



	REPORT No.: 2018-19
MEETING DATE: APRIL 18, 2019	DATE PREPARED: APRIL 3, 2019
SUBJECT: THE DISTRICT OF THUNDER BAY SOCIAL SERVICES ADMINISTRATION BOARD 2018 FOURTH QUARTER FINANCIAL REPORT AND PROGRAM LEVY OPERATING SURPLUS DISPOSITION	

RECOMMENDATION

THAT with respect to Report No. 2019-19 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve Option 1 – Transfer \$562,300 to the Levy Stabilization Reserve Fund and transfer remainder to the Capital Regeneration Reserve Fund.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the 2018 Fourth Quarter Financial Report, and to provide the Board with a recommendation regarding disposition of the 2018 program levy operating surplus.

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 December 31, 2018, was \$7,493,101 (7.0%) less than Budget, with a program levy operating surplus of \$897,500 (3.8% of the 2018 levy). A summary of net cost variances, by program, is presented below:

Variances	
Ontario Works (OW)	\$ 309,554
Child Care and Early Years	(3,981)
Social and Affordable Housing	401,251
Other	6,256
Unrestricted Interest Revenue	184,420
2018 Program Levy Operating Surplus	\$ 897,500

This result is significantly more favourable than the 2018 Third Quarter Financial Report projection (Surplus: \$486,000). The additional surplus, compared to the third quarter, is due, mainly to:

- OW Provincial Grants (\$23,925 net) – Additional provincial grant related to the Ministry of Children, Community and Social Services reconciliation of financial assistance from 2014 to 2016. The amount of provincial grant received was higher than estimated for those years.
- OW Program Delivery (\$50,329 net) – Q4 expenses were less than forecast due mainly to staff vacancies (\$9,000), lower legal costs (\$16,000), lower employment assistance benefits provided to clients (\$36,000), and lower costs related to the TBDSSAB office headquarters (\$24,000). These expenses are cost-shared 50/50 with the Province.
- Transfers to Social Housing Providers and Urban Native Housing Providers (\$35,169 net) – 2017 year-end settlements with housing providers were finalized in Q4, resulting in additional subsidies recovered from housing providers.
- Rent Supplement and Portable Housing Benefits (PHB) (\$61,583 net) – Actual rent supplement units in Q4 were less than estimated resulting in less expense (\$9,000) and the amount of PHB issued to recipients was \$10,000 less than estimated. As well, TBDSSAB received \$24,300 additional provincial funding for the Survivors of Domestic Violence program to cover expenses incurred earlier in the year. This additional revenue was unexpected. An allowance to cover rent supplement tenant damages was estimated for Q4, however there were no additional claims (\$11,000).
- Housing Administration (\$60,391 net) – Q4 expenses were less than forecast due mainly to staff vacancies (\$46,000) and lower legal costs (\$30,000), and the deferral of the purchase of capital asset planning software (\$30,000) to 2019. As well, TBDSSAB received \$14,000 additional funding under the GreenON program to cover expenses incurred earlier in the year. This additional revenue was unexpected. These variances

were offset, somewhat, by less Social Housing Apartment Improvement Program administrative recovery (\$38,000).

- Direct-Owned Housing (\$133,581 net) – Q4 expenses were less than forecast as the cost of repairs and maintenance were lower than anticipated (\$103,000) mainly related to moveout expenses. As well, the amount of bad debt expense, as calculated at year-end, resulted in a reduction of \$52,000 rather than an expense of \$58,000, or a favourable variance of \$110,000. These variances were somewhat offset by higher utility costs (\$113,000) in Q4.
- Rent Revenue (\$50,329 net) – Rent-Geared- to-Income (RGI) revenue in Q4 was higher than anticipated.

Highlights for the 2018 year, and detailed variance explanations, are provided in Attachment 1: 2018 Fourth Quarter Financial Report.

2018 PROGRAM LEVY OPERATING SURPLUS DISPOSITION

The 2018 TBDSSAB Program Levy Operating Surplus is \$897,500. The following options concerning the surplus disposition are presented:

- **Option 1 – Transfer \$562,300 to the Levy Stabilization Reserve Fund and transfer remainder to the Capital Regeneration Reserve Fund.** At the March 21, 2019 meeting, the Board approved the 2019 Operating Budget (Report No. 2019-11 – The District of Thunder Bay Social Services Administration Board Year 2019 Proposed Budget) with financing from the Levy Stabilization Reserve Fund totaling \$763,600, including \$562,300 to finance the Community Social Reinvestment Program (CSRP) in 2019 (Memorandum from Kevin Holland, Board Member, dated March 13, 2019, re: Non-Mandated Programs). This option would replace the amount of Levy Stabilization Reserve Fund financing being used for the 2019 CSRP, and would add \$335,200 to the Capital Regeneration Reserve Fund to support the approved property portfolio action plan (Report No. 2017-07: TBDSSAB Property Portfolio Action Plan and Capital Strategy Update). Through this plan, TBDSSAB is exploring potential new housing builds and/or regeneration of existing housing stock. Any new housing projects would require a significant capital investment. The balance of the Capital Regeneration Reserve Fund, as at December 31, 2018 was \$806,366. This balance is expected to increase with net proceeds from future property dispositions added as they are sold.
- **Option 2 – Transfer \$562,300 to the Levy Stabilization Reserve Fund and return remainder to municipalities.** This option would replace the amount of Levy Stabilization Reserve Fund financing being used for the 2019 CSRP, and would return \$335,200 to municipalities using the 2018 cost apportionment. This option would also align with the approved Reserve Fund Strategy (Report No. 2019-02 – 2018 Reserve and Reserve Fund Strategy Update) relative to the Levy Stabilization Reserve Fund.

- **Option 3 – Return the full \$897,500 surplus to the municipalities.** This option would return the entire surplus to municipalities using the 2018 cost apportionment. This option would not align with the approved Reserve Fund Strategy relative to the Levy Stabilization Reserve Fund.

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

This Report provides the financial results for the 2018 year, on the same basis as the approved Budget.

The financial implications relate to the disposition of the 2018 program levy operating surplus of \$897,500. Administration is recommending transferring \$562,300 to the Levy Stabilization Reserve Fund and transferring the remainder to the Capital Regeneration Reserve Fund; however, the financial impact of each option, for each municipality, is presented in Attachment 3.



CONCLUSION

It is concluded that the 2018 Fourth Quarter Financial Report indicates a program levy operating surplus for the year of \$897,500, or 3.8% of the 2018 levy.

It is further concluded that \$562,300 of the 2018 program levy operating surplus should be transferred to the Levy Stabilization Reserve Fund, and the remainder should be transferred to the Capital Regeneration Reserve Fund to align with the approved Reserve Fund Strategy.

REFERENCE MATERIALS ATTACHED

- Attachment 1: [2018 Fourth Quarter Financial Report](#)
- Attachment 2: [Fiduciary Responsibility Checklist](#)
- Attachment 3: [Distribution of the 2018 Program Levy Operating Surplus by Municipality](#)

PREPARED BY:	Keri Greaves, CPA, CMA, Manager, Finance The District of Thunder Bay Social Services Administration Board
APPROVED / SIGNATURE:	 Georgina Daniels, FCPA, FCA, 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 FOURTH QUARTER
FINANCIAL REPORT**

Operating Budget



INTRODUCTION

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

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

EXECUTIVE SUMMARY

Reflecting results for the 12 month period ending December 31, 2018, this report provides an indication of TBDSSAB's financial status for the year, and identifies significant variances from the 2018 approved Operating Budget.

Table 1 shows the 2018 Operating Budget revenue and expenditures, and actual results for the year.

Table 1:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Financing				
Levy to municipalities & TWOMO	22,806.7	22,806.7	-	0.0%
Federal grants	12,128.0	10,625.1	(1,502.9)	-12.4%
Provincial grants	62,524.5	57,409.6	(5,114.9)	-8.2%
Rents and other revenue	11,147.3	11,254.4	107.1	1.0%
Interest on unrestricted funds	84.0	268.4	184.4	219.5%
From (to) reserve funds	(2,099.0)	(2,368.4)	(269.4)	12.8%
Total Financing	106,591.5	99,995.9	(6,595.6)	-6.2%
Expenses				
Personnel services	14,768.2	13,900.7	867.5	5.9%
Interest on long-term debt	542.3	527.5	14.8	2.7%
Materials	17,971.3	19,584.9	(1,613.6)	-9.0%
Contract services	246.7	231.4	15.3	6.2%
Rents and financial expenses	162.1	56.7	105.4	65.0%
External transfers	70,250.9	62,148.3	8,102.6	11.5%
Loan principal repayment	2,650.0	2,648.8	1.2	0.0%
Total Expenses	106,591.5	99,098.4	7,493.1	7.0%
Excess (Deficiency) of Revenues over Expenses	-	897.5	897.5	n/a



Highlights for the 2018 year include:

Federal and Provincial Grants	\$6,620,400 (8.9%) unfavourable
--------------------------------------	--

Federal and Provincial Grants were \$6,620,400 less than budget in 2018. Federal and Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense variances are discussed below.

Personnel Services	\$867,500 (5.9%) favourable
---------------------------	------------------------------------

Personnel Services were \$867,500 under budget in 2018 due to temporarily vacant positions.

Materials	\$1,613,600 (9.0%) unfavourable
------------------	--

Materials were higher than budget in 2018. The unfavourable variance is due, mainly, to costs incurred under the Social Housing Apartment Retrofit Program (SHARP), Social Housing Apartment Improvement Program (SHAIP), and Social Housing Improvement Program (SHIP). These programs are 100% Federally/Provincially funded. Cost for repairs and maintenance, and operating services related to the direct-owned housing portfolio were also higher than budget.

External Transfers	\$8,105,300 (11.5%) favourable
---------------------------	---------------------------------------

External Transfers to funded agencies, individuals and families were lower than budget in 2018 due to limited take-up of Child Care Expansion Plan and Early Learning and Child Care (ELCC) programs, underspending in the Rent Supplement, Investment in Affordable Housing (IAH) Rental Housing, Home for Good (HFG) programs, and Ontario Works (OW) financial assistance.

Overall, TBDSSAB incurred a favourable program levy operating surplus of \$897,500 for the 2018 year. Table 2 provides a breakdown of the year-end surplus, by program.

2018 Program Levy Operating Surplus/(Deficit)	
Ontario Works	\$ 309,554
Child Care and Early Years	(3,981)
Social and Affordable Housing	401,251
Other	6,256
Unrestricted Interest Revenue	184,420
Forecast Program Levy Operating Surplus	\$ 897,500



2018 FOURTH QUARTER OPERATING BUDGET RESULTS

The Fourth Quarter Financial Report provides TBDSSAB's financial status for the year ending December 31, 2018, and identifies any significant variances from the 2018 Operating Budget. Overall, TBDSSAB recorded a net surplus of \$897,500 for the 2018 year. The financial detail for each program area is provided below.

A. Corporate Management and Program Support

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

Table 3:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Allocation				
Ontario Works	4,221.5	4,051.1	(170.4)	-4.0%
Addiction Services Initiative	57.2	55.2	(2.0)	-3.6%
Child care programs	616.5	572.3	(44.2)	-7.2%
Housing programs	1,411.8	1,350.9	(60.9)	-4.3%
Total Allocation	6,307.0	6,029.4	(277.6)	-4.4%
Financing				
Levy to municipalities & TWOMO	(84.0)	(84.0)	-	0.0%
Other revenue	23.5	26.8	3.3	14.0%
Interest on unrestricted funds	84.0	268.4	184.4	219.5%
Total Financing	23.5	211.2	187.7	798.8%
Expenses				
Personnel services	3,790.7	3,591.2	199.5	5.3%
Interest on long-term debt	131.9	123.3	8.6	6.5%
Materials	1,931.1	1,867.6	63.5	3.3%
Contract services	178.7	178.8	(0.1)	-0.1%
Rents and financial expenses	17.5	15.8	1.7	10.0%
Loan principal repayment	263.0	263.0	-	0.0%
Internal administrative expense	155.6	155.6	-	0.0%
Total Expenses	6,468.5	6,195.3	273.2	4.2%
Recoveries				
From housing programs	12.6	15.4	(2.8)	-22.3%
From homelessness programs	32.7	30.3	2.4	7.4%
From child care programs	92.7	93.4	(0.7)	-0.7%
Total Expenses Less Recoveries	6,330.5	6,056.2	274.3	4.3%
Excess (Deficiency) of Revenues over Expenses	-	184.4	184.4	n/a



Table 3, above, shows the 2018 Operating Budget revenues and expenditures, and results for the 2018 year for Corporate Management and Program Support.

Interest on Unrestricted Funds	\$184,400 (219.5%) favourable
---------------------------------------	--------------------------------------

Interest is earned on unrestricted funds on deposit at the bank each month. The average balance on account was higher than anticipated in 2018. Also, the prime interest rate increased by 0.75 basis points during the year, resulting in greater interest earned. The interest earned directly reduces the levy.

Overall, Corporate Management and Program Support expenses were under budget by \$274,300 in 2018. 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 2018 include:

Personnel Services	\$199,500 (5.3%) favourable
---------------------------	------------------------------------

Personnel Services expenses were under budget by \$199,500 in 2018 due to temporarily vacant positions during the year.

Materials	\$63,500 (3.3%) favourable
------------------	-----------------------------------

Materials expenses were under budget by \$63,500 in 2018 due to underspending on training, travel, and office, and lower costs associated with maintenance of the TBDSSAB headquarters office building. This underspending was offset, somewhat, by overspending on software and software maintenance agreements.



B. Integrated Client Intake Services

Integrated Client Intake 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, and results for the year ending December 31, 2018. Overall, Integrated Client Intake Services expenses were under budget by \$42,300 at year-end.

Table 4:

Description	Year 2018			
	Budget	Actuals	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)
Allocation				
Ontario Works	659.2	625.7	(33.5)	-5.1%
Addiction services initiative	16.7	15.8	(0.9)	-5.1%
Child care programs	41.7	39.6	(2.1)	-5.0%
Housing programs	116.8	110.9	(5.9)	-5.1%
Total Allocation	834.4	792.1	(42.3)	-5.1%
Expenses				
Personnel services	847.9	796.7	51.2	6.0%
Materials	13.4	22.0	(8.6)	-64.1%
Total Expenses	861.3	818.7	42.6	4.9%
Recoveries				
From homelessness programs	26.9	26.6	0.3	1.0%
Total Expenses Less Recoveries	834.4	792.1	42.3	5.1%
Excess (Deficiency) of Revenues over Expenses	-	-	-	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 the 2018 year include:

Personnel Services **\$51,200 (6.0%) favourable**

Personnel Services expenses were under budget in 2018 by \$51,200 due to temporarily-vacant positions throughout the year.

Materials **\$8,600 (64.1%) unfavourable**

Materials expenses were over budget by \$8,600 in 2018 due to an upgrade of computer monitors at the client kiosks at intake and interview rooms.



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 recipients to reach financial independence through employment.

The following significant events have impacted the financial performance within the OW programs:

- **Basic Income Pilot** – The Province’s Basic Income Pilot began in 2018. TBDSSAB experienced a decrease in its average caseload compared to 2017 as some eligible individuals and families chose to exit OW to join the pilot project. The Province has announced the Basic Income Pilot will end in March 2019.
- **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. In November, the Province announced it will introduce social assistance reforms, however specific details have not yet been provided.

Table 5:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Financing				
Levy to municipalities & TWOMO	4,220.4	4,220.4	-	0.0%
Provincial grants	33,696.9	32,323.9	(1,373.0)	-4.1%
Other revenues	-	24.1	24.1	n/a
From (to) reserve funds	(47.9)	(137.9)	(90.0)	187.9%
Total Financing	37,869.4	36,430.5	(1,438.9)	-3.8%
Expenses				
Personnel services	4,868.0	4,435.5	432.5	8.9%
Materials	682.7	712.2	(29.5)	-4.3%
Contract services	10.0	24.0	(14.0)	-140.1%
Rents and financial expenses	86.2	88.4	(2.2)	-2.5%
External transfers	27,452.1	26,294.4	1,157.7	4.2%
Internal administration allocation	4,207.0	4,053.3	153.7	3.7%
Imputed rent recovery	989.8	989.8	-	0.0%
Total Expenses	38,295.8	36,597.6	1,698.2	4.4%
Recoveries				
From homelessness programs	303.2	300.4	(2.8)	-0.9%
Other recoveries	123.2	176.3	53.1	43.1%
Total Expenses Less Recoveries	37,869.4	36,120.9	1,748.5	4.6%
Excess (Deficiency) of Revenues over Expenses	-	309.6	309.6	n/a



Table 5, above, shows the 2018 Operating Budget revenues and expenditures, and actual results for OW programs. Overall, OW program expenses were less than revenues by \$309,600 at year-end.

Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for the 2018 year include:

Personnel Services	\$432,500 (8.9%) favourable
---------------------------	------------------------------------

Personnel Services expenses were under budget by \$432,500 in 2018, due to temporarily vacant positions throughout the year. 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 were several vacancies in Client Services throughout the year; 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.

Materials	\$29,500 (4.3%) unfavourable
------------------	-------------------------------------

Materials expenses were \$29,500 higher than budget in 2018 to support process reviews and enhanced program outcomes.

Contract Services	\$14,000 (140.1%) unfavourable
--------------------------	---------------------------------------

Contract services were higher than budget in 2018, due to higher legal costs, including expenses related to the enforcement of restitution orders against former OW recipients.

External Transfers	\$1,157,700 (4.2%) favourable
---------------------------	--------------------------------------

External transfers, financial and employment benefits issued to, or on behalf of, OW clients, were \$1,157,700 less than budget in 2018. In 2018, TBDSSAB experienced a 3.2% decrease in its OW caseload, due, in part, to clients electing to take part in the Basic Income Pilot. As a result, financial assistance payments to eligible families and individuals were less than budget. Employment assistance payments to eligible participants were also less than budget. OW financial and employment assistance benefits are 100% Provincially funded.

Internal Administration Allocation	\$153,700 (3.7%) 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.



D. Child Care and Early Years

TBDSSAB is the service system manager for child care and early years 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 the financial performance within the child care and early years programs:

- **Fee Subsidy Decline** – 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 ELCC and the Expansion Plan funding were aimed at providing additional fee subsidies, increasing access, and enhancing affordability to licensed child care. TBDSSAB was committed to taking a strategic approach to ensure that any expansion in the service system was sustainable in the long term. As a result of significant consultations within the child care community, several potential projects were identified, however only minimal expansions were deemed to be feasible, therefore, there was minimal take-up of this additional funding.



Table 6:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Financing				
Levy to municipalities & TWOMO	1,740.4	1,740.4	-	0.0%
Federal grants	1,304.1	-	(1,304.1)	-100.0%
Provincial grants	19,452.5	16,338.3	(3,114.2)	-16.0%
From (to) reserve funds	(1.8)	(12.9)	(11.1)	615.2%
Total Financing	22,495.2	18,065.8	(4,429.4)	-19.7%
Expenses				
Personnel services	719.0	672.9	46.1	6.4%
Materials	76.8	65.5	11.3	14.8%
Contract services	3.0	-	3.0	100.0%
External transfers	20,945.5	16,626.2	4,319.3	20.6%
Internal administration allocation	681.5	642.5	39.0	5.7%
Imputed rent recovery	79.2	79.2	-	0.0%
Total Expenses	22,505.0	18,086.2	4,418.8	19.6%
Recoveries				
Other recoveries	9.8	16.5	6.7	67.9%
Total Expenses Less Recoveries	22,495.2	18,069.8	4,425.4	19.7%
Excess (Deficiency) of Revenues over Expenses	-	(4.0)	(4.0)	n/a

Table 6, above, shows the 2018 Operating Budget revenues and expenditures, and actual results for child care and early years programs. Overall, child care and early years program expenses were higher than revenues by \$4,000 at year-end.

Federal and Provincial Grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for the 2018 year include:

Personnel Services	\$46,100 (6.4%) favourable
---------------------------	-----------------------------------

Personnel Services expenses were under budget by \$46,100 in 2018 due to temporarily vacant positions at the beginning of the year.

Materials	\$11,300 (14.8%) favourable
------------------	------------------------------------

Materials expenses were under budget by \$11,300 in 2018. Planned upgrades to the child care waitlist system were not implemented, pending a full process review.

External Transfers	\$4,319,300 (20.6%) favourable
---------------------------	---------------------------------------

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



Table 7:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
External Transfers				
Fee Subsidy	4,930.1	4,483.1	447.0	9.1%
Special Needs	1,590.6	1,590.6	-	0.0%
General Operating	4,612.9	4,963.9	(351.0)	-7.6%
Occupancy Incentive	300.0	300.0	-	0.0%
Wage Enhancement	1,133.7	1,113.2	20.5	1.8%
EarlyON	2,045.2	2,015.2	30.0	1.5%
Journey Together	1,348.1	1,666.6	(318.5)	-23.6%
Expansion Plan	3,346.1	214.4	3,131.7	93.6%
Early Learning and Child Care	1,304.1	-	1,304.1	100.0%
Other	334.7	279.2	55.5	16.6%
Total	20,945.5	16,626.2	4,319.3	20.6%

Fee subsidy expenses, where payments to agencies are based on actual child attendance each month, were \$447,000 lower than budget in 2018. As discussed above, various factors contribute to this variance, including family income levels and the ages of the children attending. Unspent fee subsidy funds were used to enhance the general operating funding provided to child care providers.

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 was \$318,500 higher than the budgeted amount.

As discussed above, the ELCC and Expansion Plan components were aimed at supporting additional fee subsidies, increased access, and enhanced affordability for licensed child care. In 2018, Administration worked with community partners, with a focus on long-term sustainability, to achieve the Provincial direction. Although several potential expansion opportunities were identified, only minimal expansion was achieved (72 spaces). Therefore, only \$214,400 was spent in 2018, resulting in a significant favourable variance. These programs are funded 100% by the Federal and Provincial governments and do not impact the levy.

Internal Administration Allocation

\$39,000 (5.7%) 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.



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 2,479 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 the financial performance within social and affordable housing programs:

- **Rent Supplement** – The 2018 TBDSSAB Operating Budget included an expansion of 30 private landlord rent supplement units to support the Board's plan for achieving its service level targets. The 30 unit expansion included 18 units from a new Investment in Affordable Housing (IAH) funded rental project. The occupancy date of this project was delayed, and overall, the number of rent supplement units in 2018 was less than anticipated. Also, overall the cost per rent supplement unit was less than budget.
- **Pest Management** – Through a coordinated pest management strategy, TBDSSAB has been successful in reducing the level of pest issues at certain large buildings. However, significant costs early in the year were incurred to achieve this.
- **Repairs and Maintenance** – Several units in the portfolio had significant damage that required remediation, not covered by insurance. Routine repairs and maintenance expenses were also higher than budget.

Table 8, below, shows the 2018 Operating Budget revenues and expenditures, and actual results for Social and Affordable Housing Programs. Overall, Social and Affordable Housing Program expenses were lower than revenues by \$401,300 at year-end.



Table 8:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Financing				
Levy to municipalities & TWOMO	16,370.0	16,370.0	-	0.0%
Federal grants	10,823.9	10,625.1	(198.8)	-1.8%
Provincial grants	4,602.8	4,448.8	(154.0)	-3.3%
Rents and other revenue	11,123.8	11,203.5	79.7	0.7%
From (to) reserve funds	(2,079.3)	(2,251.6)	(172.3)	8.3%
Total Financing	40,841.2	40,395.8	(445.4)	-1.1%
Expenses				
Personnel services	4,542.6	4,404.4	138.2	3.0%
Interest on long-term debt	410.4	404.2	6.2	1.5%
Materials	15,267.3	16,895.7	(1,628.4)	-10.7%
Contract services	55.0	28.5	26.5	48.1%
Rents and financial expenses	58.4	(47.4)	105.8	181.2%
External transfers	17,420.4	15,256.2	2,164.3	12.4%
Loan principal repayment	2,387.0	2,385.8	1.2	0.1%
Internal administration allocation	1,165.9	1,113.1	52.8	4.5%
Imputed rent recovery	250.8	250.8	-	0.0%
Total Expenses	41,557.8	40,691.3	866.5	2.1%
Recoveries				
From Ontario Works	119.0	119.0	-	0.0%
From homelessness programs	566.5	535.4	(31.1)	-5.5%
Other recoveries	31.1	42.3	11.2	36.0%
Total Expenses Less Recoveries	40,841.2	39,994.5	846.7	2.1%
Excess (Deficiency) of Revenues over Expenses	-	401.3	401.3	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for the 2018 year include:

Personnel Services	\$138,200 (3.0%) favourable
---------------------------	------------------------------------

Personnel Services expenses were under budget by \$138,200 in 2018 due to temporarily vacant positions throughout the year.

Materials	\$1,628,400 (10.7%) unfavourable
------------------	---

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



Table 9:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Materials				
Repairs and maintenance	1,718.2	2,058.2	(340.0)	-19.8%
Operating services	1,683.2	1,880.0	(196.8)	-11.7%
Insurance	486.2	474.5	11.7	2.4%
Gas	664.5	734.0	(69.5)	-10.5%
Electricity	1,759.3	1,705.8	53.5	3.0%
Water	1,385.7	1,423.2	(37.5)	-2.7%
Municipal taxes	5,337.8	5,218.2	119.6	2.2%
Purchase of land	-	52.0	(52.0)	n/a
Other	458.5	410.7	47.8	10.4%
SHARP	-	760.0	(760.0)	n/a
SHAIP	1,773.9	1,633.4	140.5	7.9%
SHIP	-	545.7	(545.7)	n/a
Total	15,267.3	16,895.7	(1,628.4)	-10.7%

Direct-owned housing repairs and maintenance, and operating services costs were higher than budget in 2018. This includes \$182,200 overage for pest control, \$93,500 related to major remediation and repairs, \$59,800 related to various plumbing repairs, \$72,100 related to equipment and appliance repairs, \$43,700 related to life safety, and \$27,200 for snow removal, sanding and de-icing.

Utility costs (gas, electricity, and water), which are cyclical in nature, were slightly higher than budget, overall, in 2018. Electricity expense was 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 were also less than budget at year-end.

Projects under the SHARP and SHIP programs that were expected to be complete in the 2017 year, were extended into 2018, resulting in an unfavourable variance. Since these programs are 100% Federally/Provincially funded, there is no impact on the levy. SHAIP project costs were less than budget in 2018. SHAIP is 100% Provincially funded.

Rents and Financial Expenses

\$105,800 (181.2%) favourable

Rents and Financial Expenses were under budget by \$105,800 in 2018. TBDSSAB has a policy of recording rent arrears as bad debt expense once the tenant leaves social housing. In 2018, Administration recorded recoveries from tenants (\$328,800) for repairs that were required due to damages caused by tenants. These chargebacks exceeded the estimate of bad debt in 2018, resulting in a net recovery, rather than expense.



External Transfers	\$2,164,300 (12.4%) favourable
---------------------------	---------------------------------------

External transfers for social and affordable housing were \$2,164,300 less than budget in 2018. A further breakdown of this variance is provided in Table 10, below:

Table 10:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
External Transfers				
Social housing	6,319.8	6,146.2	173.6	2.7%
Urban Native housing program	2,157.9	2,133.3	24.6	1.1%
Rent supplement	4,536.5	4,070.5	466.0	10.3%
IAH Rent Supplement	69.6	99.3	(29.7)	-42.6%
IAH Mortgage Discharge	-	3.0	(3.0)	n/a
IAH Ext Rental Housing	2,098.8	1,068.2	1,030.6	49.1%
IAH Ext Ontario Renovates	227.2	269.6	(42.4)	-18.7%
IAH Ext Housing Allowance	246.0	252.8	(6.8)	-2.8%
IAH-SIF Rental Housing	1,147.9	653.0	494.9	43.1%
IAH-SIF Ontario Renovates	569.4	420.6	148.8	26.1%
IAH Survivors of Domestic Violence	47.3	114.4	(67.1)	-141.9%
Homelessness Partnering Strategy	-	25.3	(25.3)	n/a
Total	17,420.4	15,256.2	2,164.3	12.4%

External transfers to social housing providers were \$173,600 less than budget in 2018 as a result of prior year settlements. Rent supplement payments to private landlords were lower than budget in 2018 due, in part, to a delay in an IAH Rental Housing project occupancy. Rent supplement payments to non-profit housing providers were also less than budget. This appears to be related to the increase in minimum wage, which would reduce the rent supplement for which tenants would be eligible. Overall, rent supplement payments were \$466,000 less than budget in 2018.

Overall, external transfers under the various IAH Programs were \$1,525,300 less than budget in 2018. IAH Rental Housing funds were less than budget as the new construction projects will extend into the 2019 year. Funding to eligible homeowners under the IAH Ontario Renovates Program were less than budget in 2018, as several projects will extend into the 2019 year. IAH Programs are funded by the Federal and Provincial governments, therefore, do not impact the levy.

Internal Administration Allocation	\$52,800 (4.5%) favourable
---	-----------------------------------

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



F. Homelessness Prevention

Through the Community Homelessness Prevention Initiative (CHPI) and (Home For Good) 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, and actual results for homelessness prevention programs. Overall, homelessness prevention expenses are lower than budget by \$495,600 at year-end.

Table 11:

Description	Year 2018			
	Budget (\$000s)	Actuals (\$000s)	Variance	
			(\$000s)	(%)
Financing				
Provincial grants	4,772.3	4,276.7	(495.6)	-10.4%
Total Financing	4,772.3	4,276.7	(495.6)	-10.4%
Expenses				
External transfers	3,843.0	3,383.9	459.1	11.9%
Internal administration allocation	929.3	892.8	36.5	3.9%
Total Expenses	4,772.3	4,276.7	495.6	10.4%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a

CHPI and HFG are funded 100% by the Province, based on actual expenses. Expense highlights for the 2018 year include:

External Transfers \$459,100 (11.9%) favourable

Transfers to funded agencies, and eligible individuals and families were lower than budget in 2018, as take-up of the rent supplement component of the HFG Program was less than anticipated.

Internal Administration Allocation \$36,500 (3.9%) 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 and actual results for CSRP as well as the TWOMO election.

Table 12:

Description	Year 2018			
	Budget	Actuals	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)
Financing				
Levy to municipalities & TWOMO	559.9	559.9	-	0.0%
Provincial grants	-	22.0	22.0	n/a
From (to) reserve funds	30.0	34.0	4.0	13.4%
Total Financing	589.9	615.9	26.0	4.4%
Expenses				
Materials	-	22.0	(22.0)	n/a
External transfers	589.9	587.7	2.2	0.4%
Total Expenses	589.9	609.7	(19.8)	-3.4%
Excess (Deficiency) of Revenues over Expenses	-	6.3	6.3	n/a

Expense highlights for the 2018 year include:

Materials	\$22,000 (n/a%) unfavourable
------------------	-------------------------------------

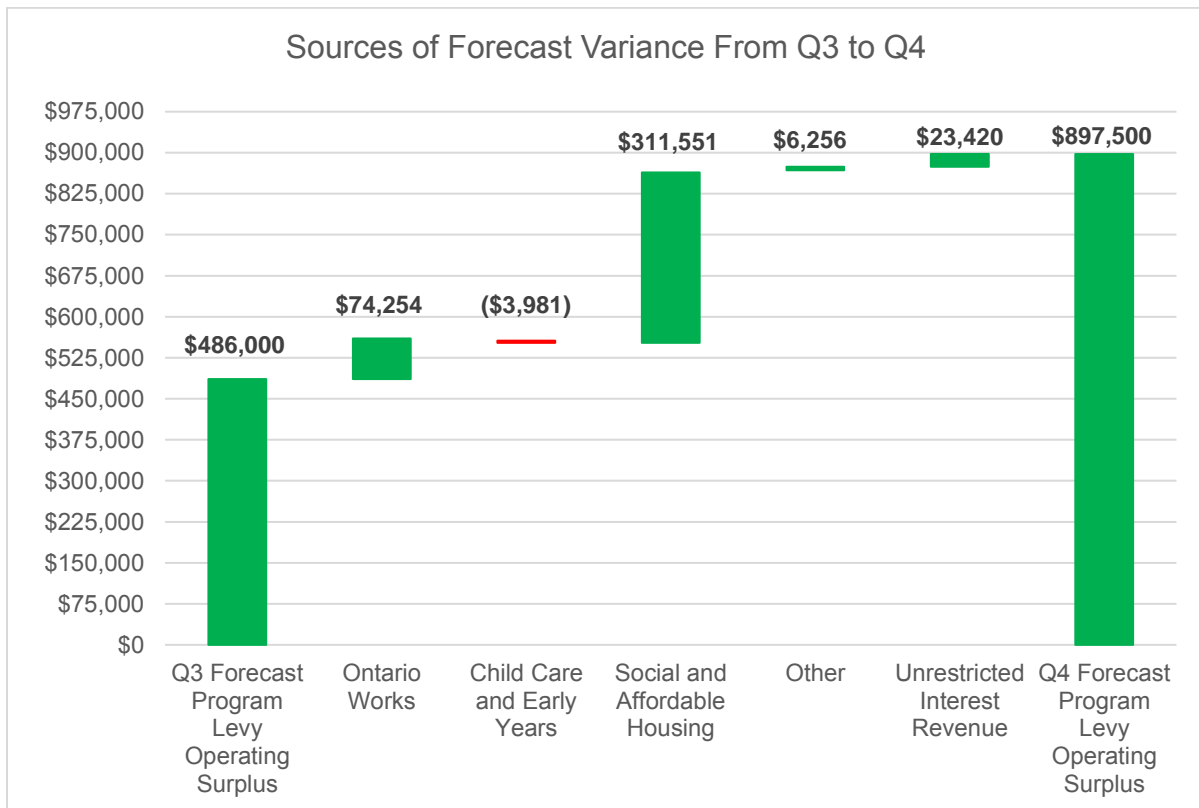
Materials expense reflects the costs incurred by TBDSSAB to administer the TWOMO election in the fall of 2018. The Province provided \$22,000 to cover this cost.



CONCLUSION

The Third Quarter Financial Report identified a forecast program levy operating surplus of \$486,000, with OW accounting for \$235,300, Social and Affordable Housing accounting for \$89,700 and greater interest revenue accounting for \$161,000.

Through the 2018 Fourth Quarter Financial Report, TBDSSAB incurred a program levy operating surplus of \$897,500 for the 2018 year. The chart, below, summarizes the change in estimates from Q3 to Q4, by program.





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

Fiduciary Responsibility Checklist

Year: 2018

Supporting Documents

	Q1	Q2	Q3	Q4	Comments
Corporate Filings					
Canada Pension Plan Contributions	X	X	X	X	
Employment Insurance Premiums	X	X	X	X	
Employer Health Tax (EHT) Premiums	X	X	X	X	
Income Tax Deductions	X	X	X	X	
OMERS Contributions	X	X	X	X	
Workers Compensation Board Premiums	X	X	X	X	
Workplace Safety and Insurance Board Premiums	X	X	X	X	
T4s	X				
EHT Annual Return	X				
Harmonized Sales Tax Rebate	X		X		
Tax Filing (TBDHC)		X			
Internal Governance					
Bank Reconciliation	X	X	X	X	
Listing of Cheques	X	X	X	X	
Debt Payments Made	X	X	X	X	
Insurance Renewal	X			X	
Provincial Reporting					
Form 5 OW Subsidy Claim (20 th of each month)	X	X	X	X	
OW Budget Submission		X			
OW Quarterly Report	X	X	X	X	
Addiction Services Initiative Budget Submission		X			
Addiction Services Initiative Quarterly Report	X	X	X	X	
Early Years Estimates Report					Report is not required for the 2018 year
Early Years Revised Estimates Report				X	Report is due in November for the 2018 year
Early Years Financial Statement Report		X			
Service Manager Annual Information Return	X				
Community Homelessness Prevention Initiative Quarterly Report	X	X	X	X	
Home for Good Quarterly Report	X	X	X	X	
Investment in Affordable Housing Quarterly Report	X	X	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 in accordance with established requirements and timelines.

Director - Corporate Services Division

April 10, 2019

Date

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.

Chief Administrative Officer

April 10, 2019

Date

The District of Thunder Bay Social Services Administration Board
Distribution of the 2018 Program Levy Operating Surplus by Municipality

Municipality	2018 Weighted Assessment \$	(%)	Option 1 Distribution \$	Option 2 Distribution \$	Option 3 Distribution \$
Conmee	58,355,045	0.3242%	-	1,087	2,910
Dorion	41,649,874	0.2314%	-	776	2,077
Gillies	33,081,586	0.1838%	-	616	1,650
Greenstone	593,596,280	3.2980%	-	11,055	29,600
Manitouwadge	49,567,078	0.2754%	-	923	2,472
Marathon	140,440,004	0.7803%	-	2,616	7,003
Neebing	294,753,889	1.6377%	-	5,490	14,698
Nipigon	87,881,180	0.4883%	-	1,637	4,382
O'Connor	61,337,793	0.3408%	-	1,142	3,059
Oliver & Paipooonge	719,327,948	3.9966%	-	13,397	35,869
Red Rock	40,204,068	0.2234%	-	749	2,005
Schreiber	40,027,045	0.2224%	-	745	1,996
Shuniah	684,247,392	3.8017%	-	12,743	34,120
Terrace Bay	109,097,526	0.6061%	-	2,032	5,440
Thunder Bay	13,048,758,154	72.4994%	-	243,017	650,682
TWOMO	1,996,140,772	11.0905%	-	37,175	99,537
Total	17,998,465,634	100.0000%	-	335,200	897,500