

BOARD REPORT

REPORT No.: 2024-49

MEETING DATE: DECEMBER 19, 2024

SUBJECT: 2025 OPERATING AND CAPITAL BUDGETS

RECOMMENDATION

THAT with respect to Report No. 2024-44 and Report No. 2024-49 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the proposed 2025 Operating Budget in the amount of \$132,680,800, as presented in Report No. 2024-49;

AND THAT we, the Board, approve the proposed 2025 Capital Budget in the amount of \$3,165,000, as presented in Report No. 2024-44, with up to \$3,010,000 financed from the Housing Portfolio Capital Reserve Fund, and up to \$155,000 financed from the Office Building Capital Reserve Fund;

AND THAT \$217,500 be transferred from Operations to the Office Building Reserve Fund;

AND THAT up to \$90,000 for employment related expenses, be financed by the Employment Compensation and Benefits Reserve Fund;

AND THAT \$225,000 be transferred from the Employment Compensation and Benefits Reserve Fund to the Levy Stabilization Reserve Fund;

AND THAT up to \$325,000 for expenditures within the Direct Owned Housing portfolio and \$30,000 for consulting services to finalize the development of the beautification, security, and environmental design study be financed by the Levy Stabilization Reserve Fund:

AND THAT up to \$10,000 of costs related to end of community housing operating agreements and \$50,000 for consultant costs related to the 10-year Homelessness Strategy be financed from the Community Housing Reserve Fund;

AND THAT \$3,179,200 be transferred from Operations to the Housing Portfolio Capital Reserve Fund, and up to \$1,715,000 for expenditures of a capital nature related to tenant move-out, accessibility modification, and extensive repairs where an insurance claim is not appropriate be financed from the Housing Portfolio Capital Reserve Fund;

AND THAT we approve the reconciliation adjustments for the Budget presentation in the 2025 Audited Financial Statements, as presented in Report No. 2024-49;

AND THAT the necessary By-law be presented to the Board, for consideration.

REPORT SUMMARY

To present The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with the proposed 2025 Operating and Capital Budget for the Board's review and approval. The 2025 Operating Budget, as presented (Attachment #1), totals \$132,680,800, an increase of \$11,933,700, or 9.9% from the 2024 approved total Budget. In addition, \$3,165,000 (2024: \$5,045,000) in capital expenditures have been included for 2025.

The impact to the Municipal and Territories Without Municipal Organization (TWOMO) Levy would be an increase of \$1,223,100 from \$25,233,000 to \$26,456,100, or a 4.8% increase relative to 2024.

BACKGROUND

The proposed 2025 Operating and Capital Budgets were presented for review and discussion at the November 21, 2024, Board Meeting.

COMMENTS

Operating Budget

As a result of the discussion at the November 21, 2024, Board meeting, the following changes were incorporated into the 2025 Operating Budget:

- The estimated increase in the Private Landlord rent supplement for the housing portfolio was reduced by \$50,000. The Private Landlord rent supplement program has historically ended the year in a favourable variance position. This reduced amount is expected to have a manageable impact on service levels. The levy to municipalities and TWOMO is reduced by the full amount.
- Financing from the Levy Stabilization Reserve Fund for the operations of the housing portfolio was increased by \$325,000. Per the approved 2024 Reserve and Reserve Fund Strategy (Report No. 2024-42, 2024 Reserve and Reserve Fund Strategy Update), the Employment Compensation and Benefits Reserve Fund is overfunded. Although the original recommendation was to leave the amounts within that Reserve Fund due to the uncertainty associated with various aspects of this Reserve Fund, the overfunded amount is available. To maintain consistency with the intent, this amount will be transferred to the Levy Stabilization Reserve Fund is available to mitigate unusual and/or excessive levy changes across the spectrum of

TBDSSAB programming. Although usage is normally recommended only for onetime items, it is available to mitigate levy increases. The total reserve fund withdrawal will reduce the levy to municipalities and TWOMO by the full amount.

The proposed 2025 Operating Budget, as amended, totals \$132,680,800 and represents an increase of \$11,933,700, or 9.9%, from the 2024 approved Budget of \$120,747,100.

The proposed 2025 Operating Budget results in a levy of \$26,456,100, which is an increase of \$1,223,100 or 4.8%, compared to the Board-approved 2024 Levy. The proposed 2024 Budget Levy, by program area, is provided in Table 1 below:

Table 1 – Total Change in Proposed Budget Levy by Program Funding Area							
	2024	2025	Increase /	%			
Program	Budget	Proposed	(Decrease)	76 Change			
	Levy (\$)	Levy (\$)	(\$)	Change			
Social Assistance	3,676,500	4,440,800	764,300	20.8%			
Child Care and Early Years	1,283,900	1,372,900	89,000	6.9%			
Community Housing	20,672,600	21,042,400	369,800	1.8%			
Unrestricted Investment Income	(400,000)	(400,000)	1	0.0%			
Total Levy	25,233,000	26,456,100	1,223,100	4.8%			

The Operating Budget 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, purchases of capital assets are reported as expenditures in the year purchased rather than amortized over their estimated useful life, and financing from reserve funds are considered in order to determine the annual levy to municipalities and TWOMO.

Key Budget Driver

The largest single factor impacting the 2025 municipal levy to municipalities and TWOMO is the change in Federal Block Funding, which accounts for approximately 4% of the 4.8% levy increase. The federal funding is offset against the cost of community housing; although debt servicing costs on community housing properties has also decreased with mortgage expiry and the end of Operating Agreements, there is an overall greater decrease in the amount of federal funding, resulting in a direct impact to the levy to municipalities and TWOMO.

Budget Presentation in the 2025 Audited Financial Statements

Table 2 below summarizes the reconciliation adjustments, based on Public Sector Accounting Board (PSAB) standards, to be used in the Budget presentation in the 2025 Audited Financial Statements:

Table 2 – Reconciliation Adjustments for Financial Statements					
Adjustments	2025 Budget (\$)				
Total Operating Expenditures	132,680,800				
Total Operating Financing	(132,680,800)				
Amortization	2,066,200				
Capital additions (net)	(265,000)				
Capital expenditures financed from reserve funds	3,165,000				
Debt	(2,289,100)				
Contributions to reserve funds (net)	(1,926,700)				
Excess Expenditures over Revenues for Financial Statements	750,400				

Capital Budget

The proposed 2025 Capital Budget includes planned expenditures of \$3,165,000 (2024: \$5,045,000), to be financed from the Housing Portfolio Capital Reserve Fund (\$3,010,000), and the Office Building Capital Reserve Fund (\$155,000).

STRATEGIC PLAN IMPACT

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

FINANCIAL IMPLICATIONS

The proposed 2025 Operating Budget, as presented, totals \$132,680,800, and includes a Municipal and TWOMO Levy of \$26,456,100.

The proposed 2025 Capital Budget totals \$3,165,000, to be financed from the Housing Portfolio Capital Reserve Fund (\$3,010,000), and the Office Building Reserve Fund (\$155,000).

CONCLUSION

It is concluded that the proposed 2025 Operating Budget of \$132,680,800 and proposed 2025 Capital Budget of \$3,165,000 provide for all mandatory programs and include financing from the Municipal and TWOMO Levy of \$26,456,100.

REFERENCE MATERIALS

Attachment #1 TBDSSAB Operating Budget Summary by Program

PREPARED BY:	Tafadzwa Mukubvu, CPA, Manager, Finance				
SIGNATURE	Laurel				
APPROVED BY	Georgina Daniels, FCPA, FCA, Director - Corporate Services Division				
SIGNATURE					
SUBMITTED BY:	Ken Ranta, Chief Executive Officer				

The District of Thunder Bay Social Services Administration Board Operating Budget Summary by Program

	Board			Office of Chief Executive Officer		
	2023 Bud	2024 Bud	2025 Bud	2023 Bud	2024 Bud	2025 Bud
Financing						
Levy to municipalities and TWOMO	-	-	-	-	-	-
Income on unrestricted funds	-	-	-	-	-	-
Income on restricted funds	-	-	-	-	-	-
Rents	-	-	-	-	-	-
Provincial grants	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
From (to) reserve funds	28,400	-	-	-	22,500	90,000
Imputed rent adjustment	-	-	-	-	-	-
Total Financing	28,400	_	-	<u>-</u>	22,500	90,000
Expenditures Personnel services	55,900	54,400	54,400	1,041,400	1,083,300	1,085,300
Interest on long-term debt	-	-	-	-	-	-
Materials	56,700	60,500	67,700	157,800	154,400	157,200
Contracted services	30,000	-	2,500	75,300	90,300	72,300
Rents and financial expenses	-	-	-	-	-	-
External transfers	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
Program administration recovery	-	-	-	-	-	-
Allocation of internal admin	(114,200)	(114,900)	(124,600)	(1,274,500)	(1,305,500)	(1,224,800)
Imputed rent recovery	-	-	-	-	-	-
Total Expenditures	28,400	-	-	-	22,500	90,000
Excess (Deficiency) of Revenues Over Expenses						

The District of Thunder Bay Social Services Administration Board Operating Budget Summary by Program

	Corporate Services			Integrated Social Services Program Support		
	2023 Bud	2024 Bud	2025 Bud	2023 Bud	2024 Bud	2025 Bud
Financing						
Levy to municipalities and TWOMO	(300,000)	(400,000)	(400,000)	-	-	-
Income on unrestricted funds	300,000	400,000	400,000	-	-	-
Income on restricted funds	722,600	750,000	750,000	-	-	-
Rents	-	-	-	-	-	-
Provincial grants	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
Other revenue	3,500	3,500	3,500	35,000	-	-
From (to) reserve funds	(925,600)	(757,100)	(937,500)	-	-	-
Imputed rent adjustment	(243,300)	(204,900)	(242,700)	-	-	-
Total Financing	(442,800)	(208,500)	(426,700)	35,000		_
Expenditures Personnel services	2,790,000	2,718,100	2,875,600	2,244,200	2,413,500	2,605,500
Interest on long-term debt	81,600	73,900	65,000	_,_ · · · ,_ · ·	_, ,	_,,
Materials	1,718,700	1,990,600	1,990,200	53,400	64,500	62,200
Contracted services	56,700	151,800	83,800	-	-	_
Rents and financial expenses	13,500	13,500	13,500	-	_	_
External transfers	, -	-	´-	-	_	_
Repayment of long-term debt	306,000	315,000	326,000	_	_	-
Program administration recovery	20,400	19,800	21,700	(301,000)	(476,100)	(497,700)
Allocation of internal admin	(4,021,900)	(4,083,400)	(4,324,000)	(1,961,600)	(2,001,900)	(2,170,000)
Imputed rent recovery	(1,407,800)	(1,407,800)	(1,478,500)	-	-	-
Total Expenditures	(442,800)	(208,500)	(426,700)	35,000		<u> </u>
Excess (deficiency) of						
Revenues over expenses	-	-	-	-	-	-

The District of Thunder Bay Social Services Administration Board Operating Budget Summary by Program

	Social Assistance			Child Care and Early Years Programs		
	2023 Bud	2024 Bud	2025 Bud	2023 Bud	2024 Bud	2025 Bud
Financing						
Levy to municipalities and TWOMO	3,667,600	3,676,500	4,440,800	1,271,600	1,283,900	1,372,900
Income on unrestricted funds	-	-	-	-	-	-
Income on restricted funds	-	-	-	-	-	-
Rents	-	-	-	-	-	-
Provincial grants	30,748,700	30,889,500	30,121,100	15,503,100	15,517,300	10,796,100
Federal grants	-	-	-	11,089,400	11,495,600	29,268,600
Other revenue	-	-	-	-	-	-
From (to) reserve funds	-	-	-	-	50,000	-
Imputed rent adjustment	167,900	141,400	187,000	12,100	10,200	12,100
Total Financing	34,584,200	34,707,400	34,748,900	27,876,200	28,357,000	41,449,700
Expenditures	4 077 000	0.077.000	0.044.400	457.000	440.000	405.000
Personnel services	4,077,900	3,977,000	3,911,400	457,600	442,300	465,000
Interest on long-term debt	-	-	-	-	-	-
Materials	523,900	484,600	366,200	42,500	50,800	56,000
Contracted services	5,000	5,000	5,000	1,000	4,700	4,700
Rents and financial expenses	107,400	107,200	107,200	-	-	-
External transfers	24,929,100	25,205,000	24,067,500	26,583,400	27,059,300	39,978,300
Repayment of long-term debt	-	-	-	-	-	-
Program administration recovery	237,000	156,200	73,300	-	-	-
Allocation of internal admin	3,732,500	3,801,000	5,079,900	721,300	729,500	871,800
Imputed rent recovery	971,400	971,400	1,138,400	70,400	70,400	73,900
Total Expenditures	34,584,200	34,707,400	34,748,900	27,876,200	28,357,000	41,449,700
Excess (deficiency) of						
Revenues over expenses	-	-	-	-	-	-

The District of Thunder Bay Social Services Administration Board Operating Budget Summary by Program

	Community Housing and Homelessness Programs			Total			
	2023 Bud	2024 Bud	2025 Bud	2023 Bud	2024 Bud	2025 Bud	
Financing							
Levy to municipalities and TWOMO	19,691,400	20,672,600	21,042,400	24,330,600	25,233,000	26,456,100	
Income on unrestricted funds	-	-	-	300,000	400,000	400,000	
Income on restricted funds	-	-	-	722,600	750,000	750,000	
Rents	11,410,200	11,535,500	11,762,600	11,410,200	11,535,500	11,762,600	
Provincial grants	7,781,000	17,594,900	17,336,900	54,032,800	64,001,700	58,254,100	
Federal grants	11,480,900	9,848,200	7,470,500	22,570,300	21,343,800	36,739,100	
Other revenue	338,800	354,300	242,100	377,300	357,800	245,600	
From (to) reserve funds	(2,036,200)	(2,190,100)	(1,079,200)	(2,933,400)	(2,874,700)	(1,926,700)	
Imputed rent adjustment	63,300	53,300	43,600	-	-	-	
Total Financing	48,729,400	57,868,700	56,818,900	110,810,400	120,747,100	132,680,800	
Expenditures							
Personnel services	4,200,700	4,521,400	5,001,700	14,867,700	15,210,000	15,998,900	
Interest on long-term debt	145,100	100,000	59,500	226,700	173,900	124,500	
Materials	18,914,700	19,945,300	21,631,300	21,467,700	22,750,700	24,330,800	
Contracted services	30,000	20,000	70,000	198,000	271,800	238,300	
Rents and financial expenses	9,600	9,600	9,600	130,500	130,300	130,300	
External transfers	20,055,400	27,803,300	25,894,700	71,567,900	80,067,600	89,940,500	
Repayment of long-term debt	2,045,900	1,827,800	1,591,500	2,351,900	2,142,800	1,917,500	
Program administration recovery	43,600	300,100	402,700	-,,	_, · · _, · · -	-	
Allocation of internal admin	2,918,400	2,975,200	1,891,700	_	_	-	
Imputed rent recovery	366,000	366,000	266,200	-	-	-	
Total Expenditures	48,729,400	57,868,700	56,818,900	110,810,400	120,747,100	132,680,800	
Excess (deficiency) of							
Revenues over expenses	-	-	-	-	-	-	