



	REPORT No.: 2019-35
MEETING DATE: JULY 18, 2019	DATE PREPARED: JULY 8, 2019
SUBJECT: 2019 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 2019 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, 2019, was \$2,854,300 (5.7%) less than the year-to-date Budget, with a net surplus of \$786,000.

At this time, the program levy operating surplus projected to year-end is \$461,800, or 2.1% of the 2019 Levy. A summary of net forecast cost variances, by program, is presented below:

Ontario Works	\$ 303,200
Child Care and Early Years	(700)
Social and Affordable Housing	159,300
Forecast Program Levy Operating Surplus	\$ 461,800

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

- **Ontario Works Program Delivery Funding (PDF):** In April 2019, the Province issued its Ontario Works Service Delivery Priorities, one of which stated that budget submissions for 2019 should not exceed the previous year's actuals (2018: \$10,640,233). This amount is \$712,267 less than the 2019 Board-approved Budget. Administration has taken various steps to mitigate the financial impact of the funding freeze, including holding several staff positions vacant for the remainder of the year. At the time of writing this Report, Administration is negotiating with the Province, to increase the 2019 PDF allocation to \$10,958,200, which is reflected in this forecast.
- **Legacy Social Housing Year-End Settlements:** Year-end (2018) financial settlements with social housing providers, to date, have resulted in \$240,000 to be returned to TBDSSAB.

Highlights for the Second Quarter and full-year forecast to year end, as well as detailed variance explanations, are provided in Attachment #1: 2019 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 direct financial implications associated with this Report.

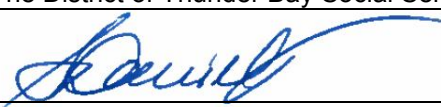

CONCLUSION

It is concluded that the 2019 Second Quarter Financial Report indicates a year-to-date net surplus of \$786,000, with a forecast program levy operating surplus, for the year, of \$461,800, or 2.1% of the 2019 Levy.

REFERENCE MATERIALS ATTACHED

Attachment #1 2019 Second Quarter Financial Report

Attachment #2 Fiduciary Responsibility Checklist

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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**

**2019 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 Board-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 6-month period ending June 30, 2019, this Report provides an indication of TBDSSAB's financial status for the year, and identification of any significant variances from the 2019 approved Operating Budget.

Table 1 shows the 2019 Operating Budget revenue and expenditures, second quarter variances, and year-end projections.

Table 1:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	11,140.8	11,140.8	-	0.0%	22,281.5	22,281.5	-	0.0%
Federal grants	4,926.3	4,845.5	(80.8)	-1.6%	9,852.5	9,955.4	102.9	1.0%
Provincial grants	28,880.9	26,814.0	(2,066.9)	-7.2%	57,761.8	57,072.9	(688.9)	-1.2%
Rents and other revenue	5,716.8	5,645.6	(71.2)	-1.2%	11,433.6	11,395.4	(38.2)	-0.3%
Interest on unrestricted funds	87.5	129.5	42.0	48.0%	175.0	175.0	-	0.0%
From (to) reserve funds	(727.0)	(618.5)	108.5	-14.9%	(1,454.0)	(1,582.0)	(128.0)	8.8%
Total Financing	50,025.2	47,956.9	(2,068.3)	-4.1%	100,050.4	99,298.2	(752.2)	-0.8%
Expenses								
Personnel services	7,388.6	6,978.9	409.6	5.5%	14,777.1	14,123.3	653.8	4.4%
Interest on long-term debt	240.3	234.9	5.4	2.2%	480.5	480.5	-	0.0%
Materials	8,695.5	8,028.1	667.3	7.7%	17,390.9	17,362.2	28.7	0.2%
Contract services	145.5	75.2	70.3	48.3%	291.0	304.5	(13.5)	-4.6%
Rents and financial expenses	87.7	137.4	(49.7)	-56.7%	175.3	220.5	(45.2)	-25.8%
External transfers	32,148.0	30,398.2	1,749.8	5.4%	64,296.0	63,705.8	590.2	0.9%
Loan principal repayment	1,319.8	1,318.2	1.6	0.1%	2,639.6	2,639.6	-	0.0%
Total Expenses	50,025.2	47,170.9	2,854.3	5.7%	100,050.4	98,836.4	1,214.0	1.2%
Excess (Deficiency) of Revenues over Expenses	-	786.0	786.0	n/a	-	461.8	461.8	n/a

Highlights for Q2 and the full-year forecast include:

Provincial Grants	Forecast \$688,900 (1.2%) unfavourable
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Provincial grants were less than budget in Q2, and are forecast to be \$688,900 less than budget for the year. Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense variances are discussed below.

Personnel Services	Forecast \$653,800 (4.4%) favourable
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Personnel Services were under budget in Q2 and are forecast to be \$653,800 less than budget for the year, due to temporarily-vacant positions during the year. As well, Administration will hold certain staff positions vacant for the remainder of the year to manage within program-delivery funding allocations.

External Transfers	Forecast \$590,200 (0.9%) favourable
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External Transfers to funded agencies, individuals, and families were lower than budget in Q2, and are forecast to be \$590,200 less than budget for the year, mainly due to lower Ontario Works (OW) financial and employment assistance issued to eligible participants, year-end settlements with housing providers, and rent supplement payments to landlords.

Overall, TBDSSAB is currently forecasting a favourable program levy operating surplus of \$461,800 for the 2019 year. Table 2 provides a breakdown of the forecast year-end surplus, by program.

Table 2:

2019 Forecast Program Levy Operating Surplus	
Ontario Works	\$ 303,200
Child Care and Early Years	(700)
Social and Affordable Housing	159,300
Forecast Program Levy Operating Surplus	\$ 461,800

2019 SECOND QUARTER OPERATING BUDGET RESULTS

The Second Quarter Report provides an indication of TBDSSAB's financial status as at June 30, 2019, and a projection for the year, and identifies any significant variances from the 2019 Operating Budget. Overall, in Q2, TBDSSAB recorded a net surplus of \$786,000, and a surplus of \$461,800, or 2.1% of the 2019 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 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Allocation								
Ontario Works	2,125.1	1,912.5	(212.6)	-10.0%	4,250.2	4,109.2	(141.0)	-3.3%
Addiction services initiative	29.0	28.0	(1.0)	-3.6%	58.0	34.2	(23.8)	-41.0%
Child care programs	290.0	255.6	(34.3)	-11.8%	579.9	517.1	(62.8)	-10.8%
Housing programs	716.1	658.6	(57.5)	-8.0%	1,432.1	1,388.2	(43.9)	-3.1%
Total Allocation	3,160.1	2,854.7	(305.4)	-9.7%	6,320.2	6,048.7	(271.5)	-4.3%
Financing								
Levy to municipalities & TWOMO	(87.5)	(87.5)	-	0.0%	(175.0)	(175.0)	-	0.0%
Other revenue	11.8	8.2	(3.6)	-30.6%	23.5	26.5	3.0	12.8%
Interest on unrestricted funds	87.5	129.5	42.0	48.0%	175.0	175.0	-	0.0%
Total Financing	11.8	50.1	38.4	326.7%	23.5	26.5	3.0	12.8%
Expenses								
Personnel services	1,898.0	1,786.9	111.0	5.9%	3,795.9	3,526.4	269.5	7.1%
Interest on long-term debt	62.0	56.6	5.4	8.7%	124.0	124.0	-	0.0%
Materials	959.8	811.8	148.0	15.4%	1,919.6	1,920.3	(0.7)	0.0%
Contract services	95.0	50.9	44.1	46.4%	190.0	186.5	3.5	1.8%
Rents and financial expenses	8.4	8.4	(0.0)	-0.5%	16.7	21.0	(4.3)	-25.7%
Loan principal repayment	135.5	134.0	1.5	1.1%	271.0	271.0	-	0.0%
Internal administrative expense	79.3	79.3	-	0.0%	158.5	158.5	-	0.0%
Total Expenses	3,237.9	2,927.9	310.0	9.6%	6,475.7	6,207.7	268.0	4.1%
Recoveries								
From housing programs	4.2	3.7	0.5	11.8%	8.4	9.1	(0.7)	-8.3%
From homelessness programs	15.5	15.0	0.5	2.9%	30.9	30.7	0.2	0.6%
From child care programs	46.4	46.4	-	0.0%	92.7	92.7	-	0.0%
Total Expenses Less Recoveries	3,171.9	2,862.8	309.0	9.7%	6,343.7	6,075.2	268.5	4.2%
Excess (Deficiency) of Revenues over Expenses	-	42.0	42.0	n/a	-	-	-	n/a

Table 3, above, shows the 2019 Operating Budget revenues and expenditures, second quarter variances and year-end projections for Corporate Management and Program Support.

Expenses related to Corporate Management and Program Support are allocated to programs as Internal Administration Allocation, based on a predetermined weighting approved through the annual Operating Budget. Expense highlights for Q2 and the full-year forecast include:

Personnel Services	Forecast \$269,500 (7.1%) favourable
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Personnel Services expenses were under budget in Q2, and are forecast to be under budget by \$269,500 at year-end due to temporarily-vacant positions. Several staff positions will intentionally remain vacant for the remainder of the year to manage within program-delivery funding allocations.

B. Integrated Client Services

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

Table 4, below, shows the 2019 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 but are forecast to be at budget at year-end.

Table 4:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Allocation								
Ontario Works	304.2	286.6	(17.6)	-5.8%	608.4	608.4	-	0.0%
Addiction services initiative	8.2	7.7	(0.5)	-5.5%	16.4	16.4	-	0.0%
Child care programs	8.2	7.7	(0.5)	-5.5%	16.4	16.4	-	0.0%
Housing programs	90.5	85.2	(5.2)	-5.8%	180.9	180.9	-	0.0%
Total Allocation	411.1	387.3	(23.7)	-5.8%	822.1	822.1	-	0.0%
Expenses								
Personnel services	416.2	393.7	22.5	5.4%	832.4	832.4	-	0.0%
Materials	7.4	6.2	1.2	16.6%	14.8	14.8	-	0.0%
Total Expenses	423.6	399.9	23.7	5.6%	847.2	847.2	-	0.0%
Recoveries								
From homelessness programs	12.6	12.6	(0.0)	0.0%	25.1	25.1	-	0.0%
Total Expenses Less Recoveries	411.1	387.3	23.7	5.8%	822.1	822.1	-	0.0%
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 predetermined weighting approved through the annual Operating Budget.

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:

- Program Delivery Funding (PDF) – In April 2019, the Province advised Service Managers that OW budget submissions for 2019 should not exceed the previous year's actuals (2018: \$10,640,233). This amount is \$712,267 less than the 2019 Board-approved Budget. Administration has taken steps to mitigate the financial impact of the funding freeze, and, at the time of writing this Report, Administration is negotiating with the Province to increase the 2019 PDF allocation to \$10,958,200, which is reflected in the forecast below.
- Addiction Services Initiative (ASI) – In April 2019, the Province announced the termination of the ASI Program, effective July 31, 2019. The ASI Program was 100% Provincially funded.

Table 5, below, shows the 2019 Operating Budget revenues and expenditures, second quarter variances and year-end projections for OW programs. Overall, OW program expenses are less than revenues in Q2, and are forecast to be less than revenues by \$303,200 at year-end.

Table 5:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	2,122.1	2,122.1	-	0.0%	4,244.1	4,244.1	-	0.0%
Provincial grants	16,897.1	16,412.1	(485.0)	-2.9%	33,794.1	32,962.0	(832.1)	-2.5%
Other revenues	-	0.1	0.1	n/a	-	0.1	0.1	n/a
From (to) reserve funds	(14.6)	(69.4)	(54.9)	377.1%	(29.1)	(28.4)	0.7	-2.4%
Total Financing	19,004.6	18,464.8	(539.8)	-2.8%	38,009.1	37,177.8	(831.3)	-2.2%
Expenses								
Personnel services	2,479.7	2,275.1	204.6	8.3%	4,959.4	4,620.2	339.2	6.8%
Materials	380.5	262.7	117.8	31.0%	760.9	638.6	122.3	16.1%
Contract services	5.0	8.4	(3.4)	-68.3%	10.0	12.0	(2.0)	-20.0%
Rents and financial expenses	44.7	43.1	1.6	3.6%	89.4	88.7	0.7	0.8%
External transfers	13,719.3	13,389.3	330.0	2.4%	27,438.5	26,928.8	509.7	1.9%
Internal administration allocation	2,088.4	1,942.1	146.3	7.0%	4,176.8	4,013.4	163.4	3.9%
Imputed rent recovery	495.7	495.7	(0.1)	0.0%	991.3	980.1	11.2	1.1%
Total Expenses	19,213.2	18,416.4	796.8	4.1%	38,426.3	37,281.8	1,144.5	3.0%
Recoveries								
From homelessness programs	144.4	144.4	-	0.0%	288.7	288.6	(0.1)	0.0%
From child care programs	6.7	6.7	-	0.0%	13.3	13.3	-	0.0%
Other recoveries	57.6	142.9	85.3	148.2%	115.2	105.3	(9.9)	-8.6%
Total Expenses Less Recoveries	19,004.6	18,122.4	882.1	4.6%	38,009.1	36,874.6	1,134.5	3.0%
Excess (Deficiency) of Revenues over Expenses	-	342.4	342.4	n/a	-	303.2	303.2	n/a

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 \$339,200 (6.8%) favourable
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Personnel Services expenses were under budget in Q2, and are forecast to be under budget by \$339,200 at year-end, due to the termination of the ASI Program, as well as other temporarily-vacant positions throughout the year. Several staff positions will intentionally remain vacant for the remainder of the year to manage within the OW program-delivery funding freeze discussed above.

Materials	Forecast \$122,300 (16.1%) favourable
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Materials expenses were under budget in Q2 and are forecast to be under budget by \$122,300 at year-end, primarily due to the termination of the ASI Program and the resulting cancellation of the contract with a service provider.

External Transfers	Forecast \$509,700 (1.9%) favourable
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TBDSSAB was anticipating an increase in its OW caseload in 2019, in part due to participants returning to social assistance in April, once the Basic Income Pilot was ended. In Q1, TBDSSAB experienced a slight decrease in its OW caseload, however, there has been a sharp increase in April and May. Year-to-date financial assistance payments to eligible families and individuals have been less than budget. As well, the Provincial Budget did not include an increase to social assistance rates for 2019. At this time, Administration is forecasting these external transfers to be \$386,400 less than budget at year-end. OW financial assistance benefits are 100% Provincially funded. With the termination of the ASI Program, employment-related expenses to program participants are expected to be less than budget by \$123,300.

Internal Administration Allocation	Forecast \$163,400 (3.9%) favourable
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Internal Administration is comprised of Corporate Management and Program Support (Board, Office of the Chief Administrative Officer, Corporate Services, certain senior management costs and headquarters' operating costs) and Integrated Client Services costs. These costs are allocated to programs based on a predetermined 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 EarlyON 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:

- **Municipal Cost-Sharing and Administrative Threshold** – In April 2019, the Province announced several changes to Child Care and Early Years funding, including a reduction to the maximum Administration funding envelope from 10% of total funding, to 5%. Expansion Plan funds, which were previously 100% Provincially funded, would now be cost-shared 80% Provincial, 20% Municipal. These changes, which were initially to be effective April 1, 2019, are now scheduled for January 1, 2020.

Table 6, below, shows the 2019 Operating Budget revenues and expenditures, second quarter variances, and year-end projections for Child Care and Early Years programs. Overall, Child Care and Early Years program expenses were slightly less than revenues in Q2, and are forecast to be materially at budget at year-end.

Table 6:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	871.7	871.7	-	0.0%	1,743.3	1,743.3	-	0.0%
Federal grants	52.3	-	(52.3)	-100.0%	104.6	104.6	-	0.0%
Provincial grants	8,136.5	6,734.4	(1,402.1)	-17.2%	16,272.9	16,391.6	118.7	0.7%
From (to) reserve funds	(2.2)	(5.6)	(3.5)	161.8%	(4.3)	(4.3)	-	0.0%
Total Financing	9,058.3	7,600.4	(1,457.8)	-16.1%	18,116.5	18,235.2	118.7	0.7%
Expenses								
Personnel services	360.2	360.4	(0.2)	-0.1%	720.4	725.7	(5.3)	-0.7%
Materials	25.0	34.9	(9.9)	-39.8%	49.9	48.3	1.6	3.2%
Contract services	0.5	-	0.5	100.0%	1.0	1.0	-	0.0%
External transfers	8,321.5	6,885.8	1,435.7	17.3%	16,642.9	16,821.4	(178.5)	-1.1%
Internal administration allocation	315.6	287.8	27.8	8.8%	631.1	567.6	63.5	10.1%
Imputed rent recovery	40.2	40.2	-	0.0%	80.4	80.4	-	0.0%
Total Expenses	9,062.9	7,609.1	1,453.8	16.0%	18,125.7	18,244.4	(118.7)	-0.7%
Recoveries								
Other recoveries	4.6	11.6	7.0	152.0%	9.2	8.5	(0.7)	-7.6%
Total Expenses Less Recoveries	9,058.3	7,597.5	1,460.8	16.1%	18,116.5	18,235.9	(119.4)	-0.7%
Excess (Deficiency) of Revenues over Expenses	-	2.9	2.9	n/a	-	(0.7)	(0.7)	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:

External Transfers	Forecast \$178,500 (1.1%) unfavourable
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External transfers for child care and early years were less than budget in Q2, but are expected to be \$178,500 higher than budget at year-end. A further breakdown of External Transfers is provided in Table 7, below:

Table 7:

Description	Year-To-Date				Year 2019			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
External Transfers								
Fee Subsidy	2,350.0	2,337.4	12.6	0.5%	4,700.0	4,500.0	200.0	4.3%
Special Needs	795.3	795.0	0.3	0.0%	1,590.6	1,590.6	-	0.0%
General Operating	2,466.3	1,958.4	507.9	20.6%	4,932.5	5,332.5	(400.0)	-8.1%
Occupancy Incentive	150.0	-	150.0	100.0%	300.0	300.0	-	0.0%
Wage Enhancement	556.6	-	556.6	100.0%	1,113.2	1,225.2	(112.0)	-10.1%
EarlyON	1,022.6	1,004.8	17.8	1.7%	2,045.2	2,045.2	-	0.0%
Journey Together	618.9	694.8	(75.9)	-12.3%	1,237.8	1,237.8	-	0.0%
Expansion Plan	-	-	-	n/a	-	-	-	n/a
Early Learning and Child Care	51.1	-	51.1	100.0%	102.2	102.2	-	0.0%
Other	310.7	95.3	215.4	69.3%	621.4	487.9	133.5	21.5%
Total	8,321.5	6,885.8	1,435.7	17.3%	16,642.9	16,821.4	(178.5)	-1.1%

In the second quarter, General Operating subsidies were advanced to child care providers based on the prior year approved budget, pending confirmation of TBDSSAB's 2019 funding allocation and completion of child care provider agreements. Wage Enhancement funds will be issued to child care providers in the second half of the year. Overall, TBDSSAB's Provincial funding envelope was higher than the previous year; this increase was 100% Provincially funded. These additional funds will be issued directly to child care providers to support quality child care.

Internal Administration Allocation	Forecast \$63,500 (10.1%) 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 predetermined 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, or will impact, the financial performance within social and affordable housing programs:

- COCHI and OPHI – The Province announced TBDSSAB’s multi-year allocations for the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI). The take-up plans will be presented to the Board and submitted to the Ministry of Municipal Affairs and Housing later this year.
- Year-end settlements – TBDSSAB performs an annual financial reconciliation with each housing provider. To date in 2019, these reconciliations have resulted in \$240,000 to be returned to TBDSSAB.

Table 8, below, shows the 2019 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 \$159,300 at year-end.

Table 8:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	8,234.6	8,234.6	-	0.0%	16,469.1	16,469.1	-	0.0%
Federal grants	4,874.0	4,845.5	(28.5)	-0.6%	9,747.9	9,850.8	102.9	1.1%
Provincial grants	1,528.2	1,486.7	(41.5)	-2.7%	3,056.4	3,206.5	150.1	4.9%
Rents and other revenue	5,705.1	5,637.4	(67.7)	-1.2%	11,410.1	11,368.8	(41.3)	-0.4%
From (to) reserve funds	(991.5)	(1,087.9)	(96.4)	9.7%	(1,982.9)	(2,111.6)	(128.7)	6.5%
Total Financing	19,350.3	19,116.3	(234.0)	-1.2%	38,700.6	38,783.6	83.0	0.2%
Expenses								
Personnel services	2,234.5	2,162.8	71.7	3.2%	4,469.0	4,418.6	50.4	1.1%
Interest on long-term debt	178.3	178.2	0.0	0.0%	356.5	356.5	-	0.0%
Materials	7,322.9	6,912.6	410.3	5.6%	14,645.7	14,740.2	(94.5)	-0.6%
Contract services	45.0	15.9	29.2	64.8%	90.0	105.0	(15.0)	-16.7%
Rents and financial expenses	34.6	85.9	(51.3)	-148.2%	69.2	110.8	(41.6)	-60.1%
External transfers	7,969.5	7,849.1	120.4	1.5%	15,938.9	15,801.8	137.1	0.9%
Loan principal repayment	1,184.3	1,184.2	0.1	0.0%	2,368.6	2,368.6	-	0.0%
Internal administration allocation	612.1	572.9	39.2	6.4%	1,224.1	1,180.1	44.0	3.6%
Imputed rent recovery	134.0	134.0	-	0.0%	268.0	268.0	-	0.0%
Total Expenses	19,715.0	19,095.5	619.5	3.1%	39,430.0	39,349.6	80.4	0.2%
Recoveries								
From Ontario Works	60.0	60.0	-	0.0%	120.0	120.0	-	0.0%
From homelessness programs	290.2	279.2	(10.9)	-3.8%	580.3	576.9	(3.4)	-0.6%
Other recoveries	14.6	38.6	24.1	165.5%	29.1	28.4	(0.7)	-2.4%
Total Expenses Less Recoveries	19,350.3	18,717.6	632.7	3.3%	38,700.6	38,624.3	76.3	0.2%
Excess (Deficiency) of Revenues over Expenses	-	398.7	398.7	n/a	-	159.3	159.3	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 \$50,400 (1.1%) favourable
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Personnel Services expenses were under budget in Q2, and are forecast to be under budget by \$50,400 at year-end due to temporarily-vacant positions.

Materials	Forecast \$94,500 (0.6%) unfavourable
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Materials were less than budget in Q2, but are expected to be \$94,500 higher than budget at year-end. A further breakdown of this variance is provided in Table 9, below:

Table 9:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Materials								
Repairs and maintenance	978.9	770.3	208.6	21.3%	1,957.8	1,974.8	(17.0)	-0.9%
Operating services	878.9	841.0	37.8	4.3%	1,757.7	1,774.7	(17.0)	-1.0%
Insurance	244.2	243.0	1.2	0.5%	488.4	488.4	-	0.0%
Gas	341.6	376.5	(34.9)	-10.2%	683.1	683.1	-	0.0%
Electricity	839.7	909.4	(69.7)	-8.3%	1,679.4	1,686.0	(6.6)	-0.4%
Water	717.2	528.5	188.7	26.3%	1,434.4	1,420.0	14.4	1.0%
Municipal taxes	2,632.8	2,603.4	29.3	1.1%	5,265.5	5,265.5	-	0.0%
Other	197.4	162.2	35.2	17.8%	394.8	398.0	(3.2)	-0.8%
SHAIP	492.3	478.3	14.0	2.8%	984.6	1,049.7	(65.1)	-6.6%
Total	7,322.9	6,912.6	410.3	5.6%	14,645.7	14,740.2	(94.5)	-0.6%

One project under the Social Housing Apartment Improvement Program (SHAIP) was expected to be complete in the 2018 year, however, was extended into 2019, resulting in an unfavourable variance. SHAIP is 100% Provincially funded, so there is no impact on the levy.

External Transfers Forecast **\$137,100 (0.9%) favourable**

External transfers for social and affordable housing were less than budget in Q2, and are expected to be \$137,100 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 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfers								
Social housing	3,130.9	3,039.1	91.7	2.9%	6,261.7	6,021.7	240.0	3.8%
Urban Native housing program	1,041.3	1,157.1	(115.8)	-11.1%	2,082.6	2,082.6	-	0.0%
Rent supplement	2,267.4	2,163.0	104.4	4.6%	4,534.7	4,437.6	97.1	2.1%
IAH Rent Supplement	55.8	40.3	15.4	27.7%	111.5	78.8	32.7	29.3%
IAH Ext Rental Housing	641.1	1,070.2	(429.1)	-66.9%	1,282.1	1,281.6	0.5	0.0%
IAH Ext Ontario Renovates	480.9	165.2	315.7	65.7%	961.8	999.9	(38.1)	-4.0%
IAH Ext Housing Allowance	26.7	55.4	(28.7)	-107.5%	53.4	55.4	(2.0)	-3.7%
IAH-SIF Rental Housing	264.5	-	264.5	100.0%	528.9	529.7	(0.8)	-0.2%
IAH-SIF Ontario Renovates	-	131.3	(131.3)	n/a	-	248.5	(248.5)	n/a
IAH-SIF Housing Allowance	38.6	-	38.6	100.0%	77.2	21.0	56.2	72.8%
Reaching Home	22.5	27.5	(5.0)	-22.2%	45.0	45.0	-	0.0%
Total	7,969.5	7,849.1	120.4	1.5%	15,938.9	15,801.8	137.1	0.9%

The favorable variance in Social Housing of \$240,000 reflects the balances due to TBDSSAB as a result of completed year-end settlements with housing providers. Funding to eligible homeowners under the Investment in Affordable Housing-Social Infrastructure Fund (IAH-SIF) Ontario Renovates Program is forecast to be higher than budget at year-end. Projects were expected to be completed in the 2018 year, however, certain projects were extended into 2019, resulting in an unfavourable variance. IAH Programs are funded by the Federal and Provincial governments and, therefore, do not impact the levy.

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 2019 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 \$125,600 lower than budget at year-end.

Table 11:

Description	Year-To-Date				Year 2019			
	Budget (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
Financing								
Provincial grants	2,319.2	2,180.8	(138.4)	-6.0%	4,638.4	4,512.8	(125.6)	-2.7%
Total Financing	2,319.2	2,180.8	(138.4)	-6.0%	4,638.4	4,512.8	(125.6)	-2.7%
Expenses								
External transfers	1,856.7	1,729.7	127.0	6.8%	3,713.4	3,591.5	121.9	3.3%
Internal administration allocation	462.5	451.1	11.4	2.5%	925.0	921.3	3.7	0.4%
Total Expenses	2,319.2	2,180.8	138.4	6.0%	4,638.4	4,512.8	125.6	2.7%
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 \$121,900 (3.3%) favourable
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Transfers to funded agencies, and eligible individuals and families, were lower than budget in Q2, and are forecast to be \$121,900 under budget at year-end, as the rent supplement component of the HFG Program has not been fully utilized. As well, the Capital component will be less than budget, due to construction delays.

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.

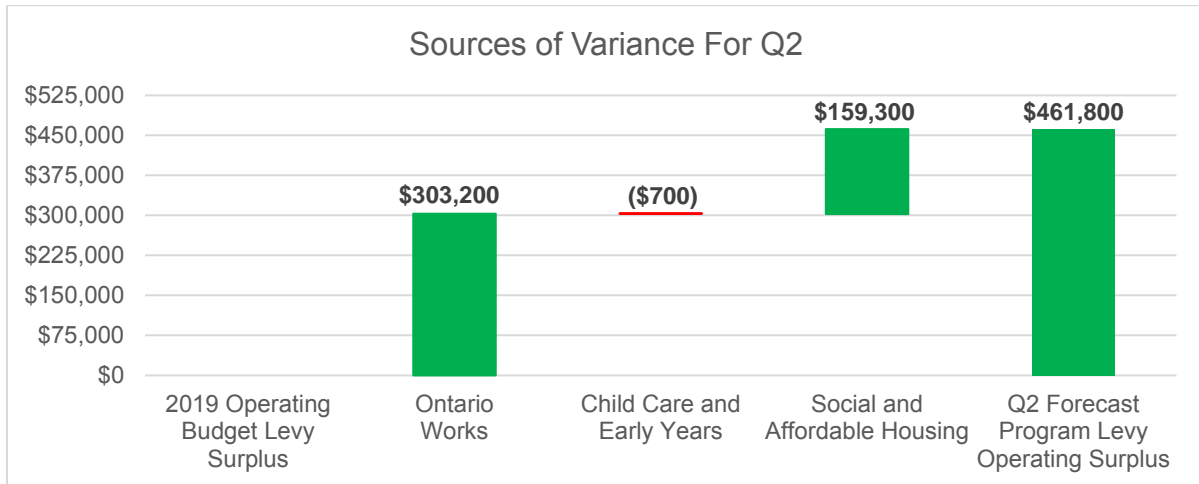
Table 12, below, shows the 2019 Operating Budget revenues and expenditures, second quarter variances and year-end projections for CSRP. Overall, CSRP expenses are higher than budget in Q2, due to timing of payments, but are forecast to be on budget at year-end.

Table 12:

Description	Year-To-Date				Year 2019			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Levy to municipalities & TWOMO	-	-	-	n/a	-	-	-	n/a
From (to) reserve funds	281.2	544.4	263.2	93.6%	562.3	562.3	-	0.0%
Total Financing	281.2	544.4	263.2	93.6%	562.3	562.3	-	0.0%
Expenses								
External transfers	281.2	544.4	(263.2)	-93.6%	562.3	562.3	-	0.0%
Total Expenses	281.2	544.4	(263.2)	-93.6%	562.3	562.3	-	0.0%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a

CONCLUSION

Through the 2019 Second Quarter Financial Report, TBDSSAB is projecting a program levy operating surplus of \$461,800 for the 2019 year. The chart below summarizes the Q2 forecast levy operating surplus for 2019, by program.





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

Fiduciary Responsibility Checklist

Year: 2019

Supporting Documents

	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					
OW Quarterly Report	X				
Addiction Services Initiative Budget Submission					
Addiction Services Initiative Quarterly Report	X				
Early Years Estimates Report					
Early Years Financial Statement Report					
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 in accordance with established requirements and timelines.

Georgina Daniels
Director - Corporate Services Division

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.

William (Bill) Bradica
Chief Administrative Officer

Date