



FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

Healthy, Sustainable Communities

Date: Wednesday, September 28, 2022

Time: 12:00 PM

Location: In person in DNSSAB Boardroom or virtually via link below:

Join Zoom Meeting

<https://us06web.zoom.us/j/82419379485?pwd=UXdLdkRPd05pNG1Eellwa1Q0cThNdz09>

Meeting ID: 824 1937 9485

Passcode: 77588898

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Members: Councillor Mark King Councillor (Chair), Councillor Dan Roveda (Vice Chair), Councillor Dave Mendicino, Mayor Dean Backer, Councillor Mac Bain, Mayor Jane Dumas, Councillor Terry Kelly, Chris Mayne, Mayor Dan O'Mara, Councillor Scott Robertson, Representative Amanda Smith, Councillor Bill Vrebosch.

Item	Topic
1.0	1.1 Call to Order - Roll Call 1.2 Declaration of Conflict of Interest - none declared
2.0	Opening remarks by the Chair
3.0	Approval of the Agenda for September 28, 2022 MOTION #FA08-2022 THAT the Finance and Administration Committee accepts the Agenda as presented.

Item	Topic
4.0	None at this time
5.0	<p>CONSENT AGENDA - All items in the consent agenda are voted on collectively. The Chair will call out each item for consideration of discussion. Any item can be singled out for separate vote; then, only the remaining items will be voted on collectively.</p> <p>MOTION: #FA09-2022</p> <p>THAT the Board receives for information, Consent Agenda item 5.1.</p> <p>5.1 FA07-22 Q2 Financial Report - an update on the YTD financial performance of the organization relative to the budget set for the same period and the forecast to year-end.</p>
6.0	MANAGERS REPORTS
	<p>6.1 FA09-22 2023 Preliminary Budget Issues Report - a preliminary update on the issues that will impact the 2023 budget.</p> <p>6.2 F08-22 - Annual Reserves Report MOTION #FA10-2022 THAT the District of Nipissing Social Services Administration Board (DNSSAB) approves the reserves recommendations as outlined in briefing note FA08-22.</p>
7.0	OTHER BUSINESS
8.0	<p>NEXT MEETING DATE Wednesday, October 26, 2022</p>
9.0	<p>ADJOURNMENT</p> <p>MOTION: #FA11-22 <i>Resolved</i> THAT the Finance and Administration Committee meeting be adjourned at ___ PM.</p>

BRIEFING NOTE FA07-22

For Information or **For Approval**

Date: September 28, 2022

Purpose: **Year-to-date (YTD) Financial Report, January 1 to June 30, 2022**

Prepared by: Justin Avery, Manager of Finance

Approved by: Catherine Matheson, Chief Administrative Officer

Alignment with Strategic Plan: Healthy, Sustainable Communities

Maximize Impact **Remove Barriers** **Seamless Access** **Learn & Grow**

FOR INFORMATION:

Report FA07-22 provides The District of Nipissing Social Services Administration Board (DNSSAB) with an update on the YTD financial performance of the organization relative to the budget set for the same period and the forecast to year-end

YTD Overall Financial Results – January 1 to June 30, 2022

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 10,855,698	\$ 10,848,468	\$ 7,230	\$ 10,854,978	\$ 21,710,676	\$ 21,710,676	\$ -
Province of Ontario	30,803,296	29,519,105	1,284,192	25,210,596	56,013,892	59,475,881	3,461,989
Federal Funding	281,876	455,968	(174,092)	598,938	880,814	809,233	(71,581)
Interest	100,766	80,087	20,679	59,409	160,175	201,531	41,356
Repayments	157,509	227,996	(70,487)	298,491	456,000	368,902	(87,098)
Lease and Other	240,446	251,844	(11,398)	269,164	509,610	510,190	580
Deferred Revenue	2,060,566	184,414	1,876,152	(1,717,152)	343,414	1,764,041	1,420,627
Total Revenues	\$ 44,500,156	\$ 41,567,882	\$ 2,932,275	\$ 35,574,425	\$ 80,074,581	\$ 84,840,455	\$ 4,765,874
Expenditures:							
Ontario Works	\$ 8,331,913	\$ 9,618,587	\$ (1,286,674)	\$ 11,339,543	\$ 19,671,456	\$ 16,818,947	\$ (2,852,509)
OW Program Delivery	2,496,434	2,788,947	(292,513)	3,046,718	5,543,152	5,195,383	(347,769)
Children's Services	6,560,691	7,682,777	(1,122,086)	9,581,786	16,142,477	20,612,871	4,470,394
CS Program Delivery	413,372	494,088	(80,716)	453,637	867,009	1,065,590	198,581
Housing Services	10,731,704	11,901,697	(1,169,993)	12,294,444	23,026,148	21,478,436	(1,547,712)
HS Program Delivery	732,798	852,545	(119,747)	858,737	1,591,535	1,636,332	44,797
EMS - Land Ambulance	5,791,409	6,390,021	(598,612)	6,363,983	12,155,392	12,171,783	16,391
EMS Program Delivery	157,172	221,751	(64,579)	309,724	466,896	466,896	-
Community Paramedicine	468,731	474,975	(6,244)	481,232	949,963	1,195,228	245,265
Corporate Services	1,485,288	1,610,244	(124,956)	1,750,102	3,235,390	3,198,375	(37,015)
Board	45,446	59,039	(13,593)	59,717	105,163	94,856	(10,307)
Healthy Communities Fund	235,000	150,000	85,000	65,000	300,000	300,000	-
Gateway Hub	-	10,002	(10,002)	20,000	20,000	20,000	-
Total Expenditures	\$ 37,449,959	\$ 42,254,673	\$ (4,804,714)	\$ 46,624,622	\$ 84,074,581	\$ 84,254,696	\$ 180,115
Surplus (Deficit)	\$ 7,050,197	\$ (686,791)	\$ 7,736,989	\$ (11,050,197)	\$ (4,000,000)	\$ 585,758	\$ 4,585,758
Provincial Settlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (796,157)	\$ (796,157)
Transfer From (To) Reserves	-	-	-	-	2,000,000	817,477	(1,182,523)
Net Surplus (Deficit)	\$ 7,050,197	\$ (686,791)	\$ 7,736,989	\$ (11,050,197)	\$ (2,000,000)	\$ 607,078	\$ 2,607,078

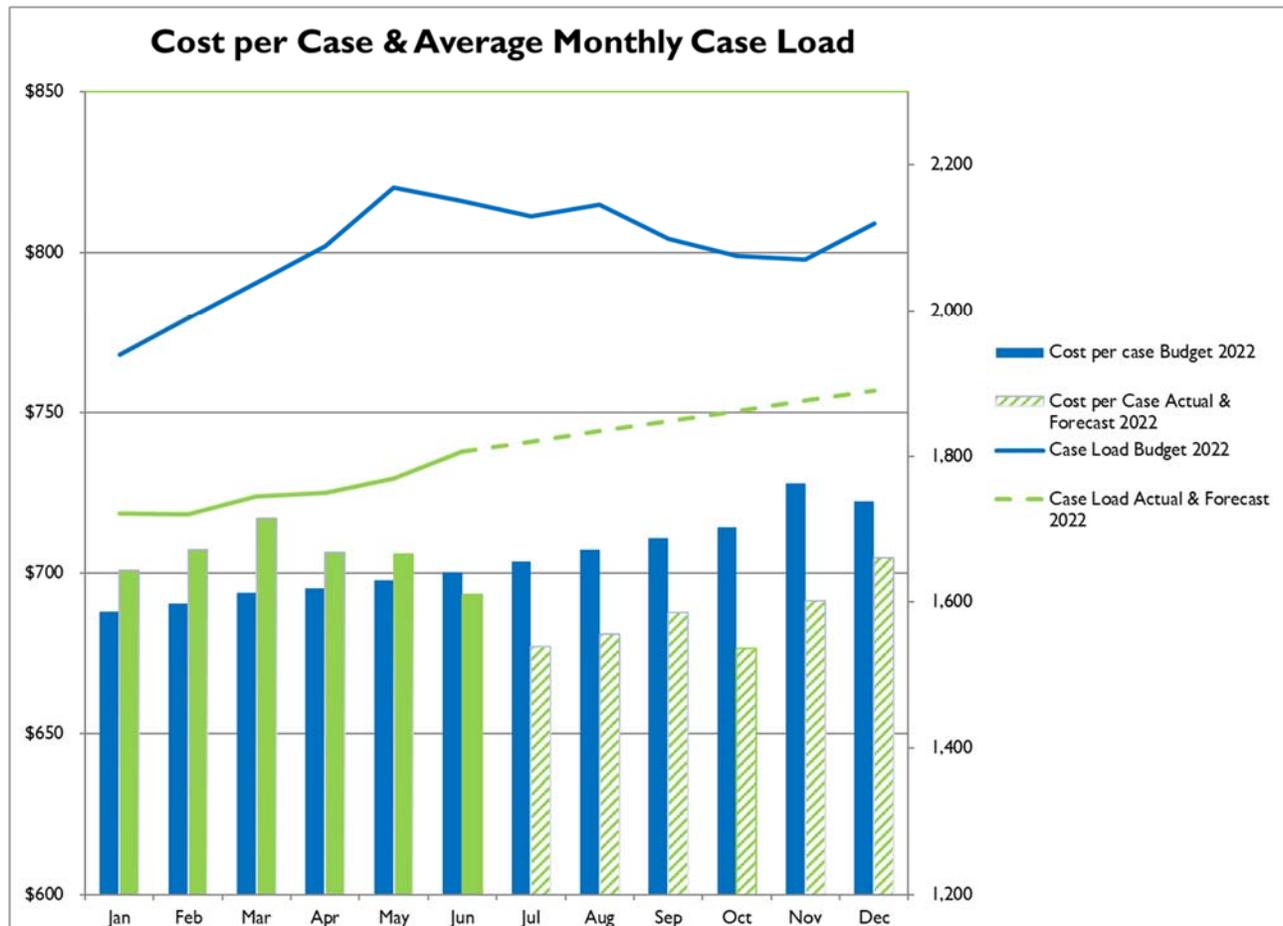
- The forecast to year-end is showing an operating surplus of approximately \$607,000.
- The YTD actual financial status of the DNSSAB shows an operating surplus of approximately \$7 million. This is primarily associated with timing differences between receipt of funding and expenditures.
- The variances between the total YTD actual expenditures and those budgeted show expenditures lower than expected by approximately \$4.8 million.
- Expenditures in all departments are lower than expected YTD. These variances are primarily attributable to timing differences between when expenditures were planned and when they will occur.
- Other variance factors are noted below by program area.

**Ontario Works Programs
For the Period 1/1/22..06/30/22
Statement of Operations**

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 124,532	\$ 124,532	\$ -	\$ 124,532	\$ 249,064	\$ 249,064	\$ -
Province of Ontario	8,092,523	9,266,059	(1,173,536)	10,873,869	18,966,392	16,353,902	(2,612,490)
Repayments	155,928	227,996	(72,068)	300,072	456,000	365,740	(90,260)
Total Revenues	\$ 8,372,983	\$ 9,618,587	\$ (1,245,604)	\$ 11,298,473	\$ 19,671,456	\$ 16,968,706	\$ (2,702,750)
Expenditures:							
OW Financial Assistance	\$ 7,410,542	\$ 8,592,991	\$ (1,182,449)	\$ 10,209,714	\$ 17,620,256	\$ 15,050,808	\$ (2,569,448)
OW Discretionary Benefits	414,367	417,502	(3,135)	420,633	835,000	828,734	(6,266)
OW Mandatory Benefits	227,437	287,498	(60,061)	347,563	575,000	454,874	(120,126)
Funerals and Burials (Type B)	48,517	60,000	(11,483)	71,483	120,000	97,035	(22,965)
OW Employment Assistance Program	231,050	260,596	(29,546)	290,150	521,200	387,496	(133,704)
Total Expenditures	\$ 8,331,913	\$ 9,618,587	\$ (1,286,674)	\$ 11,339,543	\$ 19,671,456	\$ 16,818,947	\$ (2,852,509)
Surplus (Deficit)	\$ 41,069	\$ -	\$ 41,069	\$ (41,069)	\$ -	\$ 149,759	\$ 149,759
Provincial Settlements	-	-	-	-	-	-	-
Accumulated Surplus	\$ 41,069	\$ -	\$ 41,069	\$ (41,069)	\$ -	\$ 149,759	\$ 149,759

- The financial assistance forecast to year-end suggests a lower than budgeted variance in expenditures of approximately \$2.5 million. With the OW Financial Assistance expenditures now being 100% uploaded to the Ministry, there is no impact on the municipal levy.
- The YTD actual average cost per case of \$705.02 is above the budgeted average of \$694.22
- The YTD actual average monthly caseload was 1,752 compared to the budgeted average of 2,063. The caseload figures and cost per case have been steadily growing since the federal pandemic related supports have expired such as the CRB. Although the caseload is not rising as quickly as anticipated, it is expected that the caseload will gradually return to pre-pandemic levels. See Fig. 1 below.

Fig. 1



- Type B funerals for non-social assistance recipients are not cost shared and are funded 100% through municipal dollars. To date, expenditures in this area are under budget by \$11,483.
- The trend of employment related underspends has continued since the start of the pandemic. Employment opportunities/programs had been limited during the first two years of the pandemic. Job opportunities have been rebounding for some time now, but the demographic of the caseload appears to have shifted to fewer job ready participants. This, in combination with the fact that caseloads have also still not returned to pre-pandemic levels as expected, have resulted in lower than expected employment related costs.
- OW Program delivery (next page):
 - Forecasting for an OW program delivery surplus of approximately \$247,000 due to staffing vacancies.

Ontario Works Program Delivery
For the Period 1/1/22..06/30/22
Statement of Operations

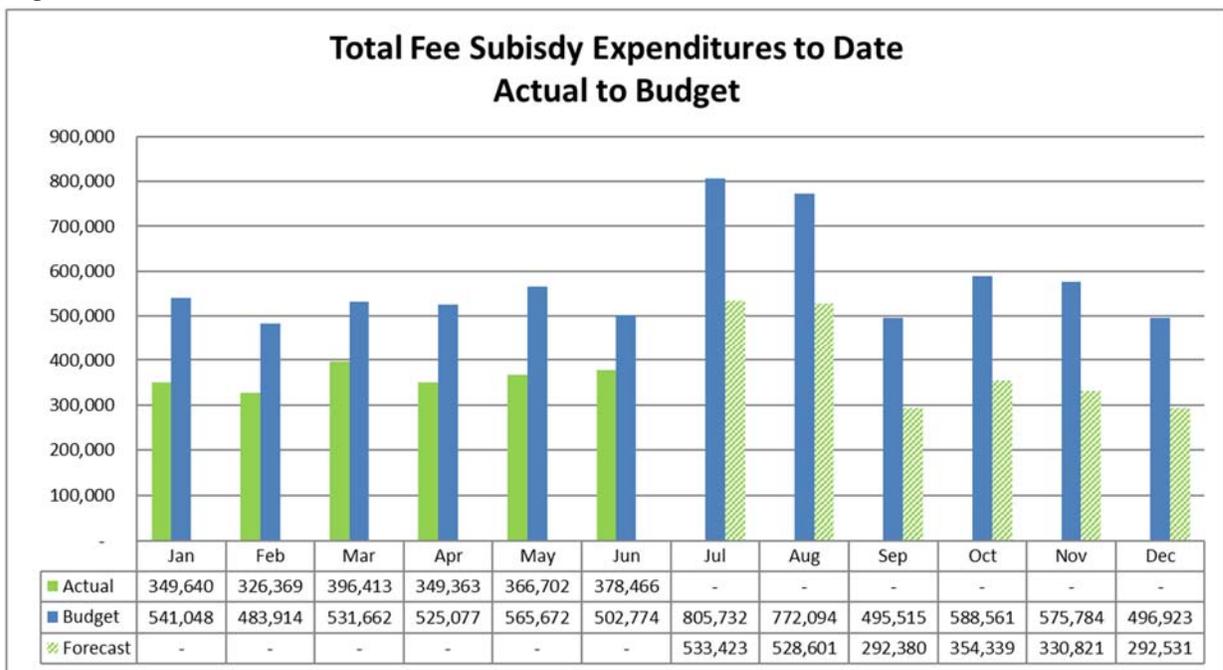
	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 1,353,266	\$ 1,353,266	\$ -	\$ 1,353,270	\$ 2,706,536	\$ 2,706,536	\$ -
Province of Ontario	2,189,936	2,189,930	6	2,189,928	4,379,864	4,379,864	-
Repayments	1,581	-	1,581	(1,581)	-	3,162	3,162
Lease and Other	135	-	135	(135)	-	269	269
Total Revenues	\$ 3,544,917	\$ 3,543,196	\$ 1,721	\$ 3,541,483	\$ 7,086,400	\$ 7,089,831	\$ 3,431
Expenditures:							
Salaries and Benefits	\$ 2,313,634	\$ 2,600,397	\$ (286,763)	\$ 2,843,428	\$ 5,157,062	\$ 4,812,358	\$ (344,704)
Training	6,408	6,774	(366)	6,758	13,166	20,064	6,898
Travel	2,672	5,250	(2,578)	7,828	10,500	10,521	21
Telephone	8,975	2,814	6,161	(3,347)	5,628	17,950	12,322
Technology	24,392	40,062	(15,670)	55,732	80,124	48,785	(31,339)
Accomodations	49,187	55,704	(6,518)	69,594	118,780	98,373	(20,407)
Professional Fees	25,933	20,604	5,329	15,275	41,208	53,665	12,457
General Office Expense	56,362	57,342	(980)	60,322	116,684	115,924	(760)
Amortization	8,872	-	8,872	(8,872)	-	17,744	17,744
Allocated Administration Costs	657,663	769,343	(111,680)	885,585	1,543,248	1,543,248	-
Total Expenditures	\$ 3,154,097	\$ 3,558,290	\$ (404,193)	\$ 3,932,303	\$ 7,086,400	\$ 6,738,631	\$ (347,769)
Surplus (Deficit)	\$ 390,820	\$ (15,094)	\$ 405,914	\$ (390,820)	\$ -	\$ 351,199	\$ 351,199
Provincial Settlements	0	-	0	(0)	-	(103,560)	(103,560)
Surplus (Deficit) Net of Settlements	\$ 390,821	\$ (15,094)	\$ 405,915	\$ (390,821)	\$ -	\$ 247,639	\$ 247,639

Children's Services Programs
For the Period 1/1/22..06/30/22
Statement of Operations

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 746,597	\$ 746,597	\$ -	\$ 746,592	\$ 1,493,189	\$ 1,493,189	\$ -
Province of Ontario	9,288,566	7,521,938	1,766,628	5,360,722	14,649,288	19,812,279	5,162,991
Total Revenues	\$ 10,035,163	\$ 8,268,535	\$ 1,766,628	\$ 6,107,314	\$ 16,142,477	\$ 21,305,468	\$ 5,162,991
Expenditures:							
Fee Subsidy	\$ 1,825,896	\$ 2,401,439	\$ (575,543)	\$ 3,378,388	\$ 5,204,284	\$ 3,599,313	\$ (1,604,971)
Fee Subsidy - OW Formal	340,877	736,206	(395,329)	1,254,595	1,595,472	681,754	(913,718)
Fee Subsidy - OW Informal	180	12,502	(12,322)	24,820	25,000	360	(24,640)
Fee Subsidy - School Age Recreation	-	-	-	60,000	60,000	73,137	13,137
Special Needs	494,152	494,152	-	494,152	988,304	988,304	-
General Operating	1,587,629	1,167,800	419,829	747,975	2,335,604	4,883,354	2,547,750
Wage Enhancement	437,647	722,185	(284,538)	1,006,728	1,444,375	751,778	(692,597)
Pay Equity	85,561	85,562	(1)	85,561	171,122	171,122	(0)
Repair and Maintenance	-	37,500	(37,500)	75,000	75,000	75,000	-
Play-Based Material & Equipment	-	87,500	(87,500)	175,000	175,000	175,000	-
Capacity Building	57,584	86,160	(28,576)	113,028	170,612	170,612	-
Transformation	280,308	-	280,308	(5,308)	275,000	275,000	-
Journey Together - CC	270,989	270,990	(1)	270,989	541,978	541,978	(0)
Journey Together - EarlyON	214,364	214,365	(2)	214,364	428,727	428,727	-
EarlyON Programs	935,055	930,516	4,539	927,770	1,862,825	1,868,838	6,013
Workforce	30,450	435,900	(405,450)	758,724	789,174	789,174	-
CWELCC	-	-	-	-	-	4,128,005	4,128,005
Skills Development	-	-	-	-	-	1,011,416	1,011,416
Total Expenditures	\$ 6,560,691	\$ 7,682,777	\$ (1,122,086)	\$ 9,581,786	\$ 16,142,477	\$ 20,612,871	\$ 4,470,394
Surplus (Deficit)	\$ 3,474,472	\$ 585,758	\$ 2,888,714	\$ (3,474,472)	\$ -	\$ 692,597	\$ 692,597
Provincial settlements	-	-	-	-	-	(692,597)	(692,597)
Surplus (Deficit)	\$ 3,474,472	\$ 585,758	\$ 2,888,714	\$ (3,474,472)	\$ -	\$ -	\$ 1,385,194

- YTD expenditures in Children’s Services are lower than budgeted by \$1,122,086. Due to the pandemic, many families are choosing to not utilize child care services or do not have access to licensed child care at this time. The biggest challenge that the sector is facing is the inability to recruit and retain staff. This was a significant issue prior to COVID-19 and has only worsened since the pandemic began with agencies operating between 48% and 100% of their licensed capacity. In many instances, the lack of staffing continues to cause reduced program capacity as well as classroom and program closures. New funding allocations, available through the CWELCC and Workforce Strategy funding allocations, are intended to support with recruitment and retention issues and provide the early years and child care sector with training and development opportunities.
- Fee subsidy expenditures continue to be well below budget due to the above. Any surplus in the Fee Subsidy budgets are being reinvested to further support quality, affordable and sustainable licensed child care services.

Fig 2



- Expenses and funding for the emergency child care periods have been reconciled with the Ministry.
- Any unspent funding will be repayable to the Ministry.

**Children's Services Program Delivery
For the Period 1/1/22..06/30/22
Statement of Operations**

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 129,898	\$ 129,898	\$ -	\$ 129,894	\$ 259,792	259,792	\$ -
Province of Ontario	1,389,322	389,454	999,868	(654,273)	735,049	1,078,940	343,891
Deferred Revenue	315,467	145,310	170,157	(170,157)	145,310	-	(145,310)
Total Revenues	\$ 1,834,687	\$ 664,662	\$ 1,170,025	\$ (694,536)	\$ 1,140,151	\$ 1,338,732	\$ 198,581
Expenditures:							
Salaries and Benefits	\$ 358,188	\$ 369,440	\$ (11,252)	\$ 357,278	\$ 715,466	\$ 930,221	\$ 214,755
Training	670	2,750	(2,080)	10,130	10,800	1,339	(9,461)
Travel	464	1,450	(986)	2,586	3,050	929	(2,121)
Telephone	282	300	(18)	318	600	564	(36)
Technology	37,895	37,569	326	(181)	37,714	37,714	-
Professional Fees	15,472	59,059	(43,587)	50,187	65,659	70,319	4,660
General Office Expense	402	16,520	(16,118)	26,318	26,720	17,504	(9,216)
Transfers to Service Providers	-	7,000	(7,000)	7,000	7,000	7,000	-
Allocated Administration Costs	116,593	136,565	(19,972)	156,549	273,142	273,142	-
Total Expenditures	\$ 529,965	\$ 630,653	\$ (100,688)	\$ 610,186	\$ 1,140,151	\$ 1,338,732	\$ 198,581
Surplus (Deficit)	\$ 1,304,722	\$ 34,009	\$ 1,270,713	\$ (1,304,722)	\$ -	\$ -	\$ -

- One-time administrative funding was received in 2022, and if not fully spent by the end of 2022, can be deferred to be used in 2023.
- Any surplus in Program Delivery has been historically reinvested to further support quality, affordable and sustainable licensed child care services.

**Housing Services Programs
For the Period 1/1/22..06/30/22
Statement of Operations**

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 4,330,145	\$ 4,330,145	\$ -	\$ 4,343,894	\$ 8,674,039	\$ 8,674,039	\$ -
Province of Ontario	6,005,011	6,134,178	(129,166)	3,425,804	9,430,815	9,962,255	531,440
Federal Funding	234,934	362,072	(127,138)	488,256	723,190	687,848	(35,342)
Deferred Revenue	1,497,779	39,104	1,458,675	(1,299,675)	198,104	1,516,721	1,318,617
Total Revenues	\$ 12,067,870	\$ 10,865,499	\$ 1,202,371	\$ 6,958,278	\$ 19,026,148	\$ 20,840,863	\$ 1,814,715
Expenditures:							
Provincially Reformed non-profit	\$ 3,011,240	\$ 3,010,830	\$ 410	\$ 3,010,420	\$ 6,021,660	\$ 6,006,106	\$ (15,554)
Urban Native	445,067	441,724	3,343	438,383	883,450	913,753	30,303
Nipissing District Housing Corp	1,521,805	1,521,809	(4)	1,521,808	3,043,613	3,043,613	-
Commercial rent supplement	243,934	311,850	(67,916)	379,766	623,700	550,548	(73,152)
Portable Housing Benefit	31,844	25,000	6,844	31,906	63,750	63,687	(63)
Strong communities rent supplement	74,200	171,336	(97,136)	268,472	342,672	74,200	(268,472)
Northern remote - Build	61,322	57,144	4,178	52,966	114,288	122,284	7,996
CHPI	3,570,234	3,906,630	(336,396)	1,091,296	4,661,530	3,570,234	(1,091,296)
Homelessness Prevention Program (HPP)	558,182	-	558,182	(558,182)	-	1,564,626	1,564,626
SSRF 5	239,011	-	239,011	(239,011)	-	1,256,150	1,256,150
Reaching Home	214,455	337,028	(122,573)	459,601	674,056	602,581	(71,475)
Community Capacity and Innovation	57,049	24,564	32,485	(7,915)	49,134	85,268	36,134
SIF - Housing Allowance	63,954	39,000	24,954	14,046	78,000	127,908	49,908
COCHI - New Build	-	179,842	(179,842)	659,420	659,420	-	(659,420)
COCHI - Repair	92,921	-	92,921	(92,921)	-	715,030	715,030
COCHI - Rent Supplement	52,957	54,273	(1,316)	86,318	139,275	139,275	-
COCHI - Transitional Operating Funding	226,302	119,634	106,668	8,333	234,635	334,718	100,083
OPHI - Rental Housing	-	73,572	(73,572)	269,764	269,764	269,764	-
OPHI - Home Ownership	-	25,000	(25,000)	45,000	45,000	45,000	-
OPHI - Ontario Renovates	87,596	138,459	(50,863)	88,363	175,959	528,682	352,723
OPHI - Housing Allowance	15,000	15,000	-	15,000	30,000	30,000	-
OPHI - Housing Support Services	-	28,770	(28,770)	28,770	28,770	28,770	-
Northern Pines 1	164,633	231,174	(66,541)	297,715	462,348	494,055	31,707
Northern Pines 2	-	142,062	(142,062)	284,124	284,124	94,708	(189,416)
Northern Pines 3	-	999,998	(999,998)	2,000,000	2,000,000	817,477	(1,182,523)
Revolving Loan Fund	-	46,998	(46,998)	141,000	141,000	-	(141,000)
Total Expenditures	\$ 10,731,704	\$ 11,901,697	\$ (1,169,993)	\$ 10,294,444	\$ 21,026,148	\$ 21,478,436	\$ 452,288
Surplus (Deficit)	\$ 1,336,165	\$ (1,036,199)	\$ 2,372,364	\$ (3,336,165)	\$ (2,000,000)	\$ (637,573)	\$ 1,362,427
Transfer From (To) Reserves	-	-	-	-	2,000,000	817,477	-
Surplus (Deficit) Net of Transfer	\$ 1,336,165	\$ (1,036,199)	\$ 2,372,364	\$ (3,336,165)	\$ -	\$ 179,904	\$ 1,362,427

**Housing Services Program Delivery
For the Period 1/1/22..06/30/22
Statement of Operations**

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 693,834	\$ 693,834	\$ -	\$ 693,834	\$ 1,387,668	1,387,668	\$ -
Province of Ontario	300,776	332,937	(32,161)	182,493	483,269	509,773	26,504
Federal Funding	46,942	93,896	(46,954)	110,682	157,624	121,385	(36,239)
Deferred Revenue	2,092	-	2,092	(2,092)	-	2,092	2,092
Total Revenues	\$ 1,043,644	\$ 1,120,667	\$ (77,023)	\$ 984,917	\$ 2,028,561	\$ 2,020,918	\$ (7,643)
Expenditures:							
Salaries and Benefits	\$ 695,395	\$ 800,293	\$ (104,898)	\$ 799,332	\$ 1,494,727	\$ 1,465,620	\$ (29,107)
Training	1,701	7,950	(6,249)	13,015	14,716	11,882	(2,834)
Travel	3	150	(147)	297	300	300	-
Telephone	282	300	(18)	318	600	564	(36)
Technology	354	24,000	(23,646)	47,646	48,000	87,840	39,840
Accomodations	54	-	54	(54)	-	109	109
Professional Fees	21,606	9,500	12,106	(4,606)	17,000	43,211	26,211
General Office Expense	6,113	10,352	(4,239)	10,079	16,192	12,226	(3,966)
Amortization	7,290	-	7,290	(7,290)	-	14,580	14,580
Allocated Administration Costs	186,202	217,867	(31,665)	250,824	437,026	437,026	-
Total Expenditures	\$ 919,001	\$ 1,070,412	\$ (151,411)	\$ 1,109,560	\$ 2,028,561	\$ 2,073,358	\$ 44,797
Surplus (Deficit)	\$ 124,643	\$ 50,255	\$ 74,388	\$ (124,643)	\$ -	\$ (52,439)	\$ (52,439)

- As seen on page 11, Housing Services Programs is forecasting for a surplus of approximately \$180,000. This is primarily due to a later actual opening date for Northern Pines Phase 2 compared to budget. The budget had phase 2 of Northern Pines open in January of 2022, but it is not expected to be completed and open until Fall 2022.
- YTD surplus of \$1.3 million is primarily due to timing differences of when funding is received and when expenditures will occur.
- CHPI, HPP, SSRF, Reaching Home, Community Capacity and Innovation, IAH, SIF, COCHI & OPHI programs are all 100% provincially/federally funded, so any YTD over/underspends are associated with timing differences between receipt of funding and expenditures.
- SSRF is funding the low barrier shelter and emergency overflow until Phase 3 of Northern Pines is completed and operational in early 2023.
- Homelessness Prevention Program (HPP) funding has replaced the CHPI and Strong Communities Rent Supplement programs as of April 1, 2022.
- Housing Services Program Delivery is currently forecasting to be over budget by approximately \$52,000 due to the results from a software RFP coming in higher than expected. Any potential Housing Services Program Delivery deficit would be offset by the forecasted Programs surplus.

**Emergency Medical Services
For the Period 1/1/22..06/30/22
Statement of Operations**

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 3,074,520	\$ 3,074,520	\$ -	\$ 3,074,520	\$ 6,149,040	\$ 6,149,040	\$ -
Province of Ontario	2,873,212	3,003,178	(129,966)	3,133,140	6,006,352	6,006,352	-
Lease and Other	311	-	311	(311)	-	311	311
Total Revenues	\$ 5,948,043	\$ 6,077,698	\$ (129,655)	\$ 6,207,349	\$ 12,155,392	\$ 12,155,703	\$ 311
Expenditures:							
Consulting Fees	\$ 2,249	\$ -	\$ 2,249	\$ (2,249)	\$ -	\$ 4,498	\$ 4,498
Interest Expense	17	-	17	(17)	-	34	34
Rent	140,341	146,358	(6,017)	152,375	292,716	292,716	-
Utilities	37,464	26,253	11,211	10,175	47,639	74,929	27,290
Internet Expense	9,603	13,188	(3,585)	16,773	26,376	19,207	(7,169)
Water	3,826	3,504	322	3,182	7,008	7,652	644
Insurance	50,559	62,400	(11,841)	74,241	124,800	101,118	(23,682)
Membership Fees	500	-	500	(500)	-	500	500
Office Supplies	68	-	68	(68)	-	137	137
Postage & Courier	848	636	212	425	1,272	1,695	423
Catering	973	600	373	227	1,200	1,946	746
Municipal taxes	31,233	32,526	(1,293)	33,819	65,052	62,465	(2,587)
Janitorial Services	3,729	4,236	(507)	4,743	8,472	7,459	(1,013)
Furniture and Fixtures	-	1,200	(1,200)	2,400	2,400	2,400	-
Building maintenance	20,907	38,730	(17,824)	56,554	77,460	41,813	(35,647)
Computer SW, supplies, service	64,358	145,761	(81,403)	122,419	186,777	186,777	-
Ambulance Purchases	51,455	397,600	(346,145)	346,145	397,600	397,600	-
Paramedic Training	8,253	16,002	(7,749)	23,751	32,004	16,506	(15,498)
EMS Laundry Services	597	900	(303)	1,203	1,800	61,194	59,394
Uniforms	17,212	25,002	(7,790)	32,792	50,004	34,425	(15,579)
Water taxi	-	1,500	(1,500)	8,000	8,000	8,000	-
Medical Equipment	7,256	24,000	(16,744)	40,744	48,000	48,000	-
Medical Equip Capital	-	17,577	(17,577)	17,577	17,577	17,577	-
BioMed Equip Mtncdw & Rpr	254	1,500	(1,246)	2,746	3,000	509	(2,491)
Stretcher Lease	60,705	47,406	13,299	34,107	94,812	121,410	26,598
Vehicle Expense	96,825	200,864	(104,039)	200,039	296,864	296,864	-
Medications & Drugs	11,898	12,000	(102)	12,102	24,000	23,796	(204)
Transfers to service providers	5,170,278	5,170,278	-	5,170,281	10,340,559	10,340,556	(3)
Total Expenditures	\$ 5,791,409	\$ 6,390,021	\$ (598,612)	\$ 6,363,983	\$ 12,155,392	\$ 12,171,783	\$ 16,391
Surplus (Deficit)	\$ 156,634	\$ (312,323)	\$ 468,957	\$ (156,634)	\$ -	\$ (16,080)	\$ (16,080)

- YTD expenditures variance of \$598,612 is primarily due to timing differences between receipt of funding and expenditures. Many of the one-time, direct delivery related expenditures will occur later in the year.
- Currently forecasting very close to budget with a \$16,080 deficit. This does not take into consideration operator deficits or surpluses. Operators provide monthly financial updates to the DNSSAB and costs are fully reconciled on an annual basis via an external audit.
- The Ministry of Health (MOH) continues to fund COVID-19 related expenses on a claims basis. It is not known how long this will continue.

Emergency Medical Services Program Delivery
For the Period 1/1/22..06/30/22
Statement of Operations

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 163,950	\$ 163,950	\$ -	\$ 163,950	\$ 327,900	327,900	\$ -
Province of Ontario	163,950	163,950	-	163,950	327,900	327,900	-
Lease and Other	-	11,844	(11,844)	29,610	29,610	29,610	-
Total Revenues	\$ 327,900	\$ 339,744	\$ (11,844)	\$ 357,510	\$ 685,410	\$ 685,410	\$ -
Expenditures:							
Salaries and Benefits	\$ 129,160	\$ 143,668	\$ (14,508)	\$ 175,430	\$ 304,590	\$ 304,590	\$ -
Training	916	6,023	(5,107)	7,970	8,886	8,886	-
Travel	-	300	(300)	600	600	600	-
Technology	-	500	(500)	500	500	500	-
Professional Fees	27,096	69,000	(41,904)	117,904	145,000	145,000	-
General Office Expense	-	2,260	(2,260)	7,320	7,320	7,320	-
Allocated Administration Costs	93,101	108,934	(15,833)	125,413	218,514	218,514	-
Total Expenditures	\$ 250,273	\$ 330,685	\$ (80,412)	\$ 435,137	\$ 685,410	\$ 685,410	\$ -
Surplus (Deficit)	\$ 77,627	\$ 9,059	\$ 68,568	\$ (77,627)	\$ -	\$ -	\$ -

- It is too early in the direct delivery process to accurately forecast for these costs.
- The YTD expenditure variance is due to timing differences between receipt of funding and expenditures. Many of the one-time, direct delivery related expenditures will occur later in the year.
- This budget is primarily comprised of salaries and benefits to support the administration of Paramedic Services in the district as well as professional fees related to the direct delivery transition.

**Community Paramedicine
For the Period 1/1/22..06/30/22
Statement of Operations**

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Province of Ontario	\$ 500,000	\$ 499,983	\$ 17	\$ 499,963	\$ 999,963	\$ 1,000,000	\$ 37
Deferred Revenue	245,228	-	245,228	(245,228)	-	245,228	245,228
Total Revenues	\$ 745,228	\$ 499,983	\$ 245,245	\$ 254,735	\$ 999,963	\$ 1,245,228	\$ 245,265
Expenditures:							
Salaries and Benefits	\$ 17,913	\$ 38,072	\$ (20,159)	\$ 58,239	\$ 76,152	\$ 223,427	\$ 147,275
Telephone	1,364	1,200	164	1,036	2,400	2,727	327
Technology	15,465	27,698	(12,233)	39,935	55,400	30,930	(24,470)
Accommodations	20,861	12,000	8,861	3,139	24,000	41,722	17,722
Professional Fees	4,559	17,876	(13,317)	31,191	35,750	35,750	-
Insurance	3,629	-	3,629	(3,629)	-	7,257	7,257
General Office Expense	-	1,252	(1,252)	2,500	2,500	2,500	-
Materials and Services	1,143	22,748	(21,605)	44,357	45,500	45,500	-
Equipment and Vehicle expense	2,030	9,000	(6,970)	15,970	18,000	18,000	-
Transfers to Service Providers	357,522	345,129	12,393	332,739	690,261	690,261	-
Capital Purchases	44,244	-	44,244	(44,244)	-	44,244	44,244
Allocated Administration Costs	77,908	24,998	52,910	(27,908)	50,000	102,908	52,908
Total Expenditures	\$ 546,639	\$ 499,973	\$ 46,666	\$ 453,324	\$ 999,963	\$ 1,245,228	\$ 245,265
Surplus (Deficit)	\$ 198,589	\$ 10	\$ 198,579	\$ (198,589)	\$ -	\$ -	\$ -

- This is a three year program (until March 2024) that is fully funded by the Ministry of Long-Term Care (MLTC) to help assist individuals who are in need of, or at risk of long-term care placement.
- Community Paramedicine is expected to be close to budget. Any unspent funding would be returned to the Ministry.
- This program is 100% provincially funded, so there is no impact to the municipal levy.

Corporate Services
For the Period 1/1/22..06/30/22
Statement of Operations

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Province of Ontario	\$ -	\$ 17,498	\$ (17,498)	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Interest	85,766	65,087	20,679	44,409	130,175	171,531	41,356
Lease and Other	240,000	240,000	-	240,000	480,000	480,000	-
Total Revenues	\$ 325,766	\$ 322,585	\$ 3,181	\$ 319,409	\$ 645,175	\$ 686,531	\$ 41,356
Expenditures:							
Salaries and Benefits	\$ 914,847	\$ 999,777	\$ (84,930)	\$ 1,070,489	\$ 1,985,336	\$ 1,926,176	\$ (59,160)
Training	8,145	10,514	(2,369)	16,280	24,425	17,501	(6,924)
Travel	119	1,800	(1,681)	5,281	5,400	5,400	-
Telephone	30,051	16,962	13,089	3,873	33,924	60,102	26,178
Technology	157,266	171,435	(14,169)	221,220	378,486	343,078	(35,408)
Accomodations	226,453	246,106	(19,653)	260,873	487,326	458,309	(29,017)
Professional Fees	40,462	54,478	(14,016)	47,124	87,586	98,434	10,848
Insurance	48,285	77,340	(29,055)	112,971	161,256	161,256	-
General Office Expense	29,938	31,832	(1,894)	41,713	71,651	68,675	(2,976)
Amortization	29,721	-	29,721	(29,721)	-	59,442	59,442
Allocated Administration Costs	(1,160,480)	(1,291,350)	130,870	(1,429,735)	(2,590,215)	(2,590,215)	-
Total Expenditures	\$ 324,808	\$ 318,894	\$ 5,914	\$ 320,367	\$ 645,175	\$ 608,160	\$ (37,015)
Surplus (Deficit)	\$ 958	\$ 3,691	\$ (2,733)	\$ (958)	\$ -	\$ 78,372	\$ 78,372

- YTD expenditures in corporate services are lower than budget primarily due to staffing vacancies.
- Corporate services expenses are forecasted to be under budget by approximately \$40,000.
- Interest revenue is forecasted to be higher than budgeted due to increasing interest rates.
- As always, staff will continue to search for cost saving opportunities wherever possible.

Board
For the Period 1/1/22..06/30/22
Statement of Operations

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 71,724	\$ 71,724	\$ -	\$ 71,724	\$ 143,448	143,448	\$ -
Province of Ontario	-	-	-	-	-	9,616	9,616
Interest	15,000	15,000	-	15,000	30,000	30,000	-
Total Revenues	\$ 86,724	\$ 86,724	\$ -	\$ 86,724	\$ 173,448	\$ 183,064	\$ 9,616
Expenditures:							
Salaries and Benefits	\$ 34,460	\$ 42,582	\$ (8,122)	\$ 36,710	\$ 71,170	\$ 68,921	\$ (2,249)
Training	814	9,158	(8,344)	15,608	16,422	1,628	(14,794)
Travel	-	-	-	2,740	2,740	-	(2,740)
Technology	-	6,789	(6,789)	13,581	13,581	13,581	-
General Office Expense	10,171	510	9,661	(8,921)	1,250	10,726	9,476
Allocated Administration Costs	29,013	34,042	(5,029)	39,272	68,285	68,285	-
Total Expenditures	\$ 74,459	\$ 93,081	\$ (18,622)	\$ 98,989	\$ 173,448	\$ 163,141	\$ (10,307)
Surplus (Deficit)	\$ 12,265	\$ (6,357)	\$ 18,622	\$ (12,265)	\$ -	\$ 19,923	\$ 19,923

- YTD Board costs are \$18,622 below budget and staff are currently forecasting for a \$19,923 surplus by year-end. This is primarily due to less travel than budgeted as most conferences continue to offer virtual options.

Healthy Communities Fund
For the Period 1/1/22..06/30/22
Statement of Operations

	YTD Actual	YTD Budget	Variance	Available Budget to YE	Budget 2022	Forecast to YE	Variance to Budget
Revenues:							
Municipal Levies	\$ 150,000	150,000	\$ -	\$ 150,000	\$ 300,000	\$ 300,000	\$ -
Total Revenues	\$ 150,000	150,000	\$ -	\$ 150,000	\$ 300,000	\$ 300,000	\$ -
Expenditures:							
Transfer to service providers	\$ 235,000	150,000	\$ 85,000	\$ 65,000	\$ 300,000	\$ 300,000	\$ -
Total Expenditures	\$ 235,000	150,000	\$ 85,000	\$ 65,000	\$ 300,000	\$ 300,000	\$ -
Surplus (Deficit)	\$ (85,000)	-	\$ (85,000)	\$ 85,000	\$ -	\$ -	\$ -

- As of June 30, 2022, \$235,000 has been expended from the Healthy Communities Fund. The full Healthy Communities Fund is expected to be spent by year-end.
- Per briefing note B25-21, approved by the Board in November 2021, funding will be annualized to several organizations based on previous funding allocations and results from a Community Advisory Board survey.

CONCLUSION:

The YTD expenditures are lower than anticipated by approximately \$4.8 million. These variances are primarily attributable to timing differences between when expenditures were planned.

At this time, the forecast to year-end is suggesting a surplus of approximately \$607,000; however, this estimate does not include year-end adjustments.

Where possible, any actual savings recognized at year-end of 2022 will be deferred to 2023 as a method of stabilizing the levy contributions or will be reinvested into new initiatives. Subject to Board approval, any municipal surplus will be allocated towards reserves.

BRIEFING NOTE FA09-22

For Information or For Approval

Date: September 28, 2022

Purpose: **2023 Preliminary Budget Issues Report**

Prepared by: Justin Avery, Manager of Finance

Approved by: Catherine Matheson, Chief Administrative Officer

Alignment with Strategic Plan: Healthy, Sustainable Communities

Maximize Impact Remove Barriers Seamless Access Learn & Grow

FOR INFORMATION:

Report FA09-22 provides the District of Nipissing Social Services Administration Board (DNSSAB) with a preliminary update on the issues that will impact the 2023 budget.

BACKGROUND:

As the 2023 budgeting process is scheduled to begin in the fall, it is timely to look at certain issues, concerns, and opportunities that will likely impact budget decisions. The following report provides the 2023 budget timetable and some highlights from the various program areas that will require consideration during the budgeting process. The aim of this report is to enhance communication and facilitate an effective budget development process. In order to develop a budget that is relevant, that will provide strong financial guidance, and that will be used to effectively manage risk, it is important to obtain a greater understanding of the elements that will influence the financial performance of the DNSSAB in 2023.

2023 BUDGET TIMELINE:

With 2022 being a municipal election year, the 2023 budget will be presented in the new year once the new Board is in place.

	Sept	Oct	Nov	Dec	Jan
Preliminary Budget Issues Report	*				
Staff Budget Preparation	*	*	*	*	
Finance & Administration Committee (as required)		*	*	*	
Board Budget Approval					*

BUDGET GOALS:

Staff remain cognizant of the mounting fiscal pressures on the DNSSAB's member municipalities to maintain service levels and minimize tax increases. Staff are also aware of the financial pressures facing DNSSAB clients and other Nipissing District residents.

RELATIONSHIP TO THE DNSSAB'S STRATEGIC PLAN:

The 2022-2042 Strategic Plan will continue to provide over-arching guidance to budget development in 2023 consistent with what has been done with the budgets in the past. New initiatives will be assessed against the strategic plan to ensure fit with the adopted strategic direction of the Board. As well, priority initiatives and projects identified in the plan that require financial resources and Board support will be brought forward for discussion during the budget process.

BUDGET ISSUES AND CONSIDERATIONS:

Inflation

Since the beginning of the pandemic inflation has steadily increased and has now reached a 40 year high of approximately 8%. The Bank of Canada is projecting that inflation will not return to the target rate of 2% until the end of 2024.¹ The high levels of inflation will have a direct impact on the DNSSAB budget, which will be described in further detail below.

Ontario Works

Modernization Initiatives

A detailed update of the modernization changes the Ministry of Children, Community and Social Services (MCCSS) is implementing was presented to the Community Services Committee on June 22, 2022 with briefing note SSE05-22. The two major initiatives that are expected to impact Ontario Works (OW) funding are the centralized intake model and the employment service transformation. In September of 2019, MCCSS communicated to OW offices that they should expect reductions to their funding allocations as a result of modernization changes. This reduction was rumored to be 22%, but this has not been confirmed. Modernization initiatives have been slowed due to the pandemic, delaying the expected funding reduction. At this time, it is not known if there will be a funding reduction in 2023 or if this will be delayed further.

Provincial Funding

OW program delivery and employment funding has been frozen for the last four years (2019, 2020, 2021 and 2022), therefore it is expected that funding will either remain the same in 2023 or see a modernization related reduction. MCCSS has not released the 2023 OW funding allocations yet.

¹ Bank of Canada Monetary Policy Report July 22
<https://www.bankofcanada.ca/2022/07/mpr-2022-07-13/>

Despite the funding freeze, the DNSSAB still incurs annual inflationary increases in expenses such as collective bargaining increases, rent, utilities, etc. Therefore, the funding freeze shifts the burden of inflationary increases entirely to the municipal levy, whereas, these costs were historically split 50/50 with the Ministry. DNSSAB faces an approximate 2.5% – 3% annual increase in the cost of salaries and benefits for all departments due to the annual collective bargained increase of 1.5% as well as step movements within the salary scales.

DNSSAB will need to wait for the funding details to be released by MCCSS before any budget impacts can be determined.

COVID-19

COVID-19 has had a significant impact on employment assistance with the economy being shut down for various periods of time and few employment opportunities as a result. Job opportunities have been rebounding for some time now, but the demographic of the caseload appears to have shifted to fewer job ready participants. This, in combination with the fact that caseloads have also still not returned to pre-pandemic levels as expected, have resulted in lower than expected employment related costs.

Staff will continue to monitor trends and budget accordingly to respond to various potential scenarios.

Children’s Services

Provincial Funding

The following statements were received from the Ministry of Education (EDU) in 2022 that will affect the Children’s Services budget in 2023:

- “Administrative funding will be restored, as we recognize this is not the time to implement the previously announced funding cuts.”
- “For 2023 and beyond, the ministry aims to allocate funding using a revised child care funding formula. Development and consultations with service system managers will take place in 2022.”

Regarding the administrative funding, it is assumed this means the reduction to the administrative expenses threshold of 10% to 5% that was implemented in 2022 will be reversed in 2023.² This is not expected to impact the total EDU funding or the levy, only the amount that can be allocated to administrative expenses.

It is not known at this time how the change in the funding formula will affect the DNSSAB. The EDU normally provides child care transfer payment agreements in early December each year. DNSSAB will need to wait for the funding details to be released by the EDU.

² One-time funding was provided in 2022 to offset the reduction in administrative funding.

Canada-Wide Early Learning and Child Care CWELCC

The federal and provincial governments signed the CWELCC agreement in March 2022 that is designed to gradually lower fees for parents and provide more accessible and high-quality child care for Ontario families. This program is 100% federally/provincially funded and does not affect the municipal levy.

Paramedic Services

Provincial Funding

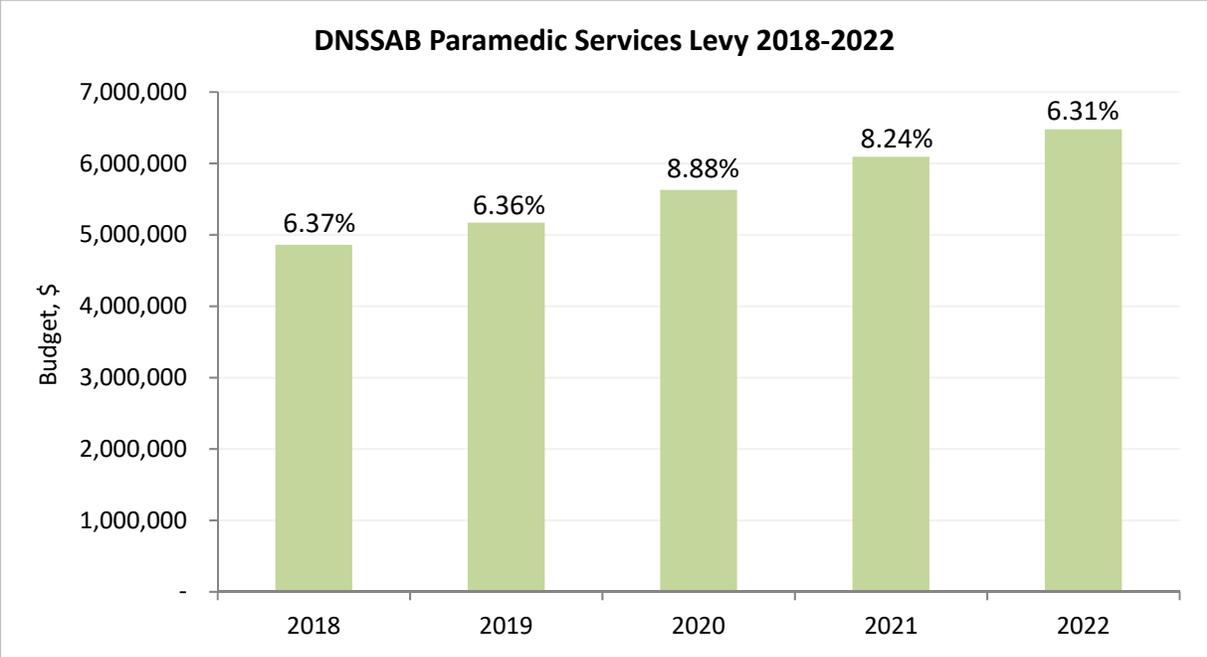
On August 17, 2022, during the AMO conference, the Ontario government announced nearly \$764 million in funding to assist municipalities with the cost of land ambulance operations. This represents an average increase of five per cent provincially compared to 2021-22 funding levels. DNSSAB typically does not receive confirmation of ambulance funding until well after the budget is prepared and approved; however, given the above announcement, it is expected that the funding formula will remain the same for 2023.

The way the Land Ambulance Service Grant (LASG) is calculated (in a simplified way) is that the DNSSAB essentially receives 50% of the previous year's approved budget plus a 100% portion to cover TWOMO and First Nations funding. Therefore, the 2023 50/50 provincial funding would be based on the 2022 budget as opposed to the 2023 budget. The issue with this is that the provincial funding is then a year behind on budget increases from call volume changes, service enhancements and inflationary increases. The MOH had previously addressed this timing difference by including an incremental (inflationary) increase to the previous year budget. In 2018, this incremental increase was 1.7% or \$150,658. For 2019 through 2022, this incremental increase was set at 0%.

Other Factors

Inflation will significantly impact the 2023 Paramedic Service budget. It is expected that many costs will continue to increase drastically such as the purchase price of ambulances and vehicles, gas, vehicle maintenance, insurance, medical supplies and equipment, utilities, technology solutions, and more.

It is currently too early in the budget process to determine an estimated levy increase for Paramedic Services; however, if it is assumed that the funding formula will stay the same and use the average Paramedic Services municipal levy increase over the last five years of 7.23%, then the estimated increase to the overall municipal levy to support Paramedic Services within the district in 2023 would be \$468,462 (2.16%).



COVID-19

Any directly related COVID-19 expenses (ex. PPE) have been fully funded by the MOH to date. It is not known how long the province will continue to fund COVID-19 related expenses as funding has only been confirmed on a quarterly basis to date.

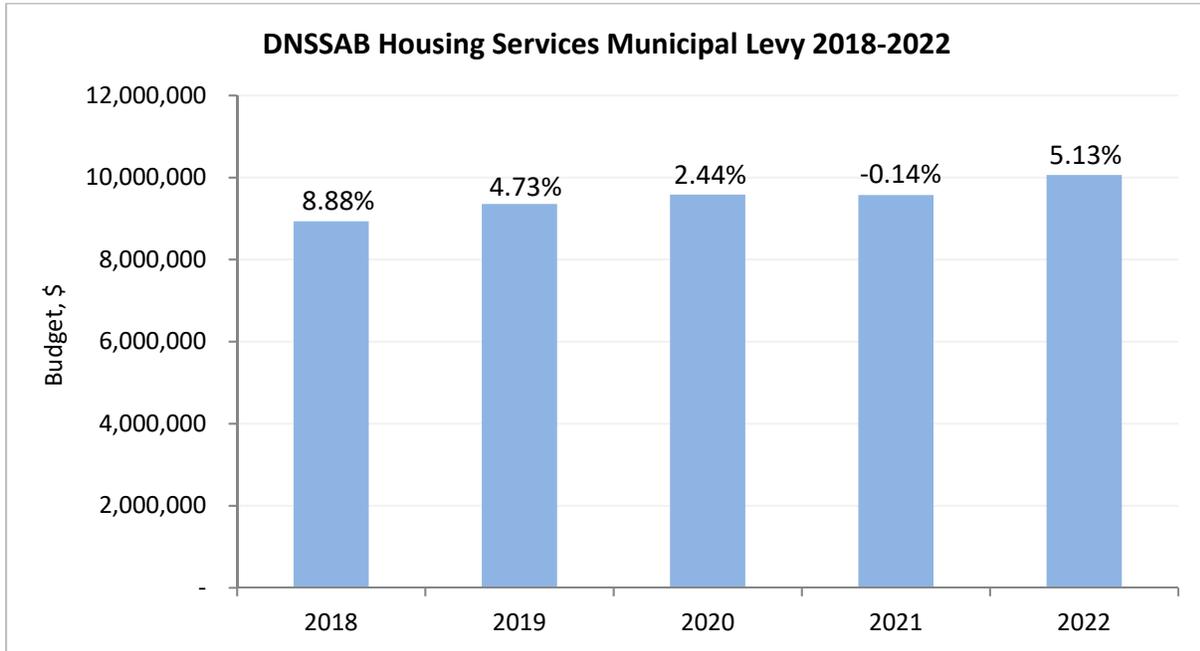
Housing Services

There have not been any significant funding changes announced for Housing Services for pre-COVID funding. Here is a quick summary of some of the budget pressures Housing Services will be facing in 2023:

- Housing Services will see reductions in funding associated with social housing legacy programs in 2023. Provincial and federal funding for social housing will see a year over year reduction of \$99,677 or 3.57%. This is a direct result of four social housing projects reaching the end of their operating agreements throughout 2022. COCHI funding will be utilized where necessary to transition expired projects to a more sustainable operational model and mitigate municipal levy increases. Although COCHI was originally announced to be funded over 10 years, allocations have only been confirmed to March 31, 2023 to date.
- Provincially legislated cost indices dictate how much funding DNSSAB is required to provide provincially reformed-social housing providers. Changes to these indices could result in additional costs. Given the current inflation rates, the cost indices are expected to increase significantly.

- On March 7, 2022, notification was received that effective April 2022, the Provincial Community Homelessness Prevention Initiative (CHPI) Program was being consolidated with the Strong Community Rent Supplement Program (SCRSP) into a new Homelessness Prevention Program (HPP). DNSSAB's 2022-23 HPP funding allocation is \$2,339,100 compared to the 2021-22 combined CHPI and SCRSP allocation of \$2,115,952. This represents an annual increase of \$223,148 for provincially mandated homelessness services. Although the new HPP program results in total increased funding, there is a decrease in allowable administrative costs from 10% to 7.5% for 2022-23 and a further reduction to 5% for the 2023-24 fiscal year. DNSSAB has not received the 2023-24 HPP allocation yet, so based on the 2022-23 HPP allocation, this will result in a decrease in allowable administrative costs of \$83,219.
- DNSSAB has not received HPP/COCHI/OPHI funding allocations beyond March 31, 2023 at this time.
- In October 2021, the Board approved the construction of an additional 25 transitional housing units (Northern Pines Phase 3) to be completed by March 31, 2023, that will be staffed 24/7. The goal of this project is to be a high support alternative to the temporary low barrier emergency shelter that is currently located in portables on the Northern Pines site. Without any new funding announcements, the 2023 budget pressure points will be on the 25 transitional units (emergency shelter) and emergency overflow. This could result in a significant increase to the municipal levy in 2023.
- The 2022 federal budget proposed to maintain the 2022-23 Reaching Home funding levels for an additional two years through 2025-26. The confirmed incremental funding for 2022/23 and 2023/24 is \$548,263 and \$540,808 respectively.
- Service level standards:
 - Legislation outlines the DNSSAB's service level standards (SLS); the specific number of Rent Geared-to-Income (RGI) units the DNSSAB is required to fund. This obligation is currently not being met by approximately 201 RGI housing units. The SLS Action Plan was presented to the Board in November 2019, which sees the DNSSAB making gradual investments over a 10 year period to address the SLS shortfall which is primarily funded through the municipal levy.
 - The SLS shortfall will be reduced following the Board's recent investments. The addition of Mackay Homes and Northern Pines (Phase 2) will gradually lower the shortfall to 116 RGI housing units.

It is currently too early in the budget process to determine an estimated levy increase for Housing Services; however, if the average municipal levy increase for Housing Services over the last five years of 4.21% (see chart below) is used, this would result in a \$423,627 (1.95%) increase to the overall levy. This does not consider the impact Northern Pines Phase 3 will have on the levy as DNSSAB is currently awaiting cost estimates from the service provider.

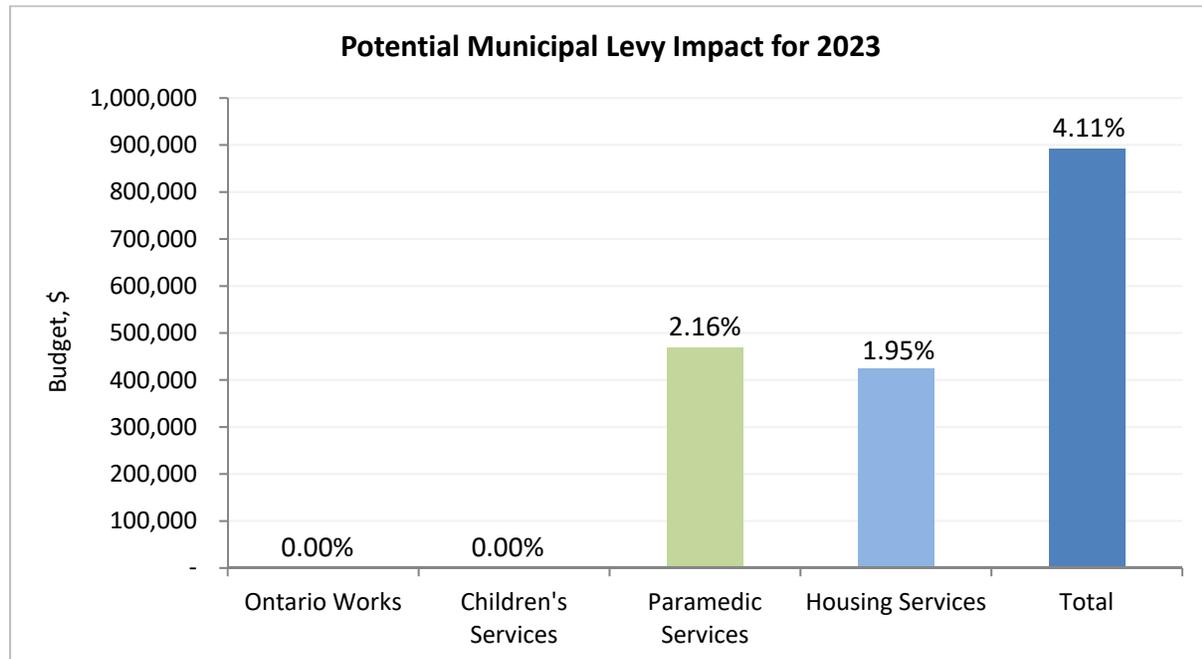


COVID-19

Despite the province stating the fourth phase of Social Service Relief Funding (SSRF) would be the last, DNSSAB received a fifth round of SSRF funding in 2022. SSRF Phase 5 funding is required to be spent by December 31, 2022. It is unknown at this time if the DNSSAB will receive any further SSRF allocations.

Overall

The below chart summarizes the potential municipal levy impact for each department that has been discussed above.



The Board has expanded services to address the challenges facing individuals experiencing homelessness within the district. This includes the Northern Pines campus. While these are important initiatives, there is currently no provincial operating funding available, meaning these services will need to be funded by the municipal levy unless provincial/federal funding opportunities can be found. The above estimates do not include the potential significant impact on the levy from Phase 3 of Northern Pines, which is planned to replace the low barrier emergency shelter, or emergency overflow. The DNSSAB will continue to advocate for operating funding for these programs. It should be highlighted that the province did provide significant capital funding to support the Northern Pines.

Please note that this is a pre-budget analysis and does not reflect savings, investments or changes in services that may be identified through the budgeting process. It is simply meant to be an analysis on the impact of the funding changes and budget pressures compared to the previous year budget.

CONCLUSION:

The purpose of this report is to highlight areas for discussion during the 2023 budget process. This report is by no means an exhaustive list of issues, opportunities, and concerns that will need to be considered and addressed in the 2023 budget. It is intended to help provide some preliminary perspective and insight to the financial landscape the DNSSAB can expect in 2023.

BRIEFING NOTE FA08-22

For information For Approval

Date: September 28, 2022

Purpose: Annual Reserves Report

Prepared by: Justin Avery, Manager of Finance

Approved by: Catherine Matheson, Chief Administrative Officer

RECOMMENDATION

THAT the District of Nipissing Social Services Administration Board (DNSSAB) approves the reserves recommendations as outlined in briefing note FA08-22.

BACKGROUND

Per the Reserve Policy, which was approved by the Board in October 2020 via resolution No. 2020-105-B, the Manager of Finance or equivalent shall provide an annual report to the Board detailing the following:

- A list of all reserves including a brief description of their purpose;
- The balance of each reserve as of the most recent yearend;
- Recommended reserve balances;
- Any recommended changes including but not limited to;
 - Transfers in or out;
 - Creating new reserves;
 - Elimination of reserves;
 - Changing the purpose of reserves.

REPORT

Per the reserves policy, reserves will be maintained cumulatively at a minimum level of 5% of the DNSSAB's annual expenditures to ensure adequate cash flows and liquidity. The reserves balance as of December 31, 2021 totaled \$13,082,667. The 2022 budgeted expenditures totaled \$82,074,581 meaning current reserves represent 15.94% of the DNSSAB's annual expenditures. This represents a little less than two months of cash flows. It was previously recommended by the DNSSAB's external auditors that an appropriate reserve balance would be approximately three months of cash flows, which would equal approximately \$20,518,645 (25%).

Below is a list of the existing reserves including a brief description of their purpose, the balance of each reserve as of December 31, 2021 per the most recent audited financial statements and any recommended changes to the purpose and/or amount set aside for the particular reserve.

Other than the Best Start and Child Care Mitigation reserves, which have external ministry restrictions, the remaining reserves are at the discretion of the Board.

See Appendix A for a summary of the reserves.

Working Fund

Purpose

Unrestricted accumulated surplus that has not been set aside in a reserve for a specific purpose. This reserve is used to offset unforeseen expenses or reductions in funding and to ensure adequate cash flows and liquidity are maintained.

The working fund will be limited in accordance with the DSSAB Act, Regulation 278/98, Section 7, Estimates and Reserves, which states that the Board may provide for a reserve for working funds in a year not to exceed 15% of the total estimates of the Board for the year.

Balance

Balance as of December 31, 2020 - \$4,258,718

Balance as of December 31, 2021 - \$7,318,577

Net change year over year = \$3,059,859

The net change is calculated as follows per the 2021 audited financial statements:

Net surplus	\$ 6,755,834
Transfer to other reserves	\$ (1,958,718)
Less increase in net value of tangible capital assets	<u>\$ (1,737,257)</u>
	\$ 3,059,859

Fifteen percent of the DNSSAB's 2022 estimated expenditures is \$12,311,187 (\$82,074,581 total budget * 15%). Therefore, the balance as of December 31, 2021 of \$7,318,577 is well within the legislated limits.

Recommendation

It is recommended that DNSSAB maintain a balance of 3% of the 2022 budget (\$82,074,581 * 3% = \$2,500,000 rounded) in the Working Fund. Therefore \$4,818,577 (\$7,318,577- \$2,500,000) will be transferred to other reserves.

Social Housing Capital

Purpose

Funds set aside for future capital repair costs of social housing providers to maintain the existing social housing stock.

Balance

Balance as of December 31, 2021 - \$817,274 (no change from 2020)

Recommendation

No changes are recommended for this reserve at this time.

Social Housing Operations

Purpose

Annual funding for social housing providers can vary significantly from budgets due to the results of annual reconciliations that can lead to increases or reductions in funding based on actual financial results from the previous fiscal year. This fund was established to mitigate the financial risk of these unforeseen social housing costs.

Balance

Balance as of December 31, 2021 - \$300,000 (no change from 2020).

Recommendation

No changes are recommended for this reserve at this time.

Affordable Housing

Purpose

Funds set aside to provide a future source of funding to supplement or leverage additional provincial funding opportunities to provide greater benefits to the citizens in Nipissing district in terms of affordable housing needs and other housing programs such as emergency shelters, and transitional housing.

Balance

Balance as of December 31, 2021 - \$1,576,700

Recommendation

It is recommended that an amount of \$4,818,577 be transferred from the Working Fund bringing the balance to \$6,395,277.

Paramedic Services

Purpose

Funds set aside to cover Paramedic Services capital costs and significant one-time related operational expenditures.

Balance

Balance as of December 31, 2021 - \$1,090,000

Recommendation

No changes are recommended for this reserve at this time.

ASO Employee Benefits

Purpose

Funds set aside to mitigate financial risk of excessive benefit claims.

Balance

Balance as of December 31, 2021 - \$140,222 (no change from 2020).

Recommendation

No changes are recommended for this reserve at this time.

Organizational Design Contingency

Purpose

Funds set aside to allow the DNSSAB to offset costs associated with outplacement opportunities that will result in ongoing savings in operations. These costs are of a one-time nature on a case by case basis, and are considered extraordinary.

Balance

Balance as of December 31, 2021 - \$112,000 (no change from 2020).

Recommendation

No changes are recommended for this reserve at this time.

Project

Purpose

Funds set aside to help cover the costs of any future city hall renovation costs.

Balance

Balance as of December 31, 2021 - \$149,080 (no change from 2020).

Recommendation

No changes are recommended for this reserve at this time.

Best Start

Purpose

In 2006, the Ministry of Children and Youth Services provided the DNSSAB with one-time funding for the Best Start Initiative to support the early years and child care sector. Therefore, there is an external restriction on this reserve that it can only be used to support the child care system.

Balance

Balance as of December 31, 2021 - \$570,241 (no change from 2020).

Recommendation

No changes are recommended for this reserve at this time.

Child Care Mitigation

Purpose

In 2013, the Ministry of Education provided the DNSSAB with one-time mitigation funding to support the transition to Ontario's child care funding formula and framework introduced in 2013. This funding was available to CMSMs/DSSBs that had seen a reduction in their ongoing child care funding allocation under the new funding formula.

Under this one-time allocation, CMSMs/DSSABs are responsible for determining how to best use the mitigation funding to support their local child care system. Therefore, there is an external restriction on this reserve that it can only be used to support the child care system.

The DNSSAB is required to report to the ministry on the amount of mitigation funding used on an annual basis until all the funds have been utilized.

Balance

Balance as of December 31, 2021 - \$1,008,573 (no change from 2020).



Recommendation

No changes are recommended for this reserve at this time.

NEXT STEPS

The DNSSAB Staff will be presenting the budget in December where further recommendations for contributions and/or withdrawals to/from reserves may be recommended.

CONCLUSION

This report provides the Board with a high level update on the purpose, balance and any recommended changes for the reserves per the procedures outlined in the reserve policy.

DNSSAB will need to continue to grow its reserves in order to bring them to the recommended balance of three months of cash flow.

APPENDIX A

Name of Reserve	Current Purpose	Proposed Changes to Name/Purpose	Current Balance	Proposed Transfers	Proposed Balance
Working Fund	Unrestricted accumulated surplus that has not been set aside in a reserve for a specific purpose	N/A	\$7,318,577	(\$4,818,577)	\$2,500,000
Social Housing Capital	Future capital repair costs of the social housing stock	N/A	\$817,274	N/A	\$817,274
Social Housing Programs	Mitigate the financial risk of unforeseen social housing costs	N/A	\$300,000	N/A	\$300,000
Affordable Housing	Develop affordable housing and other housing programs such as emergency shelters, transitional housing, etc.	N/A	\$1,576,700	\$4,818,577	\$6,395,277
Paramedic Services	Paramedic Services capital costs and significant one-time related operational expenditures.	N/A	\$1,090,000	N/A	\$1,090,000
ASO Employee Benefits	Mitigate financial risk of excessive benefit claims	N/A	\$140,222	N/A	\$140,222
Organizational Design Contingency	Reorganization costs	N/A	\$112,000	N/A	\$112,000
Project	Significant DNSSAB projects.	N/A	\$149,080	N/A	\$149,080
Best Start	One-time funding support the early years and child care sector	N/A	\$570,241	N/A	\$570,241
Child Care Mitigation	One-time mitigation funding to support transition to new funding formula and framework	N/A	\$1,008,573	N/A	\$1,008,573