



	REPORT NO.: 2018-29
MEETING DATE: MAY 17, 2018	DATE PREPARED: APRIL 30, 2018
SUBJECT: THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD 2018 FIRST QUARTER FINANCIAL REPORT	

RECOMMENDATION

For information only.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the 2018 First Quarter Financial Report, and projection to year-end.

BACKGROUND

In accordance with Budget Policy No. 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, and 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 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.

COMMENTS

Overall, total spending on TBDSSAB-delivered programs, for the period ended March 31, 2018, was \$3,168,500 (11.9%) less than the year-to-date Budget, with a net surplus of \$152,300. At this time, the program levy operating surplus projected to year-end is \$439,100, or 1.9% of the 2018 Levy. A summary of net forecast cost variances, by program, is presented below:

Forecast Variance	
Ontario Works	\$201,900
Child Care and Early Years	8,700
Social and Affordable Housing	131,500
Unrestricted Interest Revenue	97,000
Forecast Program Levy Operating Surplus	\$439,100

This projected surplus at the end of the First Quarter is due, in part, to:

- **Temporarily vacant positions:** Administration has taken a strategic approach to filling vacant permanent positions in preparation for the potential impacts of the implementation of the Ministry of Community and Social Services social assistance modernization strategy. When positions are back-filled internally, it causes cascading vacancies elsewhere in the organization, and further underspending of the budget. Often, temporary vacancies are filled at a lower step in the salary grid than the incumbent, which also results in underspending.
- **Rent supplement:** The 2018 TBDSSAB Operating Budget included an expansion of 30 rent-supplement units to support the Board's plan toward achieving its service-level standards. Although TBDSSAB expects total rent-supplement units to be on target by the end of the year, the total expense will be less than budget for the year due to delays in the availability of new units, and lower average monthly costs per unit.
- **Interest earned on unrestricted funds:** The average monthly bank balance on account is higher than anticipated in 2018, resulting in greater interest earned. The interest earned directly reduces the levy, therefore, this favourable variance contributes to the projected program levy operating surplus.

Highlights for the First Quarter and full-year forecast, as well as detailed variance explanations, are provided in Attachment 1: 2018 First Quarter Financial Report.

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



There are no financial implications to this report.

CONCLUSION

It is concluded that the 2018 First Quarter TBDSSAB Financial Report indicates a year-to-date net surplus of \$152,300, with a forecast program levy operating surplus, for the year, of \$439,100, or 1.9% of the 2018 levy.

REFERENCE MATERIALS ATTACHED

Attachment 1: [2018 First Quarter Financial Report](#)

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

2018 FIRST 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 anticipated program levy operating surplus, or deficit, for the year.

EXECUTIVE SUMMARY

Reflecting results for the 3-month period ending March 31, 2018, this Report provides an indication of TBDSSAB's financial status for the year, and identification of any significant variances from the 2018 approved Operating Budget.

Table 1 shows the 2018 Operating Budget revenue and expenditures, first quarter variances and year-end

Table 1:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	5,701.7	5,701.7	-	0.0%	22,806.7	22,806.7	-	0.0%
Federal grants	3,032.0	2,772.4	(259.6)	-8.6%	12,128.0	12,815.8	687.8	5.7%
Provincial grants	15,631.1	12,877.4	(2,753.7)	-17.6%	62,524.5	63,173.0	648.5	1.0%
Rents and other revenue	2,786.8	2,758.9	(28.0)	-1.0%	11,147.3	11,153.3	6.0	0.1%
Interest on unrestricted funds	21.0	55.2	34.2	162.7%	84.0	181.0	97.0	115.5%
From (to) reserve funds	(524.8)	(533.9)	(9.1)	1.7%	(2,099.0)	(2,161.0)	(62.0)	3.0%
Total Financing	26,647.9	23,631.7	(3,016.2)	-11.3%	106,591.5	107,968.8	1,377.3	1.3%
Expenses								
Personnel services	3,692.1	3,084.4	607.7	16.5%	14,768.2	13,985.5	782.7	5.3%
Interest on long-term debt	135.6	133.6	2.0	1.5%	542.3	539.5	2.8	0.5%
Materials	4,492.8	4,948.5	(455.7)	-10.1%	17,971.3	19,638.5	(1,667.2)	-9.3%
Contract services	61.7	45.5	16.2	26.2%	246.7	250.7	(4.0)	-1.6%
Rents and financial expenses	40.5	50.1	(9.6)	-23.6%	162.1	162.8	(0.7)	-0.4%
External transfers	17,562.7	14,503.6	3,059.1	17.4%	70,250.9	70,303.0	(52.1)	-0.1%
Loan principal repayment	662.5	713.7	(51.2)	-7.7%	2,650.0	2,649.7	0.3	0.0%
Total Expenses	26,647.9	23,479.4	3,168.5	11.9%	106,591.5	107,529.7	(938.2)	-0.9%
Excess (Deficiency) of Revenues over Expenses	-	152.3	152.3	n/a	-	439.1	439.1	n/a



Highlights for Q1 and the full-year forecast include:

Federal and Provincial Grants	Forecast \$1,336,300 favourable
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Federal and Provincial Grants were less than budget in Q1, however, are forecast to be \$1,336,300 higher than budget for the year. Federal and Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense variances are discussed below.

Personnel Services	Forecast \$782,700 favourable
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Personnel Services were under budget in Q1 and are forecast to be \$782,700 less than budget for the year, due to temporarily vacant positions.

Materials	Forecast \$1,667,200 unfavourable
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Materials were higher than budget in Q1, and are forecast to be \$1,667,200 more than budget for the year. The unfavourable variance is due, mainly, to costs incurred under the Social Housing Apartment Retrofit Program, and Social Housing Improvement Program, in 2018. Projects under these Programs were expected to be completed during the 2017 year and were not included in the 2018 budget. These projects are 100% Federally/Provincially funded.

External Transfers	Forecast \$52,100 unfavourable
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External Transfers to funded agencies, individuals and families were lower than budget in Q1, but are forecast to be \$52,100 higher than budget for the year, due to higher issuances under the 100% Federally/Provincially funded Investment in Affordable Housing, and The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples' Programs. This is offset, somewhat, by underspending in the Rent Supplement and Home for Good Programs.

Overall, TBDSSAB is currently forecasting a favourable program levy operating surplus of \$439,100 for the 2018 year. Table 2 provides a breakdown of the forecast year-end surplus, by program.

Table 2:

2018 Forecast Program Levy Operating Surplus	
Ontario Works	\$ 201,900
Child Care and Early Years	8,700
Social and Affordable Housing	131,500
Unrestricted Interest Revenue	97,000
Forecast Program Levy Operating Surplus	\$ 439,100



2018 FIRST QUARTER OPERATING BUDGET RESULTS

The First Quarter Report provides an indication of TBDSSAB's financial status as at March 31, and a projection for the year, and identifies any significant variances from the 2018 Operating Budget. Overall, in Q1, TBDSSAB recorded a net surplus of \$152,300, and a surplus of \$439,100, or 1.9% of the 2018 levy, is projected to year-end. 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 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Allocation								
Ontario Works	1,055.4	834.4	(221.0)	-20.9%	4,221.5	4,133.8	(87.7)	-2.1%
Addiction services initiative	14.3	11.7	(2.6)	-18.0%	57.2	56.5	(0.7)	-1.2%
Child care programs	154.1	112.6	(41.6)	-27.0%	616.5	586.5	(30.0)	-4.9%
Housing programs	353.0	290.2	(62.8)	-17.8%	1,411.8	1,387.4	(24.4)	-1.7%
Total Allocation	1,576.8	1,248.9	(327.9)	-20.8%	6,307.0	6,164.2	(142.8)	-2.3%
Financing								
Levy to municipalities & TWOMO	(21.0)	(21.0)	-	0.0%	(84.0)	(84.0)	-	0.0%
Other revenue	5.9	5.4	(0.5)	-7.8%	23.5	25.2	1.7	7.2%
Interest on unrestricted funds	21.0	55.2	34.2	162.7%	84.0	181.0	97.0	115.5%
Total Financing	5.9	39.6	33.7	573.6%	23.5	122.2	98.7	420.0%
Expenses								
Personnel services	947.7	787.6	160.1	16.9%	3,790.7	3,660.0	130.7	3.4%
Interest on long-term debt	33.0	31.5	1.5	4.4%	131.9	131.9	-	0.0%
Materials	482.8	335.0	147.8	30.6%	1,931.1	1,929.2	1.9	0.1%
Contract services	44.7	29.3	15.4	34.4%	178.7	172.7	6.0	3.4%
Rents and financial expenses	4.4	2.8	1.5	35.2%	17.5	17.5	-	0.0%
Loan principal repayment	65.8	65.0	0.8	1.1%	263.0	263.0	-	0.0%
Internal administrative expense	38.9	38.9	-	0.0%	155.6	155.6	-	0.0%
Total Expenses	1,617.1	1,290.1	327.1	20.2%	6,468.5	6,329.9	138.6	2.1%
Recoveries								
From housing programs	3.2	3.7	(0.6)	-18.9%	12.6	16.8	(4.2)	-33.3%
From homelessness programs	8.2	8.9	(0.7)	-8.7%	32.7	31.0	1.7	5.2%
From child care programs	23.2	23.2	-	0.0%	92.7	92.7	-	0.0%
Total Expenses Less Recoveries	1,582.6	1,254.3	328.4	20.7%	6,330.5	6,189.4	141.1	2.2%
Excess (Deficiency) of Revenues over Expenses	-	34.2	34.2	n/a	-	97.0	97.0	n/a

2018 First Quarter Financial Report
Operating Budget

Table 3, above, shows the 2018 Operating Budget revenues and expenditures, first quarter variances and year-end projections for Corporate Management and Program Support.

Interest on Unrestricted Funds	Forecast \$97,000 favourable
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Interest is earned on unrestricted funds on deposit at the bank each month. The average balance on account is higher than anticipated in 2018, resulting in greater interest earned. The interest earned directly reduces the levy, therefore, this favourable variance contributes to the projected program levy operating surplus.

Overall, Corporate Management and Program Support expenses are under budget in Q1, and are forecast to be under budget by \$138,600 at year-end.

Expenses related to Corporate Management and Program Support are allocated to programs as Internal Administration Allocation, based on a pre-determined weighting approved through the annual Operating Budget. Expense highlights for Q1 and the full-year forecast include:

Personnel Services	Forecast \$130,700 favourable
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Personnel Services expenses were under budget in Q1, and are forecast to be under budget by \$130,700 at year-end due to temporarily vacant positions. Certain positions, approved in the 2018 Budget, were filled late in the first quarter, and backfill support to other areas of the organization has led to the favourable variance.

Materials	Forecast \$1,900 favourable
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Materials expenses were under budget in Q1, due to several information technology projects that will be undertaken later in the year, and are expected to be materially on budget for the year.



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 2018 Operating Budget revenues and expenditures, first quarter variances and year-end projections for Integrated Client Services. Overall, Integrated Client Services expenses are under budget in Q1 and are forecast to be under budget by \$10,000 at year-end.

Table 4:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Allocation								
Ontario Works	164.8	126.7	(38.1)	-23.1%	659.2	626.6	(32.6)	-4.9%
Addiction services initiative	4.2	3.3	(0.8)	-20.1%	16.7	16.5	(0.2)	-1.2%
Child care programs	10.4	8.3	(2.1)	-20.0%	41.7	41.2	(0.5)	-1.2%
Housing programs	29.2	28.3	(0.9)	-2.9%	116.8	140.1	23.3	19.9%
Total Allocation	208.6	166.7	(41.9)	-20.1%	834.4	824.4	(10.0)	-1.2%
Expenses								
Personnel services	212.0	174.6	37.4	17.6%	847.9	814.2	33.7	4.0%
Materials	3.4	0.2	3.2	94.2%	13.4	37.1	(23.7)	-176.9%
Total Expenses	215.3	174.8	40.5	18.8%	861.3	851.3	10.0	1.2%
Recoveries								
From homelessness programs	6.7	8.1	(1.4)	-20.1%	26.9	26.9	-	0.0%
Total Expenses Less Recoveries	208.6	166.7	41.9	20.1%	834.4	824.4	10.0	1.2%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a

Expenses related to Integrated Client Services are allocated to programs as Internal Administration Allocation, based on a pre-determined weighting approved through the annual Operating Budget. Expense highlights for Q1 and the full-year forecast include:

Personnel Services	Forecast \$33,700 favourable
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Personnel Services expenses were under budget in Q1 and are forecast to be under budget by \$33,700 at year-end due to temporarily vacant positions.

Materials	Forecast \$23,700 unfavourable
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Materials expenses were under budget in Q1 but are expected to be \$23,700 higher than budget at year-end, to support various process reviews and enhancements.



C. Ontario Works

Through the Ontario Works (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:

- **Basic Income Pilot** – The Province's Basic Income Pilot began in 2018. Eligible individuals and families may choose to exit OW to join the pilot project. TBDSSAB has experienced a corresponding decrease in its average caseload compared to 2017.

Table 5, below, shows the 2018 Operating Budget revenues and expenditures, first quarter variances and year-end projections for OW programs. Overall, OW program expenses are less than revenues in Q1, and are forecast to be less than revenues by \$201,900 at year-end.

Table 5:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	1,055.1	1,055.1	-	0.0%	4,220.4	4,220.4	-	0.0%
Provincial grants	8,424.2	7,897.8	(526.4)	-6.2%	33,696.9	33,480.9	(216.0)	-0.6%
Other revenues	-	-	-	n/a	-	-	-	n/a
From (to) reserve funds	(12.0)	(34.5)	(22.5)	187.9%	(47.9)	(82.9)	(35.0)	73.1%
Total Financing	9,467.4	8,918.4	(548.9)	-5.8%	37,869.4	37,618.4	(251.0)	-0.7%
Expenses								
Personnel services	1,217.0	1,024.8	192.2	15.8%	4,868.0	4,424.5	443.5	9.1%
Materials	170.7	145.0	25.6	15.0%	682.7	783.8	(101.1)	-14.8%
Contract services	2.5	13.3	(10.8)	-432.6%	10.0	20.0	(10.0)	-100.0%
Rents and financial expenses	21.6	19.3	2.3	10.7%	86.2	86.9	(0.7)	-0.8%
External transfers	6,863.0	6,645.5	217.5	3.2%	27,452.1	27,452.1	-	0.0%
Internal administration allocation	1,051.8	826.5	225.3	21.4%	4,207.0	4,106.7	100.3	2.4%
Imputed rent recovery	247.5	247.5	-	0.0%	989.8	989.8	-	0.0%
Total Expenses	9,574.0	8,921.8	652.1	6.8%	38,295.8	37,863.8	432.0	1.1%
Recoveries								
From homelessness programs	75.8	86.9	11.1	14.6%	303.2	303.2	-	0.0%
Other recoveries	30.8	68.0	37.2	120.8%	123.2	144.1	20.9	17.0%
Total Expenses Less Recoveries	9,467.4	8,766.9	700.4	7.4%	37,869.4	37,416.5	452.9	1.2%
Excess (Deficiency) of Revenues over Expenses	-	151.5	151.5	n/a	-	201.9	201.9	n/a



Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q1 and the full-year forecast include:

Personnel Services	Forecast \$443,500 favourable
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Personnel Services expenses were under budget in Q1, due to temporarily vacant positions. Administration has taken a strategic approach to filling vacant permanent positions in preparation for the potential impacts of the Province's social assistance modernization. There have been several vacancies in OW to date; when positions are back-filled internally, it causes cascading vacancies elsewhere in the organization, and further underspending. Often, temporary vacancies are filled at a lower step in the salary grid than the incumbent, which also results in underspending. Temporary vacancies are expected to lead to a favourable variance in personnel services of \$443,500 by year-end.

Materials	Forecast \$101,100 unfavourable
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Materials expenses were under budget in Q1 but are expected to be \$101,100 higher than budget at year-end to support process reviews and enhancements.

Contract Services	Forecast \$10,000 unfavourable
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Contract services were higher than budget in Q1, and are expected to be \$10,000 higher than budget by the end of the year due to legal costs related to the enforcement of restitution orders against former clients.

External Transfers	Forecast to be on Budget
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As discussed above, in Q1, TBDSSAB experienced a 2% decrease in its OW caseload, due, primarily, to clients electing to take part in the Basic Income Pilot. As a result, Q1 financial assistance payments to eligible families and individuals were less than budget. However, at this time, Administration is forecasting these external transfers to be on budget at year-end. OW financial assistance benefits are now 100% Provincially funded.

Internal Administration Allocation	Forecast \$100,300 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** – 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, in 2017/18, there has been a significant decrease in the amount of fee subsidy provided for eligible families. The eligibility thresholds have not increased relative to household incomes, resulting in fewer families being eligible for fee subsidy.
- **Canada-Ontario Early Learning and Child Care (ELCC) and Child Care Expansion Plan** – Both the Expansion Plan and ELCC funding are aimed at providing additional fee subsidies, increasing access, and enhancing affordability to licensed child care. The funding allocation is considerable, however, TBDSSAB is committed to taking a strategic approach to ensure that any expansion in the service system is sustainable in the long term.

Table 6, below, shows the 2018 Operating Budget revenues and expenditures, first quarter variances, and year-end projections for Child Care and Early Years programs. Overall, Child Care and Early Years program expenses were less than revenues in Q1, and are forecast to be slightly less than revenues by \$8,700 at year-end.

2018 First Quarter Financial Report
Operating Budget

Table 6:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	435.1	435.1	-	0.0%	1,740.4	1,740.4	-	0.0%
Federal grants	326.0	-	(326.0)	-100.0%	1,304.1	1,304.1	-	0.0%
Provincial grants	4,863.1	3,041.9	(1,821.3)	-37.5%	19,452.5	19,724.1	271.6	1.4%
From (to) reserve funds	(0.5)	(3.2)	(2.8)	615.1%	(1.8)	(7.7)	(5.9)	327.8%
Total Financing	5,623.8	3,473.7	(2,150.1)	-38.2%	22,495.2	22,760.9	265.7	1.2%
Expenses								
Personnel services	179.8	130.1	49.6	27.6%	719.0	672.5	46.5	6.5%
Materials	19.2	26.9	(7.7)	-40.0%	76.8	123.3	(46.5)	-60.5%
Contract services	0.8	-	0.8	100.0%	3.0	3.0	-	0.0%
External transfers	5,236.4	2,998.9	2,237.5	42.7%	20,945.5	21,233.0	(287.5)	-1.4%
Internal administration allocation	170.4	130.6	39.8	23.3%	681.5	654.7	26.8	3.9%
Imputed rent recovery	19.8	19.8	-	0.0%	79.2	79.2	-	0.0%
Total Expenses	5,626.3	3,306.3	2,319.9	41.2%	22,505.0	22,765.7	(260.7)	-1.2%
Recoveries								
Other recoveries	2.5	6.3	3.9	159.1%	9.8	13.5	3.7	37.8%
Total Expenses Less Recoveries	5,623.8	3,300.0	2,323.8	41.3%	22,495.2	22,752.2	(257.0)	-1.1%
Excess (Deficiency) of Revenues over Expenses	-	173.8	173.8	n/a	-	8.7	8.7	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q1 and the full-year forecast include:

Personnel Services**Forecast \$46,500 favourable**

Personnel Services expenses were under budget in Q1, and are forecast to be under budget by \$46,500 at year-end due to temporarily vacant positions at the beginning of the year.

Materials**Forecast \$46,500 unfavourable**

Materials expenses were slightly over budget in Q1, and are forecast to be higher than budget by \$46,500 at year-end, to support the service system expansion discussed above.

External Transfers**Forecast \$287,500 unfavourable**

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

2018 First Quarter Financial Report
Operating Budget

Table 7:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfers								
Fee Subsidy	1,232.5	1,152.3	80.2	6.5%	4,930.1	4,560.1	370.0	7.5%
Special Needs	397.7	397.5	0.2	0.0%	1,590.6	1,590.6	-	0.0%
General Operating	1,153.2	917.4	235.8	20.4%	4,612.9	4,959.9	(347.0)	-7.5%
Occupancy Incentive	75.0	-	75.0	100.0%	300.0	300.0	-	0.0%
Wage Enhancement	283.4	(6.8)	290.3	102.4%	1,133.7	1,113.2	20.5	1.8%
EarlyON	511.3	498.9	12.4	2.4%	2,045.2	2,045.2	-	0.0%
Journey Together	337.0	-	337.0	100.0%	1,348.1	1,729.5	(381.4)	-28.3%
Expansion Plan	836.5	-	836.5	100.0%	3,346.1	3,346.1	-	0.0%
Early Learning and Child Care	326.0	-	326.0	100.0%	1,304.1	1,304.1	-	0.0%
Other	83.7	39.6	44.0	52.6%	334.7	284.3	50.4	15.1%
Total	5,236.4	2,998.9	2,237.5	42.7%	20,945.5	21,233.0	(287.5)	-1.4%

In the first quarter, fee subsidy expenses, where payments to agencies are based on actual child attendance each month, were \$80,200 lower than budget. As discussed above, various factors contribute to this variance, including the ages of the children attending and family income levels. Based on the level of fee subsidies provided in Q1, a favourable variance of \$370,000 is projected at year-end. The level of fee subsidy provided will be monitored throughout the year and any unspent funds will be used to enhance the general operating funding provided to child care providers.

All Wage Enhancement funds will be issued to child care providers in the second quarter. Based on preliminary analysis, a favourable surplus of \$20,500 is expected. This program is 100% Provincially funded and does not impact the net levy.

Five (5) Indigenous organizations in the District of Thunder Bay will receive funding under The Journey Together: Ontario's Commitment to Reconciliation with Indigenous Peoples Program to help create culturally-relevant child care and learning spaces to celebrate the history, cultures, and languages of Indigenous people. Administration is currently working with the successful proponents to launch the programs beginning in the second quarter. The total funding provided by the Province is \$381,400 higher than the budgeted amount.

As discussed above, the Expansion Plan and ELCC components are aimed at supporting additional fee subsidies, increased access, and enhanced affordability for licensed child care. Administration is currently working with community partners, with a focus on long-term sustainability to achieve the Provincial direction. Potential expansion opportunities have been identified and implementations are in progress. As such, Administration expects to incur Expansion and ELCC expenses beginning in the second quarter. These programs are funded 100% by the Federal and Provincial governments and do not impact the net levy.



Internal Administration Allocation	Forecast \$26,800 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.



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 2,490 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:

- **Rent Supplement** – The 2018 TBDSSAB Operating Budget included an expansion of 30 rent supplement units to support the Board's plan for achieving its service-level standards. The 30-unit expansion included 18 units from a new Investment in Affordable Housing (IAH)-funded rental project. The occupancy date of this project has been delayed until late summer. Although TBDSSAB expects total rent supplement units to be on target by the end of the year, the total expense will be less than budget for the year.
- **Pest Management** – The costs of remedying pest outbreaks continue to be a challenge. In recent months, through a coordinated pest-management strategy, TBDSSAB has been successful in reducing the level of infestation at certain large buildings. However, significant costs were incurred to achieve this. TBDSSAB Administration continues to focus on pest-management strategies, investigating innovative solutions to address the problem.

Table 8, below, shows the 2018 Operating Budget revenues and expenditures, first quarter variances and year-end projections for Social and Affordable Housing Programs.

Overall, Social and Affordable Housing Program expenses are higher than revenues in Q1, but are forecast to be lower than revenues by \$131,500 at year-end.

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Table 8:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	4,092.5	4,092.5	-	0.0%	16,370.0	16,370.0	-	0.0%
Federal grants	2,706.0	2,772.4	66.4	2.5%	10,823.9	11,511.7	687.8	6.4%
Provincial grants	1,150.7	685.6	(465.1)	-40.4%	4,602.8	5,503.5	900.7	19.6%
Rents and other revenue	2,781.0	2,753.5	(27.5)	-1.0%	11,123.8	11,128.1	4.3	0.0%
From (to) reserve funds	(519.8)	(529.2)	(9.3)	1.8%	(2,079.3)	(2,103.4)	(24.1)	1.2%
Total Financing	10,210.3	9,774.8	(435.5)	-4.3%	40,841.2	42,409.9	1,568.7	3.8%
Expenses								
Personnel services	1,135.7	967.3	168.3	14.8%	4,542.6	4,414.3	128.3	2.8%
Interest on long-term debt	102.6	102.0	0.6	0.5%	410.4	407.6	2.8	0.7%
Materials	3,816.8	4,441.4	(624.6)	-16.4%	15,267.3	16,765.1	(1,497.8)	-9.8%
Contract services	13.8	2.9	10.9	79.0%	55.0	55.0	-	0.0%
Rents and financial expenses	14.6	28.0	(13.4)	-91.9%	58.4	58.4	-	0.0%
External transfers	4,355.1	3,606.7	748.4	17.2%	17,420.4	17,455.8	(35.4)	-0.2%
Loan principal repayment	596.8	648.7	(52.0)	-8.7%	2,387.0	2,386.7	0.3	0.0%
Internal administration allocation	291.5	237.0	54.5	18.7%	1,165.9	1,172.5	(6.6)	-0.6%
Imputed rent recovery	62.7	62.7	-	0.0%	250.8	250.8	-	0.0%
Total Expenses	10,389.5	10,096.7	292.7	2.8%	41,557.8	42,966.2	(1,408.4)	-3.4%
Recoveries								
From Ontario Works	29.8	29.8	-	0.0%	119.0	119.0	-	0.0%
From homelessness programs	141.6	134.4	(7.2)	-5.1%	566.5	534.2	(32.3)	-5.7%
Other recoveries	7.8	16.3	8.5	109.9%	31.1	34.6	3.5	11.3%
Total Expenses Less Recoveries	10,210.3	9,916.3	294.0	2.9%	40,841.2	42,278.4	(1,437.2)	-3.5%
Excess (Deficiency) of Revenues over Expenses	-	(141.4)	(141.4)	n/a	-	131.5	131.5	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q1 and the full-year forecast include:

Personnel Services	Forecast \$128,300 favourable
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Personnel Services expenses were under budget in Q1, and are forecast to be under budget by \$128,300 at year-end due to temporarily vacant positions.

Materials	Forecast \$1,497,800 unfavourable
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A further breakdown of this variance is provided in Table 9, below:

2018 First Quarter Financial Report
Operating Budget

Table 9:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Materials								
Repairs and maintenance	429.6	441.3	(11.7)	-2.7%	1,718.2	1,718.2	-	0.0%
Operating services	420.8	575.9	(155.1)	-36.9%	1,683.2	1,773.2	(90.0)	-5.3%
Insurance	121.6	118.5	3.1	2.5%	486.2	486.2	-	0.0%
Gas	166.1	182.7	(16.6)	-10.0%	664.5	664.5	-	0.0%
Electricity	439.8	621.0	(181.2)	-41.2%	1,759.3	1,759.3	-	0.0%
Water	346.4	354.5	(8.1)	-2.3%	1,385.7	1,385.7	-	0.0%
Municipal taxes	1,334.5	1,278.4	56.0	4.2%	5,337.8	5,337.8	-	0.0%
Other	114.6	94.6	20.0	17.5%	458.5	567.4	(108.9)	-23.8%
SHARP	-	363.2	(363.2)	n/a	-	766.5	(766.5)	n/a
SHAIP	443.5	-	443.5	100.0%	1,773.9	1,773.9	-	0.0%
SHIP	-	411.3	(411.3)	n/a	-	532.4	(532.4)	n/a
Total	3,816.8	4,441.4	(624.6)	-16.4%	15,267.3	16,765.1	(1,497.8)	-9.8%

Direct-owned housing operating services costs were higher than budget in Q1, primarily due to snow removal, sanding and de-icing, and pest management. A disproportionate amount of the winter control budget is typically used in the first quarter each year. Overall, snow removal, sanding and de-icing expenses are expected to be materially on budget for the year. As discussed above, the intensive pest management strategies implemented to reduce significant pest outbreaks early in the year are expected to lead to an unfavourable variance of \$90,000.

Utility costs (gas, electricity, and water), which are cyclical in nature, are higher than budget, overall, in Q1, but are expected to be on budget at year-end.

Projects under the Social Housing Apartment Retrofit Program (SHARP) and Social Housing Improvement Program (SHIP) were expected to be complete in the 2017 year, however, certain projects were extended into 2018, resulting in an unfavourable variance. Since these programs are 100% Federally-/Provincially-funded, there is no impact on the levy. Projects under the Social Housing Apartment Improvement Program (SHAIP) will be undertaken later in the year.

External Transfers**Forecast \$35,400 unfavourable**

External transfers for social and affordable housing were less than budget in Q1, but are expected to be \$35,400 higher than budget at year-end. A further breakdown of this variance is provided in Table 10, below:

2018 First Quarter Financial Report
Operating Budget

Table 10:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfers								
Social housing	1,580.0	1,611.4	(31.5)	-2.0%	6,319.8	6,318.0	1.8	0.0%
Urban Native housing program	539.5	569.8	(30.4)	-5.6%	2,157.9	2,157.9	-	0.0%
Rent supplement	1,134.1	1,057.3	76.9	6.8%	4,536.5	4,347.5	189.0	4.2%
IAH Rent Supplement	17.4	26.2	(8.8)	-50.3%	69.6	97.1	(27.5)	-39.5%
IAH Ext Rental Housing	524.7	-	524.7	100.0%	2,098.8	2,349.8	(251.0)	-12.0%
IAH Ext Ontario Renovates	56.8	73.7	(16.9)	-29.7%	227.2	199.9	27.3	12.0%
IAH Ext Housing Allowance	61.5	62.9	(1.4)	-2.3%	246.0	257.9	(11.9)	-4.8%
IAH-SIF Rental Housing	287.0	13.3	273.7	95.4%	1,147.9	966.7	181.2	15.8%
IAH-SIF Ontario Renovates	142.4	136.0	6.4	4.5%	569.4	669.1	(99.7)	-17.5%
IAH Survivors of Domestic Violence	11.8	56.1	(44.3)	-374.4%	47.3	91.9	(44.6)	-94.3%
Total	4,355.1	3,606.7	748.4	17.2%	17,420.4	17,455.8	(35.4)	-0.2%

Overall, external transfers under the various IAH Programs were under budget in Q1. IAH Rental Housing funds will be issued to agencies later in the year. Funding to eligible homeowners under the IAH Ontario Renovates Program is forecast to be higher than budget at year-end. The IAH Survivors of Domestic Violence Pilot Program was to have been transferred to the Province in March, however, this has been extended to June, resulting in an unfavourable variance. IAH Programs are funded by the Federal and Provincial governments and, therefore, do not impact the levy.

As discussed above, rent supplement payments to landlords were lower than budget in Q1 and the average subsidy per unit has been lower than expected. Overall, rent supplement payments are forecast to be \$189,000 less than budget at year-end.



F. Homelessness Prevention

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

Table 11, below, shows the 2018 Operating Budget revenues and expenditures, first quarter variances and year-end projections for homelessness prevention programs. Overall, homelessness prevention expenses are higher than budget in Q1, but are forecast to be \$307,800 lower than budget at year-end.

Table 11:

Description	Year-To-Date				Year 2018			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Provincial grants	1,193.1	1,252.1	59.0	4.9%	4,772.3	4,464.5	(307.8)	-6.4%
Total Financing	1,193.1	1,252.1	59.0	4.9%	4,772.3	4,464.5	(307.8)	-6.4%
Expenses								
External transfers	960.8	1,013.9	(53.1)	-5.5%	3,843.0	3,569.2	273.8	7.1%
Internal administration allocation	232.3	238.2	(5.9)	-2.5%	929.3	895.3	34.0	3.7%
Total Expenses	1,193.1	1,252.1	(59.0)	-4.9%	4,772.3	4,464.5	307.8	6.4%
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 Q1 and the full-year forecast include:

External Transfers	Forecast \$273,800 favourable
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Transfers to funded agencies, and eligible individuals and families, were higher than budget in Q1, however, are forecast to be \$273,800 under budget at year-end, as the rent supplement component of the HFG Program has not yet been fully implemented.

Internal Administration Allocation	Forecast \$34,000 favourable
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The Internal Administration related to homelessness prevention includes cost recovery of Tenant Support positions, and a recovery of administrative costs of up to 10% of program expenditures. The favourable variance in program spending resulted in a corresponding favourable variance in the administrative allocation.

2018 First Quarter Financial Report
Operating Budget**G. Other**

Through the Community Social Reinvestment Program (CSRP), 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 12, below, shows the 2018 Operating Budget revenues and expenditures, first quarter variances and year-end projections for CSRP. Overall, CSRP expenses are higher than budget in Q1, based on timing of payments, but are forecast to be materially on budget at year-end.

Table 12:

Description	Year-To-Date				Year 2018			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	140.0	140.0	-	0.0%	559.9	559.9	-	0.0%
From (to) reserve funds	7.5	33.0	25.5	339.7%	30.0	33.0	3.0	10.0%
Total Financing	147.5	173.0	25.5	17.3%	589.9	592.9	3.0	0.5%
Expenses								
External transfers	147.5	238.7	(91.2)	-61.8%	589.9	592.9	(3.0)	-0.5%
Total Expenses	147.5	238.7	(91.2)	-61.8%	589.9	592.9	(3.0)	-0.5%
Excess (Deficiency) of Revenues over Expenses	-	(65.7)	(65.7)	n/a	-	-	-	n/a

Expense highlights for Q1 and the full-year forecast include:

External Transfers	Forecast \$3,000 unfavourable
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Transfers to agencies were higher in Q1, as the funds were issued as the Initiated Agreements were completed, and are forecast to be \$3,000 higher than budget at the end of the year to fully utilize the remaining balance in the CSRP reserve fund.



CONCLUSION

Through the 2018 First Quarter Financial Report, TBDSSAB is projecting a program levy operating surplus of \$439,100 for the 2018 year. The chart, below, summarizes the Q1 forecast levy operating surplus for 2018, by program.

