



	REPORT NO.: 2018-23
MEETING DATE: APRIL 19, 2018	DATE PREPARED: MARCH 27, 2018
SUBJECT: TBDSSAB PROGRAM COSTS – 2017 OPERATING RESULTS BY MUNICIPALITY	

RECOMMENDATION

THAT with respect to Report 2017-23 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, direct Administration to distribute the 2017 Operating Results, based on the hybrid cost allocation methodology, to its fifteen (15) Member Municipalities.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the 2017 Operating Results by Municipality, using a hybrid cost allocation methodology.

BACKGROUND

TBDSSAB is responsible for providing access to quality social services (Child Care and Early Years, Housing and Homelessness Prevention, and Ontario Works) to all citizens in the District of Thunder Bay. The financial accounting system has been set up to record revenues and expenses, by Program, to satisfy the financial reporting needs of its various stakeholders.

In 2017, TBDSSAB received requests from the six Municipalities (Conmee Township, Township of Gillies, Municipality of Neebing, O'Connor Township, Municipality of Oliver Paipoonge, Municipality of Shuniah) representing Area 1 within Ontario Regulation 278/98, to provide a breakdown of all TBDSSAB services delivered and funded in those Municipalities, and the value or costs of those services.

TBDSSAB's current financial accounting system is not set up to track revenues and expenses based on the geographic location of each recipient. To provide this information accurately and in a timely manner, TBDSSAB would require a full financial cost-accounting framework and related administrative and technological infrastructure. However, in response to the requests from Area 1 Municipalities, TBDSSAB has developed a methodology to provide a Municipal breakdown based on where certain payments are being directed. The costs not directly attributable to a Municipality would be allocated using the Weighted Assessment method.

The Board has directed Administration to prepare a report annually, presenting the results of applying the hybrid cost allocation method on the revenues and expenses, for its fifteen (15) Member Municipalities and the Territories without Municipal Organization (TWOMO).

COMMENTS

Administration was able to conduct the hybrid cost allocation methodology by using various available reports, however, the data is subject to significant limitations, including:

- Payments to vendors and landlords on behalf of Ontario Works recipients are not identified by Municipality in the reports available through the provincial Social Assistance Management System (SAMS).
- For Ontario Works recipients, SAMS reports provide detail based on the current Municipality of the recipient, rather than on the previous Municipalities in which they lived.
- Payments to Child Care Providers are based on the physical location of the Child Care Centres, rather than the residence of the parents and children using the service.
- Payments and expenditures for Social and Affordable Housing are based on the physical location of the housing units, not the previous residence of the individuals and families utilizing the service.
- Emergency Hostels service a highly transient clientele, however, due to the physical location of the buildings, the costs attributed to these services are allocated to the City of Thunder Bay.
- Costs attributable to the Community Social Reinvestment Program (non-mandated) are allocated based on the location where the payment was distributed, not the residence of the individuals and families utilizing the services.
- The “cost” identified to each Municipality does not reflect the “value” of services provided to the overall community within the District of Thunder Bay, as the value of human services is not easily quantifiable through the use of traditional financial accounting systems.

Considering these limitations, Administration was able to directly attribute approximately 82% of 2017 actual operating expenses, and 86% of revenues, to people and programs located in specific Municipalities. The remaining revenues and expenses have been allocated to Municipalities based on the 2017 Weighted Assessment calculation.

The results of the hybrid cost allocation methodology are provided in Attachment 1. Attachment 2 provides a comparison between the results of the hybrid cost allocation and cost allocation using the 2017 Weighted Assessment calculation, for total and net costs.

FINANCIAL IMPLICATIONS



There are no direct financial implications associated with this report.

CONCLUSION

It is concluded that a hybrid cost allocation methodology has been developed to allocate TBDSSAB revenues and expenses by Municipality. This methodology is subject to significant limitations that must be considered when drawing conclusions from the results of the analysis.

REFERENCE MATERIALS ATTACHED

- Attachment 1: [2017 TBDSSAB Operating Results by Municipality](#)
- Attachment 2: [Net Cost Comparison – Hybrid Allocation Methodology vs. Weighted Assessment](#)

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2017 TBDSSAB Operating Results by Municipality
Using Hybrid Cost Allocation Method

Municipality	Directly Attributable to Municipalities								
	Ontario Works			Child Care and Early Years			Social and Affordable Housing		
	Expenses	Revenues	Net Cost	Expenses	Revenues	Net Cost	Expenses	Revenues	Net Cost
Conmee	115,870	112,716	3,154	-	-	-	-	-	-
Dorion	10,795	10,501	294	-	-	-	-	-	-
Gillies	30,707	29,872	835	-	-	-	-	-	-
Greenstone	1,144,063	1,112,926	31,137	526,178	447,246	78,932	1,178,957	672,530	506,427
Manitouwadge	244,907	238,242	6,665	32,685	29,181	3,504	682,327	28,162	654,165
Marathon	389,761	379,153	10,608	390,437	332,679	57,758	720,360	5,740	714,620
Neebing	76,874	74,782	2,092	-	-	-	24,850	24,850	-
Nipigon	225,708	219,565	6,143	128,546	114,910	13,636	363,803	223,669	140,134
O'Connor	15,763	15,334	429	-	-	-	-	-	-
Oliver Paipoonge	191,184	185,981	5,203	327,367	273,734	53,633	767,014	450,205	316,809
Red Rock	112,791	109,722	3,069	-	-	-	89,228	19,000	70,228
Schreiber	123,286	119,931	3,355	-	-	-	166,324	140,749	25,575
Shuniah	181,997	177,044	4,953	105,273	93,957	11,316	304	304	-
Terrace Bay	88,422	86,015	2,407	-	-	-	41,400	41,400	-
Thunder Bay	23,064,691	22,436,960	627,731	11,857,340	10,505,258	1,352,082	33,773,334	23,151,523	10,621,811
TWOMO	890,813	866,569	24,244	17,920	16,234	1,686	55,708	32,125	23,583
TOTAL	26,907,632	26,175,313	732,319	13,385,746	11,813,199	1,572,547	37,863,609	24,790,257	13,073,352

Considerations for Costs Attributable to Municipalities:

- Payments to vendors and landlords on behalf of Ontario Works recipients are not identified by Municipality. These expenses (\$4.9 million) were allocated to Municipalities based on weighted assessment.
- Payments to Ontario Works recipients (\$22.0 million) are allocated based on the Municipality in which the recipient currently lives, not the Municipalities they have lived in the past.
- Payments to Child Care Providers are based on the physical location of the Child Care Centre, not on the residence of the parents and children utilizing the service.
- Payments and expenditures for Social and Affordable Housing are based on the physical location of the housing units, not the previous residence of the individuals and families utilizing the service.
- Payments to Emergency Shelters are allocated to the City of Thunder Bay since the services are located in the City, although the clientele is highly transient.

2017 TBDSSAB Operating Results by Municipality (continued)

Using Hybrid Cost Allocation Method

Municipality	Directly Attributable to Municipalities			Not Directly Attributable to Municipalities			Total		
	Community Social Reinvestment Program			Corporate Infrastructure			Expenses	Revenues	Net Cost
	Expenses	Revenues	Net Cost	Expenses	Revenues	Net Cost	Expenses	Revenues	Net Cost
Conmee	29,500	-	29,500	54,272	32,457	21,815	199,642	145,173	54,469
Dorion	250	-	250	38,371	22,948	15,423	49,416	33,449	15,967
Gillies	-	-	-	30,620	18,313	12,307	61,327	48,185	13,142
Greenstone	30,346	-	30,346	567,919	339,644	228,275	3,447,463	2,572,346	875,117
Manitouwadge	899	-	899	48,850	29,215	19,635	1,009,668	324,800	684,868
Marathon	23,134	-	23,134	138,191	82,645	55,546	1,661,883	800,217	861,666
Neebing	-	-	-	273,237	163,410	109,827	374,961	263,042	111,919
Nipigon	24,270	-	24,270	85,014	50,843	34,171	827,341	608,987	218,354
O'Connor	-	-	-	56,027	33,507	22,520	71,790	48,841	22,949
Oliver Paipoonge	-	-	-	679,539	406,399	273,140	1,965,104	1,316,319	648,785
Red Rock	14,500	-	14,500	40,265	24,081	16,184	256,784	152,803	103,981
Schreiber	18,000	-	18,000	39,587	23,675	15,912	347,197	284,355	62,842
Shuniah	-	-	-	646,885	386,870	260,015	934,459	658,175	276,284
Terrace Bay	7,000	-	7,000	107,571	64,333	43,238	244,393	191,748	52,645
Thunder Bay	425,983	-	425,983	12,627,193	7,551,700	5,075,493	81,748,541	63,645,441	18,103,100
TWOMO	16,000	-	16,000	1,944,635	1,162,990	781,645	2,925,076	2,077,918	847,158
TOTAL	589,882	-	589,882	17,378,176	10,393,030	6,985,146	96,125,045	73,171,799	22,953,246

Considerations for Costs Attributable to Municipalities:

- The Community Social Reinvestment Program is a non-mandated program. Costs attributable to this Program are allocated based on the location where the payment was distributed, not based on the residence of the individuals and families utilizing the services.
- The "net cost" identified for each Municipality does not reflect the "value" of services provided to the overall community within the District of Thunder Bay.

2017 TBDSSAB Net Cost Comparison

Hybrid Allocation Methodology vs. Weighted Assessment

Municipality	2017 Weighted Assessment (%)	2017 Total Cost			2017 Net Cost		
		Allocated by Weighted Assessment	Allocated by Hybrid Allocation Methodology	Variance	Allocated by Weighted Assessment	Allocated by Hybrid Allocation Methodology	Variance
Conmee	0.3123%	300,199	199,642	(100,557)	71,683	54,469	(17,214)
Dorion	0.2208%	212,244	49,416	(162,828)	50,681	15,967	(34,714)
Gillies	0.1762%	169,372	61,327	(108,045)	40,444	13,142	(27,302)
Greenstone	3.2680%	3,141,366	3,447,463	306,097	750,112	875,117	125,005
Manitouwadge	0.2811%	270,208	1,009,668	739,460	64,522	684,868	620,346
Marathon	0.7952%	764,386	1,661,883	897,497	182,524	861,666	679,142
Neebing	1.5723%	1,511,374	374,961	(1,136,413)	360,894	111,919	(248,975)
Nipigon	0.4892%	470,244	827,341	357,097	112,287	218,354	106,067
O'Connor	0.3224%	309,907	71,790	(238,117)	74,001	22,949	(51,052)
Oliver Paipoonge	3.9103%	3,758,778	1,965,104	(1,793,674)	897,541	648,785	(248,756)
Red Rock	0.2317%	222,722	256,784	34,062	53,183	103,981	50,798
Schreiber	0.2278%	218,973	347,197	128,224	52,287	62,842	10,555
Shuniah	3.7224%	3,578,159	934,459	(2,643,700)	854,412	276,284	(578,128)
Terrace Bay	0.6190%	595,014	244,393	(350,621)	142,081	52,645	(89,436)
Thunder Bay	72.6612%	69,845,610	81,748,541	11,902,931	16,678,103	18,103,100	1,424,997
TWOMO	11.1901%	10,756,489	2,925,076	(7,831,413)	2,568,491	847,158	(1,721,333)
Total	100.0000%	96,125,045	96,125,045	-	22,953,246	22,953,246	-