses	-	3.1	3.1	n/a	-	3.1	3.1	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for the 2017 year include:

Personnel Services	\$114,900 (2.7%) favourable
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Personnel Services' expenses were under budget by \$114,900 in 2017, primarily due to temporarily-vacant staff positions throughout the year.



Materials **\$173,100 (1.0%) favourable**

A further breakdown of this variance is provided in Table 9, below:

Table 9:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Materials								
Repairs and maintenance	1,519.7	1,709.4	(189.7)	-12.5%	1,519.7	1,709.4	(189.7)	-12.5%
Operating services	1,490.0	2,041.2	(551.2)	-37.0%	1,490.0	2,041.2	(551.2)	-37.0%
Insurance	486.2	481.7	4.5	0.9%	486.2	481.7	4.5	0.9%
Gas	658.1	722.2	(64.1)	-9.7%	658.1	722.2	(64.1)	-9.7%
Electricity	2,321.1	2,005.6	315.5	13.6%	2,321.1	2,005.6	315.5	13.6%
Water	1,389.3	1,352.9	36.4	2.6%	1,389.3	1,352.9	36.4	2.6%
Municipal taxes	5,203.2	5,192.1	11.1	0.2%	5,203.2	5,192.1	11.1	0.2%
Other	434.9	333.2	101.7	23.4%	434.9	333.2	101.7	23.4%
SHARP	1,641.5	1,515.0	126.5	7.7%	1,641.5	1,515.0	126.5	7.7%
SHIP	2,132.5	1,750.2	382.3	17.9%	2,132.5	1,750.2	382.3	17.9%
Total	17,276.5	17,103.4	173.1	1.0%	17,276.5	17,103.4	173.1	1.0%

Direct-owned housing **repairs and maintenance** expenses were higher than budget by \$189,700 at year end. The overage occurs in several areas, including windows and doors, electrical, plumbing and appliance repairs. Direct-owned housing **operating services** costs were \$551,200 higher than budget in 2017, primarily due to snow removal, sanding and de-icing, and pest management, as discussed above.

Utility costs (gas, electricity, and water) were \$287,800 lower than budget overall in 2017, primarily due to the new Provincial rebate on electricity bills and lower electricity commodity rates as discussed above.

Cost related to the **Social Housing Apartment Retrofit Program** (SHARP) and **Social Housing Improvement Program** (SHIP) were lower than budget in 2017 by \$126,500, and \$382,300, respectively, as certain projects will be completed in 2018. However, since these programs are 100% Federally and/or Provincially funded, there is no impact on the net levy. The full allocations will be utilized during the multi-year programs.



External Transfers – Funded Agency **\$2,562,600 (15.4%) favourable**

External transfers to funded agencies for social and affordable housing were \$2,562,600 less than budget at year end. A further breakdown of this variance is provided in Table 10, below:

Table 10:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfer-Funded Agency								
Social housing	6,361.9	6,335.3	26.6	0.4%	6,361.9	6,335.3	26.6	0.4%
Urban native housing program	2,126.2	2,112.2	14.0	0.7%	2,126.2	2,112.2	14.0	0.7%
Rent supplement	4,214.6	4,187.7	26.9	0.6%	4,214.6	4,187.7	26.9	0.6%
IAH	1,818.0	650.0	1,168.0	64.2%	1,818.0	650.0	1,168.0	64.2%
IAH-SIF	2,087.9	760.7	1,327.2	63.6%	2,087.9	760.7	1,327.2	63.6%
Total	16,608.6	14,046.0	2,562.6	15.4%	16,608.6	14,046.0	2,562.6	15.4%

External transfers to social housing providers were \$26,600 less than budget at year end as a result of prior-year settlements. Similarly, transfers to housing providers under the **Urban Native Housing** program were \$14,000 less than budget, due to prior-year settlements. **Rent supplement** payments to landlords were \$26,900 lower than budget in 2017.

External transfers under the **Investment in Affordable Housing (IAH)** program and **IAH – Social Infrastructure Fund (SIF)** were under budget by \$1,168,000 and \$1,327,200, respectively, in 2017. Rental housing funding under both programs will be issued to proponents in 2018 when projects are completed. The full allocations will be utilized during the multi-year programs. IAH is funded 100% by the Federal and Provincial governments and does not impact the net levy.



External Transfers – Persons **\$83,100 (5.1%) favourable**

External transfers to persons for social and affordable housing were \$83,100 less than budget in 2017. A further breakdown of this variance is provided in Table 11, below:

Table 11:

Description	Year-To-Date				Year 2017			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfer-Persons								
IAH Rent Supplement	90.0	85.4	4.6	5.1%	90.0	85.4	4.6	5.1%
IAH Ontario Renovates	363.6	650.5	(286.9)	-78.9%	363.6	650.5	(286.9)	-78.9%
IAH Housing Allowance	230.2	211.4	18.8	8.2%	230.2	211.4	18.8	8.2%
IAH-SIF Ontario Renovates	679.5	498.7	180.8	26.6%	679.5	498.7	180.8	26.6%
IAH Survivors of Domestic Violence	256.0	90.2	165.8	64.8%	256.0	90.2	165.8	64.8%
Total	1,619.3	1,536.2	83.1	5.1%	1,619.3	1,536.2	83.1	5.1%

Issuances to eligible homeowners under the **IAH Ontario Renovates** program were higher than budget at year end. Conversely, issuances under the **IAH-SIF Ontario Renovates** program were less than budget. In total, Ontario Renovates' program expenses were \$106,100 higher than budget. IAH is funded by the Federal and Provincial governments and does not impact the net levy.

In 2016 the Province announced the **Survivors of Domestic Violence** pilot program which featured a portable housing benefit for eligible recipients. Participation in the pilot program was lower than expected and issuances were \$165,800 under budget for the year. This program is also funded by the Federal and Provincial governments and, therefore, does not impact the net levy.

Allocation of Internal Administration **\$84,200 (7.1%) favourable**

Internal Administration is comprised of Corporate Management and Program Support (Board, Office of the Chief Administrative Officer, Corporate Services, certain senior management costs and headquarters' operating costs) and Integrated Client Services' costs. These costs are allocated to programs, based on a pre-determined weighting approved through the annual Operating Budget. Further variance explanation was provided, above.



F. Homelessness Prevention

Through the Community Homelessness Prevention Initiative (CHPI) and Home for Good program (discussed below), TBDSSAB works in collaboration with community partners to address homelessness issues in the District of Thunder Bay.

The following significant events have impacted, or will impact, the financial performance within homelessness-prevention programs:

- Home for Good – In 2017, the Province of Ontario announced the Home for Good (HFG) program which will provide housing assistance and support services to people experiencing, or at-risk of experiencing, homelessness. TBDSSAB received a multi-year operating allocation, as well as a capital component.

Table 12, below, shows the 2017 Operating Budget revenues and expenditures, and actual results for homelessness-prevention programs. Overall, homelessness-prevention expenses were \$337,800 higher than budget at year end.

Table 12:

Description	Year-To-Date				Year 2017			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Provincial grants	2,956.9	3,294.7	337.8	11.4%	2,956.9	3,294.7	337.8	11.4%
Total Financing	2,956.9	3,294.7	337.8	11.4%	2,956.9	3,294.7	337.8	11.4%
Expenses								
External transfers-funded agency	1,788.3	1,922.7	(134.4)	-7.5%	1,788.3	1,922.7	(134.4)	-7.5%
External transfers-persons	658.9	833.6	(174.7)	-26.5%	658.9	833.6	(174.7)	-26.5%
Internal administration allocation	509.7	538.4	(28.7)	-5.6%	509.7	538.4	(28.7)	-5.6%
Total Expenses	2,956.9	3,294.7	(337.8)	-11.4%	2,956.9	3,294.7	(337.8)	-11.4%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a

CHPI and HFG are funded 100% by the Province, based on actual expenses. Expense highlights for 2017 include:

External Transfers – Funded Agency **\$134,400 (7.5%) unfavourable**

Transfers to funded agencies were \$134,400 higher than budget in 2017 as funds were issued to agencies under the new HFG program.

External Transfers – Persons **\$174,700 (26.5%) unfavourable**

Transfers to eligible households through the Housing Security Fund were \$174,700 higher than budget at year end.



Allocation of Internal Administration	\$28,700 (5.6%) unfavourable
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The Internal Administration related to CHPI includes cost recovery of Tenant Support positions, and a recovery of CHPI and HFG administrative costs of up to 10% of program expenditures. The increase in program spending resulted in a corresponding increase in the administrative allocation.



G. Other

Through the Community Social Reinvestment Program (CSR), TBDSSAB provides community agencies with funds to support programs for children and families, with a focus on nutrition, recreation, and reduction in child poverty, within the District of Thunder Bay.

Table 13, below, shows the 2017 Operating Budget revenues and expenditures, and actual results for CSR. Overall, CSR expenses were on budget in 2017.

Table 13:

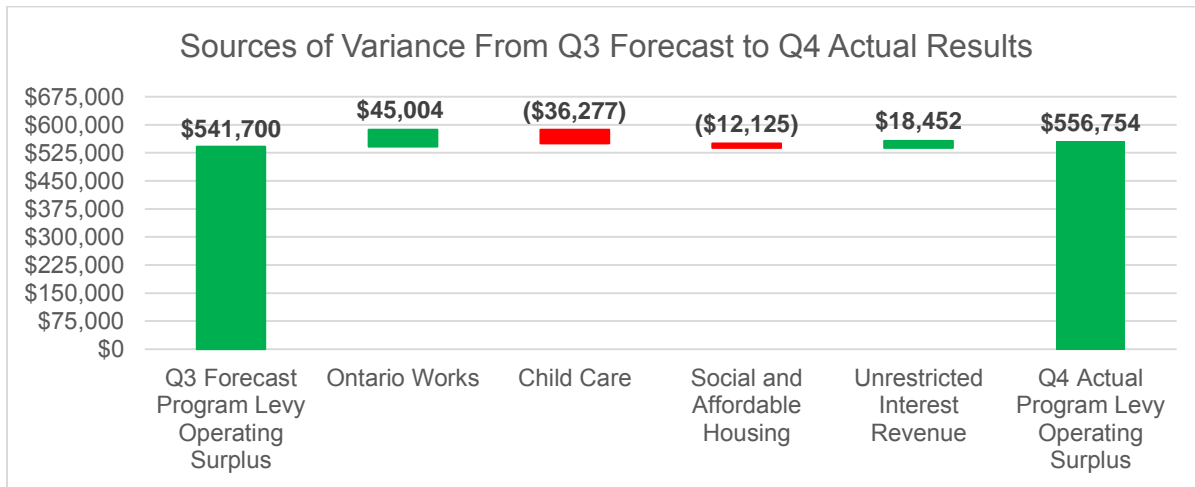
Description	Year-To-Date				Year 2017			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	537.3	537.3	-	0.0%	537.3	537.3	-	0.0%
From (to) reserve funds	118.1	118.1	(0.0)	0.0%	118.1	118.1	(0.0)	0.0%
Total Financing	655.4	655.4	(0.0)	0.0%	655.4	655.4	(0.0)	0.0%
Expenses								
External transfers-funded agency	589.9	589.9	0.0	0.0%	589.9	589.9	0.0	0.0%
Internal administration allocation	65.5	65.5	-	0.0%	65.5	65.5	-	0.0%
Total Expenses	655.4	655.4	0.0	0.0%	655.4	655.4	0.0	0.0%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a



CONCLUSION

The 2017 Third Quarter Financial Report identified a forecast program levy operating surplus of \$541,700, with OW accounting for \$488,200, Child Care accounting for \$38,300 and Social and Affordable Housing accounting for \$15,200. Through the Fourth Quarter Financial Status Report, TBDSSAB incurred a program levy operating surplus of \$556,754 for the 2017 year.

The chart, below, summarizes the change in estimates from Q3 to Q4, by program:



**The District of Thunder Bay Social Services Administration Board
Distribution of the 2017 Program Levy Operating Surplus by Municipality**

Municipality	2017 Weighted Assessment \$	(%)	Distribution \$
Conmee	52,491,761	0.3123%	1,739
Dorion	37,114,346	0.2208%	1,229
Gillies	29,615,485	0.1762%	981
Greenstone	549,332,999	3.2680%	18,195
Manitouwadge	47,255,844	0.2811%	1,565
Marathon	133,661,442	0.7952%	4,427
Neebing	264,288,580	1.5723%	8,754
Nipigon	82,236,594	0.4892%	2,724
O'Connor	54,192,238	0.3224%	1,795
Oliver & Paipouge	657,287,169	3.9103%	21,771
Red Rock	38,949,964	0.2317%	1,290
Schreiber	38,290,031	0.2278%	1,268
Shuniah	625,709,077	3.7224%	20,725
Terrace Bay	104,043,585	0.6190%	3,446
Thunder Bay	12,213,823,127	72.6612%	404,544
TWOMO	1,880,989,925	11.1901%	62,301
Total	16,809,282,167	100.0000%	556,754