



	REPORT No.: 2019-56
MEETING DATE: NOVEMBER 20, 2019	DATE PREPARED: NOVEMBER 1, 2019
SUBJECT: 2019 THIRD 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 Third 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 September 30, 2019, was \$3,637,200 (4.8%) less than the year-to-date Budget, with a net surplus of \$847,400.

At this time, the program levy operating surplus projected to year-end is \$161,200, or 0.7% of the 2019 Levy. A summary of net forecast cost variances, by program, is presented below:

2019 Forecast Program Levy Operating Surplus/(Deficit)	
Ontario Works	\$ 141,300
Child Care and Early Years	(6,600)
Community Housing	26,500
Forecast Program Levy Operating Surplus	\$ 161,200

This projected surplus at the end of the third 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; For TBDSSAB, the 2018 actuals totalled \$10,640,233. Administration was able to negotiate an increase to \$10,698,288, however, this amount is \$654,212 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 during the year. Administration is forecasting TBDSSAB will exceed the maximum allowed PDF expenditures, for cost-sharing purposes, by \$188,600. At the Board's direction, this variance will be financed in 2019 using in-year program levy operating surplus.
- **Direct Operated Housing:** Spending to September 30, 2019 on materials was \$864,000 under budget, however numerous projects are in progress and will be completed and expensed during the 4th quarter, leading to forecast positive variance of \$88,800 for the year.

Highlights for the third quarter and full-year forecast to year end, as well as detailed variance explanations, are provided in Attachment #1 - 2019 Third 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 Third Quarter Financial Report indicates a year-to-date net surplus of \$847,400, with a forecast program levy operating surplus for the year of \$161,200, or 0.7% of the 2019 Levy.

REFERENCE MATERIALS ATTACHED

Attachment #1 [2019 Third 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 THIRD 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 9-month period ending September 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, third 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	16,711.1	16,711.1	-	0.0%	22,281.5	22,281.5	-	0.0%
Federal grants	7,389.4	7,097.1	(292.3)	-4.0%	9,852.5	9,814.7	(37.8)	-0.4%
Provincial grants	43,321.4	41,368.3	(1,953.0)	-4.5%	57,761.8	57,118.1	(643.7)	-1.1%
Rents and other revenue	8,575.2	8,422.9	(152.3)	-1.8%	11,433.6	11,302.1	(131.5)	-1.2%
Interest on unrestricted funds	131.3	175.0	43.8	33.3%	175.0	175.0	-	0.0%
From (to) reserve funds	(1,090.5)	(1,526.5)	(436.0)	40.0%	(1,454.0)	(2,187.2)	(733.2)	50.4%
Total Financing	75,037.8	72,248.0	(2,789.8)	-3.7%	100,050.4	98,504.2	(1,546.2)	-1.5%
Expenses								
Personnel services	11,082.8	10,452.0	630.8	5.7%	14,777.1	13,881.4	895.7	6.1%
Interest on long-term debt	360.4	349.5	10.9	3.0%	480.5	475.0	5.5	1.1%
Materials	13,043.2	11,820.9	1,222.3	9.4%	17,390.9	17,270.8	120.1	0.7%
Contract services	218.3	118.9	99.4	45.5%	291.0	273.6	17.4	6.0%
Rents and financial expenses	131.5	195.8	(64.3)	-48.9%	175.3	233.7	(58.4)	-33.3%
External transfers	48,222.0	46,483.5	1,738.5	3.6%	64,296.0	63,566.4	729.6	1.1%
Loan principal repayment	1,979.7	1,980.1	(0.4)	0.0%	2,639.6	2,642.1	(2.5)	-0.1%
Total Expenses	75,037.8	71,400.6	3,637.2	4.8%	100,050.4	98,343.0	1,707.4	1.7%
Excess (Deficiency) of Revenues over Expenses	-	847.4	847.4	n/a	-	161.2	161.2	n/a



Highlights for Q3 and the full-year forecast include:

Provincial Grants	Forecast \$643,700 (1.1%) unfavourable
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Provincial grants were less than budget in Q3, and are forecast to be \$643,700 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 \$895,700 (6.1%) favourable
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Personnel Services were under budget in Q3 and are forecast to be \$895,700 less than budget for the year due to temporarily-vacant positions during the year. As well, Administration has intentionally held certain staff positions vacant during the year to manage within program-delivery funding allocations.

External Transfers	Forecast \$729,600 (1.1%) favourable
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External Transfers to funded agencies, individuals, and families were lower than budget in Q3, and are forecast to be \$729,600 less than budget for the year, mainly due to lower Ontario Works (OW) financial assistance issued to eligible participants, year-end settlements with housing providers, and rent supplement payments to landlords.

Overall, Administration is forecasting a favourable program levy operating surplus of \$161,200 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/(Deficit)	
Ontario Works	\$ 141,300
Child Care and Early Years	(6,600)
Community Housing	26,500
Forecast Program Levy Operating Surplus	\$ 161,200



2019 THIRD QUARTER OPERATING BUDGET RESULTS

The Third Quarter Financial Report provides an indication of TBDSSAB's financial status as at September 30, 2019, a projection for the year, and identifies any significant variances from the 2019 Operating Budget. Overall, in Q3, TBDSSAB recorded a net surplus of \$847,400, and a surplus of \$161,200, or 0.7% 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 office 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	3,187.7	2,889.0	(298.7)	-9.4%	4,250.2	4,127.8	(122.4)	-2.9%
Addiction services initiative	43.5	39.8	(3.7)	-8.4%	58.0	39.8	(18.2)	-31.4%
Child care programs	434.9	377.6	(57.3)	-13.2%	579.9	514.7	(65.2)	-11.2%
Housing programs	1,074.1	954.7	(119.4)	-11.1%	1,432.1	1,348.8	(83.3)	-5.8%
Total Allocation	4,740.2	4,261.1	(479.1)	-10.1%	6,320.2	6,031.1	(289.1)	-4.6%
Financing								
Levy to municipalities & TWOMO	(131.3)	(131.3)	-	0.0%	(175.0)	(175.0)	-	0.0%
Other revenue	17.6	14.3	(3.4)	-19.0%	23.5	42.0	18.5	78.7%
Interest on unrestricted funds	131.3	175.0	43.8	33.3%	175.0	175.0	-	0.0%
Total Financing	17.6	58.0	40.4	229.2%	23.5	42.0	18.5	78.7%
Expenses								
Personnel services	2,846.9	2,639.9	207.0	7.3%	3,795.9	3,493.9	302.0	8.0%
Interest on long-term debt	93.0	83.7	9.3	10.0%	124.0	124.0	-	0.0%
Materials	1,439.7	1,238.4	201.3	14.0%	1,919.6	1,979.4	(59.8)	-3.1%
Contract services	142.5	75.3	67.2	47.1%	190.0	158.3	31.7	16.7%
Rents and financial expenses	12.5	13.0	(0.4)	-3.5%	16.7	19.2	(2.5)	-15.0%
Loan principal repayment	203.3	203.0	0.3	0.1%	271.0	271.0	-	0.0%
Internal administrative expense	118.9	118.9	-	0.0%	158.5	158.5	-	0.0%
Total Expenses	4,856.8	4,372.1	484.7	10.0%	6,475.7	6,204.3	271.4	4.2%
Recoveries								
From housing programs	6.3	5.0	1.3	20.8%	8.4	9.1	(0.7)	-8.3%
From homelessness programs	23.2	22.2	0.9	4.1%	30.9	29.4	1.5	4.9%
From child care programs	69.5	69.5	-	0.0%	92.7	92.7	-	0.0%
Total Expenses Less Recoveries	4,757.8	4,275.4	482.4	10.1%	6,343.7	6,073.1	270.6	4.3%
Excess (Deficiency) of Revenues over Expenses	-	43.8	43.8	n/a	-	-	-	n/a

2019 Third Quarter Financial Report
Operating Budget

Table 3, above, shows the 2019 Operating Budget revenues and expenditures, third 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 Q3 and the full-year forecast include:

Personnel Services Forecast **\$302,000 (8.0%) favourable**

Personnel Services expenses were under budget in Q3, and are forecast to be under budget by \$302,000 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 Intake

Integrated Client Intake 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, third quarter variances and year-end projections for Integrated Client Intake. Overall, Integrated Client Intake expenses are under budget in Q3 and are forecast to be slightly under 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	456.3	438.4	(17.9)	-3.9%	608.4	608.3	(0.1)	0.0%
Addiction services initiative	12.3	8.4	(3.9)	-32.0%	16.4	8.4	(8.0)	-48.8%
Child care programs	12.3	11.8	(0.5)	-4.4%	16.4	16.2	(0.2)	-1.2%
Housing programs	135.7	129.3	(6.3)	-4.7%	180.9	178.5	(2.4)	-1.3%
Total Allocation	616.6	587.9	(28.7)	-4.7%	822.1	811.4	(10.7)	-1.3%
Expenses								
Personnel services	624.3	597.8	26.5	4.2%	832.4	820.4	12.0	1.4%
Materials	11.1	8.2	2.9	26.0%	14.8	14.8	-	0.0%
Total Expenses	635.4	606.0	29.4	4.6%	847.2	835.2	12.0	1.4%
Recoveries								
From homelessness programs	18.8	18.2	0.7	3.5%	25.1	23.8	1.3	5.2%
Total Expenses Less Recoveries	616.6	587.9	28.7	4.7%	822.1	811.4	10.7	1.3%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a



Expenses related to Integrated Client Intake 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). Administration was able to negotiate a modest increase to \$10,698,288. This amount is \$654,212 less than the 2019 Board-approved Budget. Administration has taken steps to mitigate the financial impact of the funding freeze.
- 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, third quarter variances and year-end projections for OW programs. Overall, OW program expenses are less than revenues in Q3, and are forecast to be less than revenues by \$141,300 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	3,183.1	3,183.1	-	0.0%	4,244.1	4,244.1	-	0.0%
Provincial grants	25,345.6	24,961.7	(383.8)	-1.5%	33,794.1	33,275.9	(518.2)	-1.5%
Other revenues	-	0.1	0.1	n/a	-	0.1	0.1	n/a
From (to) reserve funds	(21.8)	(104.1)	(82.3)	377.1%	(29.1)	(117.3)	(88.2)	303.1%
Total Financing	28,506.8	28,040.8	(466.1)	-1.6%	38,009.1	37,402.8	(606.3)	-1.6%
Expenses								
Personnel services	3,719.6	3,415.6	304.0	8.2%	4,959.4	4,500.5	458.9	9.3%
Materials	570.7	416.8	153.9	27.0%	760.9	672.1	88.8	11.7%
Contract services	7.5	10.8	(3.3)	-44.0%	10.0	16.8	(6.8)	-68.0%
Rents and financial expenses	67.1	66.7	0.3	0.5%	89.4	92.1	(2.7)	-3.0%
External transfers	20,578.9	20,472.9	105.9	0.5%	27,438.5	27,367.1	71.4	0.3%
Internal administration allocation	3,132.6	2,903.2	229.4	7.3%	4,176.8	4,035.1	141.7	3.4%
Imputed rent recovery	743.5	743.5	-	0.0%	991.3	991.3	-	0.0%
Total Expenses	28,819.7	28,029.4	790.3	2.7%	38,426.3	37,675.0	751.3	2.0%
Recoveries								
From homelessness programs	216.5	210.1	(6.5)	-3.0%	288.7	278.1	(10.6)	-3.7%
From child care programs	10.0	10.0	-	0.0%	13.3	13.3	-	0.0%
Other recoveries	86.4	181.1	94.7	109.6%	115.2	122.1	6.9	6.0%
Total Expenses Less Recoveries	28,506.8	27,628.3	878.5	3.1%	38,009.1	37,261.5	747.6	2.0%
Excess (Deficiency) of Revenues over Expenses	-	412.4	412.4	n/a	-	141.3	141.3	n/a

Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q3 and the full-year forecast include:

Personnel Services	Forecast \$458,900 (9.3%) favourable
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Personnel Services expenses were under budget in Q3, and are forecast to be under budget by \$458,900 at year-end, due to the cancellation of the ASI Program, as well as other temporarily-vacant positions throughout the year.

Materials	Forecast \$88,800 (11.7%) favourable
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Materials expenses were under budget in Q3 and are forecast to be under budget by \$88,800 at year-end, primarily due to the cancellation of the ASI Program and the resulting cancellation of the contract with a service provider.

External Transfers	Forecast \$71,400 (0.3%) favourable
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External Transfers to eligible individuals and families were under budget in Q3 and are forecast to be under budget by \$71,400 at year-end, primarily due to the cancellation of the ASI Program.



Internal Administration Allocation	Forecast \$141,700 (3.4%) 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 Intake 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 the Provincial funding allocation to 5%. Administration cost-sharing would become 50% Provincial, 50% Municipal (currently there is a 100% Provincial component), and Expansion Plan funding, which was is currently 100% Provincially funded, would be cost-shared 80% Provincial, 20% Municipal. The cost-sharing change for Expansion Plan funding has been deferred until 2020. The Administration cost-sharing change has been deferred until 2021, and the reduction to the maximum Administration funding envelope has been deferred until 2022.

Table 6, below, shows the 2019 Operating Budget revenues and expenditures, third 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 Q3, but are forecast to be \$6,600 higher than revenues 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	1,307.5	1,307.5	-	0.0%	1,743.3	1,743.3	-	0.0%
Federal grants	78.5	-	(78.5)	-100.0%	104.6	-	(104.6)	-100.0%
Provincial grants	12,204.7	11,272.6	(932.1)	-7.6%	16,272.9	16,255.7	(17.2)	-0.1%
From (to) reserve funds	(3.2)	(8.4)	(5.2)	161.8%	(4.3)	(9.5)	(5.2)	120.9%
Total Financing	13,587.4	12,571.6	(1,015.8)	-7.5%	18,116.5	17,989.5	(127.0)	-0.7%
Expenses								
Personnel services	540.3	544.5	(4.2)	-0.8%	720.4	724.6	(4.2)	-0.6%
Materials	37.4	37.2	0.2	0.6%	49.9	47.6	2.3	4.6%
Contract services	0.8	-	0.8	100.0%	1.0	1.0	-	0.0%
External transfers	12,482.2	11,519.0	963.2	7.7%	16,642.9	16,586.0	56.9	0.3%
Internal administration allocation	473.3	423.2	50.1	10.6%	631.1	566.4	64.7	10.3%
Imputed rent recovery	60.3	60.3	-	0.0%	80.4	80.4	-	0.0%
Total Expenses	13,594.3	12,584.3	1,010.0	7.4%	18,125.7	18,006.0	119.7	0.7%
Recoveries								
Other recoveries	6.9	14.7	7.8	112.8%	9.2	9.9	0.7	7.6%
Total Expenses Less Recoveries	13,587.4	12,569.6	1,017.8	7.5%	18,116.5	17,996.1	120.4	0.7%
Excess (Deficiency) of Revenues over Expenses	-	2.0	2.0	n/a	-	(6.6)	(6.6)	n/a

Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Expense highlights for Q3 and the full-year forecast include:

External Transfers	Forecast \$56,900 (0.3%) favourable
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External transfers for child care and early years were less than budget in Q3, and are expected to be \$56,900 lower 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 (\$000s)	Actuals (\$000s)	Variance		Budget (\$000s)	Forecast (\$000s)	Variance	
			(\$000s)	(%)			(\$000s)	(%)
External Transfers								
Fee Subsidy	3,525.0	3,527.2	(2.2)	-0.1%	4,700.0	4,484.0	216.0	4.6%
Special Needs	1,193.0	1,192.5	0.5	0.0%	1,590.6	1,590.6	-	0.0%
General Operating	3,699.4	2,937.6	761.8	20.6%	4,932.5	5,416.5	(484.0)	-9.8%
Occupancy Incentive	225.0	-	225.0	100.0%	300.0	300.0	-	0.0%
Wage Enhancement	834.9	1,165.9	(331.0)	-39.6%	1,113.2	1,172.9	(59.7)	-5.4%
EarlyON	1,533.9	1,507.2	26.7	1.7%	2,045.2	2,045.2	-	0.0%
Journey Together	928.4	1,042.2	(113.9)	-12.3%	1,237.8	1,237.8	-	0.0%
Expansion Plan	-	-	-	n/a	-	-	-	n/a
Early Learning and Child Care	76.7	-	76.7	100.0%	102.2	-	102.2	100.0%
Other	466.1	146.5	319.5	68.6%	621.4	339.0	282.4	45.4%
Total	12,482.2	11,519.0	963.2	7.7%	16,642.9	16,586.0	56.9	0.3%



TBDSSAB provides Fee Subsidy to Child Care Operators to cover the difference between what the client (parent or guardian) can pay, based on their income, and the established child care rate. Fee Subsidies are trending lower than budget in 2019. The projected variance has been redirected to enhance the General Operating funding provided to Child Care Operators.

The General Operating subsidies were being 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. Subsidy payments were adjusted in October.

The full Wage Enhancement allocation was issued to child care providers in the third quarter. 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 \$64,700 (10.3%) 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 Intake 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. Community Housing

TBDSSAB is the Service System Manager for various housing programs and services in the District of Thunder Bay. TBDSSAB operates and maintains 2,476 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 community 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). In 2019, COCHI funds will be provided to an Urban Native housing provider to support units with expired operating agreements through rent supplements. Most of the Year 1 COCHI and OPHI funding will be expended during the 2020 year.



- Year-end settlements – Administration performs an annual financial reconciliation with each housing provider. To date in 2019, these reconciliations have resulted in \$325,300 to be returned to TBDSSAB.

Table 8, below, shows the 2019 Operating Budget revenues and expenditures, third quarter variances and year-end projections for Community Housing Programs.

Overall, Community Housing program expenses are lower than revenues in Q3, and are forecast to be lower than revenues by \$26,500 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	12,351.8	12,351.8	-	0.0%	16,469.1	16,469.1	-	0.0%
Federal grants	7,310.9	7,097.1	(213.8)	-2.9%	9,747.9	9,814.7	66.8	0.7%
Provincial grants	2,292.3	1,856.0	(436.3)	-19.0%	3,056.4	3,188.1	131.7	4.3%
Rents and other revenue	8,557.6	8,408.6	(149.0)	-1.7%	11,410.1	11,260.0	(150.1)	-1.3%
From (to) reserve funds	(1,487.2)	(1,971.4)	(484.2)	32.6%	(1,982.9)	(2,622.7)	(639.8)	32.3%
Total Financing	29,025.5	27,742.1	(1,283.3)	-4.4%	38,700.6	38,109.2	(591.4)	-1.5%
Expenses								
Personnel services	3,351.8	3,254.2	97.5	2.9%	4,469.0	4,342.0	127.0	2.8%
Interest on long-term debt	267.4	265.8	1.6	0.6%	356.5	351.0	5.5	1.5%
Materials	10,984.3	10,120.3	864.0	7.9%	14,645.7	14,556.9	88.8	0.6%
Contract services	67.5	32.8	34.7	51.5%	90.0	97.5	(7.5)	-8.3%
Rents and financial expenses	51.9	116.1	(64.2)	-123.7%	69.2	122.4	(53.2)	-76.9%
External transfers	11,954.2	11,382.2	572.0	4.8%	15,938.9	15,603.6	335.3	2.1%
Loan principal repayment	1,776.5	1,777.1	(0.7)	0.0%	2,368.6	2,371.1	(2.5)	-0.1%
Internal administration allocation	918.1	818.1	100.0	10.9%	1,224.1	1,142.9	81.2	6.6%
Imputed rent recovery	201.0	201.0	-	0.0%	268.0	268.0	-	0.0%
Total Expenses	29,572.5	27,967.5	1,605.0	5.4%	39,430.0	38,855.4	574.6	1.5%
Recoveries								
From Ontario Works	90.0	90.0	-	0.0%	120.0	120.0	-	0.0%
From homelessness programs	435.2	475.6	40.4	9.3%	580.3	619.7	39.4	6.8%
Other recoveries	21.8	48.9	27.1	124.2%	29.1	33.0	3.9	13.4%
Total Expenses Less Recoveries	29,025.5	27,353.0	1,672.5	5.8%	38,700.6	38,082.7	617.9	1.6%
Excess (Deficiency) of Revenues over Expenses	-	389.1	389.1	n/a	-	26.5	26.5	n/a



Federal and Provincial grants are determined by applying the various cost-sharing formulae to actual expenses. Revenue and expense highlights for Q3 and the full-year forecast include:

Rents and Other Revenue Forecast **\$150,100 (1.3%) unfavourable**

Rents and Other Revenue were less than budget in Q3, and are forecast to be less than budget by \$131,700 at year-end. Rent-Geared-to Income (RGI) rents, which are paid by the tenants, has trended lower than budget in 2019. RGI is an income-based calculation; rent levels are reflective of the tenant income.

From (to) Reserve Funds Forecast **\$639,800 (32.3%) unfavourable**

The 2019 Budget included financing from various reserve funds for one-time items, and repairs to the housing portfolio that are capital in nature. Due to the favourable expenditure variances outlined below, and in accordance with the reserve fund strategy, these items will be financed using in-year surplus rather than reserve funds.

Personnel Services Forecast **\$127,000 (2.8%) favourable**

Personnel Services expenses were under budget in Q3, and are forecast to be under budget by \$127,000 at year-end due to temporarily-vacant positions.

Materials Forecast **\$88,800 (0.6%) favourable**

Materials were less than budget in Q3, and are expected to be \$88,800 less 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	1,468.4	1,222.8	245.5	16.7%	1,957.8	1,944.9	12.9	0.7%
Operating services	1,318.3	1,206.6	111.7	8.5%	1,757.7	1,729.6	28.1	1.6%
Insurance	366.3	369.5	(3.2)	-0.9%	488.4	496.1	(7.7)	-1.6%
Gas	512.3	400.5	111.8	21.8%	683.1	571.0	112.1	16.4%
Electricity	1,259.6	1,091.6	167.9	13.3%	1,679.4	1,599.2	80.2	4.8%
Water	1,075.8	1,096.3	(20.5)	-1.9%	1,434.4	1,471.7	(37.3)	-2.6%
Municipal taxes	3,949.1	3,939.2	9.9	0.3%	5,265.5	5,254.0	11.5	0.2%
Other	296.1	267.4	28.7	9.7%	394.8	396.7	(1.9)	-0.5%
SHAIP	738.5	524.3	214.2	29.0%	984.6	1,091.6	(107.0)	-10.9%
OPHI	-	2.1	(2.1)	n/a	-	2.1	(2.1)	n/a
Total	10,984.3	10,120.3	864.0	7.9%	14,645.7	14,556.9	88.8	0.6%

Gas and Electricity expenses have been trending under-budget in 2019. In recent years, TBSSAB has undertaken significant capital improvement projects to update equipment and improve energy efficiency.

2019 Third Quarter Financial Report
Operating Budget

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

External Transfers **Forecast \$335,300 (2.1%) favourable**

External transfers for community housing were less than budget in Q3, and are expected to be \$335,300 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								
Provincial Reformed	4,696.3	4,534.8	161.5	3.4%	6,261.7	5,936.2	325.5	5.2%
Urban Native housing program	1,562.0	1,662.2	(100.3)	-6.4%	2,082.6	2,082.6	-	0.0%
Private landlord rent supplement	2,427.5	2,343.0	84.5	3.5%	3,236.7	3,146.7	90.0	2.8%
Non-profit rent supplement	496.4	497.0	(0.6)	-0.1%	661.9	683.9	(22.0)	-3.3%
Strong Communities rent supplement	327.9	332.5	(4.6)	-1.4%	437.2	416.1	21.1	4.8%
Portable Housing Benefit	149.2	118.8	30.4	20.4%	198.9	172.8	26.1	13.1%
IAH Rent Supplement	83.6	56.4	27.3	32.6%	111.5	71.8	39.7	35.6%
IAH Ext Rental Housing	961.6	1,070.2	(108.6)	-11.3%	1,282.1	1,167.5	114.6	8.9%
IAH Ext Ontario Renovates	721.4	456.6	264.8	36.7%	961.8	999.9	(38.1)	-4.0%
IAH Ext Housing Allowance	40.1	61.5	(21.4)	-53.5%	53.4	61.5	(8.1)	-15.2%
IAH-SIF Rental Housing	396.7	-	396.7	100.0%	528.9	529.7	(0.8)	-0.2%
IAH-SIF Ontario Renovates	-	201.1	(201.1)	n/a	-	248.5	(248.5)	n/a
IAH-SIF Housing Allowance	57.9	4.8	53.1	91.6%	77.2	16.1	61.1	79.1%
COCHI	-	-	-	n/a	-	25.3	(25.3)	n/a
Reaching Home	33.8	43.3	(9.5)	-28.2%	45.0	45.0	-	0.0%
Total	11,954.2	11,382.2	572.0	4.8%	15,938.9	15,603.6	335.3	2.1%

The favorable variance in Provincial Reformed of \$325,500 reflects the balances due to TBDSSAB as a result of completed year-end settlements with housing providers. Private landlord rent supplement payments have been lower in 2019 as there have been fewer units in the program than budgeted.

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, third quarter variances and year-end projections for homelessness prevention programs. Overall, homelessness prevention expenses are lower than budget in Q3, and are forecast to be \$240,000 lower than budget at year-end.

Table 11:

Description	Year-To-Date				Year 2019			
	Budget	Actuals	Variance		Budget	Forecast	Variance	
	(\$000s)	(\$000s)	(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(%)
Financing								
Provincial grants	3,478.8	3,278.0	(200.8)	-5.8%	4,638.4	4,398.4	(240.0)	-5.2%
Total Financing	3,478.8	3,278.0	(200.8)	-5.8%	4,638.4	4,398.4	(240.0)	-5.2%
Expenses								
External transfers	2,785.1	2,551.9	233.1	8.4%	3,713.4	3,447.4	266.0	7.2%
Internal administration allocation	693.8	726.1	(32.3)	-4.7%	925.0	951.0	(26.0)	-2.8%
Total Expenses	3,478.8	3,278.0	200.8	5.8%	4,638.4	4,398.4	240.0	5.2%
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 Q3 and the full-year forecast include:

External Transfers	Forecast \$266,000 (7.2%) favourable
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Transfers to funded agencies, and eligible individuals and families, were lower than budget in Q3, and are forecast to be \$266,000 under budget at year-end. Issuances under the Housing Security Fund (CHPI) have been less than budget in 2019 and the rent supplement component of the HFG Program has not been fully utilized. As well, the Capital component of HFG 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, third quarter variances and year-end projections for CSRP. Overall, CSRP expenses are higher than budget in Q3, due to timing of payments, but are forecast to be on budget at year-end.

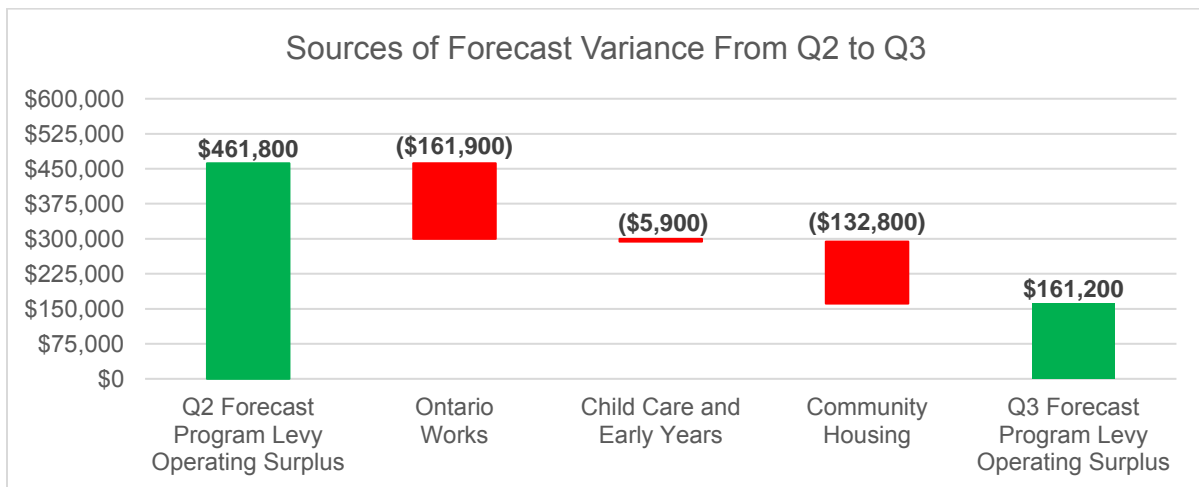
Table 12:

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	421.7	557.5	135.7	32.2%	562.3	562.3	-	0.0%
Total Financing	421.7	557.5	135.7	32.2%	562.3	562.3	-	0.0%
Expenses								
External transfers	421.7	557.5	(135.7)	-32.2%	562.3	562.3	-	0.0%
Total Expenses	421.7	557.5	(135.7)	-32.2%	562.3	562.3	-	0.0%
Excess (Deficiency) of Revenues over Expenses	-	-	-	n/a	-	-	-	n/a



CONCLUSION

The 2019 Second Quarter Financial Report identified a forecast program levy operating surplus of \$461,800, with OW accounting for \$303,200, Child Care and Early Years accounting for \$900 (deficit), and Community Housing accounting for \$159,300. Through the 2019 Third Quarter Financial Report, Administration is projecting a program levy operating surplus of \$161,200 for the 2019 year. The chart below summarizes the change in estimates from Q2 to Q3, 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	X		
Employment Insurance Premiums	X	X	X		
Employer Health Tax (EHT) Premiums	X	X	X		
Income Tax Deductions	X	X	X		
OMERS Contributions	X	X	X		
Workers Compensation Board Premiums	X	X	X		
Workplace Safety and Insurance Board Premiums	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		
Listing of Cheques	X	X	X		
Debt Payments Made	X	X	X		
Insurance Renewal	X				
Provincial Reporting					
Form 5 OW Subsidy Claim (20 th of each month)	X	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			X		
Early Years Financial Statement Report			X		
Service Manager Annual Information Return	X				
Investment in Affordable Housing Quarterly Report	X	X	X		
Community Homelessness Prevention Initiative Quarterly Report	X	X	X		
Home for Good Quarterly Report	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

Nov 14/19

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

Nov 14/19

Date