



	REPORT No.: 2018-56
MEETING DATE: SEPTEMBER 18, 2018	DATE PREPARED: AUGUST 8, 2018
SUBJECT: THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD 2018 SECOND 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 Second 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 Federal/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 June 30, 2018, was \$4,478,200 (8.4%) less than the year-to-date Budget, with a net surplus of \$260,800. At this time, the program levy operating surplus projected to year-end is \$516,900, or 2.3% of the 2018 Levy. A summary of net forecast cost variances, by program, is presented below:

2018 Forecast Program Levy Operating Surplus	
Ontario Works	\$ 174,600
Child Care and Early Years	900
Social and Affordable Housing	210,000
Unrestricted Interest Revenue	131,400
Forecast Program Levy Operating Surplus	\$ 516,900

This projected surplus at the end of the Second 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 private market rent supplement units to support the Board's plan for achieving its service-level standards. The expansion included 18 units from a new Investment in Affordable Housing funded rental project. The occupancy date of this project has been delayed until late summer. Although TBDSSAB expects the total number of rent supplement units to be on target by the end of the year, the total expense will be less than budget for the year.
- **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 Second Quarter and full-year forecast, as well as detailed variance explanations, are provided in Attachment 1: 2018 Second 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. Attachment 2: Fiduciary Responsibility Checklist, certified by the Director – Corporate Services Division, and the Chief Administrative Officer, indicates that all filings and remittances were made in accordance with the established requirements and timelines, and that TBDSSAB is compliant with all applicable labour laws.

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 Second Quarter TBDSSAB Financial Report indicates a year-to-date net surplus of \$260,800, with a forecast program levy operating surplus, for the year, of \$516,900, or 2.3% of the 2018 levy.

REFERENCE MATERIALS ATTACHED

Attachment 1: 2018 Second Quarter Financial Report

Attachment 2: Fiduciary Responsibility Checklist

PREPARED BY:	Garrick Sherman, CPA, CA, Supervisor, Accounting The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	
	Keri Greaves, CPA, CMA, Acting Director - Corporate Services Division The District of Thunder Bay Social Services Administration Board
SUBMITTED / SIGNATURE:	
	William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board



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

**2018 SECOND 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 estimate any anticipated program levy operating surplus, or deficit, for the year.

EXECUTIVE SUMMARY

Reflecting results for the 6-month period ending June 30, 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, second quarter variances and year-end projections.

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	11,403.4	11,403.4	-	0.0%	22,806.7	22,806.7	-	0.0%
Federal grants	6,064.0	5,109.4	(954.6)	-15.7%	12,128.0	12,547.1	419.1	3.5%
Provincial grants	31,262.3	27,945.3	(3,316.9)	-10.6%	62,524.5	62,406.7	(117.8)	-0.2%
Rents and other revenue	5,573.7	5,563.1	(10.5)	-0.2%	11,147.3	11,160.0	12.7	0.1%
Interest on unrestricted funds	42.0	113.4	71.4	169.9%	84.0	215.4	131.4	156.4%
From (to) reserve funds	(1,049.5)	(1,056.1)	(6.6)	0.6%	(2,099.0)	(2,096.0)	3.0	-0.1%
Total Financing	53,295.8	49,078.4	(4,217.4)	-7.9%	106,591.5	107,039.9	448.4	0.4%
Expenses								
Personnel services	7,384.1	6,370.8	1,013.3	13.7%	14,768.2	14,090.1	678.1	4.6%
Interest on long-term debt	271.2	266.4	4.8	1.8%	542.3	539.5	2.8	0.5%
Materials	8,985.7	9,712.5	(726.8)	-8.1%	17,971.3	19,710.8	(1,739.5)	-9.7%
Contract services	123.4	91.4	32.0	25.9%	246.7	282.7	(36.0)	-14.6%
Rents and financial expenses	81.1	85.1	(4.0)	-4.9%	162.1	165.1	(3.0)	-1.9%
External transfers	35,125.5	30,933.4	4,192.0	11.9%	70,250.9	69,085.1	1,165.8	1.7%
Loan principal repayment	1,325.0	1,358.1	(33.1)	-2.5%	2,650.0	2,649.7	0.3	0.0%
Total Expenses	53,295.8	48,817.6	4,478.2	8.4%	106,591.5	106,523.0	68.5	0.1%
Excess (Deficiency) of Revenues over Expenses	-	260.8	260.8	n/a	-	516.9	516.9	n/a



Highlights for Q2 2018 and the full-year 2018 forecast include:

Federal and Provincial Grants	Forecast \$301,300 (0.4%) favourable
--------------------------------------	---

Federal and Provincial Grants were less than budget in Q2, however, are forecast to be \$301,300 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 \$678,100 (4.6%) favourable
---------------------------	---

Personnel Services were under budget in Q2 and are forecast to be \$678,100 less than budget for the year, due to temporarily-vacant positions.

Materials	Forecast \$1,739,500 (9.7%) unfavourable
------------------	---

Materials were higher than budget in Q2, and are forecast to be \$1,739,500 more than budget for the year. The unfavourable variance is due, mainly, to costs incurred under the Social Housing Apartment Retrofit Program (SHARP), and Social Housing Improvement Program (SHIP), 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. Cost for repairs and maintenance, and operating services related to the direct-owned housing portfolio are also expected to be higher than budget.

External Transfers	Forecast \$1,165,800 (1.7%) favourable
---------------------------	---

External Transfers to funded agencies, individuals and families were lower than budget in Q2, and are forecast to be \$1,165,800 less than budget for the year, due to underspending in the Private Market Rent Supplement and Home for Good (HFG) programs and Ontario Works (OW) financial assistance.

Overall, TBDSSAB is currently forecasting a favourable program levy operating surplus of \$516,900 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	\$ 174,600
Child Care and Early Years	900
Social and Affordable Housing	210,000
Unrestricted Interest Revenue	131,400
Forecast Program Levy Operating Surplus	\$ 516,900



2018 SECOND QUARTER OPERATING BUDGET RESULTS

The Second Quarter Report provides an indication of TBDSSAB's financial status as at June 30, 2018, and a projection for the year, and identifies any significant variances from the 2018 Operating Budget. Overall, in Q2, TBDSSAB recorded a net surplus of \$260,800, and a surplus of \$516,900, or 2.3% 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	2,110.8	1,869.5	(241.3)	-11.4%	4,221.5	4,126.8	(94.7)	-2.2%
Addiction services initiative	28.6	25.6	(3.0)	-10.6%	57.2	56.7	(0.5)	-0.9%
Child care programs	308.3	260.6	(47.7)	-15.5%	616.5	588.3	(28.2)	-4.6%
Housing programs	705.9	628.1	(77.8)	-11.0%	1,411.8	1,382.9	(28.9)	-2.0%
Total Allocation	3,153.5	2,783.6	(369.9)	-11.7%	6,307.0	6,154.7	(152.3)	-2.4%
Financing								
Levy to municipalities & TWOMO	(42.0)	(42.0)	-	0.0%	(84.0)	(84.0)	-	0.0%
Other revenue	11.8	13.0	1.2	10.4%	23.5	25.5	2.0	8.5%
Interest on unrestricted funds	42.0	113.4	71.4	169.9%	84.0	215.4	131.4	156.4%
Total Financing	11.8	84.3	72.6	617.7%	23.5	156.9	133.4	567.7%
Expenses								
Personnel services	1,895.4	1,631.3	264.1	13.9%	3,790.7	3,629.0	161.7	4.3%
Interest on long-term debt	66.0	62.5	3.5	5.2%	131.9	131.9	-	0.0%
Materials	965.6	891.6	73.9	7.7%	1,931.1	1,941.3	(10.2)	-0.5%
Contract services	89.4	68.1	21.2	23.7%	178.7	181.4	(2.7)	-1.5%
Rents and financial expenses	8.8	4.5	4.3	48.8%	17.5	17.5	-	0.0%
Loan principal repayment	131.5	130.0	1.5	1.1%	263.0	263.0	-	0.0%
Internal administrative expense	77.8	77.8	-	0.0%	155.6	155.6	-	0.0%
Total Expenses	3,234.3	2,865.8	368.4	11.4%	6,468.5	6,319.7	148.8	2.3%
Recoveries								
From housing programs	6.3	7.2	(0.9)	-14.3%	12.6	16.1	(3.5)	-27.8%
From homelessness programs	16.4	15.6	0.7	4.3%	32.7	30.7	2.0	6.1%
From child care programs	46.4	46.4	-	0.0%	92.7	92.7	-	0.0%
Total Expenses Less Recoveries	3,165.3	2,796.6	368.6	11.6%	6,330.5	6,180.2	150.3	2.4%
Excess (Deficiency) of Revenues over Expenses	-	71.4	71.4	n/a	-	131.4	131.4	n/a



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

Interest on Unrestricted Funds	Forecast \$131,400 (156.4%) favourable
---------------------------------------	---

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 Q2, and are forecast to be under budget by \$148,800 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 Q2 and the full-year forecast include:

Personnel Services	Forecast \$161,700 (4.3%) favourable
---------------------------	---

Personnel Services expenses were under budget in Q2, and are forecast to be under budget by \$161,700 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 \$10,200 (0.5%) unfavourable
------------------	--

Materials expenses were under budget in Q2, due to several information technology projects that will be undertaken later in the year, and are expected to be slightly higher than 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, second quarter variances and year-end projections for Integrated Client Services. Overall, Integrated Client Services expenses are under budget in Q2 and are forecast to be under budget by \$35,900 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	329.6	282.1	(47.5)	-14.4%	659.2	630.8	(28.4)	-4.3%
Addiction services initiative	8.4	7.1	(1.2)	-14.5%	16.7	16.0	(0.7)	-4.2%
Child care programs	20.9	17.9	(3.0)	-14.4%	41.7	39.9	(1.8)	-4.3%
Housing programs	58.4	50.0	(8.4)	-14.4%	116.8	111.8	(5.0)	-4.3%
Total Allocation	417.2	357.1	(60.1)	-14.4%	834.4	798.5	(35.9)	-4.3%
Expenses								
Personnel services	424.0	367.9	56.0	13.2%	847.9	810.5	37.4	4.4%
Materials	6.7	3.1	3.6	53.6%	13.4	14.9	(1.5)	-11.2%
Total Expenses	430.7	371.0	59.6	13.8%	861.3	825.4	35.9	4.2%
Recoveries								
From homelessness programs	13.5	14.0	(0.5)	-3.8%	26.9	26.9	-	0.0%
Total Expenses Less Recoveries	417.2	357.1	60.1	14.4%	834.4	798.5	35.9	4.3%
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 Q2 and the full-year forecast include:

Personnel Services Forecast **\$37,400 (4.4%) favourable**

Personnel Services expenses were under budget in Q2 and are forecast to be under budget by \$37,400 at year-end due to temporarily-vacant positions.



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:

- **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. In July, the Province announced it would wind down the Basic Income Pilot with further details to be provided at a later date.
- **Changes to Social Assistance** – In July, the Province announced that a cost of living adjustment of 1.5% would be applied to OW client allowances and benefits, effective October 1, 2018. The Province also announced that it is developing a new plan for social assistance, to be communicated in the Fall.

Table 5, below, shows the 2018 Operating Budget revenues and expenditures, second quarter variances and year-end projections for OW programs.

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	2,110.2	2,110.2	-	0.0%	4,220.4	4,220.4	-	0.0%
Provincial grants	16,848.5	16,147.6	(700.9)	-4.2%	33,696.9	32,975.2	(721.7)	-2.1%
Other revenues	-	0.1	0.1	n/a	-	0.1	0.1	n/a
From (to) reserve funds	(24.0)	(42.4)	(18.4)	77.0%	(47.9)	(47.9)	-	0.0%
Total Financing	18,934.7	18,215.4	(719.3)	-3.8%	37,869.4	37,147.8	(721.6)	-1.9%
Expenses								
Personnel services	2,434.0	2,042.3	391.7	16.1%	4,868.0	4,493.5	374.5	7.7%
Materials	341.4	306.8	34.6	10.1%	682.7	779.4	(96.7)	-14.2%
Contract services	5.0	13.3	(8.3)	-166.3%	10.0	43.3	(33.3)	-333.0%
Rents and financial expenses	43.1	39.5	3.6	8.3%	86.2	86.0	0.2	0.2%
External transfers	13,726.1	13,525.0	201.1	1.5%	27,452.1	26,924.9	527.2	1.9%
Internal administration allocation	2,103.5	1,868.0	235.5	11.2%	4,207.0	4,083.0	124.0	2.9%
Imputed rent recovery	494.9	494.9	-	0.0%	989.8	989.8	-	0.0%
Total Expenses	19,147.9	18,289.7	858.2	4.5%	38,295.8	37,399.9	895.9	2.3%
Recoveries								
From homelessness programs	151.6	155.5	3.9	2.6%	303.2	303.2	-	0.0%
Other recoveries	61.6	119.1	57.5	93.4%	123.2	123.5	0.3	0.2%
Total Expenses Less Recoveries	18,934.7	18,015.1	919.6	4.9%	37,869.4	36,973.2	896.2	2.4%
Excess (Deficiency) of Revenues over Expenses	-	200.3	200.3	n/a	-	174.6	174.6	n/a



Overall, OW program expenses are less than revenues in Q2, and are forecast to be less than revenues by \$174,600 at year-end.

Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q2 and the full-year forecast include:

Personnel Services	Forecast \$374,500 (7.7%) favourable
---------------------------	---

Personnel Services expenses were under budget in Q2, 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 Client Services 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 \$374,500 by year-end.

Materials	Forecast \$96,700 (14.2%) unfavourable
------------------	---

Materials expenses were under budget in Q2 but are expected to be \$96,700 higher than budget at year-end to support process reviews and enhanced program outcomes.

Contract Services	Forecast \$33,300 (333.0%) unfavourable
--------------------------	--

Contract services were higher than budget in Q2, and are expected to be \$33,300 higher than budget by the end of the year due to higher legal costs, including expenses related to the enforcement of restitution orders against former clients.

External Transfers	Forecast \$527,200 (1.9%) favourable
---------------------------	---

As discussed above, in Q2, TBDSSAB experienced a 2.5% decrease in its OW caseload, due, primarily, to clients electing to take part in the Basic Income Pilot. As a result, Q2 financial assistance payments to eligible families and individuals were less than budget. At this time, Administration is forecasting external transfers to be \$527,200 under budget at year-end. OW financial and employment assistance benefits are now 100% Provincially funded.

Internal Administration Allocation	Forecast \$124,000 (2.9%) 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.



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 – Fee subsidy levels fluctuate 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. 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, second quarter variances, and year-end projections for Child Care and Early Years programs.

Table 6:

Description	Year-To-Date				Year 2018			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	870.2	870.2	-	0.0%	1,740.4	1,740.4	-	0.0%
Federal grants	652.1	-	(652.1)	-100.0%	1,304.1	1,304.1	-	0.0%
Provincial grants	9,726.3	7,823.4	(1,902.9)	-19.6%	19,452.5	19,810.5	358.0	1.8%
From (to) reserve funds	(0.9)	(3.2)	(2.3)	254.3%	(1.8)	(2.9)	(1.1)	61.1%
Total Financing	11,247.6	8,690.4	(2,557.2)	-22.7%	22,495.2	22,852.1	356.9	1.6%
Expenses								
Personnel services	359.5	286.6	72.9	20.3%	719.0	675.9	43.1	6.0%
Materials	38.4	44.9	(6.5)	-17.0%	76.8	74.3	2.5	3.3%
Contract services	1.5	-	1.5	100.0%	3.0	3.0	-	0.0%
External transfers	10,472.8	8,029.8	2,443.0	23.3%	20,945.5	21,377.1	(431.6)	-2.1%
Internal administration allocation	340.8	296.3	44.5	13.1%	681.5	653.2	28.3	4.2%
Imputed rent recovery	39.6	39.6	-	0.0%	79.2	79.2	-	0.0%
Total Expenses	11,252.5	8,697.1	2,555.4	22.7%	22,505.0	22,862.7	(357.7)	-1.6%
Recoveries								
Other recoveries	4.9	11.1	6.2	126.9%	9.8	11.5	1.7	17.3%
Total Expenses Less Recoveries	11,247.6	8,686.0	2,561.6	22.8%	22,495.2	22,851.2	(356.0)	-1.6%
Excess (Deficiency) of Revenues over Expenses	-	4.4	4.4	n/a	-	0.9	0.9	n/a



Overall, Child Care and Early Years program expenses were less than revenues in Q2, and are forecast to be slightly less than revenues by \$900 at year-end.

Federal and Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q2 and the full-year forecast include:

Personnel Services	Forecast \$43,100 (6.0%) favourable
---------------------------	--

Personnel Services expenses were under budget in Q2, and are forecast to be under budget by \$43,100 at year-end due to temporarily-vacant positions at the beginning of the year.

External Transfers	Forecast \$431,600 (2.1%) unfavourable
---------------------------	---

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

Table 7:

Description	Year-To-Date				Year 2018			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
External Transfers								
Fee Subsidy	2,465.1	2,333.5	131.6	5.3%	4,930.1	4,634.3	295.8	6.0%
Special Needs	795.3	795.0	0.3	0.0%	1,590.6	1,590.6	-	0.0%
General Operating	2,306.5	1,834.8	471.7	20.4%	4,612.9	4,962.9	(350.0)	-7.6%
Occupancy Incentive	150.0	-	150.0	100.0%	300.0	300.0	-	0.0%
Wage Enhancement	566.9	1,106.2	(539.3)	-95.1%	1,133.7	1,113.2	20.5	1.8%
EarlyON	1,022.6	999.8	22.9	2.2%	2,045.2	2,045.2	-	0.0%
Journey Together	674.1	854.7	(180.6)	-26.8%	1,348.1	1,729.5	(381.4)	-28.3%
Expansion Plan	1,673.1	-	1,673.1	100.0%	3,346.1	3,346.1	-	0.0%
Early Learning and Child Care	652.1	-	652.1	100.0%	1,304.1	1,304.1	-	0.0%
Other	167.4	105.9	61.5	36.7%	334.7	351.2	(16.5)	-4.9%
Total	10,472.8	8,029.8	2,443.0	23.3%	20,945.5	21,377.1	(431.6)	-2.1%

In the second quarter, fee subsidy expenses, where payments to agencies are based on actual child attendance each month, were \$131,600 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 Q2, a favourable variance of \$295,800 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 were issued to child care providers in the second quarter and 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 were successful in their applications to 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. 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 third quarter. These programs are funded 100% by the Federal and Provincial governments and do not impact the levy.

Internal Administration Allocation	Forecast \$28,300 (4.2%) 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 2,490 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 private market 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 the total number of 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 pest issues 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.
- **Move-outs, Repairs and Maintenance** – The volume of move-outs to date through August, was about 20% higher than the prior year. Administration projects there will be 400 move-outs in 2018 compared to 367 in 2017 (339 in 2016), resulting in higher-than-budgeted costs incurred to get the units ready to be re-rented. As well, several units in the portfolio have had significant damage that required remediation, not covered by insurance. Routine repairs and maintenance expense have also been higher than budget. Administration is implementing various strategies to mitigate budget overages.

Table 8, below, shows the 2018 Operating Budget revenues and expenditures, second quarter variances and year-end projections for Social and Affordable Housing Programs. Overall, Social and Affordable Housing Program expenses are lower than revenues in Q2, and are forecast to be lower than revenues by \$210,000 at year-end.



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	8,185.0	8,185.0	-	0.0%	16,370.0	16,370.0	-	0.0%
Federal grants	5,412.0	5,109.4	(302.6)	-5.6%	10,823.9	11,243.0	419.1	3.9%
Provincial grants	2,301.4	1,752.9	(548.5)	-23.8%	4,602.8	5,215.6	612.8	13.3%
Rents and other revenue	5,561.9	5,550.1	(11.8)	-0.2%	11,123.8	11,134.4	10.6	0.1%
From (to) reserve funds	(1,039.7)	(1,043.5)	(3.9)	0.4%	(2,079.3)	(2,078.2)	1.1	-0.1%
Total Financing	20,420.6	19,553.9	(866.7)	-4.2%	40,841.2	41,884.8	1,043.6	2.6%
Expenses								
Personnel services	2,271.3	2,042.8	228.5	10.1%	4,542.6	4,481.2	61.4	1.4%
Interest on long-term debt	205.2	203.9	1.3	0.6%	410.4	407.6	2.8	0.7%
Materials	7,633.7	8,466.1	(832.4)	-10.9%	15,267.3	16,900.9	(1,633.6)	-10.7%
Contract services	27.5	9.9	17.6	64.0%	55.0	55.0	-	0.0%
Rents and financial expenses	29.2	41.1	(11.9)	-40.6%	58.4	61.6	(3.2)	-5.5%
External transfers	8,710.2	7,022.5	1,687.7	19.4%	17,420.4	16,692.8	727.6	4.2%
Loan principal repayment	1,193.5	1,228.1	(34.6)	-2.9%	2,387.0	2,386.7	0.3	0.0%
Internal administration allocation	583.0	510.6	72.3	12.4%	1,165.9	1,134.0	31.9	2.7%
Imputed rent recovery	125.4	125.4	-	0.0%	250.8	250.8	-	0.0%
Total Expenses	20,778.9	19,650.4	1,128.5	5.4%	41,557.8	42,370.6	(812.8)	-2.0%
Recoveries								
From Ontario Works	59.5	59.5	-	0.0%	119.0	119.0	-	0.0%
From homelessness programs	283.3	265.6	(17.6)	-6.2%	566.5	547.2	(19.3)	-3.4%
Other recoveries	15.6	28.6	13.0	83.8%	31.1	29.6	(1.5)	-4.8%
Total Expenses Less Recoveries	20,420.6	19,296.6	1,124.0	5.5%	40,841.2	41,674.8	(833.6)	-2.0%
Excess (Deficiency) of Revenues over Expenses	-	257.2	257.2	n/a	-	210.0	210.0	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q2 and the full-year forecast include:

Personnel Services	Forecast \$61,400 (1.4%) favourable
---------------------------	--

Personnel Services expenses were under budget in Q2, and are forecast to be under budget by \$61,400 at year-end due to temporarily-vacant positions.



Materials	Forecast \$1,633,600 (10.7%) unfavourable
------------------	--

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

Table 9:

Description	Year-To-Date				Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Materials								
Repairs and maintenance	859.1	949.1	(90.0)	-10.5%	1,718.2	2,080.6	(362.4)	-21.1%
Operating services	841.6	1,006.9	(165.3)	-19.6%	1,683.2	1,826.8	(143.6)	-8.5%
Insurance	243.1	233.6	9.5	3.9%	486.2	486.2	-	0.0%
Gas	332.3	393.9	(61.7)	-18.6%	664.5	689.3	(24.8)	-3.7%
Electricity	879.7	792.5	87.1	9.9%	1,759.3	1,623.5	135.8	7.7%
Water	692.9	681.7	11.2	1.6%	1,385.7	1,398.6	(12.9)	-0.9%
Municipal taxes	2,668.9	2,588.0	80.9	3.0%	5,337.8	5,219.7	118.1	2.2%
Other	229.3	187.2	42.1	18.4%	458.5	457.7	0.8	0.2%
SHARP	-	682.2	(682.2)	n/a	-	785.0	(785.0)	n/a
SHAIP	887.0	471.9	415.0	46.8%	1,773.9	1,773.9	-	0.0%
SHIP	-	479.1	(479.1)	n/a	-	559.6	(559.6)	n/a
Total	7,633.7	8,466.1	(832.4)	-10.9%	15,267.3	16,900.9	(1,633.6)	-10.7%

Direct-owned housing repairs and maintenance, and operating services costs were higher than budget in Q2, and are expected to be a combined \$506,000 higher than budget at year-end. This includes \$110,300 for pest control, \$118,100 related to move-outs and major remediation and repairs, \$86,300 related to various plumbing repairs, \$64,700 related to equipment and appliance repairs, and \$30,400 for snow removal, sanding and de-icing. As discussed above, Administration has reviewed its internal processes and is taking steps to limit the budget overages.

Utility costs (gas, electricity, and water), which are cyclical in nature, are slightly higher than budget, overall, in Q2. Electricity expense is expected to be less than budget at year-end. In recent years, TBDSSAB has made significant investments in projects, focusing on energy efficiency, which contributes to lower costs. Municipal property taxes are also expected to be less than budget at year-end.

Projects under the SHARP and SHIP programs 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 \$727,600 (4.2%) favourable
---------------------------	---

External transfers for social and affordable housing were less than budget in Q2, and are expected to be \$727,600 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 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfers								
Social housing	3,159.9	3,164.3	(4.4)	-0.1%	6,319.8	6,247.7	72.1	1.1%
Urban Native housing program	1,079.0	1,192.6	(113.6)	-10.5%	2,157.9	2,157.9	-	0.0%
Rent supplement	2,268.3	2,058.0	210.3	9.3%	4,536.5	4,242.7	293.8	6.5%
IAH Rent Supplement	34.8	48.4	(13.6)	-39.1%	69.6	92.3	(22.7)	-32.6%
IAH Ext Rental Housing	1,049.4	-	1,049.4	100.0%	2,098.8	1,748.9	349.9	16.7%
IAH Ext Ontario Renovates	113.6	155.3	(41.7)	-36.7%	227.2	204.0	23.2	10.2%
IAH Ext Housing Allowance	123.0	131.1	(8.1)	-6.6%	246.0	273.3	(27.3)	-11.1%
IAH-SIF Rental Housing	574.0	13.3	560.6	97.7%	1,147.9	966.8	181.1	15.8%
IAH-SIF Ontario Renovates	284.7	169.4	115.3	40.5%	569.4	669.1	(99.7)	-17.5%
IAH Survivors of Domestic Violence	23.7	90.1	(66.4)	-280.8%	47.3	90.1	(42.8)	-90.5%
Total	8,710.2	7,022.5	1,687.7	19.4%	17,420.4	16,692.8	727.6	4.2%

External transfers to social housing providers were slightly higher than budget in Q2 but, at this time, are forecast to be \$72,100 less than budget at year-end as a result of prior year settlements.

As discussed above, rent supplement payments to private landlords were lower than budget in Q2 and the average subsidy per unit has been lower than expected. Overall, rent supplement payments are forecast to be \$293,800 less than budget at year-end.

Overall, external transfers under the various IAH Programs were under budget in Q2. IAH Rental Housing funds will be issued to agencies later in the year, however, the amount provided in 2018 is expected to be less than budget as the new construction projects will extend into the 2019 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 was extended to June, resulting in an unfavourable variance. IAH Programs are funded by the Federal and Provincial governments, therefore, do not impact the levy.

Internal Administration Allocation	Forecast \$31,900 (2.7%) 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 HFG Program, 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, second quarter variances and year-end projections for homelessness prevention programs. Overall, homelessness prevention expenses are lower than budget in Q2, and are forecast to be \$366,900 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	2,386.2	2,221.5	(164.7)	-6.9%	4,772.3	4,405.4	(366.9)	-7.7%
Total Financing	2,386.2	2,221.5	(164.7)	-6.9%	4,772.3	4,405.4	(366.9)	-7.7%
Expenses								
External transfers	1,921.5	1,770.7	150.8	7.8%	3,843.0	3,497.4	345.6	9.0%
Internal administration allocation	464.7	450.7	13.9	3.0%	929.3	908.0	21.3	2.3%
Total Expenses	2,386.2	2,221.5	164.7	6.9%	4,772.3	4,405.4	366.9	7.7%
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 Q2 and the full-year forecast include:

External Transfers Forecast **\$345,600 (9.0%) favourable**

Transfers to funded agencies, and eligible individuals and families, were lower than budget in Q2, and are forecast to be \$345,600 under budget at year-end, as take-up of the rent supplement component of the HFG Program was less than anticipated.

Internal Administration Allocation Forecast **\$21,300 (2.3%) favourable**

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 results in a corresponding favourable variance in the administrative allocation.



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, second quarter variances and year-end projections for CSRP. Overall, CSRP expenses are higher than budget in Q2, due to 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	280.0	280.0	-	0.0%	559.9	559.9	-	0.0%
From (to) reserve funds	15.0	33.0	18.0	119.9%	30.0	33.0	3.0	10.0%
Total Financing	295.0	312.9	18.0	6.1%	589.9	592.9	3.0	0.5%
Expenses								
External transfers	295.0	585.4	(290.4)	-98.5%	589.9	592.9	(3.0)	-0.5%
Total Expenses	295.0	585.4	(290.4)	-98.5%	589.9	592.9	(3.0)	-0.5%
Excess (Deficiency) of Revenues over Expenses	-	(272.4)	(272.4)	n/a	-	-	-	n/a

Expense highlights for Q2 and the full-year forecast include:

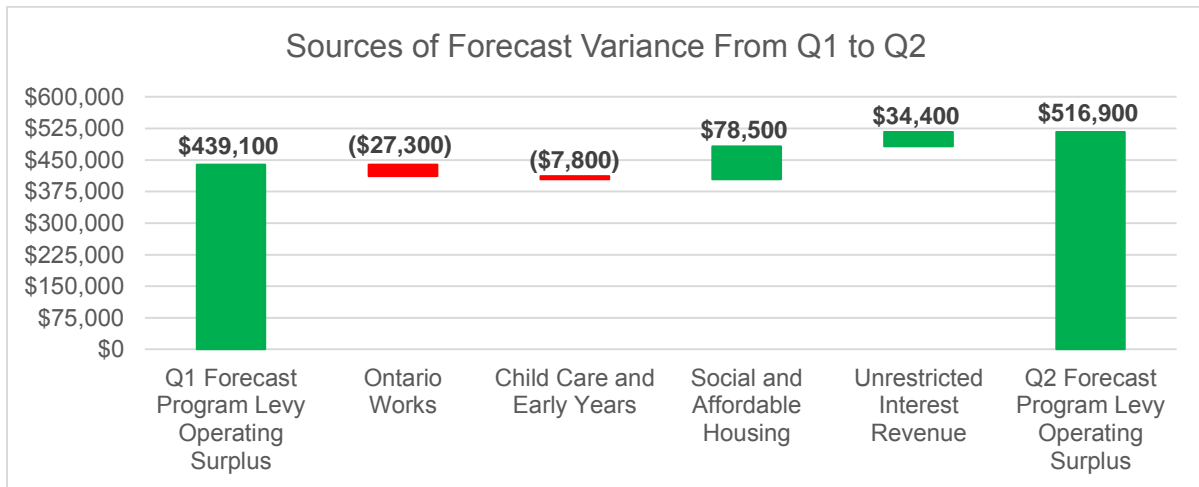
External Transfers	Forecast \$3,000 (0.5%) unfavourable
---------------------------	---

Transfers to agencies were higher in Q2, 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

The First Quarter Financial Report identified a forecast program levy operating surplus of \$439,100, with OW accounting for \$201,900, Child Care and Early Years accounting for \$8,700, Social and Affordable Housing accounting for \$131,500 and greater interest revenue accounting for \$97,000. Through the 2018 Second Quarter Financial Report, TBDSSAB is projecting a program levy operating surplus of \$516,900 for the 2018 year. The chart, below, summarizes the change in estimates from Q1 to Q2, by program.





Fiduciary Responsibility Checklist
Supporting Documents

Year: 2018

	Q1	Q2	Q3	Q4	Comments
Corporate Filings					
Canada Pension Plan contributions	X	X			
Employment Insurance premiums	X	X			
Employer Health Tax (EHT) premiums	X	X			
Income Tax deductions	X	X			
OMERS contributions	X	X			
Workers Compensation Board premiums	X	X			
Workplace Safety and Insurance Board premiums	X	X			
T4s	X				
EHT Annual Return	X				
Harmonized Sales Tax Rebate	X				
Tax filing (TBDHC)		X			
Internal Governance					
Bank Reconciliation	X	X			
Listing of Cheques	X	X			
Debt Payments Made	X	X			
Insurance Renewal	X				
Provincial Reporting					
Form 5 OW Subsidy Claim (20 th of each month)	X	X			
OW Budget Submission		X			
OW Quarterly Report	X	X			
Addiction Services Initiative Budget Submission		X			
Addiction Services Initiative Quarterly Report	X	X			
Early Years Estimates Report					Report is not required for the 2018 year
Early Years Revised Estimates Report					
Early Years Financial Statement Report		X			
Service Manager Annual Information Return	X				
Investment in Affordable Housing Quarterly Report	X	X			

I certify, to the best of my knowledge and belief, that the above remittances, contributions, filings, and reporting requirements were completed during the period indicated, in accordance with established requirements and timelines.

And, I certify, to the best of my knowledge and belief, that TBDSSAB is in compliance with all applicable labour laws, including the Occupational Health and Safety Act, Accessibility for Ontarians with Disabilities Act, Employment Standards Act, and Canada Labour Code.

Acting Director - Corporate Services Division

September 6, 2018
Date

Chief Administrative Officer

September 6, 2018
Date