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**Subject:** Submission of the 2019 Child Care Services Schedule of Revenues and Expenses

**Report to:** Public Health and Social Services Committee

**Report date:** Tuesday, December 7, 2021

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## Recommendations

1. That the Child Care Services revised draft Schedule of Revenues and Expenses for the year ended December 31, 2019 (Appendix 1 to Report COM 27-2021) **BE RECEIVED** for information;
2. That staff **BE DIRECTED** to co-ordinate with the auditor to finalize the statements as presented; and
3. That this report **BE FORWARDED** to the Region's Audit Committee for information.

## Key Facts

- The purpose of this report is to provide an update on the previously approved version of the Child Care Services draft Schedule of Revenues and Expenses ("financial schedule") for the year ended December 31, 2019, as part of COM 16-2020.
- Report COM 16-2020 noted that some changes to the draft schedule for Child Care Services may occur to ensure our schedule agrees to the Ministry of Education's final electronic submission. Only the categorization of expenses between age groups would be adjusted in the final report, if required. Total expenditures reported will not change. Due to a delay in the opening of the Ministry of Education's electronic financial submission site, this resulted in changes to the categorization of expenses between age groups and a minor change to the total expenditures. These changes were reviewed by Niagara Region's external auditors, Deloitte, and the revised financial schedule is included in Appendix 1 to Report COM 27-2021.
- As per Financial Reporting and Forecasting Policy (C-F-020), other financial statements or schedules performed for Ministry funding purposes, will be recommended for approval to Council by the standing committee with oversight of the program. Upon approval by Council, the department commissioner, or delegated authority, and the Treasurer will be authorized to sign the auditor's representation letter to obtain the auditor's signed report. The approved statements will then be forwarded to Audit Committee for information.

## **Financial Considerations**

The financial schedule has been prepared in compliance with legislation and in accordance with the requirements and policies stipulated by the corresponding Ministry, and is prepared specifically for the purposes of meeting the requirements outlined in the service agreements with the Ministry.

The financial schedule is a Ministry requirement as noted in the report as follows: “The Schedules are prepared to assist The Regional Municipality of Niagara to comply with the financial reporting provisions of the above noted agreements. As a result, the Schedules may not be suitable for another purpose.”

## **Analysis**

The review of the financial schedule was completed by the Region’s external auditors, Deloitte. The auditors have indicated that, based on their review, nothing has come to their attention that causes them to believe that this information is not, in all material aspects, in accordance with the Ministry requirements identified.

The recommendation for approval by Council of the schedule performed for Ministry funding purposes rests with the Committee to which the department responsible for the funding reports. Then the Treasurer and the department Commissioner will be authorized to sign the auditor’s representation letter to obtain the signed report. Upon approval by the Committee, this financial schedule is referred to Audit Committee for information.

As of December 31, 2019, the program has a revised returnable of \$883,252 (or 1.5% of the Children’s Services budget). The original estimated returnable, as disclosed in COM 16-2020 was \$110,978 and related to the Wage Enhancement Grant (WEG). The original returnable was based on estimates whereas the revised returnable is based on final submissions.

The change from the previously disclosed returnable of \$110,978 to the revised returnable of \$883,252 is \$772,274 and is a result of the following changes:

- The difference of actual Wage Enhancement Grant (WEG) applications received compared to the Ministry’s estimate of applications when the funding was advanced to the Region resulting in an increased to the repayable amount of \$112,999 (total revised WEG returnable of \$223,977). The estimated returnable amount is still

subject to Ministry review. Any difference between the estimate and the allowable subsidy calculated by the Ministry will be adjusted in the year that the Ministry determines the final settlement.

- The change in total expenditures is largely attributed to the Indigenous-Led Child and Family Program schedule. Specifically, the adjusted community based capital expenditures line changed from \$660,000 to \$0. This is a result of the Niagara Region Native Centre not initiating the community capital build for licenced child care spaces. These changes are consistent with the submission to the ministry. The \$660,000 returnable is due to the Indigenous-Led Child and Family Program community based capital project not being initiated by the service provider.
- The returnable was offset by the \$725 over spend in small water works which is reimbursed by the Ministry.

### **Alternatives Reviewed**

The financial schedule is a requirement of the respective Ministry and therefore no alternatives available.

### **Relationship to Council Strategic Priorities**

Providing formal financial reporting to Council and the public supports the Council Strategic Priority of Sustainable and Engaging Government.

### **Other Pertinent Reports**

COM 16-2020 – Approval of the 2019 Community Services Program Audits

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**Prepared by:**  
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Acting Associate Director, Reporting &  
Analysis  
Corporate Services

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**Recommended by:**  
Adrienne Jugley  
Commissioner  
Community Services

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**Submitted by:**

Ron Tripp, P.Eng.  
Chief Administrative Officer

This report was prepared in consultation with John Pickles, CPA, CA, Program Financial Specialist.

**Appendices**

Appendix 1            2019 Child Care Services – Schedule of Revenues and Expenses

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Schedules of revenue and expenses  
The Regional Municipality of Niagara  
Child Care Services

December 31, 2019

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## Independent Practitioner's Review Engagement Report

To the Members of Council of the Regional Municipality of Niagara and the Ministry of Education

We have reviewed the accompanying schedules of revenue and expenses – Child Care Services of the Regional Municipality of Niagara for the year ended December 31, 2019 (the "Schedules"), which have been prepared in accordance with the financial reporting requirements in the Child Care Transfer Payment Agreement dated January 1, 2018 and the 2018-2019 Ontario Early Years Child and Family Centre Amending Agreement dated March 29, 2018, between the Ontario Ministry of Education ("the Ministry") and the Regional Municipality of Niagara (the "agreements").

### Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedules in accordance with the agreements, and for such internal control as management determines is necessary to enable the preparation of the Schedules that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Schedules based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of the Schedules in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on the Schedules.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Schedules do not present fairly, in all material respects, the results of the operations of Child Care Services of the Regional Municipality of Niagara for the year ended December 31, 2019, in accordance with the agreements.

### Basis of Accounting

Without modifying our conclusion, we draw attention to Note 1 to the Schedules, which describes the basis of accounting. The Schedules are prepared to assist the Regional Municipality of Niagara to comply with the financial reporting provisions of the above noted agreements. As a result, the Schedules may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services  
For the year ended December 31, 2019  
(Unaudited)

	REVENUES				
	Ministry of Education	Legislated Cost Share		Expansion Plan Year 2	Total
		%	(\$-Calculated)		
<b>Core Services Delivery Operating Allocation</b>					
Core Services Delivery (100% provincial)	7,327,912	0%	0		
Core Services Delivery - Cost Shared Requirement 80/20	15,770,414	20%	3,942,603.5	N/A	
Core Service Delivery - Cost Shared Requirement 50/50 - Administration	483,226	50%	483,226	N/A	
<b>Total Core Services Delivery</b>	<b>23,581,552</b>		<b>4,425,830</b>	<b>0</b>	<b>23,581,552</b>
<b>Special Purpose Operating Allocation</b>					
Language	711,695	0%	0		
Indigenous	190,205	0%	0		
Cost of Living	930,874	0%	0		
Rural and Remote	13,571	0%	0		
Capacity Building	183,634	0%	0		
Repairs and Maintenance	66,434	0%	0		
Utilization Adjustment	2,848,061	0%	0	N/A	
Capping Adjustment	(140,558)	0%	0	N/A	
Licensed Home Child Care (LHCC)	476,100	0%	0	N/A	
<b>Total Special Purpose Operating Allocation</b>	<b>5,280,016</b>		<b>0</b>	<b>0</b>	<b>5,280,016</b>
<b>Other Allocations</b>					
Small Water Works	791	0%	0	N/A	
TWOMO Reimbursement - Child Care	0	0%	0	N/A	
Wage Enhancement/HCCCG	4,648,461	0%	0	N/A	
Wage Enhancement Administration	250,340	0%	0	N/A	
Fee Stabilization Support	298,700	0%	0	N/A	
Indigenous-Led Child and Family Programs - Operating	372,091	0%	0	N/A	
Indigenous-Led Child and Family Programs - Capital	660,000	0%	0	N/A	
Expansion Plan Year 1	6,444,910	0%	0	N/A	
Operating Funding for Expansion Plan Capital Spaces					
ELCC Allocation	2,526,240	0%	0	N/A	
<b>Total Other Allocations</b>	<b>15,201,533</b>		<b>0</b>	<b>0</b>	<b>15,201,533</b>
<b>TOTAL CHILD CARE ALLOCATION</b>	<b>44,063,101</b>			<b>0</b>	<b>44,063,101</b>



Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services (General Funding)  
For the year ended December 31, 2019  
(Unaudited)

EXPENDITURES BY AGE GROUP															
	0-4 (Infant, Toddler, and Preschooler)			4-6 (Kindergarten)			6-12 (School Aged)			Unspecified Age Group			Total Expenditures		
	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues	Adjusted Gross Expenditures
		(Parent contribution/other offsetting)			(Parent contribution/other offsetting)			(Parent contribution/Parental full fee/other offsetting)			(Parent contribution/other offsetting)				
		Calculated		Calculated		Calculated		Calculated		Calculated		Calculated	Calculated	Calculated	
<b>Full Flexibility</b> <i>(Schedule 2.3)</i>															
General Operating	6,472,482	0	6,472,482	1,335,592	0	1,335,592	2,465,709	0	2,465,709				10,273,783	0	10,273,783
Fee Subsidy - Regular	12,668,850	(1,737,204)	10,931,647	2,614,207	(358,471)	2,255,737	4,826,228	(661,792)	4,164,436				20,109,286	(2,757,466)	17,351,819
Fee Subsidy - Camps and Authorized Recreation						0	1,234,755	(87,891)	1,146,865				1,234,755	(87,891)	1,146,865
Ontario Works and LEAP - Formal	1,209,708	0	1,209,708	249,622	0	249,622	460,841	0	460,841				1,920,171	0	1,920,171
Ontario Works and LEAP - Informal			0	0	0	0	0	0	0				0	0	0
Pay Equity Memorandum of Settlement										338,161		338,161	338,161	0	338,161
Special Needs Resourcing Administration	1,787,445	(882)	1,786,563	368,838	(182)	368,656	680,931	(336)	680,595				2,837,214	(1,400)	2,835,814
Repairs and Maintenance	340,945	0	340,945	70,354	0	70,354	129,884	0	129,884	2,410,946	(5,291)	2,405,655	2,410,946	(5,291)	2,405,655
Play-based Material and Equipment Transformation			0	0	0	0	0	0	0				541,182	0	541,182
			0	0	0	0	0	0	0				0	0	0
<b>Total (full flexibility)</b>	<b>22,479,430</b>	<b>(1,738,086)</b>	<b>20,741,344</b>	<b>4,638,613</b>	<b>(358,653)</b>	<b>4,279,960</b>	<b>9,798,349</b>	<b>(750,019)</b>	<b>9,048,330</b>	<b>2,749,107</b>	<b>(5,291)</b>	<b>2,743,816</b>	<b>39,665,498</b>	<b>(2,852,048)</b>	<b>36,813,450</b>
<b>Limited Flexibility</b> <i>(Schedule 2.3)</i>															
Capacity Building	515,916	0	515,916	106,459	0	106,459	196,540	0	196,540				818,915	0	818,915
Small Water Works										1,516		1,516	1,516	0	1,516
<b>Total (limited flexibility)</b>	<b>515,916</b>	<b>0</b>	<b>515,916</b>	<b>106,459</b>	<b>0</b>	<b>106,459</b>	<b>196,540</b>	<b>0</b>	<b>196,540</b>	<b>1,516</b>	<b>0</b>	<b>1,516</b>	<b>820,431</b>	<b>0</b>	<b>820,431</b>
<b>No Flexibility</b>															
TWOMO Reimbursement <i>(Schedule 2.7)</i>												0	0		0
Wage Enhancement/HCCEG <i>(Schedule 4.3)</i>										4,583,567		4,583,567	4,583,567		4,583,567
Wage Enhancement Administration <i>(Schedule 4.3)</i>										250,340		250,340	250,340		250,340
<b>Total (no flexibility)</b>										<b>4,833,907</b>		<b>4,833,907</b>	<b>4,833,907</b>		<b>4,833,907</b>
<b>TOTAL</b>	<b>22,995,346</b>	<b>(1,738,086)</b>	<b>21,257,260</b>	<b>4,745,072</b>	<b>(358,653)</b>	<b>4,386,419</b>	<b>9,994,889</b>	<b>(750,019)</b>	<b>9,244,870</b>	<b>7,584,530</b>	<b>(5,291)</b>	<b>7,579,239</b>	<b>45,319,836</b>	<b>(2,852,048)</b>	<b>42,467,788</b>

EXPENDITURES BY AUSPICE					
	Non - Profit Operations	Profit Operations	Direct Operations	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures	31,682,632	4,402,275	3,977,225	2,405,655	42,467,788

EXPENDITURES BY SETTING				
	Centre Based	Home Based	Other Setting	Total
Adjusted Gross Expenditures	38,932,640	1,129,493	2,405,655	42,467,788

Niagara Region  
 Schedule of Revenues and Expenditures – Child Care Services - Expansion Plan Funding  
 For the year ended December 31, 2019  
 (Unaudited)

EXPENDITURES BY AGE GROUP									
	0-4 (Infant, Toddler, and Preschooler)			Unspecified Age Group			Total Expenditures		
	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures
			Calculated			Calculated	Calculated	Calculated	Calculated
<b>Full Flexibility</b> <i>(Schedule 2.3A)</i>									
General Operating	5,493,462		5,493,462				5,493,462	0	5,493,462
Fee Subsidy - Regular			0				0	0	0
Ontario Works and LEAP - Formal			0				0	0	0
Ontario Works and LEAP - Informal			0				0	0	0
Special Needs Resourcing	264,241		264,241				264,241	0	264,241
Administration				644,491		644,491	644,491	0	644,491
Repairs and Maintenance			0				0	0	0
Play-based Material and Equipment Transformation			0				0	0	0
<b>Total (full flexibility)</b>	<b>5,757,703</b>	<b>0</b>	<b>5,757,703</b>	<b>644,491</b>	<b>0</b>	<b>644,491</b>	<b>6,402,194</b>	<b>0</b>	<b>6,402,194</b>
<b>Limited Flexibility</b> <i>(Schedule 2.3A)</i>									
Capacity Building	42,716		42,716				42,716	0	42,716
<b>Total (limited flexibility)</b>	<b>42,716</b>	<b>0</b>	<b>42,716</b>				<b>42,716</b>	<b>0</b>	<b>42,716</b>
<b>TOTAL</b>	<b>5,800,419</b>	<b>0</b>	<b>5,800,419</b>	<b>644,491</b>	<b>0</b>	<b>644,491</b>	<b>6,444,910</b>	<b>0</b>	<b>6,444,910</b>

EXPENDITURES BY AUSPICE					
	Non - Profit Operations	Profit Operations	Direct Operations	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures	5,104,369	696,050		644,491	6,444,910

EXPENDITURES BY SETTING				
	Centre Based	Home Based	Other Setting	Total
Adjusted Gross Expenditures	5,800,419		644,491	6,444,910

Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services - ELCC  
For the year ended December 31, 2019  
(Unaudited)

EXPENDITURES BY AGE GROUP																
	0-4 (Infant, Toddler, and Preschooler)			4-6 (Kindergarten)			6-12 (School Aged)			Unspecified Age Group			Total Expenditures			
	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues (Parent contribution/Parental full fee/other offsetting)	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures	Gross Expenditures	Offsetting Revenues (Parent contribution/other offsetting)	Adjusted Gross Expenditures	
			Calculated			Calculated			Calculated			Calculated	Calculated	Calculated	Calculated	
<b>Full Flexibility</b> <i>(Schedule 2.3B)</i>																
General Operating	1,378,042		1,378,042	301,447		301,447	473,702		473,702					2,153,190	0	2,153,190
Fee Subsidy - Regular			0			0			0					0	0	0
Fee Subsidy - Camps and Authorized Rec			0			0			0					0	0	0
Ontario Works and LEAP - Formal			0			0			0					0	0	0
Ontario Works and LEAP - Informal			0			0			0					0	0	0
Special Needs Resourcing	66,289		66,289	14,501		14,501	22,787		22,787					103,576	0	103,576
Administration			0			0			0	252,624		252,624		252,624	0	252,624
Repairs and Maintenance			0			0			0					0	0	0
Play-based Material and Equipment			0			0			0					0	0	0
Transformation			0			0			0					0	0	0
Community Based Capital Projects			0			0			0					0	0	0
<b>Total (full flexibility)</b>	<b>1,444,330</b>	<b>0</b>	<b>1,444,330</b>	<b>315,947</b>	<b>0</b>	<b>315,947</b>	<b>496,489</b>	<b>0</b>	<b>496,489</b>	<b>252,624</b>	<b>0</b>	<b>252,624</b>	<b>2,509,390</b>	<b>0</b>	<b>2,509,390</b>	
<b>Limited Flexibility</b> <i>(Schedule 2.3B)</i>																
Capacity Building	10,784		10,784	2,359		2,359	3,707		3,707					16,850	0	16,850
<b>Total (limited flexibility)</b>	<b>10,784</b>	<b>0</b>	<b>10,784</b>	<b>2,359</b>	<b>0</b>	<b>2,359</b>	<b>3,707</b>	<b>0</b>	<b>3,707</b>				<b>16,850</b>	<b>0</b>	<b>16,850</b>	
<b>TOTAL</b>	<b>1,455,114</b>	<b>0</b>	<b>1,455,114</b>	<b>318,306</b>	<b>0</b>	<b>318,306</b>	<b>500,196</b>	<b>0</b>	<b>500,196</b>	<b>252,624</b>	<b>0</b>	<b>252,624</b>	<b>2,526,240</b>	<b>0</b>	<b>2,526,240</b>	

EXPENDITURES BY Auspice					
	Non - Profit Operations	Profit Operations	Direct Operations	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures - Community based Capital Projects					0
Adjusted Gross Expenditures - All Operating Expenditures	2,000,782	272,834		252,624	2,526,240
<b>Total Adjusted Gross Expenditures</b>	<b>2,000,782</b>	<b>272,834</b>	<b>0</b>	<b>252,624</b>	<b>2,526,240</b>

EXPENDITURES BY Setting				
	Centre Based	Home Based	Other	Auspice Consolidated
Adjusted Gross Expenditures	2,273,616		252,624	2,526,240

**Niagara Region**  
**Schedule of Revenues and Expenditures – Child Care Services - Fee Stabilization**  
**For the year ended December 31, 2019**  
**(Unaudited)**

	<b>Fee Stabilization Support</b>
Total adjusted gross expenditures excluding administration expenditures	268,830
Total adjusted administration expenditures	29,870

Niagara Region  
 Schedule of Revenues and Expenditures – Child Care Services - Indigenous Led Child and Family Programs  
 For the year ended December 31, 2019  
 (Unaudited)

	Community Based Capital Project Name	Journey Together Project Type	Adjusted Operating Expenses One Time	Adjusted Operating Expenses Ongoing	Total Adjusted administration expenditures	Adjusted Community Based Capital expenditures
Indigenous-Led Child and Family Programs Project 1	FENFC Early Years Program	Joint / Conjoint	79,232			
Indigenous-Led Child and Family Programs Project 2	Niagara Indigenous Child and Family Centre	Joint / Conjoint	292,859			
Indigenous-Led Child and Family Programs Project 3						
Indigenous-Led Child and Family Programs Project 4						
Indigenous-Led Child and Family Programs Project 5						
Indigenous-Led Child and Family Programs Project 6						
Indigenous-Led Child and Family Programs Project 7						
Indigenous-Led Child and Family Programs Project 8						
Indigenous-Led Child and Family Programs Project 9						
Indigenous-Led Child and Family Programs Project 10						
<b>Total</b>			<b>372,091</b>	<b>0</b>	<b>0</b>	<b>0</b>

Niagara Region  
 Schedule of Revenues and Expenditures – EarlyON  
 For the year ended December 31, 2019  
 (Unaudited)

	Allocation	Description	Expenditures
EarlyON Program Total Allocation	4,097,848.00		
<b>Operating</b>			
Salaries and Benefits - Program Staff			
Salaries and Benefits - Non Program Staff			
Lease and Utilities - Operational			17,975
Other Expenses - Operational		Transfer Payments to Agencies	3,614,308
Subtotal Operational Expenses			3,632,283
Professional Learning and Capacity Building			-
<b>Child Care &amp; Early Years Planning (CCYEP) and Data Analysis Services (DAS)</b>			
Salaries and Benefits			163,671
Other Expenses			12,734
Subtotal			176,405
<b>Administration</b>			
Salaries and Benefits			
Other Expenses			409,785
Offsetting Revenue			
Subtotal			409,785
<b>Offsetting Revenues</b>			
Offsetting Revenue 1			
Offsetting Revenue 2			
Offsetting Revenue 3			
Subtotal			0
<b>EarlyON Total Adjusted Gross Expenditures</b>			<b>4,218,473</b>



**1. Significant accounting policies**

The Schedules include the revenue and eligible expenses in relation to the Regional Municipality of Niagara's Child Care Services Program for the year ended December 31, 2019. The Schedules have been prepared in accordance with the financial reporting requirements in the Child Care Transfer Payment Agreement dated January 1, 2018 and the 2018-2019 Ontario Early Years Child and Family Centre Amending Agreement dated March 29, 2018 between Ontario Ministry of Education ("the Ministry") and the Regional Municipality of Niagara.

*Revenue recognition*

Revenue is reported on the accrual basis of accounting.

Government transfers are recognized in revenue in the Schedules when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made except when and to the extent that stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

*Expenses*

Expenses are recorded if they are eligible for the program and incurred in the period.

Gross expenses are reported on the Schedules in order to understand the full cost of the program. Expenses in excess of base funding, as per the funding agreements, have been removed for the purpose of determining the grant repayable.

Certain administrative expenses are allocated to the program based on usage drivers specific to each type of expense.