



## City of Barrie

### Value for Money Service Audit

October 29, 2024

PRIVATE AND CONFIDENTIAL

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## Disclaimer:

This report is intended solely for the information and use of the City of Barrie and its Council.

No opinion, counsel, or interpretation is intended in matters that require legal, tax or other appropriate professional advice. It is assumed that such opinion, counsel, or interpretations have been, or will be, obtained outside of the scope of this report.

The absence of independent verification of the information supplied in respect of both historical and projected information, in some cases, can limit potential findings and accuracy of our report. We have indicated in our report the source of the data that was obtained by us, but disclaim any responsibility for its accuracy. Our work does not and will not result in the expression of an opinion or other form of assurance. Conclusions and recommendations have been made using historical reference points and do not incorporate unforeseen or unusual events. All management decisions, including decisions to implement any stated recommendations in connection with this engagement will be the responsibility of the City of Barrie.

Additionally, this report was prepared with a focus on the Shared Services that the County of Simcoe provides the City of Barrie. This report does not consider any other programs or grants provided by the County of Simcoe that benefits the City of Barrie. Examples of the programs or grants not considered within the report are the:

- Hospital Alliance funding
- Hospice Capital funding
- Post Secondary Education funding
- YMCA funding
- Age-Friendly Seniors Housing Grant program

Please note the above list of programs or grants is not exhaustive.

# Executive Summary

# Executive Summary

## Performed procedures and conclusions

### Objective 1 – Analysis of County’s compliance with the Municipal Services Management Agreement

**Procedures:**

**1.1** Perform a risk-based assessment on third party entities providing shared services on behalf of the County of Simcoe to assess their compliance with the Municipal Services Management Agreement between the City and the County in terms of actual costs over the past three years.

**1.2** Perform interview with key stakeholders at the County to understand and document the processes that they are taking to ensure vendors are compliant with their contracts for Children Services, Community Services and Social Housing.

**Conclusion:**

**1.1:** The County is compliant with the Municipal Services Management Agreement between the City & the County in terms of actual costs allocated for Shared Services over the past three years (2021, 2022 and 2023).

**1.2:** The County has processes in place to monitor third-party vendor compliance against contracts and relevant legislation for the shared services, Children Services, Community Services and Social Housing.

### Objective 2 - Evaluation of allocation of revenues, costs for shared services and KPI analysis

**Procedures:**

**2.1** Receive summary of Provincial and Federal grants, and other non-tax revenues received by the County in the past three years and compare them against the grants allocated to the City.

**2.2** Perform analytical procedures on the allocation of gross costs to costs to deliver services, relative to the overall cost to deliver the services.

**2.3** Analyze the impact of revenues to results of KPIs on services contracted under the Municipal Services Management Agreement based on split between Barrie and other locations.

**Conclusion:**

**2.1:** The County is compliant with the Municipal Services Management Agreement between the City & the County in terms of actual grants allocated for Shared Services over the past three years (2021, 2022 and 2023).

**2.2:** It appears, that Simcoe’s administrative overhead gross costs for all shared services are between 1.1% - 7.2% between 2021 to 2023. Direct gross costs to third party vendors for 2021, 2022 and 2023 were, \$23.51M, \$35.12M, and \$50.00M or 33.1%, 41.3% and 46.5% of the total direct costs of delivering shared services for each year, respectively.

**2.3:** Based on the selected KPIs for Shared Services, the City appears to be a net recipients for Paramedic Services, Community Services, Social Housing and not a net recipient Long Term Care and Children Services. For Ontario Works, as costs are based on Caseloads, it appears that the City of Barrie is paying costs relative to the direct costs of Ontario Works.

### Objective 3 – Comparator Municipality analysis for shared services provided by the County of Simcoe

**Procedure:**

**3.1** Analyze Key Performance Indicators (“KPIs”) and conduct a comparator analysis on costs associated with the third party shared services to ensure the City of Barrie is receiving fair and reasonable value for the services provided by the County of Simcoe.

**Conclusion:**

**3.1:** Based on the comparator Municipalities and the chosen KPIs, it appears that the County of Simcoe has lower costs for providing Paramedic Services, Community Services and Social Housing, and in-between costs for Ontario Works and Children Services.

In addition, it appears that municipally funded Long Term Care beds are more accessible within the County of Simcoe compared to the Regional Municipality of Waterloo and Wellington County as they offer a higher number of beds in comparison to their population.

### Objective 4 – Recommendations for future Municipal Services Management Agreement

**Procedures:**

**4.1** Review the cost-sharing methodology used for the existing ‘Municipal Services Management Agreement’ (“MSMA”) against leading practices to develop recommendations for a future Municipal Services Management Agreement in line with Provincial guidelines and requirements.

**4.2** Review of the ‘proposed capital allocation method’ suggested by the County.

**Conclusion:**

**4.1:** The current cost sharing methodology used appears to meet the needs of the City. The City should continue to engage with the County on future types and locations of services to ensure they are adequately meeting the citizens of the City’s needs.

**4.2:** The City should ensure that any potential changes to the current capital allocation method are formally communicated and documented during meetings with the Committee of the Whole. There is an opportunity to revise the current capital allocation method based on actual capital asset useful life, actual usage of the capital asset by resident Municipality, and actual costs incurred, including interest.

# Introduction and scope

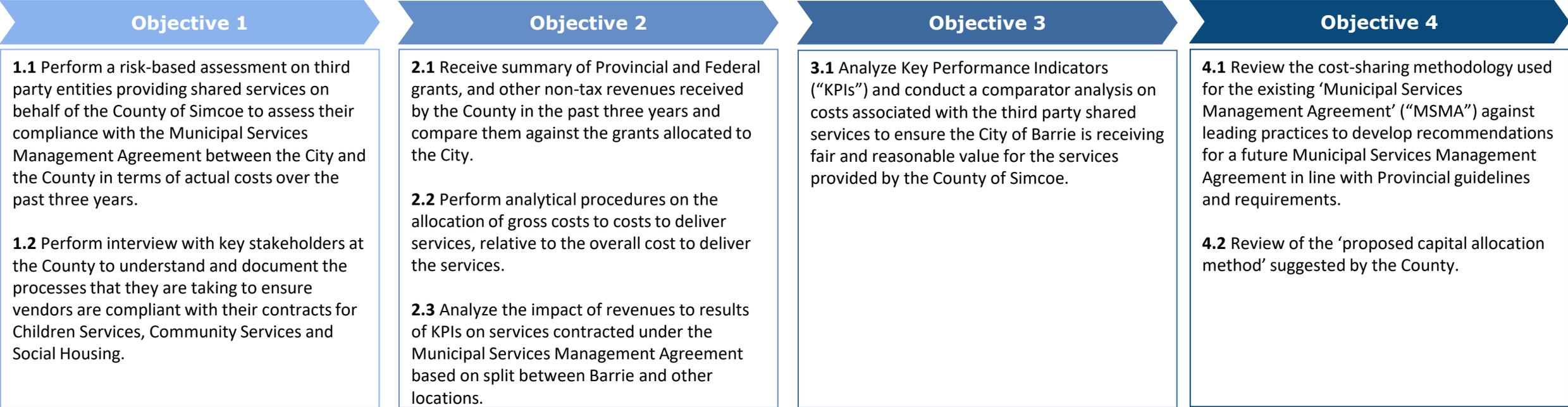
# Introduction & Scope

## Project Objective & Approach

Deloitte was engaged by the City of Barrie (the “City”) to perform a value for money service audit of the past 3 calendar years (2021-2023) of the County of Simcoe’s (the “County”) financial information specific to the Municipal Services Management Agreement between the City and the County, which includes the following:

1. Assess Compliance with the Municipal Services Management Agreement between the County and the City in relation to actual costs allocated in the past 3 years and required performance reporting.
2. Assess that Provincial and Federal grants, or other revenues received by the County in the past 3 years have been appropriately and proportionally allocated to services provided specifically within the City in relation to the demands throughout the County and two separated cities, Barrie and Orillia.
3. Assess, using benchmarking data from other like sized communities or separated cities, whether the City is receiving comparable value for service for the regional services provided under the Municipal Services Management Agreement
4. Assess and make recommendations on the cost sharing methodology for a future Municipal Services Management Agreement, in line with provincial guidelines and requirements, with the objective of ensuring a fair and reasonable partnership between the County and the City. Include a review of the proposed capital allocation method suggested by the County.

To achieve these objectives, we have developed the following procedures below for each respective objective.



# Overview of the Municipal Services Management Agreement (1/2)

## *Summary of the Municipal Services Management Agreement between the City of Barrie and County of Simcoe*

The City is a single tier Municipality within the County that has a Municipal Services Management Agreement (“MSMA”) with the County for the management and delivery of shared services. These shared services include Ontario Works, Children Services, Community Services, Social Housing, Paramedic Services, and Long-Term Care. The County administers funding arrangements with other levels of government, follows policies and standards established by the Province of Ontario (“Province”), and administers cost sharing agreements with the City for the portion of services not funded by the Province.

### **As part of the agreement, the MSMA details:**

#### Delivery of Services

- The County of Simcoe shall manage the funding of each of the Services within the County and shall manage the delivery of the Services within the County as the “Delivery Agent” within the meaning of the relevant legislation.
- The County is responsible for managing and delivering services such as Ontario Works, Children Services, Community Services, and Social Housing. Additionally, the County remains accountable to the Province and local taxpayers for the management of social services, ensuring compliance with provincial policies and standards.
- The County also administers funding arrangements with both the Province and/or Government of Canada for social assistance programs, Children Services, Community Services, and Social Housing. Furthermore, the County manages the funding and delivery of Paramedic Services and Long-Term Care facilities within the policies and standards set by the Province. Lastly, the County administers cost-sharing arrangements with the City of Barrie and City of Orillia for services not fully funded by the Province.

#### Governance, Communication, and Reporting

- The administrative staff of the County is responsible for managing service delivery, under the supervision of Simcoe County Council. Two committees will be formed to support these efforts: the Committee of the Whole, which includes representatives from City of Barrie and City of Orillia and focuses on service delivery and budget recommendations, and the Staff Liaison Committee, comprising Chief Administrative Officers and Treasurers (or designates) from the County of Simcoe, City of Barrie, and City of Orillia, tasked with reviewing performance and making recommendations on efficiency and costs.
- County of Simcoe, City of Barrie, and City of Orillia will work cooperatively to ensure integrated service delivery, though the County remains the primary Delivery Agent. All parties recognize the importance of accountability in program performance and funding, adhering to principal standards while ensuring fiscal responsibility.
- The County will produce an annual performance report, comparing planned versus actual performance, addressing any variances, and identifying areas for improvement. If performance issues arise, further analysis and service reviews will be conducted to recommend cost-saving or efficiency-enhancing measures. If City of Barrie or City of Orillia objects to any cost-sharing decision, a dispute resolution process will be followed. Lastly, the agreement reaffirms the County’s authority as the Delivery Agent, ensuring that its role is not undermined.

#### Service Costs

- Service costs consist of four components: Operating Costs, Administration Costs, Major Facility Construction (“MFC”) Costs, and Other Capital Costs. Administration Costs cover expenses for various departments like IT, HR, Finance, and Legal. MFC project costs are charged on a straight-line depreciation basis with carrying costs, amortized over 10 years. Operating and other capital costs are added as they are incurred.

# Overview of the Municipal Services Management Agreement (2/2)

## *Summary of the Municipal Services Management Agreement between the City of Barrie and County of Simcoe*

### Cost Sharing

- The total costs for services like social assistance, Ontario Works, and paramedic services are shared between County of Simcoe, City of Barrie, and City of Orillia. The County provides an annual estimate of these costs, covering administration, operating, MFC, and other capital costs, which is communicated to the municipalities.
- Monthly invoices are based on actual costs at the time of invoicing, with payments due within 30 days and overdue accounts subject to 15% interest per annum. After the fiscal year, the County will report the actual costs and adjust for any discrepancies. No party can withhold or set off payments, and disputes over payments will follow the dispute settlement process.

### Dispute Settlement

- The dispute settlement process involves several steps to resolve disagreements related to cost sharing or performance. First, the party raising the issue must attempt to resolve it by discussing it with the other parties involved. If this does not lead to a resolution, the issue is referred to the Staff Liaison Committee for further discussion and resolution efforts. If the committee cannot resolve the matter, it is then referred to mediation, with a mediator mutually agreed upon by all parties. Finally, if mediation does not resolve the issue, the dispute will be submitted to arbitration in accordance with the Arbitrations Act (Ontario).

### General

- The agreement is valid from January 1, 2018, to December 31, 2022. Since this current agreement has not been renewed past December 31, 2022, the cost-sharing and payments obligations will continue under the existing terms until a new agreement is reached. Any notices or communications must be in writing and set to the respective parties by personal delivery or registered mail. The agreement benefits all involved parties and their successors, and it is governed by the law of Ontario and Canada.

### List of shared services and their cost sharing arrangement

- Paramedic Services – 100% Weighted Taxable Assessment
- Long Term Care – Blended 65% Caseload; 35% Weighted Taxable Assessment
- Ontario Works – 100% Caseload
- Children’s Services: Fee Subsidy, Ontario Works Child Care, Child Care Admin, Early Learning Child Care Admin, Child Care Allocated Admin – 100% Caseload
- Children’s Services: Broader Child Care, Early Learning Child Care – 100% Weighted Taxable Assessment
- Community Services – 100% Weighted Taxable Assessment
- Social Housing (Local Housing Corporation) – 100% Weighted Taxable Assessment
- Social Housing (Non-Profit) – 100% Weighted Taxable Assessment

*The distribution of administration costs will be based on the percentages detailed within Appendix A of the MSMA. The percentages will be applied to actual costs. A copy of this table is included within Appendix A of this report.*

# **Objective 1:** Analysis of County's compliance with the Municipal Services Management Agreement over the last three years

# Objective 1: Procedures and detailed methodology

## *Documentation of the detailed methodology taken to undertake the procedures documented for Objective 1*

**Objective 1:** Assess whether the County has complied with the Municipal Services Management Agreement between the City and the County and the monitoring of the agreements with third party providers in terms of actual costs allocated over the past three years and the required performance reporting.

We have developed and performed two procedures to complete Objective 1. The following are the two procedures as well as the detailed methodology that we took for the completion of the procedure.

### **Procedures and detailed methodology:**

1. Perform a risk-based assessment on third party entities providing shared services on behalf of the County of Simcoe to assess their compliance with the Municipal Services Management Agreement between the City and the County in terms of actual costs over the past three years.
  - a) **Detailed methodology:** For each shared service, we analyzed the financial information provided by the County of Simcoe and compared the City of Barrie's share of the costs compared to the total costs incurred by the County of Simcoe for the delivery of the individual shared service. The approach taken differs by the three different cost sharing arrangement between:
    - i. 100% Weighted Taxable Assessment
    - ii. 100% Caseload
    - iii. Blended: 65% Caseload & 35% Weighted Taxable Assessments
2. Perform interview with key stakeholders at the County to understand and document the processes that they are taking to ensure vendors are compliant with their contracts for Children's Services, Community Services and Social Housing.
  - a) **Detailed methodology:** We held interviews with the key stakeholders at the County to get an understanding over the current state processes that they are performing to do the following activities:
    - i. Third-party vendor compliance monitoring against signed contracts and relevant legislation
    - ii. Activities taken by the County to remove non-compliant third-party vendors
    - iii. Preventative measures taken by the County to assist third-party vendors with delivering services at the quality and level of service expected by the County

# Objective 1: Procedure 1.1 – Paramedic Services

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for "Paramedic Services" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: 'Paramedics City Billings 2021' , 'Paramedics City Billings 2022' , 'Paramedics City Billings 2023'

Paramedic Services									
Dollars are presented in millions of dollars (\$)									
Municipality	2021			2022			2023		
	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment
County of Simcoe	\$38.44M	69.2%	69.2%	\$39.61M	69.6%	69.6%	\$43.07M	69.7%	69.7%
City of Barrie	\$14.15M	25.5%	25.5%	\$14.36M	25.2%	25.2%	\$15.52M	25.1%	25.1%
City of Orillia	\$2.92M	5.3%	5.3%	\$2.97M	5.2%	5.2%	\$3.24M	5.2%	5.2%
<b>Total</b>	<b>\$55.51M</b>	<b>100%</b>	<b>100%</b>	<b>\$56.94M</b>	<b>100%</b>	<b>100%</b>	<b>\$61.83M</b>	<b>100%</b>	<b>100%</b>
		Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.	

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

**Conclusion:** Based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for paramedic services.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Long Term Care (1/2)

## Performance of Procedure 1.1 – Shared services with a blended cost sharing arrangement of "65% Caseload" & "35% Weighted Taxable"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for "Long Term Care" is blended "65% Caseload" and "35% Weighted Taxable Assessment".

The data was based on the following workbooks: 'LTC City Billings 2021' , 'LTC City Billings 2022' , 'LTC City Billings 2023'

Long Term Care											
Dollars are presented in millions of dollars (\$)											
Municipality	2021			2022			2023				
	Gross costs	Calculated % of gross costs	Actual Blended %	2022 gross costs	2022 gross costs %	Actual Blended %	2023 gross costs	2023 gross costs %	Actual Blended %		
County of Simcoe	\$59.79M	78.5%	78.5%	\$66.81M	78.7%	78.7%	\$70.41M	78.3%	78.3%		
City of Barrie	\$8.12M	10.7%	10.7%	\$8.99M	10.6%	10.6%	\$9.83M	10.9%	10.9%		
City of Orillia	\$8.26M	10.8%	10.8%	\$9.08M	10.7%	10.7%	\$9.68M	10.8%	10.8%		
<b>Total</b>	\$76.17M	100%	100%	\$84.88M	100%	100%	\$89.92M	100%	100%		
			Per Deloitte, the calculated % of gross costs and actual blended % matches.				Per Deloitte, the calculated % of gross costs and actual blended % matches.				Per Deloitte, the calculated % of gross costs and actual blended % matches.

Dollars are presented in millions of dollars (\$)			
Calculation	Barrie - 2021 blended % calculation	Barrie – 2022 blended % calculation	Barrie - 2023 blended % calculation
<b>Barrie’s annual Weighted Taxable Assessment * 35% * Annual total costs</b>	2021 WTA: 25.4962% * 35% * \$76.17M = \$6.80M	2022 WTA: 25.2% * 35% * \$84.87M = \$7.49M	2023 WTA: 25.1%* 35% * \$89.91M= \$7.90M
<b>Caseload (Annual Barrie total bed days used / Annual total bed days available) * 65% * Annual total costs</b>	2021 Caseload (2.7%): 5308 / (198,560) * 65% * \$76.17M = \$1.32M	2022 Caseload (2.7%): 5384 / (198,560) * 65% * \$84.87M = \$1.50M	2022 Caseload (3.3%): 6569 / (198,560) * 65% * \$89.91M = \$1.93M
<b>Barrie’s total cost (% of total gross costs)</b>	\$8.12M (10.7% blended rate, \$8.12M / \$76.17M)	\$8.99M (10.6% blended rate, \$8.99M / \$84.88M)	\$9.83M (10.9% blended rate, \$9.83M / \$89.92M)

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Long Term Care (2/2)

## *Performance of Procedure 1.1 – Shared services with a blended cost sharing arrangement of "65% Caseload" & "35% Weighted Taxable"*

For caseloads, the bed days are tracked by the last residency of the resident. For example, if a long term care resident was previously from Barrie, they will be tracked as a Barrie resident for long-term care case load purposes. Based on information provided by the County, their process for determining the caseload is the following:

1. Every month, the County utilizes Point Click Care, a clinical software with a financial system that is used to track residents. The County generates a report by manor that details the residents, and the number of bed days used for each month. The County's finance team will use the report to manually calculate the number of days a resident used a bed for the month. For example, if a Barrie resident stayed in the long term care facility for the entire month of January, they would be marked as 31 bed days used.
2. Based on the number of total available beds, the County would calculate the utilization rate by Municipality multiply it by the cost sharing percentage of 65% against the operating costs for the month to allocate the costs between the City and the County for the caseload portion.
3. For cost sharing of 35% related to weighted taxable assessment, the total operating costs would be multiplied by 35% and then the City's weighted taxable assessment for the year.
4. The above two costs added up together will total the City's total costs for Long-term care with the 35% weighted taxable assessment and 65% caseload cost sharing arrangement. City of x

In conclusion based on the analysis presented on the previous page and above, it appears that the County of Simcoe is compliant with the cost sharing arrangement detailed in the MSMA for long term care.

# Objective 1: Procedure 1.1 – Ontario Works (1/2)

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of "Caseload"

This section of the report documents the analysis taken to assess the County of Simcoe's compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for "Ontario Works" is "100% Caseload".

The data was based on the following workbooks provided by the County: 'Ontario Works 2021', 'Ontario Works 2022', 'Ontario Works 2023'

Ontario Works										
Dollars are presented in millions of dollars (\$)										
Municipality	2021			2022			2023			
	Gross costs	Calculated % of gross costs	Actual Average Caseload %	Gross costs	Calculated % of gross costs	Actual Average Caseload %	Gross costs	Calculated % of gross costs	Actual Average Caseload %	
<b>County of Simcoe</b>	\$26.41M	45.9%	45.9%	\$30.04M	48.2%	48.2%	\$34.27M	47.9%	47.9%	
<b>City of Barrie</b>	\$22.78M	39.6%	39.6%	\$24.26M	38.9%	38.9%	\$29.19M	40.8%	40.6%	
<b>City of Orillia</b>	\$8.38M	14.5%	14.5%	\$8.06M	12.9%	12.9%	\$8.12M	11.3%	11.5%	
<b>Total</b>	\$57.57M	100%	100%	\$62.36M	100%	100%	\$71.58M	100%	100%	
		Per Deloitte, the calculated % of gross costs and actual average caseload % matches.				Per Deloitte, the calculated % of gross costs and actual average caseload % matches.				Due to rounding, there is a minor difference in the calculated % of gross costs and actual average caseload %. However, this is accurate in all material respects.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Ontario Works (2/2)

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of "Caseload"

The below analysis shows a comparison from the system generated, Ontario Works file that the County utilizes to support their Ontario Works financial statements. The Ontario Works file is titled: "the 'SUBSIDY CLAIM Discretionary Tracking Sheet 2023' and is an Excel spreadsheet that provides the Ontario Works caseload figures by type and Municipality. The caseload figures are aggregated by type and compared against the number presented in the Ontario Works financial statements. It was determined that the caseload figures provided match the financial data used. This suggests that the County is accurately reporting the caseload data as per the data generated from the Ontario Works system.

Ontario Works caseload data comparison						
Municipality	January 2023 – actuals (per report)	January 2023 – financial statements	Do actuals and financials match?	December 2023 – actuals	December 2023 – financials	Do actuals and financials match?
County of Simcoe	2,405	2,405	Yes	2,761	2,761	Yes
City of Barrie	2,115	2,115	Yes	2,366	2,366	Yes
City of Orillia	702	702	Yes	697	697	Yes
<b>Total</b>	5,222	5,222	Yes	5,824	5,824	Yes

It is important to note that the types of the number of cases shown above are aggregated and not separated by type of case. Based on the type of case, the actual costs can differ. The County allocates the costs for Ontario Works based on the actual costs of the cases incurred by resident Municipality. Therefore, there is not a direct relationship with the total number of Ontario Works cases to the allocated costs for Ontario Works. However, based on review of the processes and supporting workbooks, it appears that the County is appropriately allocating costs based on actual costs for Barrie residents using Ontario Works.

In conclusion, it appears that the County of Simcoe is compliant with the cost sharing arrangement detailed in the MSMA for Ontario Works.

# Objective 1: Procedure 1.1 – Children’s Services (Caseload)

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of “Caseload”

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for “Children’s Services – Fee Subsidy, Ontario Works Child Care, Child Care Admin, Early Learning Child Care Admin, Child Care Allocated Admin” is “100% Caseload”.

The data was based on the following workbooks: ‘2021 Children Services City Billings-Financial Statements’, ‘2022 Children Services City Billings-Financial Statements’, and ‘2023 Children Services City Billings-Financial Statements’.

Children’s Services									
Dollars are presented in millions of dollars (\$)									
Municipality	2021			2022			2023		
	Gross costs	Calculated % of gross costs	Actual Average Caseload %	Gross costs	Calculated % of gross costs	Actual Average Caseload %	Gross costs	Calculated % of gross costs	Actual Average Caseload %
County of Simcoe	\$8.53M	50.4%	50.4%	\$18.90M	49.1%	49.1%	\$30.79M	47.4%	47.3%
City of Barrie	\$6.63M	39.2%	39.2%	\$16.21M	42.1%	42.1%	\$28.46M	43.8%	43.9%
City of Orillia	\$1.76M	10.4%	10.4%	\$3.38M	8.8%	8.8%	\$5.70M	8.8%	8.8%
<b>Total</b>	<b>\$16.92M</b>	<b>100%</b>	<b>100%</b>	<b>\$38.49M</b>	<b>100%</b>	<b>100%</b>	<b>\$64.95M</b>	<b>100%</b>	<b>100%</b>
		Per Deloitte, the calculated % of gross costs and caseload % matches.			Per Deloitte, the calculated % of gross costs and caseload % matches.			Due to rounding, there is a minor difference in the calculated % of gross costs and actual average caseload %. However, this is accurate in all material respects	

Based on information provided by the County of Simcoe, their process for determining the caseload is the following:

1. They generate a report from the Ontario Child Care Management System (OCCMS). The report from OCCMS produces a detailed report for Children Services provided to the City of Barrie. The report provides information such as: “month, year, gross costs, parent contributions, net costs, number of families, number of children, number of full day equivalents and number of subsidized spacing”. The County of Simcoe relies on this report to accurately bill the City of Barrie for the cost of Children Services exceeding any Provincial revenues.
2. There is also an additional report that the County produces through OCCMS that provides the supporting information for the County of Simcoe to perform additional adjustments. These adjustments mainly relate to the cost of Children Services and are primarily made to calculate any changes in the OCCMS report after billing due to changes in a child’s Municipality.

In conclusion based on the above analysis over the process that the County of Simcoe performs to determine the caseload for Children Services for the City of Barrie, it appears that the County of Simcoe is compliant with the cost sharing arrangement detailed in the MSMA for the “Children Services” shared service.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Children’s Services (Weighted Taxable Assessment)

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of “Weighted Taxable Assessment”

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for “Children’s Services – Broader Child Care, Early Learning Child Care” is “100% Weighted Taxable Assessment”.

The data was based on the following workbooks: ‘2021 Children Services City Billings-Financial Statements’, ‘2022 Children Services City Billings-Financial Statements’, ‘2023 Children Services City Billings-Financial Statements’

Children’s Services									
Dollars are presented in millions of dollars (\$)									
Municipality	2021			2022			2023		
	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment
County of Simcoe	\$21.58M	69.2%	69.2%	\$20.56M	69.6%	69.6%	\$24.84M	69.7%	69.7%
City of Barrie	\$7.94M	25.5%	25.5%	\$7.45M	25.2%	25.2%	\$8.95M	25.1%	25.1%
City of Orillia	\$1.64M	5.3%	5.3%	\$1.54M	5.2%	5.2%	\$1.87M	5.2%	5.2%
<b>Total</b>	<b>\$31.16M</b>	<b>100%</b>	<b>100%</b>	<b>\$29.55M</b>	<b>100%</b>	<b>100%</b>	<b>\$35.66M</b>	<b>100%</b>	<b>100%</b>
		Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.	

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for children’s services.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Community Services

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for "Community Services" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: 'Community 2021' , 'Community 2022' , 'Community 2023'

Community Services									
Dollars are presented in millions of dollars (\$)									
Municipality	2021			2022			2023		
	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment
County of Simcoe	\$8.04M	69.2%	69.2%	\$12.35M	69.6%	69.6%	\$14.94M	69.7%	69.7%
City of Barrie	\$2.96M	25.5%	25.5%	\$4.48M	25.2%	25.2%	\$5.38M	25.1%	25.1%
City of Orillia	\$0.61M	5.3%	5.3%	\$0.92M	5.2%	5.2%	\$1.13M	5.2%	5.2%
<b>Total</b>	<b>\$11.61M</b>	<b>100%</b>	<b>100%</b>	<b>\$17.75M</b>	<b>100%</b>	<b>100%</b>	<b>\$21.45M</b>	<b>100%</b>	<b>100%</b>
		Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.	

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for community services.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Social Housing (Local Housing Corporation)

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for "Social Housing (Local Housing Corporation)" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: '2021 SCHC City Billings' , '2022 SCHC City Billings' , '2023 SCHC City Billings'

Social Housing (Local Housing Corporation)									
Dollars are presented in millions of dollars (\$)									
Municipality	2021			2022			2023		
	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment
County of Simcoe	\$15.46M	69.2%	69.2%	\$15.71M	69.6%	69.6%	\$18.67M	69.7%	69.7%
City of Barrie	\$5.70M	25.5%	25.5%	\$5.70M	25.2%	25.2%	\$6.73M	25.1%	25.1%
City of Orillia	\$1.17M	5.3%	5.3%	\$1.18M	5.2%	5.2%	\$1.41M	5.2%	5.2%
<b>Total</b>	<b>\$22.33M</b>	<b>100%</b>	<b>100%</b>	<b>\$22.59M</b>	<b>100%</b>	<b>100%</b>	<b>\$26.81M</b>	<b>100%</b>	<b>100%</b>
		Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.	

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for social housing (local housing corporation).

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.1 – Social Housing (Non-Profit)

## Performance of Procedure 1.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual costs over the past three years. The cost sharing arrangement detailed in the MSMA for "Social Housing (Non-Profit)" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: '2021 NP City Billings', '2022 NP City Billings', '2023 NP City Billings'

Social Housing (Non-Profit)									
Dollars are presented in millions of dollars (\$)									
Municipality	2021			2022			2023		
	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment	Gross costs	Calculated % of gross costs	Actual Weighted Taxable Assessment
County of Simcoe	\$17.9M	69.2%	69.2%	\$21.08M	69.6%	69.6%	\$21.96M	69.7%	69.7%
City of Barrie	\$6.59M	25.5%	25.5%	\$7.64M	25.2%	25.2%	\$7.91M	25.1%	25.1%
City of Orillia	\$1.36M	5.3%	5.3%	\$1.58M	5.2%	5.2%	\$1.65M	5.2%	5.2%
<b>Total</b>	<b>\$25.85M</b>	<b>100%</b>	<b>100%</b>	<b>\$30.3M</b>	<b>100%</b>	<b>100%</b>	<b>\$31.52M</b>	<b>100%</b>	<b>100%</b>
		Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.			Per Deloitte, the calculated % of gross costs and actual weighted taxable assessment % matches.	

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for social housing (non-profit).

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 1: Procedure 1.2 – Children Services compliance monitoring (1/2)

## *Performance of Procedure 1.2 – Compliance monitoring of third-party vendors for Children Services*

### **Who we held interviews with from the County for Children Services:**

- General Manager of Social and Community Services Division
- Director of Children’s Services

### **Purpose of the interviews:**

To understand the processes taken by the County to monitor the compliance of their third-party vendors providing Children Services across the County.

### **Processes performed to monitor compliance of third-party vendors against signed contracts and relevant legislation:**

On a regular basis, the County performs the following processes to monitor compliance of third-party vendors against signed contracts and relevant legislation.

- Quarterly, Agencies are required to submit quarterly financial reports to the County to demonstrate how they are using their funding. This includes funding for wage enhancements, general operating expenses, maintenance, and repairs.
- Annually:
  - Any vendors that have received over \$75,000 from the County must undergo a financial audit. These financial audits ensure that funding is used appropriately and that any misreporting is corrected in collaboration with the County. Any over/under funding will be corrected by the County through provision of additional funds or claw backs of fundings.
  - All childcare programs within the County are inspected by the Ministry of Education. The inspection ensures that the childcare agencies are meeting the minimum standards required to operate a childcare center. These standards include several components, such as whether the programs are delivering on the expectations set forth by the Ministry, particularly because the fee subsidies received are used to subsidize families. The County uses the results from the Ministry’s inspections to ensure that the service levels of the third-party agencies are performing to Ministry’s standards.
  - All agencies must submit their budget prior to the start of the next fiscal year to the County so that the County can provide funding as per the budget received.

### **Actions taken by the County to remove non-compliant third-party vendors:**

- The County performs special procedure audits for programs receiving wage enhancement grants and other forms of funding to ensure that the funds are distributed correctly. If discrepancies are found, the County works with the vendor to recover any overpaid funds or address misallocations. Vendors that consistently underperform or misuse funds may face additional scrutiny from both the County and the Ministry.
- In extreme cases, when a childcare Agency is exhibiting signs of significant non-compliance, the County initially offers support to bring them up to compliance. However, if this persists, the County is able to terminate the contract with the Agency. Per discussion with the County, this is a rare occurrence. Over the past decade, only one vendor had their contract terminated due to misuse of funds.
- The County’s process and approach prioritizes working with vendors to catch and resolve issues early, ensuring that vendors are given the opportunity to correct any problems before more serious measures are taken.

# Objective 1: Procedure 1.2 – Children Services compliance monitoring (2/2)

## *Performance of Procedure 1.2 – Compliance monitoring of third-party vendors for Children Services*

### **Preventative measures taken by the County to assist third-party vendors with delivering services at the quality and level of service expected by the County**

- When vendors struggle with compliance, the County employs a proactive approach to address the issues before they escalate. For instance, if a childcare agency struggles with financial management, such as over/under reporting their financials, the County brings in consultants to work with them on the budgeting processes. This approach helps childcare providers set up systems to better track and manage their financial data, thus avoiding further complications
- When a vendor is struggling with compliance, the County offers a wide array of capacity-building initiatives to help them rise back up to compliance. These programs include skill-building workshops, training modules, and calendarized learning opportunities that are offered throughout the year. These resources are designed to help childcare providers address specific challenges, such as financial management or operational improvements.
  - For example, if a childcare center is having trouble managing its budget, the County might provide training or resources that focus on setting up effective financial tracking systems. These capacity-building initiatives are tailored to the needs of each vendor, ensuring that the support provided directly addresses their areas of concern.
- The County has taken steps to ensure that childcare providers are adequately supported as they work towards compliance. This includes offering customized training and holistic support through regular check-ins and audits. Programs are provided with quarterly templates and annual reconciliation documents to ensure that they are accurately reporting their use of wage enhancement grants and operating funds
- In addition to these check ins, vendors must submit quarterly reports and participate in ongoing training to remain compliant. The County monitors progress and adjusts capacity-building efforts as needed, offering on-on-one support for high-risk or high-liability vendors to minimize risks and ensure sustainable improvements.
- By offering these resources and working collaboratively with vendors, the County helps ensure that childcare providers remain compliant with Ministry guidelines while continuing to improve the quality of the services they offer to families. Capacity building is an important aspect of the County's approach to helping vendors recover or prevent compliance failures.
- The Supporting Relationships for Learning Team assists in ensuring that these programs not only meet the minimum standards set by the Ministry but also continuously improve their services. The team works with vendors to set goals for achieving higher standards of care. Programs facing challenges are offered targeted support, and the County acts as a resource to help them overcome difficulties.

### **Conclusion**

Based on the interview conducted over the performance monitoring process, it appears that the County is monitoring the performance of vendors adequately in accordance with any contracts or legislation for Children Services, with particular value placed on:

- General Manager and Director being notified by Supervisors of any low-performance or non-performance of services by vendors
- Required direct reporting from the vendors, including Financial Statement audits
- Ability to remove vendors due to non-compliance
- Preventative measures taken to help vendors from being non-compliant through capacity building activities

# Objective 1: Procedure 1.2 – Community Services compliance monitoring (1/2)

## *Performance of Procedure 1.2 – Compliance monitoring of third-party vendors for Community Services*

### **Who we held interviews with from the County for Community Services:**

- General Manager of Social and Community Services Division
- Director of Community Services

### **Purpose of the interviews:**

To understand the processes taken by the County to monitor the compliance of their third-party vendors providing Community Services across the County.

### **Processes performed to monitor compliance of third-party vendors against signed contracts and relevant legislation:**

- The County tracks live Community Services KPIs through <https://open.simcoe.ca/>. This shows that the County regularly reviews the shelter utilization data to ensure that the funded agencies are actively fulfilling their service requirements.
- Contracts are reviewed annually. Funded agencies work with the County to determine funding needs and gaps. Funds flow to the funded agencies after reviewing:
  - Budget workbooks, which identify staffing costs, program operating costs and centralized administration costs
  - Program descriptions, which detail exactly what services are being provided
  - Year-to-date reports, which contain the signatures of all operational leaders at the funded agency
  - Any other documents, such as updated list of Board of Directors, annual submission of charity status, notice of annual general meetings and incorporation documents
- Within 24 hours, Program Supervisors are notified if there are serious incidents that have occurred at any funded agencies, and the Program Supervisors will check-in with the funded agencies to ensure everything is up to standard.
- Quarterly:
  - Site visits are conducted by Program Supervisors at the County, who are responsible for different geographies within the County. The quarterly site visits ensure that the funded agencies are performing per their program description provided and quality standards. There are also spot checks taken to ensure that the funded agencies policies are up to date, staff are provided the appropriate training, and that they have the appropriate partnerships with any mental health/addiction services and housing services agencies. Additionally, funded agencies must comply with the usage of Homeless Individuals and Families Information System (HIFIS), a federal database for daily data entry relating to homelessness.
  - Virtual meetings are setup with the funded agency leads to walkthrough the housing outcomes
  - Financial reporting is required to be submitted to the County from the funded agencies by the 15<sup>th</sup> of the month following the quarter's end.
  - Housing outcomes are reporting monthly to Program Supervisors and rolled up to Provincial and Federal levels.
- Annually, financial reporting is required to be submitted to the County from the funded agencies by the 15<sup>th</sup> of the month following the year end.

# Objective 1: Procedure 1.2 – Community Services compliance monitoring (2/2)

## *Performance of Procedure 1.2 – Compliance monitoring of third-party vendors for Community Services*

### **Actions taken by the County to remove non-compliant third-party vendors:**

The County provided three examples of non-compliant third-party vendors and the actions they took:

- There were communication issues with a funded agencies leadership team not communicating with the Program Supervisors, which led to the County issuing a compliance letter to the funded agency. After the compliance letter was issued, the County heard that the funded Agency was removing the Executive Director, which cleared the issue relating to a lack of communication.
- There was a funded agency that was over-delivering services and providing more rent supplements than available. The County met with the Board of Directors and Executive Director to determine next steps to stop the over-delivery of services. In this instance, the County had to take back the program from the funded agency as the County could operate the program better.
- There was a funded agency that received two letters of compliance, which resulted in the County performing an operational review on the funded agency within three months. The County developed recommendations and had regular meetings with the Board of Directors. The funded agency then responds with a plan to implement the recommendations and the County can decide whether the plan is feasible or not.

### **Preventative measures taken by the County to assist third-party vendors with delivering services at the quality and level of service expected by the County**

- The County participates in regular meetings with program supervisors to address any potential compliance issues.
- The County tries to regularly attend Board of Director meetings that funded agencies are having so that they can get a better understanding of the current state of operations and to ensure that the funding provided is used according to their program descriptions provided.
- Service level agreements and compliance reviews ensure adherence to the Housing Services Act and any key performance indicators that the County is tracking for Community Services.
- The County conducts Operational review after deficiency letters are issued to funded agencies.

### **Conclusion**

Based on the interview conducted over the performance monitoring process, it appears that the County is monitoring the performance of vendors adequately in accordance with any contracts or legislation for Community Services, with particular value placed on:

- Program Supervisors performing quarterly site visits to each funded agency to review their compliance with the program descriptions provided at the beginning of the fiscal year
- Required direct reporting from the vendors, including submitting quarterly and annual financial statements
- Ability to remove vendors due to non-compliance
- Preventative measures taken to help vendors from being non-compliant through capacity building activities

# Objective 1: Procedure 1.2 – Social Housing compliance monitoring (1/2)

## *Performance of Procedure 1.2 – Compliance monitoring of third-party vendors for social housing*

### **Who we held interviews with from the County for Community Services:**

- General Manager of Social and Community Services Division
- Manager of Housing Programs at the County of Simcoe

### **Purpose of the interviews:**

To understand the processes taken by the County to monitor the compliance of their third-party vendors providing Social Housing across the County.

### **Processes performed to monitor compliance of third-party vendors against signed contracts and relevant legislation:**

- The County manages 22 non-profit housing providers, overseeing a total of 87 buildings through three Supervisors. These Supervisors handle daily oversight, including tenant interactions, complaints, and follow-ups to ensure tenant needs are met, whether through Property Managers or Board of Directors.
- The County's Supervisors attend Board of Director meetings regularly to review financial statements, work with engineers on capital projects, and perform audits to ensure compliance.
- The Housing Services Act requires the County to oversee compliance across four key areas for housing providers: finance, governance, operations, and asset management. This includes ensuring that providers are using their funds appropriately, paying bills, maintaining buildings, and complying vendor contracts.
- County Supervisors, on a daily basis, handle between 5-25 tenant calls per day. This helps ensure that tenant needs are being met and that issues are resolved quickly.
- Monthly, Social Housing providers must also submit monthly reports to the County, which track tenant complaints, vacancies, and arrears. These reports help the County to identify potential issues early and trigger operational reviews if needed.
- At least 3 times a year, Supervisors will go on-site to the Social Housing providers building to go through a physical building inspection and its components.
- Annually, 3 months before May, Social Housing providers are required to submit a subsidy estimate to the County as part of their Annual Information Return (AIR), which is also a Provincial requirement. This estimate is reviewed alongside their audited financial statements to reconcile any subsidies they receive. Social Housing providers also submit capital allocation plans to ensure that their buildings remain habitable. The County's Engineering Department works with the Social Housing providers to oversee repairs and capital improvements, often project-managing large-scale repairs and reimbursing providers based on invoices and work completed.
- Annually, the County audits 6 Social Housing providers to go through the four key areas for housing providers: finance, governance, operations, and asset management. This is approximately 27% of their portfolio of Social Housing providers.
- Annually, the Social Housing providers must submit their audited financial statements to the County 5 months after their fiscal year-end and AIR. The County's finance team will review this information to determine if they were over/under their projected subsidy estimates.

# Objective 1: Procedure 1.2 – Social Housing compliance monitoring (2/2)

## *Performance of Procedure 1.2 – Compliance monitoring of third-party vendors for social housing*

### **Actions taken by the County to remove non-compliant third-party vendors:**

- When a housing provider falls into non-compliance, the County takes a proactive approach to addressing the issues. For example, one notable case involved a Social Housing provider that had fallen into non-compliance due to mismanagement of funds and board-level issues. The Social Housing provider's Board of Directors, which was made up of individuals living in housing (co-op housing), struggled to manage the property effectively, leading to years of litigation. To address the issue, the County implemented a forensic audit, triggered the intervention process under the Housing Services Act, and appointed a court appointed receiver. Over time the County removed some board members and property managers, eventually taking over the operation of the housing complex. The County has now been managing this Social Housing provider for 5-6 years.
- Providers that show early signs of non-compliance, such as growing arrears or extended vacancies, are flagged for intensive conversations and risk assessments. In these cases, the County conducts operational reviews and puts measures in place to prevent further escalation. Monthly reports on vacancies and arrears help identify issues before they spiral out of control ensuring that the County can intervene early.
- The County has also implemented Service Management Agreements with some high-risk Social Housing providers. These agreements allow the County to attend board meetings, where they have veto rights on certain decisions to ensure that the provider complies with all regulations.

### **Preventative measures taken by the County to assist third-party vendors with delivering services at the quality and level of service expected by the County**

- The County takes a capacity-building approach to help non-compliant housing providers return to compliance. For example, the County offers networking meetings twice a year. This provides opportunities to Social Housing providers to learn more about changes in legislation, discuss common challenges, and work together to develop solutions.
- The County provides year-round training available for Social Housing providers to assist with key areas around providing Social Housing. For example, for Social Housing providers that struggle with financial management, they can be provided training on financial management.
- The County assists Social Housing Providers in creating and updating bylaws, policies, and procedures to ensure compliance with the Housing Services Act.
- The County also offers business continuity support for providers that are unable to handle certain tasks themselves, such as managing rent-geared-to-income (RGI) units. In these cases, the County's supervisors can step in to assist with managing waitlists, performing RGI audits, and ensuring that all policies are followed correctly. This helps reduce the burden on smaller providers and ensures that they can continue to operate within compliance

### **Conclusion**

Based on the interview conducted over the performance monitoring process, it appears that the County is monitoring the performance of vendors adequately in accordance with any contracts or legislation for Social Housing, with particular value placed on:

- The Manager of Housing Programs with the County has nearly 20 years of experience with the County and has a deep understanding of the Housing Services Act, both old and new.
- Regular monitoring of tenant conditions, social housing vacancies and annual audits of 27% of the Social Housing providers
- Required direct Financial Reporting from the Social Housing providers, including submitting quarterly and annual financial statements
- Ability to remove vendors due to non-compliance
- Preventative measures taken to help vendors from being non-compliant through capacity building activities

## **Objective 2:** Evaluation of allocation of revenues, costs for shared services and KPI analysis

# Objective 2: Methodology and approach

## *Documentation of the detailed methodology taken to undertake the procedures documented for Objective 2*

**For Objective 2:** Evaluate whether the Provincial and Federal grants (referred to as "Grants"), or other revenues received by the County in the past three years have been appropriately and proportionally allocated to services provided specifically within the City of Barrie. Evaluation will consider the demands throughout the County, as well as the two separated cities, Barrie and Orillia.

We have developed three procedures to perform to complete the assessment. The following are the three procedures as well as the detailed methodology that we took for the completion of the procedures.

### **Procedures:**

1. Receive summary of Provincial and Federal grants, and other non-tax revenues received by the County in the past three years and compare them against the grants allocated to the City.
  - a) **Detailed methodology:** For each shared service, we analyzed the financial information provided by the County of Simcoe and compared the City of Barrie's share of the grants compared to the total grants received by the County of Simcoe for the delivery of the individual shared service. The approach taken differs by the three different cost sharing arrangement between:
    - i. 100% Weighted Taxable Assessment
    - ii. 100% Caseload
    - iii. Blended: 65% Caseload & 35% Weighted Taxable Assessments
2. Perform analytical procedures on the allocation of gross costs to costs to deliver services, relative to the overall cost to deliver the services.
  - a) **Detailed methodology:** For each shared service, we allocated Barrie's calculated gross costs from Procedure 1.1 between the County's administrative costs to deliver the service and direct costs relating to service delivery.
3. Analyze the impact of revenues to results of KPIs on services contracted under the Municipal Services Management Agreement based on split between Barrie and other locations. (Perform analytical procedures on the proportionate service received relative to the City's expense).
  - a) **Detailed methodology:** For each shared service, we received KPIs from the County that depict the shared service and percentage of service received between the County and the City of Barrie and the City of Orillia. This was compared against the cost sharing arrangement detailed in the MSMA and assessed to determine if the City was receiving value for the monies spent on shared services.

# Objective 2: Procedure 2.1 – Paramedic Services

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The grants sharing arrangement detailed in the MSMA for "Paramedic Services" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: 'Paramedics City Billings 2021' , 'Paramedics City Billings 2022' , 'Paramedics City Billings 2023'

Paramedic Services												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$38.44M	\$20.87M	\$17.57M	69.2%	\$39.61M	\$20.23M	\$19.38M	69.6%	\$43.07M	\$21.44M	\$21.63M	69.7%
<b>City of Barrie</b>	\$14.15M	\$7.68M	\$6.47M	25.5%	\$14.36M	\$7.33M	\$7.03M	25.2%	\$15.52M	\$7.72M	\$7.8M	25.1%
<b>City of Orillia</b>	\$2.92M	\$1.58M	\$1.34M	5.3%	\$2.97M	\$1.51M	\$1.46M	5.2%	\$3.24M	\$1.61M	\$1.63M	5.2%
<b>Total</b>	\$55.51M	\$30.13M	\$25.38M	100%	\$56.94M	\$29.07M	\$27.87M	100%	\$61.83M	\$30.77M	\$31.06M	100%

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County. The calculated % of net costs ties to the Actual Weighted Taxable Assessment presented on Page 9.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for paramedic services. The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.1 – Long Term Care

## Performance of Procedure 2.1 – Shared services with a blended cost sharing arrangement of "65% Caseload" & "35% Weighted Taxable"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The cost sharing arrangement detailed in the MSMA for "Long Term Care" is blended "65% Caseload" and "35% Weighted Taxable Assessment".

The data was based on the following workbooks: 'LTC City Billings 2021' , 'LTC City Billings 2022' , 'LTC City Billings 2023'

Long Term Care												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$59.79M	\$45.09M	\$14.7M	78.5%	\$66.81M	\$53.84M	\$12.97M	78.7%	\$70.41M	\$56.35M	\$14.06M	78.3%
<b>City of Barrie</b>	\$8.12M	\$6.12M	\$2.00M	10.7%	\$8.99M	\$7.24M	\$1.75M	10.6%	\$9.83M	\$7.87M	\$1.96M	10.9%
<b>City of Orillia</b>	\$8.26M	\$6.23M	\$2.03M	10.8%	\$9.08M	\$7.32M	\$1.76M	10.7%	\$9.68M	\$7.75M	\$1.93M	10.8%
<b>Total</b>	\$76.17M	\$57.44M	\$18.73M	100%	\$84.88M	\$68.4M	\$16.48M	100%	\$89.92M	\$71.97M	\$17.95M	100%

Deloitte was provided the actual caseload and weighted taxable assessments for 2021, 2022 and 2023 from the County to recalculate the blended rate for long term care. The calculated % of net costs ties to the Actual Blended % presented on Page 10.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for long term care. The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.1 – Ontario Works

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of "Caseload"

This section of the report documents the analysis taken to assess the County of Simcoe's compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The grants sharing arrangement detailed in the MSMA for "Ontario Works" is "100% Caseload".

The data was based on the following workbooks: 'Ontario Works 2021', 'Ontario Works 2022', 'Ontario Works 2023'

Ontario Works												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$26.41M	\$23.14M	\$3.27M	45.9%	\$30.04M	\$26.64M	\$3.4M	48.2%	\$34.27M	\$29.71M	\$4.56M	47.6%
<b>City of Barrie</b>	\$22.78M	\$19.96M	\$2.82M	39.6%	\$24.26M	\$21.51M	\$2.75M	38.9%	\$29.19M	\$25.21M	\$3.98M	41.6%
<b>City of Orillia</b>	\$8.38M	\$7.34M	\$1.04M	14.5%	\$8.06M	\$7.15M	\$0.91M	12.9%	\$8.12M	\$7.09M	\$1.03M	10.8%
<b>Total</b>	\$57.57M	\$50.44M	\$7.13M	100%	\$62.36M	\$55.30M	\$7.06M	100%	\$71.58M	\$62.01M	\$9.57M	100%

Deloitte was provided the actual caseloads for 2021, 2022 and 2023 from the County.

There is a minor rounding difference in the calculated % of net costs for Ontario Works in 2023 compared to the 2023 Actual Average Caseload % for Ontario Works. However, this is accurate in all material respects. Refer to the Actual Average Caseload presented on Page 12.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for Ontario Works. The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.1 – Children’s Services (Caseload)

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of “Caseload”

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The grants sharing arrangement detailed in the MSMA for “Children Services – Fee Subsidy, Ontario Works Child Care, Child Care Admin, Early Learning Child Care Admin, Child Care Allocated Admin” is “100% Caseload”.

The data was based on the following workbooks: ‘2021 Children Services City Billings-Financial Statements’, ‘2022 Children Services City Billings-Financial Statements’, ‘2023 Children Services City Billings-Financial Statements’

Children’s Services												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$8.53M	\$6.80M	\$1.73M	50.2%	\$18.90M	\$17.96M	\$0.94M	48.7%	\$30.79M	\$30.13M	\$0.66M	46.8%
<b>City of Barrie</b>	\$6.63M	\$5.27M	\$1.36M	39.4%	\$16.21M	\$15.39M	\$0.82M	42.5%	\$28.46M	\$27.84M	\$0.62M	44.0%
<b>City of Orillia</b>	\$1.76M	\$1.40M	\$0.36M	10.4%	\$3.38M	\$3.21M	\$0.17M	8.8%	\$5.70M	\$5.57M	\$0.13M	9.2%
<b>Total</b>	\$16.92M	\$13.47M	\$3.45M	100%	\$38.49M	\$36.56M	\$1.93M	100%	\$64.95M	\$63.54M	\$1.41M	100%

Deloitte was provided the actual caseloads for 2021, 2022 and 2023 from the County.

There are minor rounding difference in the calculated % of net costs for Children Services in 2021, 2022 and 2023 compared to the 2021, 2022 and 2023 Actual Average Caseload % for Children Services respectively. However, this is accurate in all material respects. Refer to the Actual Average Caseload presented on Page 14.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for Children Services. The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

*Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.*

# Objective 2: Procedure 2.1 – Children’s Services (Weighted Taxable Assessment)

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of “Weighted Taxable Assessment”

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The grants sharing arrangement detailed in the MSMA for “Children’s Services – Broader Child Care, Early Learning Child Care” is “100% Weighted Taxable Assessment”.

The data was based on the following workbooks: ‘2021 Children Services City Billings-Financial Statements’, ‘2022 Children Services City Billings-Financial Statements’, ‘2023 Children Services City Billings-Financial Statements’

Children’s Services												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$21.58M	\$20.37M	\$1.21M	69.5%	\$20.56M	\$19.62M	\$1.22M	69.7%	\$24.84M	\$23.47M	\$1.37M	69.5%
<b>City of Barrie</b>	\$7.94M	\$7.50M	\$0.44M	25.3%	\$7.45M	\$6.63M	\$0.44M	25.2%	\$8.95M	\$8.45M	\$0.5M	25.4%
<b>City of Orillia</b>	\$1.64M	\$1.55M	\$0.09M	5.2%	\$1.54M	\$1.37M	\$0.09M	5.1%	\$1.87M	\$1.77M	\$0.1M	5.1%
<b>Total</b>	\$31.16M	\$29.42M	\$1.74M	100%	\$29.55M	\$27.62M	\$1.75M	100%	\$35.66M	\$33.69M	\$1.97	100%

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

There are minor rounding difference in the calculated % of net costs for Children Services in 2021, 2022 and 2023 compared to the 2021, 2022 and 2023 Actual Weighted Taxable Assessment for Children Services respectively. However, this is accurate in all material respects. Refer to the Actual Weighted Taxable Assessment presented on Page 15.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for Children Services. The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.1 – Community Services

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe's compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The grants sharing arrangement detailed in the MSMA for "Community Services" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: 'Community 2021', 'Community 2022', 'Community 2023'

Community Services												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$8.04M	\$5.79M	\$2.25M	69.2%	\$12.35M	\$9.65M	\$2.7M	69.6%	\$14.94M	\$11.99M	\$2.95M	69.6%
<b>City of Barrie</b>	\$2.96M	\$2.13M	\$0.83M	25.5%	\$4.48M	\$3.5M	\$0.98M	25.2%	\$5.38M	\$4.32M	\$1.06M	25.0%
<b>City of Orillia</b>	\$0.61M	\$0.44M	\$0.17M	5.3%	\$0.92M	\$0.72M	\$0.2M	5.2%	\$1.13M	\$0.90M	\$0.23M	5.4%
<b>Total</b>	\$11.61M	\$8.36M	\$3.25M	100%	\$17.75M	\$13.87M	\$3.88M	100%	\$21.45M	\$17.21M	\$4.24M	100%

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County.

There is a minor rounding difference in the calculated % of net costs for Community Services in 2023 compared to the 2023 Actual Weighted Taxable Assessment for Community Services. However, this is accurate in all material respects. Refer to the Actual Weighted Taxable Assessment presented on Page 16.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for community services. The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.1 – Social Housing (Local Housing Corporation)

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The cost sharing arrangement detailed in the MSMA for "Social Housing (Local Housing Corporation)" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: '2021 SCHC City Billings' , '2022 SCHC City Billings' , '2023 SCHC City Billings'

Social Housing (Local Housing Corporation)												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
<b>County of Simcoe</b>	\$15.46M	\$10.02M	\$5.44M	69.2%	\$15.71M	\$9.57M	\$6.14M	69.6%	\$18.67M	\$11.01M	\$7.66M	69.7%
<b>City of Barrie</b>	\$5.7M	\$3.69M	\$2.01M	25.5%	\$5.7M	\$3.47M	\$2.23M	25.2%	\$6.73M	\$3.96M	\$2.77M	25.1%
<b>City of Orillia</b>	\$1.17M	\$0.76M	\$0.41M	5.3%	\$1.18M	\$0.72M	\$0.46M	5.2%	\$1.41M	\$0.83M	\$0.58M	5.2%
<b>Total</b>	\$22.33M	\$14.47M	\$7.86M	100%	\$22.59M	\$13.76M	\$8.83M	100%	\$26.81M	\$15.8M	\$11.01M	100%

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County. The calculated % of net costs ties to the Actual Weighted Taxable Assessment presented on Page 17.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for Social Housing (Local Housing Corporation). The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.1 – Social Housing (Non-Profit)

## Performance of Procedure 2.1 – Shared services with a cost sharing arrangement of "Weighted Taxable Assessment"

This section of the report documents the analysis taken to assess the County of Simcoe’s compliance with the MSMA between the City of Barrie and the County of Simcoe in actual grants over the past three years. The cost sharing arrangement detailed in the MSMA for "Social Housing (Non-Profit)" is "100% Weighted Taxable Assessment".

The data was based on the following workbooks: '2021 NP City Billings', '2022 NP City Billings', '2023 NP City Billings'

Social Housing (Non-Profit)												
Dollars are presented in millions of dollars (\$)												
Municipality	2021				2022				2023			
	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs	Gross costs	Total grants	Net costs	Calculated % of net costs
County of Simcoe	\$17.9M	\$6.98M	\$10.92M	69.2%	\$21.08M	\$7.34M	\$13.74M	69.6%	\$21.96M	\$8.67M	\$13.29M	69.7%
City of Barrie	\$6.59M	\$2.57M	\$4.02M	25.5%	\$7.64M	\$2.66M	\$4.98M	25.2%	\$7.91M	\$3.12M	\$4.79M	25.1%
City of Orillia	\$1.36M	\$0.53M	\$0.83M	5.3%	\$1.58M	\$0.55M	\$1.03M	5.2%	\$1.65M	\$0.65M	\$1M	5.2%
<b>Total</b>	\$25.85M	\$10.08M	\$15.77M	100%	\$30.3M	\$10.55M	\$19.75	100%	\$31.52M	\$12.44M	\$19.08M	100%

Deloitte was provided the actual weighted taxable assessments for 2021, 2022 and 2023 from the County. The calculated % of net costs ties to the Actual Weighted Taxable Assessment presented on Page 18.

In conclusion based on the analysis presented above, it appears that the County is compliant with the cost sharing arrangement detailed in the MSMA for Social Housing (Non-Profit). The City is allocated the grant funding in direct proportion to the method in which costs are allocated according to the MSMA.

Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.

# Objective 2: Procedure 2.2 – Allocation of expenses

## Performance of Procedure 2.2 – Allocation of expenses

Based on the analysis performed for procedure 2.1, the method to allocate expenses and revenues are the same within each shared services, as proven in Procedures 1.1 and 2.1. Expenditures not covered by grants are allocated accordingly to the weighted taxable assessment or caseload or blended rate respectively.

The below analysis is an analytical procedure performed to allocate Barrie's total gross costs between the overall cost of Simcoe's overhead administrative costs and the direct costs of delivering the services. It is important to note that for the following Shared Services: Paramedics, Long Term Care, Ontario Works and Social Housing (Local Housing Corporation), they are delivered by the County of Simcoe whereas Children Services, Community Services and Social Housing (Non-profit) are delivered by third-party vendors contracted by the County of Simcoe.

	2021			2022			2023		
	Total Barrie gross costs	Simcoe administrative overhead gross costs (% of total Barrie costs)	Direct gross costs for shared services (% of total Barrie costs)	Total Barrie gross costs	Simcoe administrative gross costs (% of total Barrie costs)	Direct gross costs for shared services (% of total Barrie costs)	Total Barrie gross costs	Simcoe administrative gross costs (% of total Barrie costs)	Direct gross costs for shared services (% of total Barrie costs)
<b>Paramedics</b>	\$14.15M	\$0.99M (7.0%)	\$13.16M (93.0%)	\$14.36M	\$1.04M (7.2%)	\$13.32M (92.8%)	\$15.52M	\$1.12M (7.2%)	\$14.40M (92.8%)
<b>Long Term Care</b>	\$8.12M	\$0.49M (6.0%)	\$7.63M (94.0%)	\$8.99M	\$0.52M (5.8%)	\$8.47M (94.2%)	\$9.83M	\$0.58M (5.9%)	\$9.25M (94.1%)
<b>Ontario Works</b>	\$22.78M	\$1.39M (6.1%)	\$21.39M (93.9%)	\$24.26M	\$1.44M (5.9%)	\$22.82M (94.1%)	\$29.19M	\$1.63M (5.6%)	\$27.56M (94.4%)
<b>Children Services</b>	\$14.57M	\$0.34M (2.3%)	\$14.23M (97.7%)	\$23.66M	\$0.38M (1.6%)	\$23.28M (98.4%)	\$37.41M	\$0.42M (1.1%)	\$36.99M (98.9%)
<b>Community Services</b>	\$2.96M	\$0.08M (2.8%)	\$2.88M (97.2%)	\$4.48M	\$0.08M (1.9%)	\$4.40M (98.1%)	\$5.38M	\$0.09M (1.7%)	\$5.29M (98.3%)
<b>Social Housing (Local Housing Corporation)</b>	\$5.70M	\$0.31M (5.4%)	\$5.39M (94.6%)	\$5.70M	\$0.32M (5.6%)	\$5.38M (94.4%)	\$6.73M	\$0.34M (5.1%)	\$6.39M (94.9%)
<b>Social Housing (Non-profit)</b>	\$6.59M	\$0.19M (2.9%)	\$6.40M (97.1%)	\$7.64M	\$0.20M (2.6%)	\$7.44M (97.4%)	\$7.91M	\$0.19M (2.4%)	\$7.72M (97.6%)
<b>Total</b>	<b>\$74.87M</b>	<b>\$3.79M (5.1%)</b>	<b>\$71.08 (94.9%)</b>	<b>\$89.09M</b>	<b>\$3.98M (4.5%)</b>	<b>\$85.11M (95.5%)</b>	<b>\$111.97M</b>	<b>\$4.37M (3.9%)</b>	<b>\$107.60M (96.1%)</b>

<b>Legend:</b>	Indicates that the direct gross costs are delivered solely through the County of Simcoe.
	Indicates that the direct gross costs are delivered solely through third-party vendors.

**Conclusion:** It appears, that Simcoe's administrative overhead gross costs for all shared services are between 1.1% - 7.2% between 2021 to 2023. It can be noted that the Shared Services that are delivered through the County of Simcoe are higher than the Shared Services delivered through third-party vendors. In 2021, 2022 and 2023 the following are the direct gross costs for shared services being spent on third party vendors to deliver the services: \$23.51M, \$35.12M and \$50.00M, which represents 33.1%, 41.3% and 46.5% of the total direct gross costs for shared services in their respective years.

*Note: The numbers and percentages presented in the above tables are rounded. As such, there can be discrepancies with actuals due to rounding.*

# Objective 2: Procedure 2.3 – Key Performance Indicators (1/2)

## Performance of Procedure 2.3 – Shared services Key Performance Indicators analysis

Assessment of shared services against KPIs to determine value for money			
Shared services	Key Performance Indicators*	Cost sharing arrangement and percentage	Assessment on value for money
<b>1 – Paramedic Services</b>	<b>Paramedic call rates (2021, 2022, 2023)</b> Barrie – 32.1%, 31.3%, 32.9% Orillia – 10.3%, 10.5%, 10.3% Simcoe – 55.6%, 56.1%, 54.7%	<b>Weighted taxable assessment (2021, 2022, 2023)</b> Barrie – 25.5%, 25.2%, 25.1% Orillia – 5.3%, 5.2%, 5.2% Simcoe – 69.2%, 69.6%, 69.7%	Based on our testing, the City of Barrie pays 25.5%, 25.2%, and 25.1% for 2021, 2022, and 2023, respectively, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 32.1%, 31.3%, and 32.9% for 2021, 2022, and 2023 respectively, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
<b>2 – Long Term Care</b>	<b>LTC Resident Bed Days (2023)</b> Barrie – 2.7% Orillia – 13.7% Simcoe – 83.6%	<b>Blended rate (65% caseload &amp; 35% weighted taxable assessment) (2023)</b> Barrie – 10.9% Orillia – 10.8% Simcoe – 78.3%	Based on our testing, the City of Barrie pays 10.9% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 2.7% for 2023, which is <b>less than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
<b>3 – Ontario Works</b>	<b>Ontario Works Cases (2023)</b> Barrie – 40.2% Orillia – 13.8% Simcoe – 46%	<b>Caseload (2023)</b> Barrie – 40.6% Orillia – 11.5% Simcoe – 47.9%	Based on our testing, the City of Barrie pays 40.6% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 40.2% for 2023, which is <b>slightly less than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
	<b>Ontario Works Case Workers (2023)</b> Barrie – 50.8% Orillia – 14.3% Simcoe – 33.3%		Based on our testing, the City of Barrie pays 40.6% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 50.8% for 2023, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
<b>4 – Children’s Services</b>	<b>Children Cases (2023)</b> Barrie – 41.5% Orillia – 9.3% Simcoe – 49.1%	<b>Caseload (2023)</b> Barrie – 43.9% Orillia – 8.8% Simcoe – 47.3%	Based on our testing, the City of Barrie pays 43.9% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 41.5% for 2023, which is <b>slightly less than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
	<b>Funded Child Care Spaces (2023)</b> Barrie – 37.1% Orillia – 7.3% Simcoe – 55.6%		The City’s cost sharing percentage is relatively similar with caseload, but is slightly higher as the costs are separated by the actual costs of the cases, not the number of cases.  Based on our testing, the City of Barrie pays 43.9% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 37.1% for 2023, which is <b>less than expected</b> levels of service in comparison to the cost sharing percentage they are paying for. The City’s cost sharing percentage is relatively consistent with caseload, but it could be slightly higher as the costs are separated by the actual costs of the cases, not the number of cases.

\*KPI information was received from the County of Simcoe. The files used for KPIs were called: “Shared Services Data” and “KPI – Actuals”.

# Objective 2: Procedure 2.3 – Key Performance Indicators (2/2)

## Performance of Procedure 2.3 – Shared services Key Performance Indicators analysis

Assessment of shared services against KPIs to determine value for money			
Shared services	Key Performance Indicators*	Cost sharing arrangement and percentage	Assessment on value for money
5 – Community Services	<b>Shelter Beds (2023)</b> Barrie – 62.3% Orillia – 23.3% Simcoe – 14.4%	<b>Weighted taxable assessment (2023)</b> Barrie – 25.1% Orillia – 5.2% Simcoe – 69.7%	Based on our testing, the City of Barrie pays 25.1% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 62.3% for 2023, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
6 – Social Housing (Local Housing Corporation & Non-Profit)	<b>Total Social Housing Units (2023)</b> Barrie – 41.6% Orillia – 19.2% Simcoe – 39.2%	<b>Weighted taxable assessment (2023)</b> Barrie – 25.1% Orillia – 5.2% Simcoe – 69.7%	Based on our testing, the City of Barrie pays 25.1% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 41.6% for 2023, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
	<b>Municipal Funded Second Suites (2023)</b> Barrie – 67.8% Orillia – 3.4% Simcoe – 28.9%		Based on our testing, the City of Barrie pays 25.1% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 67.8% for 2023, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
	<b>Municipally Funded Rent Supplements (2023)</b> Barrie – 33.8% Orillia – 14.3% Simcoe – 51.9%		Based on our testing, the City of Barrie pays 25.1% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 33.8% for 2023, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.
	<b>Non-Profit Housing Units (2023)</b> Barrie – 59.2% Orillia – 22.6% Simcoe – 18.2%		Based on our testing, the City of Barrie pays 25.1% for 2023, which would be the minimum amount of service that they would be expected to receive. According to the KPIs, the City is receiving 59.2% for 2023, which is <b>more than expected</b> levels of service in comparison to the cost sharing percentage they are paying for.

**Conclusion:** Based on the KPIs selected, it appears that the City of Barrie is a net recipient of services relative to the cost sharing arrangement for Paramedic Services, Community Services, Social Housing (Local Housing Corporation) and Social Housing (Non-Profit & Local-Housing Corporation). Barrie is not a net recipient of services relative to the cost sharing arrangement for Long Term Care and Children Services.

For Ontario Works, as they are based on the caseload arrangement, it appears that the City of Barrie is paying costs relative to the direct costs of Ontario Works as they only receiving slightly less than expected levels of service.

\*KPI information was received from the County of Simcoe. The files used for KPIs were called: "Shared Services Data" and "KPI – Actuals".

# **Objective 3: Comparator Municipality analysis for shared services provided by the County of Simcoe**

# Objective 3: Methodology and approach

## *Documentation of the detailed methodology taken to undertake the procedures documented for Objective 3*

**For Objective 3:** Utilize benchmarking data from other like-sized communities and/or separated cities to assess whether the City of Barrie is receiving comparable value for the regional services provided under the Municipal Services Management Agreement. Benchmarking analysis will involve comparing the costs and outcomes of similar services in other municipalities to determine if the City is receiving fair and reasonable value for the services provided by the County.

We have developed one procedure to perform to complete the assessment. The following is the detailed methodology that we took for the completion of the procedure.

### **Procedure:**

Analyze Key Performance Indicators ("KPIs") and conduct a comparator analysis on costs associated with the third party shared services to ensure the City of Barrie is receiving fair and reasonable value for the services provided by the County of Simcoe.

#### **a) Detailed Methodology:**

- i. Determine the other like-sized communities and/or separated cities to assess for comparative purposes. See Appendix B for details.
- ii. Perform an analysis of each chosen comparator Municipality to determine how the Municipality delivers the services that are provided by the County of Simcoe under the Municipal Services Management Agreement
- iii. Conduct a Jurisdictional Scan of the identified other like-sized communities and/or separated cities to assess KPIs against the County of Simcoe to determine if the City of Barrie is receiving comparable value for the regional services provided under the Municipal Services Management Agreement.

# Objective 3: Procedure 3.1 – Comparison against other municipalities (1/5)

## Performance of Procedure 3.1 – Comparison of County of Simcoe provided shared services against other municipalities

For the purposes of determining the comparator municipalities, we have chosen two other municipalities: Wellington County and the Regional Municipality of Waterloo. Based on a jurisdictional scan, we have performed:

- An analysis of how the different shared services managed by the County of Simcoe is operated for Wellington County and the Regional Municipality of Waterloo.
- An analysis of the shared service KPI as well as the costs to operate the shared services.
  - Costs for the County of Simcoe are taken from Objective 1, using the total gross costs to deliver the service across.
  - Costs for Wellington County and the Regional Municipality of Waterloo are taken from Schedule 40 of the Financial Information Return (FIR). Each Municipality is filtered for their upper tier (UT) code, 75 for Wellington County and 25 for the Regional Municipality of Waterloo to show all municipalities. We then sum up the costs for the specific line item relating to the Shared Service to determine the cost. The cost used is the total expenses after adjustment, less amortization presented in Schedule 40 to calculate the costs of the services provided.
  - An assessment on if the City of Barrie is receiving comparable value for the regional services provided under the Municipal Services Management Agreement.

Analysis of how each Municipality delivers the services that are provided by the County of Simcoe under the Municipal Services Management Agreement			
Municipality	County of Simcoe	Wellington County	Regional Municipality of Waterloo
Separated Cities / Towns	City of Barrie City of Orillia	City of Guelph	N/A
How shared services are operated	<p><b>The County of Simcoe is the service manager for:</b></p> <ul style="list-style-type: none"> <li>• Paramedics</li> <li>• Long Term Care</li> <li>• Ontario Works</li> <li>• Children Services</li> <li>• Community Services</li> <li>• Social Housing</li> </ul>	<p><b>Wellington County is the service manager for:</b></p> <ul style="list-style-type: none"> <li>• Ontario Works</li> <li>• Children Services</li> <li>• Community Services</li> <li>• Social Housing</li> </ul> <p><b>The City of Guelph is the delivery agent for:</b></p> <ul style="list-style-type: none"> <li>• Paramedic (Ambulance) services in Guelph and Wellington County</li> </ul> <p><b>Wellington County and the City of Guelph manages their own service for:</b></p> <ul style="list-style-type: none"> <li>• Long Term Care (1 facility each)</li> </ul>	<p><b>The Regional Municipality of Waterloo is the service manager for:</b></p> <ul style="list-style-type: none"> <li>• Paramedics</li> <li>• Long Term Care</li> <li>• Ontario Works</li> <li>• Children Services</li> <li>• Community Services</li> <li>• Social Housing</li> </ul>

# Objective 3: Procedure 3.1 – Comparison against other municipalities (2/5)

Performance of Procedure 3.1 – Comparison of County of Simcoe provided shared services against other municipalities

Assessment of shared services against KPIs to determine value for money				
Shared service	County of Simcoe*	Wellington County	Regional Municipality of Waterloo	Assessment on if the City of Barrie is receiving comparable value of the regional services provided under the Municipal Services Management Agreement
<b>1 – Paramedic Services</b>	<p>Number of paramedic calls, 2023 87,007</p> <p>Costs of paramedic services, 2023: \$61.83M</p> <p>Average cost per paramedic call: \$711</p>	<p>Number of paramedic calls, 2022: <a href="#">30,116</a></p> <p>Costs of paramedic services, 2022 \$36.27M (FIR, line 1030 – Ambulance Services)</p> <p>Average cost per paramedic call: \$1,204</p>	<p>Number of paramedic calls, 2023: <a href="#">68,300</a></p> <p>Costs of paramedic services, 2023 \$50.74M (FIR, line 1030 – Ambulance Services)</p> <p>Average cost per paramedic call: \$742</p>	<p>Based on the average cost per paramedic call, it appears that the County of Simcoe has lower costs than Wellington County and similar costs to the Regional Municipality of Waterloo.</p> <p>The City of Barrie appears to receive fair and reasonable value for the services provided by the County</p>
<b>2 – Ontario Works</b>	<p>Active Ontario Works caseloads as of December 31, 2022: 5,008</p> <p>Costs of Ontario Works, 2022: \$62.36M</p> <p>Average cost per Ontario Works case: \$1,037 (based on extrapolating active caseloads to 60,096 caseloads annually for 2022)</p>	<p>Active Ontario Works caseloads ranged from: <a href="#">1600 – 1800</a> per month (pg 66), 2022</p> <p>Costs of Ontario Works, 2022: <a href="#">\$25.38M</a>** (2022 preliminary actuals)</p> <p>Average cost range per Ontario Works case: \$1,175 - \$1,322 (based on extrapolating monthly caseload range to 19,200 – 21,600 caseloads annually for 2022)</p>	<p>Active Ontario Works caseloads ranged from: <a href="#">8,459 – 9,200</a> per month (pg 4), 2023</p> <p>The 8,459 was the actual caseload for 6-months of 2023, and the 9,200 was the budgeted caseload size per month.</p> <p>Costs of Ontario Works, 2023: <a href="#">\$99,87M</a>** (2023 operating budget)</p> <p>Average cost range per Ontario Works case: \$905 - \$983 (based on extrapolating monthly caseload range to 101,508 – 110,400 caseloads annually for 2022)</p>	<p>Based on the average cost range for Ontario Works cases, it appears that the County of Simcoe has lower costs than Wellington County, but higher costs than the Regional Municipality of Waterloo.</p> <p>The City of Barrie appears to receive fair and reasonable value for the services provided by the County. The range in percentage differential of average costs per Ontario Works case between the County of Simcoe and the Regional Municipality of Waterloo is between 5.5% - 14.6%.</p>

\*KPI information received from the County of Simcoe were based on the "Shared Services Data" word document.

\*\*Information from the Financial Information Return grouped together costs for Community Services and Ontario Works under Social and Family Services, code 1210 – General Assistance. As such, costs have been obtained from other sources and hyperlinked.

# Objective 3: Procedure 3.1 – Comparison against other municipalities (3/5)

Performance of Procedure 3.1 – Comparison of County of Simcoe provided shared services against other municipalities

Assessment of shared services against KPIs to determine value for money				
Shared service	County of Simcoe*	Wellington County	Regional Municipality of Waterloo	Assessment on if the City of Barrie is receiving comparable value of the regional services provided under the Municipal Services Management Agreement
<b>3 – Long Term Care</b>	<p>The County of Simcoe operates 4 Long Term Care homes with 544 beds across them. There are no County of Simcoe operated Long Term Care homes in the City of Barrie.</p> <p>This results in a low percentage of Barrie residents served, with low cost of Long Term Care associated with the City of Barrie, refer to Page 12 for caseload percentages.</p> <p>Additionally, the County of Simcoe funds services that support Long Term Care and Senior Services within the City of Barrie through services such as the:</p> <ul style="list-style-type: none"> <li>• Behavioural Supports Ontario program</li> <li>• Age-Friendly Wellness program</li> </ul> <p>Please note the above list is not exhaustive of all funded programs that benefit the City of Barrie.</p> <p>Management is aware of this correlation between low usage and low costs for Long Term Care shared services. Any changes made to the level of service provided for Long Term Care could impact the percentage of Barrie residents impacted, but would come at a cost to the City of Barrie.</p>	<p>Wellington County runs the Wellington Terrace Long Term Care Home with <u>176</u> beds.</p> <p>The City of Guelph runs the Elliot Community which is located in the City of Guelph with approximately <u>114</u> beds (2021)</p> <p>There are no shared service arrangements for Long Term Care between the City of Guelph and Wellington County.</p>	<p>The Regional Municipality of Waterloo runs the Sunnyside Home Long Term Care with <u>263</u> beds.</p>	<p>It appears that the County of Simcoe has the greatest number of beds that are municipally funded when compared to Wellington County and the Regional Municipality of Waterloo.</p> <p>This also applies when comparing the number of beds to population sizes:</p> <ul style="list-style-type: none"> <li>• County of Simcoe, 533,169 (2021)</li> <li>• Wellington County, 241,026 (2021)</li> <li>• Regional Municipality of Waterloo, 587,165 (2022)</li> </ul> <p>Thus, it appears that municipally funded Long Term Care beds are more accessible within the County of Simcoe compared to the Regional Municipality of Waterloo and Wellington County as they offer a higher number of beds in comparison to their population.</p> <p>Note, this analysis does not consider any privately-operated Long Term Care homes.</p>

\*KPI information received from the County of Simcoe were based on the "Shared Services Data" word document.

# Objective 3: Procedure 3.1 – Comparison against other municipalities (4/5)

Performance of Procedure 3.1 – Comparison of County of Simcoe provided shared services against other municipalities

Assessment of shared services against KPIs to determine value for money				
Shared service	County of Simcoe*	Wellington County	Regional Municipality of Waterloo	Assessment on if the City of Barrie is receiving comparable value of the regional services provided under the Municipal Services Management Agreement
<b>4 – Children Services (caseload)</b>	<p>Number of funded childcare spaces, 2023: 17,268</p> <p>Cost of Children Services, 2023: \$100.61M</p> <p>Average cost per funded childcare space, 2023: \$5,826</p>	<p>Number of funded childcare spaces, 2023: <a href="#">5,586</a> (Ages 0-4: 2,668, Ages 4-5: 1,204 and Ages 6-12: 1,714)</p> <p>Cost of Children Services, 2023: \$47.82M</p> <p>Average cost per funded childcare space, 2023: \$8,561</p>	<p>Number of funded childcare spaces from the age of 4 to 12, 2022: <a href="#">20,868</a> (pg 7)</p> <p>Cost of Children Services, 2022: \$95.29M</p> <p>Average cost per funded childcare space, 2022: \$4,566</p>	<p>Based on the average cost per funded childcare space, it appears that the County of Simcoe has lower costs than Wellington County and higher costs than the Regional Municipality of Waterloo.</p> <p>There is an opportunity for the County of Simcoe to leverage the practices used by the Regional Municipality of Waterloo to deliver Children Services at a cheaper rate. The percentage differential of average costs per funded childcare space between the County of Simcoe and the Regional Municipality of Waterloo is 27.6%.</p>
<b>5 – Community Services</b>	<p>Number of shelter beds, 2023: 255</p> <p>Per Committee of the Whole item number: <a href="#">CCW - 2024-095</a>, it is stated that the weighted average annual funded bed cost was approximately \$23,360 per bed per year in the County of Simcoe in 2023.</p>	<p>Total number of Emergency shelter beds, 2023: <a href="#">146</a></p> <p><i>Shelter bed costs not readily available.</i></p>	<p>Number of shelter beds, 2023: <a href="#">499</a></p> <p><i>Shelter bed costs not readily available.</i></p>	<p>Shelter bed costs are not readily found available through the jurisdictional scan. As such, we will rely on the data from the County of Simcoe’s jurisdictional scan. Per <a href="#">CCW - 2024-095</a>, it was found that the average annual city-funded cost of a shelter bed cost \$49,640 and \$34,675 in Toronto and Hamilton respectively.</p> <p>Based on the comparative analysis to other municipalities, the City of Barrie appears to receive fair and reasonable value for the services provided by the County</p>

\*KPI information received from the County of Simcoe were based on the “Shared Services Data” word document.

# Objective 3: Procedure 3.1 – Comparison against other municipalities (5/5)

Performance of Procedure 3.1 – Comparison of County of Simcoe provided shared services against other municipalities

Assessment of shared services against KPIs to determine value for money				
Shared service	County of Simcoe*	Wellington County	Regional Municipality of Waterloo	Assessment on if the City of Barrie is receiving comparable value of the regional services provided under the Municipal Services Management Agreement
<b>6 – Social Housing</b>	Number of social housing units, 2023: 4,135  Cost of social housing, 2023: \$58.33 million  Cost per social housing unit, 2023: \$14,106	Number of Social Housing Units, 2023 Q2 data: 3,568 <a href="#">(2,952 Rent-Geared-to-Income Housing &amp; 616 Affordable Housing units)</a>  Cost of social housing unit, 2023: \$64.48M  Average cost per social housing unit, 2023: \$18,072	Number of social housing units, 2023: <u>5,600</u>  Cost of social housing, 2023: \$94.08M  Average cost per social housing unit, 2023: \$16,800	Based on the average cost per social housing units, it appears that the County of Simcoe has lower costs than both Wellington County and the Regional Municipality of Waterloo.  The City of Barrie appears to receive fair and reasonable value for the services provided by the County

**Conclusion:** Based on the comparator Municipalities and the chosen KPIs, it appears that the County of Simcoe has lower costs for providing Paramedic Services, Community Services and Social Housing, and in-between costs for Ontario Works and Children Services. In addition, it appears that municipally funded Long Term Care beds are more accessible within the County of Simcoe compared to Wellington County and the Regional Municipality of Waterloo as they offer a higher number of beds in comparison to their population.

\*KPI information received from the County of Simcoe were based on the "Shared Services Data" word document.

# Objective 4: Recommendations for future Municipal Services Management Agreement

# Objective 4: Methodology and approach

## *Documentation of the detailed methodology taken to undertake the procedures documented for Objective 4*

**For Objective 4:** Assess and provide recommendations on the cost-sharing methodology for a future Municipal Services Management Agreement, in line with provincial guidelines and requirements. Assessment will aim to ensure a fair and reasonable partnership between the County and the City. Review of the proposed capital allocation method suggested by the County.

We have developed two procedures to perform to complete the assessment. The following are the two procedures as well as the detailed methodology that we took for the completion of the procedures.

### **Procedure:**

1. Review the cost-sharing methodology used for the existing 'Municipal Services Management Agreement' against leading practices to develop recommendations for a future Municipal Services Management Agreement in line with Provincial guidelines and requirements.
  - a) **Detailed methodology:** Based on the results from Objectives 2 – 3, we have performed our analysis on if the current cost-sharing methodology used in the Municipal Services Management Agreement is beneficial for the City and consistent with leading practices.
2. Review of the 'proposed capital allocation method' suggested by the County.
  - a) **Detailed methodology:** For each proposed capital allocation method suggested by the County, we have assessed and analyzed the proposed methods in relation to the benefits and drawbacks experienced by the City.

# Objective 4: Procedure 4.1 – Review of current cost-sharing methodology

## *Performance of Procedure 4.1 – Review of current cost-sharing methodology*

Based on the conclusions from Objectives 2 and 3, it appears that the City of Barrie is receiving:

1. More than expected levels of service for Paramedics, Community Services, and Social Housing (Local Housing Corporation & Non-profit) based on the cost sharing arrangement, with the exceptions of Long Term Care, Ontario Works, and Children Services.
2. Fair and reasonable value for the services provided by the County of Simcoe when compared against Wellington County and the Regional Municipality of Waterloo.

Based on Deloitte's experience, the structure of the Cost Sharing Arrangement within the Municipal Services Management Agreement embraces a number of leading practices. The delivery of services through the County in a centralized method is consistent with leading practices of centers of excellence and/or shared service models. Further, the allocation of the costs using a proxy through weighted taxable assessment, or caseloads, or a combination thereof, allows for an efficient and repeatable cost sharing methodology for the City of Barrie, City of Orillia and other communities within the County.

**Recommendation:** Relating to the Cost Sharing Arrangement within the Municipal Services Management Agreement, the current cost sharing methodology used appears to meet the needs of the City. The City should continue to engage with the County on future types and locations of services to ensure they are adequately meeting the citizens of the City's needs.

# Objective 4: Procedure 4.2 – Review of the proposed capital allocation method

## Performance of Procedure 4.2 – Review of the proposed capital allocation method

### County’s proposed capital allocation method:

The County provided three options for the proposed allocation of the capital costs associated with shared services. It is important to note that in the three options presented, it is based on the net municipal costs (net of Provincial, Federal and other funding).

1. Currently the method of allocation is distributing the net municipal costs over 10 years for large facility projects (MFC). All other assets that do not meet the MFC project criteria are allocated in the year that the costs are incurred. Interest is applied to the outstanding balance and is calculated quarterly.
2. The second method of allocating capital costs would be based on the useful life of the assets. The County’s tangible capital asset policy would determine the depreciation and threshold amounts. If funding was provided for any given asset, this amount would be deducted from the depreciation amount and the net amount would be depreciated over the remaining life of that asset. If the funding is provided over several years, the funding benefit would be provided in the year received. Actual interest would be included as an expense and allocated based on the costs sharing method.
3. Alternative three would be full payment of capital costs incurred in the year. Prior to 2018 this was the method that was used. This method charges the cities for their proportionate share of the expense incurred during the year.

### Assessment and recommendation:

Option response	Assessment and recommendation
1	This option discusses the current state of the capital allocation methodology for shared services. This method currently places a larger upfront capital cost to the City of Barrie if the Capital Costs incurred are for a shared service with a useful life longer than 10-years.
2	<p>This option reduces the City’s cash outflows relating to the current capital allocation method. This is because the shared costs of capital assets will be amortized based on the actual useful life of the capital asset rather than a fixed 10-years. It also changes how interest is changed, which can be beneficial for the City of Barrie as it will be based on actual interest expenses incurred by the County rather than the remaining balance based on Infrastructure Ontario’s 10-year rates.</p> <p>This will also reduce the work required by both the City and County as the County can leverage their Tangible Capital Assets ledger for the capital assets associated with shared services to calculate the net amount depreciated annually, including actual interest expenses, less any funding benefits provided in the year received.</p>
3	<p>Capital costs allocation should consider the total cost of capital including the actual cash commitments by the County. Timing of such payments should be equitable and as closely matched to actual cash flow timing.</p> <p>Fair and equitable allocation of capital costs should consider the use of capital infrastructure by residents of the County and separated Cities beyond the specific Municipality the capital asset is located. This could be estimated based on caseload or individual resident use.</p>

**Conclusion:** Taking into consideration the above assessment of the options presented by the County for the future capital allocation method, the City should ensure that any potential changes to the current capital allocation method are formally communicated and documented during meetings with the Committee of the Whole. There is an opportunity to blend options 2 and 3 to create a capital allocation method that works best for the City based on actual capital asset useful life, actual usage of the capital asset by resident Municipality, and actual costs incurred, including interest.

# Appendix

# Appendix A: Administration distribution

## Per the Municipal Services Management Agreement

The distribution of administration costs will be based on the percentages within the below table throughout the duration of this agreement unless there is a material variance in the service area. Percentages will be applied to actual costs.

Department	2018 Municipal Services Agreement									
	IT	HR	Finance	Legal	PF&P	Comm	Cust Svs	CAO	Clerk	Warden/ Council
Social Housing - LHC	4.1%	1.4%	7.5%	4.4%	5.1%	2.8%	6.1%	3.7%	1.0%	3.7%
Social Housing - Non-Profit	0.8%	0.7%	6.0%	18.3%	1.8%	2.8%	0.0%	5.9%	3.5%	5.9%
Ontario Works	12.6%	11.9%	14.9%	5.5%	14.8%	4.2%	4.4%	18.5%	22.7%	18.7%
Children Services	3.6%	1.2%	12.3%	3.2%	1.5%	3.6%	1.0%	9.1%	3.0%	9.2%
Emergency Planning	1.4%	0.1%	1.4%	0.0%	0.6%	2.8%	0.2%	0.3%	0.3%	0.3%
Library	0.3%	0.2%	0.8%	0.0%	0.7%	1.0%	0.1%	0.6%	0.5%	0.6%
Tourism	1.0%	0.2%	0.5%	0.0%	0.3%	1.8%	0.2%	0.7%	0.5%	0.7%
Museum	2.0%	1.8%	0.5%	0.2%	0.5%	5.2%	2.7%	1.1%	0.8%	1.0%
Paramedic Services	12.9%	20.2%	13.0%	7.7%	19.7%	7.4%	5.8%	10.4%	9.5%	10.4%
Long Term Care	18.3%	42.0%	15.6%	6.4%	6.1%	6.4%	0.5%	11.9%	13.8%	12.0%
IT	0.0%	1.7%	1.0%	0.4%	2.5%	3.2%	1.1%	1.4%	0.9%	1.4%
HR	5.1%	0.0%	0.5%	0.0%	3.1%	2.4%	1.9%	0.6%	3.6%	0.6%
Finance	4.8%	1.4%	0.0%	0.0%	6.3%	0.8%	1.5%	0.7%	14.0%	0.7%
Legal	0.3%	0.2%	0.4%	0.0%	0.6%	0.8%	0.0%	0.1%	2.5%	0.1%
General Municipal Services	0.0%	0.0%	2.3%	0.0%	0.0%	0.0%	0.5%	6.2%	0.0%	6.3%
PF&P	3.1%	1.1%	1.2%	0.0%	0.0%	0.8%	1.3%	0.8%	3.5%	0.9%
Corporate Services	1.4%	1.3%	1.8%	1.2%	1.4%	2.0%	2.7%	1.1%	1.3%	1.1%
By-Law enforcement	1.0%	0.1%	0.2%	1.1%	0.4%	0.8%	0.0%	0.0%	0.0%	0.0%
Forestry	2.0%	0.2%	0.6%	1.1%	0.8%	4.0%	0.6%	0.7%	0.5%	0.7%
Planning	7.4%	0.4%	0.4%	16.4%	1.0%	6.0%	0.7%	2.5%	2.3%	2.4%
Roads	4.0%	6.4%	7.7%	27.2%	17.8%	6.7%	6.2%	6.6%	4.3%	6.5%
Solid Waste Management	5.5%	5.7%	9.0%	6.6%	10.8%	16.2%	60.8%	13.8%	7.1%	13.7%
CAO	1.2%	0.1%	0.4%	0.0%	0.7%	0.8%	0.5%	0.0%	0.0%	0.1%
Clerk	2.6%	0.3%	0.2%	0.4%	0.7%	0.8%	0.0%	0.2%	0.0%	0.2%
Communications	2.2%	0.2%	0.5%	0.0%	0.7%	0.0%	0.5%	0.2%	1.1%	0.2%
Customer Service	0.3%	0.5%	0.4%	0.0%	0.5%	0.0%	0.0%	0.2%	1.0%	0.2%
Economic Development	0.7%	0.3%	0.2%	0.0%	0.5%	4.0%	0.3%	2.1%	1.8%	2.0%
Warden and Council	1.1%	0.0%	0.4%	0.0%	1.0%	11.9%	0.4%	0.3%	0.0%	0.0%
Archives	0.3%	0.2%	0.4%	0.0%	0.2%	0.8%	0.1%	0.6%	0.5%	0.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Appendix B: Scoping comparator municipalities

Analysis of Municipalities to determine the chosen comparator municipalities.

For the purposes of completing Objective 3, here is the process that Deloitte took to scope-in the two comparator municipalities. Data was taken from Stats Canada Census data from 2021.

Municipality	2021			Reason it was considered and not considered
	Population	Area (km <sup>2</sup> )	Density (/km <sup>2</sup> )	
Regional Municipality of Peel	1,451,022	1,247.5	1,163.2	Population and density not comparable to the County of Simcoe
Regional Municipality of Durham	696,992	2,521.1	276.5	Number of larger municipalities within Durham and proximity to Greater Toronto Area.
Regional Municipality of Halton	596,637	965.7	617.8	Greater population density and lower square kilometre area compared to the County of Simcoe.
<b>Regional Municipality of Waterloo</b>	<b>587,165</b>	<b>1,370.1</b>	<b>428.6</b>	<b>Shared characteristics with County of Simcoe in proximity to Greater Toronto Area, one Municipality providing shared services and population.</b>
<b>Simcoe County</b>	<b>533,169</b>	<b>4,818.9</b>	<b>110.6</b>	<b>This is the County that Deloitte is assessing.</b>
Middlesex County	500,563	3,317.8	150.9	Not chosen as Middlesex County is not the service manager for the County.
Regional Municipality of Niagara	477,941	1,852.8	258.0	Number of larger municipalities within the Regional Municipality of Niagara.
Essex County	422,860	1,844.2	229.3	Not chosen as Essex County is not the service manager for the County.
<b>Wellington County</b>	<b>241,026</b>	<b>2,665.4</b>	<b>90.4</b>	<b>Shared characteristics with County of Simcoe in having a separated City, similar square kilometre area and population density.</b>
Frontenac County	161,780	3,725.8	43.4	Not considered – population not comparable to the County of Simcoe.
Peterborough County	147,681	3,779.5	39.1	
Hastings County	145,746	6,013.4	24.2	
Lambton County	128,154	2,999.9	42.7	
Oxford County	121,781	2,038.2	59.7	
United Counties of Stormont, Dundas and Glengarry	114,637	3,308.9	34.6	
Renfrew County	106,365	7,357.9	14.5	
United Counties Leeds and Grenville	104,070	3,355.6	31.0	

<b>Legend:</b>	Considered, <b>bolded indicates selected Municipality</b>
	Not selected



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