



BOARD REPORT

REPORT No.: 2023-17

MEETING DATE: APRIL 20, 2023

SUBJECT: 2022 FOURTH QUARTER FINANCIAL REPORT AND PROGRAM LEVY
OPERATING SURPLUS DISPOSITION

RECOMMENDATION

THAT with respect to Report No. 2023-17 (Corporate Services Division) we, The District of Thunder Bay Social Services Administration Board, approve Option 1 – Return the full \$72,203 levy surplus to municipalities.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the 2022 Fourth Quarter Financial Report, and a recommendation regarding disposition of the 2022 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. This Report provides 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

Financial Status – Operating

Overall, spending on TBDSSAB delivered programs, for the period ended December 31, 2022, was \$45,927 (0.05%) higher than Budget, with a program levy operating surplus of \$72,203 (0.3% of the 2022 levy).

A summary of net cost variances, by program, is presented below:

Table 1:

2022 Program Levy Operating Surplus/(Deficit)	
Social Assistance	\$ 43,129
Child Care and Early Years	\$ 616,552
Community Housing Programs	\$ 751,180
Direct-Owned Community Housing Building Operations	\$ (1,338,658)
Program Levy Operating Surplus	\$ 72,203

This result is fairly consistent with the 2022 Third Quarter Financial Report projection (Deficit: \$68,900). Although the overall program levy operating surplus is not material, there were significant variances within the programs:

- Child Care and Early Years:** There was a favourable variance (\$616,552) in Child Care and Early Years. In the fall of 2022, the Ministry of Education completed its reconciliation of the prior year results and advised Administration of a change in the funding model whereby the full Expansion Plan (100% Provincial) funding must be utilized before accessing the 80/20 Core funding (80% Provincial). As a result, \$281,032 that was recorded as due to province in 2021, has been recorded as revenue in 2022. Furthermore, this funding change impacted the 2022 cost-sharing, reducing the municipal share of Child Care and Early Years programming by \$344,338.
- Community Housing Programs:** There was a favourable variance (\$751,180) in Community Housing Programs. Administration is lessening its reliance on the private market landlord rent supplement program to meet service level standards, in favour of the more flexible portable housing benefit (PHB). The private market landlord rent supplement budget allowed for 344 units per month at an average cost of \$703 per unit. In 2022 the average number of units per month was 324 at an average cost of \$643 per unit, contributing \$401,696 towards the favourable variance. This reflects the strategy to reduce higher cost 3+ bedroom rent supplement units as they arise and seek to engage more PHBs over time.

Also, the 2022 Ontario Works (OW) Program Delivery, and Integrated Social Services Program Support Budgets included administrative recovery from the Homelessness Prevention Program. This administrative recovery will now be applied to the Housing Programs Budget which contributes \$266,977 to the Community Housing Programs surplus.

- **Direct-Owned Community Housing Building Operations:** There was an unfavourable variance (\$1,338,658) in Direct-Owned Community Housing Building Operations. The largest single line item for the overage is snow removal, which was \$507,313 over budget, due to a greater number of snow-related events and a significant price increase that took effect in the fall of 2022.

Utilities were also \$410,457 higher than budget, in particular, sewer and water charges were \$224,895 higher due to a variety of factors including higher consumption levels than anticipated, gas and hydro were \$161,634 higher than budget due, in part to the colder than normal weather experienced in the spring as well as rising natural gas commodity prices.

Property tax was \$150,696 higher than budget reflecting higher than expected municipal tax rates in 2022.

In total, repairs and maintenance expenses were higher than budget by \$598,187. This variance includes \$185,999 overage related to damages to certain units requiring extensive rehabilitation and restoration, \$135,673 overage related to plumbing repairs, and \$97,642 overage related to electrical repairs.

Highlights for the 2022 year, and detailed variance explanations, are provided in Attachment #1: 2022 Fourth Quarter Financial Report – Operating Budget.

Financial Status – Capital

At the end of 2021, the Chief Administrative Officer approved the carryforward of 32 capital projects totaling \$1,372,087. Total capital expenditures on these carryforward projects, for the period ended December 31, 2022, were \$1,132,217. Six projects, totaling \$99,144, will be carried forward into 2023.

The Board-approved capital budget for 2022 was \$4,237,900 representing 82 projects. Total capital expenditures on the projects, for the period ended December 31, 2022, were \$1,040,302. Fifty-four projects, totaling \$3,227,836, will be carried forward into 2023.

In total, 60 projects, totaling \$3,326,980 will be carried forward from previous years into 2023. These projects are identified per Report No. 2023-16, Carryforward of Capital Projects.

Highlights for the 2022 year, and detailed variance explanations, are provided in Attachment #2: 2022 Fourth Quarter Financial Report – Capital Budget.

2022 Program Levy Operating Surplus Disposition

The 2022 TBDSSAB program levy operating surplus is \$72,203. The following options concerning the disposition of the surplus are presented:

- Option 1 – Return the surplus to municipalities. The full surplus of \$72,203 would be returned to municipalities using the 2022 weighted assessment calculation.
- Option 2 – Transfer to the Levy Stabilization Reserve Fund. The full surplus of \$72,203 would be transferred into the Levy Stabilization Reserve Fund to provide opportunities for relevant community initiatives that support programming outcomes.

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 #3: 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.

STRATEGIC PLAN IMPACT

This report relates to the Board's 2020-2023 strategic direction of Financial Stewardship, with a focus on ensuring accountability of TBDSSAB resources.

FINANCIAL IMPLICATIONS

This Report provides the financial results for the 2022 year, on the same basis as the approved Budget.

The financial implications relate to the disposition of the 2022 program levy operating surplus of \$72,203. Administration is recommending Option 1: Return the surplus to municipalities. The financial impact of the two options for each municipality, is presented in Attachment #4: Distribution of the 2022 Program Levy Operating Surplus by Municipality.



CONCLUSION

It is concluded that the 2022 Fourth Quarter Financial Report indicates a program levy operating surplus for the year of \$72,203, or 0.3% of the 2022 levy.

It is further concluded that the program levy operating surplus of \$72,203 should be returned to municipalities using the 2022 weighed assessment calculation.

REFERENCE MATERIALS

- Attachment #1 [2022 Fourth Quarter Financial Report – Operating Budget](#)
- #2 [2022 Fourth Quarter Financial Report – Capital Budget](#)
- #3 [Fiduciary Responsibility Checklist](#)
- #4 [Distribution of the 2022 Program Levy Operating Surplus by Municipality](#)

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