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**Subject:** Approval of 2018 Child Care Services Schedule of Revenues and Expenses

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

**Report date:** Tuesday, September 10, 2019

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## Recommendations

1. That the 2018 Child Care Services draft schedule of revenues and expenses for the year ended December 31, 2018 (Appendix 1) **BE APPROVED**;
2. That staff **BE DIRECTED** to co-ordinate with the auditors to finalize the statements as presented;
3. That this report **BE FORWARDED** to the Region's Audit Committee for information

## Key Facts

- The purpose of the report is to obtain approval of the audited schedule of revenues and expenses ("schedule") for Child Care Services in accordance with the provincial requirements
- The Ministry submission deadlines for Child Care Services Program is July 31, 2019. Draft schedules have been submitted to the Ontario Ministry of Education ("the Ministry") and the final schedules will be submitted upon Council approval.
- In accordance with report AC-C 32-2018 dated June 18, 2018, respecting the Audit Committee Terms of Reference, which refers to "other audited financial statements, to include special purpose and compliance based schedules, are approved by the standing committee with oversight of the program and then referred to Audit Committee for information.

## Financial Considerations

The schedules have been prepared in compliance with the legislation and in accordance with the requirements and policies stipulated by the Ministry.

A draft copy of the schedule has been attached as Appendix 1.

The financial schedules are prepared specifically for the purposes of meeting the requirements outlined in the agreements with the funding Ministry.

The schedule for Child Care Services is a provincial requirement as noted in the audit report:

“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 audited 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 respects, in accordance with the Ministry requirements identified.

The approval of the audited schedule rests with the Committee to which the department is responsible for the funding reports. Upon approval by Council, the schedule will be submitted to the Ministry in accordance with the funding agreement and also referred to Audit Committee for information.

As of December 31, 2018 Child Care Services has a returnable of \$490,030 reflected in the Region’s 2018 consolidated financial statements. This returnable is a result of the difference of actual Wage Enhancement Grant applications received compared to the Ministry estimate of applications when funding was advanced.

The schedule is subject to minor wording changes once schedules are finalized.

### **Alternatives Reviewed**

The audited schedule is a Ministry requirement and therefore no alternatives are available.

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

Not applicable (pending the development of Council Strategic Priorities).

### **Other Pertinent Reports**

None

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**Prepared by:**

Beth Brens, CPA, CA  
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.  
Acting, Chief Administrative Officer

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

**Appendices**

Appendix 1            Child Care Services – Schedule of Revenues and Expenses

Schedules of revenue and expenses

**The Regional Municipality of  
Niagara Child Care Services**

December 31, 2018

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**The Regional Municipality of Niagara  
Child Care Services**

December 31, 2018

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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, 2018 (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, 2018, 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.

Chartered Professional Accountants  
Licensed Public Accountants  
September 19, 2019

Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services  
For the year ended December 31, 2018  
(Unaudited)

	REVENUES				
	Ministry of Education	Legislated Cost Share		Expansion Plan Year 2	Total  (Calculated)
		%	(\$-Calculated)		
<b>Core Services Delivery Operating Allocation</b>					
Core Services Delivery (100% provincial)	7,753,769	0%	0	420,216	
Core Services Delivery - Cost Shared Requirement 80/20	15,796,412	20%	3,949,103	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>24,033,407</b>		<b>4,432,329</b>	<b>420,216</b>	<b>28,885,952</b>
<b>Special Purpose Operating Allocation</b>					
Language	707,704	0%	0	12,412	
Indigenous	159,250	0%	0	2,793	
Cost of Living	904,208	0%	0	15,858	
Rural and Remote	13,860	0%	0	243	
Capacity Building	180,546	0%	0	3,075	
Repairs and Maintenance	66,196	0%	0	1,197	
Utilization Adjustment	2,562,485	0%	0	N/A	
Capping Adjustment	(144,184)	0%	0	N/A	
Licensed Home Child Care (LHCC)	419,175	0%	0	N/A	
<b>Total Special Purpose Operating Allocation</b>	<b>4,869,240</b>		<b>0</b>	<b>35,578</b>	<b>4,904,818</b>
<b>Other Allocations</b>					
Small Water Works	538	0%	0	N/A	
TWOMO Reimbursement - Child Care		0%	0	N/A	
Wage Enhancement/HCEG	4,561,185	0%	0	N/A	
Wage Enhancement Administration	250,340	0%	0	N/A	
Fee Stabilization Support	1,195,069	0%	0	N/A	
Journey Together - Operating	250,212	0%	0	N/A	
Journey Together - Capital	1,777,500	0%	0	N/A	
Expansion Plan Year 1	5,049,356	0%	0	N/A	
Operating Funding for Expansion Plan Capital Spaces				23,948	
ELCC Allocation	2,526,240	0%	0	N/A	
<b>Total Other Allocations</b>	<b>15,610,440</b>		<b>0</b>	<b>23,948</b>	<b>15,634,388</b>
<b>TOTAL CHILD CARE ALLOCATION</b>	<b>44,513,087</b>		<b>4,432,329</b>	<b>479,742</b>	<b>49,425,158</b>

Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services (Base Funding)  
For the year ended December 31, 2018  
(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 2.3)</i>															
General Operating	6,897,228		6,897,228	1,423,238		1,423,238	2,627,516		2,627,516			10,947,982	0	10,947,982	
Fee Subsidy - Regular	11,626,035	(1,514,675)	10,111,360	2,399,023	(312,552)	2,086,471	4,428,967	(577,019)	3,851,948			18,454,024	(2,404,246)	16,028,756	
Fee Subsidy - Camps and Authorized Recreation						0	1,058,436	(77,950)	980,486			1,058,436	(77,950)	980,486	
Ontario Works and LEAP - Formal	1,672,075		1,672,075	345,031		345,031	636,981		636,981			2,654,087	0	2,654,087	
Ontario Works and LEAP - Informal	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	1,742,610		1,742,610	359,586		359,586	663,851		663,851			2,766,047	0	2,766,047	
Administration										2,814,979	(6,009)	2,808,970	(6,009)	2,808,970	
Repairs and Maintenance	246,585		246,585	50,882		50,882	93,938		93,938			391,405	0	391,405	
Play-based Material and Equipment	0		0			0			0			0	0	0	
Transformation	0		0			0			0			0	0	0	
<b>Total (full flexibility)</b>	<b>22,184,532</b>	<b>(1,514,675)</b>	<b>20,669,858</b>	<b>4,577,760</b>	<b>(312,552)</b>	<b>4,265,208</b>	<b>9,509,688</b>	<b>(654,969)</b>	<b>8,854,720</b>	<b>3,153,140</b>	<b>(6,009)</b>	<b>3,147,131</b>	<b>39,425,121</b>	<b>(2,488,205)</b>	<b>36,936,916</b>
<b>Limited Flexibility</b> <i>(Schedule 2.3)</i>															
Capacity Building	297,128		297,128	61,312		61,312	113,192		113,192			471,632	0	471,632	
Small Water Works										1,089	1,089	1,089	0	1,089	
<b>Total (limited flexibility)</b>	<b>297,128</b>	<b>0</b>	<b>297,128</b>	<b>61,312</b>	<b>0</b>	<b>61,312</b>	<b>113,192</b>	<b>0</b>	<b>113,192</b>	<b>1,089</b>	<b>0</b>	<b>1,089</b>	<b>472,721</b>	<b>0</b>	<b>472,721</b>
<b>No Flexibility</b>															
TWOMO Reimbursement <i>(Schedule 2.7)</i>											0	0	0	0	
Wage Enhancement/HCCG <i>(Schedule 4.3)</i>										4,201,204	4,201,204	4,201,204		4,201,204	
Wage Enhancement Administration <i>(Schedule 4.3)</i>										210,011	210,011	210,011		210,011	
<b>Total (no flexibility)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,411,215</b>	<b>0</b>	<b>4,411,215</b>	<b>4,411,215</b>	<b>0</b>	<b>4,411,215</b>
<b>TOTAL</b>	<b>22,481,660</b>	<b>(1,514,675)</b>	<b>20,966,986</b>	<b>4,639,072</b>	<b>(312,552)</b>	<b>4,326,520</b>	<b>9,622,880</b>	<b>(654,969)</b>	<b>8,967,912</b>	<b>7,565,444</b>	<b>(6,009)</b>	<b>7,559,435</b>	<b>44,309,057</b>	<b>(2,488,205)</b>	<b>41,820,852</b>

EXPENDITURES BY AUSPICE					
	Non - Profit Operations	Profit Operations	Direct Operations	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures	28,738,507	6,234,824	4,038,551	2,808,970	41,820,852

EXPENDITURES BY SETTING				
	Centre Based	Home Based	Other Setting	Total
Adjusted Gross Expenditures	37,996,252	1,015,630	2,808,970	41,820,852



Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services - Expansion Plan Funding  
For the year ended December 31, 2018  
(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	4,712,828		4,712,828				4,712,828	0	4,712,828
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	226,693		226,693				226,693	0	226,693
Administration				552,910		552,910	552,910	0	552,910
Repairs and Maintenance			0				0	0	0
Play-based Material and Equipment Transformation			0				0	0	0
<b>Total (full flexibility)</b>	<b>4,939,521</b>	<b>0</b>	<b>4,939,521</b>	<b>552,910</b>	<b>0</b>	<b>552,910</b>	<b>5,492,431</b>	<b>0</b>	<b>5,492,431</b>
<b>Limited Flexibility</b> <i>(Schedule 2.3A)</i>									
Capacity Building	36,667		36,667				36,667	0	36,667
<b>Total (limited flexibility)</b>	<b>36,667</b>	<b>0</b>	<b>36,667</b>				<b>36,667</b>	<b>0</b>	<b>36,667</b>
<b>TOTAL</b>	<b>4,976,188</b>	<b>0</b>	<b>4,976,188</b>	<b>552,910</b>	<b>0</b>	<b>552,910</b>	<b>5,529,098</b>	<b>0</b>	<b>5,529,098</b>

EXPENDITURES BY Auspice					
	Non - Profit Operations	Profit Operations	Direct Operations	Other Auspice	Auspice Consolidated
Adjusted Gross Expenditures	4,179,998	796,190	0	552,910	5,529,098

EXPENDITURES BY Setting					
	Centre Based	Home Based	Other		Total
Adjusted Gross Expenditures	4,976,188	0	552,910		5,529,098

For discussion purposes only

Niagara Region  
Schedule of Revenues and Expenditures – Child Care Services - ELCC  
For the year ended December 31, 2018  
(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	1,372,908		1,372,908	301,460		301,460	478,822		478,822					2,153,190	
Fee Subsidy - Regular			0			0			0					0	
Fee Subsidy - Camps and Authorized Rec			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	65,252		65,252	14,501		14,501	23,823		23,823					103,576	
Administration			0			0			0		252,624			252,624	
Repairs and Maintenance			0			0			0					0	
Play-based Material and Equipment			0			0			0					0	
Transformation			0			0			0					0	
Community Based Capital Projects			0			0			0					0	
<b>Total (full flexibility)</b>	<b>1,438,160</b>	<b>0</b>	<b>1,438,160</b>	<b>315,961</b>	<b>0</b>	<b>315,961</b>	<b>502,645</b>	<b>0</b>	<b>502,645</b>	<b>252,624</b>	<b>0</b>	<b>252,624</b>	<b>2,509,390</b>	<b>0</b>	
<b>Limited Flexibility</b> <i>(Schedule 2.3B)</i>															
Capacity Building	10,652		10,652	2,345		2,345	3,853		3,853					16,850	
<b>Total (limited flexibility)</b>	<b>10,652</b>	<b>0</b>	<b>10,652</b>	<b>2,345</b>	<b>0</b>	<b>2,345</b>	<b>3,853</b>	<b>0</b>	<b>3,853</b>				<b>16,850</b>	<b>0</b>	
<b>TOTAL</b>	<b>1,448,812</b>	<b>0</b>	<b>1,448,812</b>	<b>318,306</b>	<b>0</b>	<b>318,306</b>	<b>506,498</b>	<b>0</b>	<b>506,498</b>	<b>252,624</b>	<b>0</b>	<b>252,624</b>	<b>2,526,240</b>	<b>0</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	1,909,837	363,779		252,624	2,526,240
<b>Total Adjusted Gross Expenditures</b>	<b>1,909,837</b>	<b>363,779</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	0	252,624	2,526,240

**Niagara Region**  
**Schedule of Revenues and Expenditures – Child Care Services - Fee Stabilization**  
**For the year ended December 31, 2018**  
**(Unaudited)**

	<b>Fee Stabilization Support</b>
Total adjusted gross expenditures excluding administration expenditures	1,075,562
Total adjusted administration expenditures	119,507

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Niagara Region  
 Schedule of Revenues and Expenditures – Child Care Services - Journey Together  
 For the year ended December 31, 2018  
 (Unaudited)

	Community Based Capital	Journey Together	Adjusted Operating Expenses One Time	Adjusted Operating Expenses Ongoing	Total Adjusted administration expenditures	Adjusted Community Based Capital expenditures
	Project Name	Project Type				
Journey Together Project 1	FENFC Early Years Program	Joint / Conjoint	79,232			1,117,500
Journey Together Project 2	Niagara Indigenous Child and Family Centre	Joint / Conjoint	170,980			660,000
Journey Together Project 3						
Journey Together Project 4						
Journey Together Project 5						
Journey Together Project 6						
Journey Together Project 7						
Journey Together Project 8						
Journey Together Project 9						
Journey Together Project 10						
<b>Total</b>			<b>250,212</b>	<b>0</b>	<b>0</b>	<b>1,777,500</b>

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**Niagara Region**  
**Schedule of Revenues and Expenditures – EarlyON**  
**For the year ended December 31, 2018**  
**(Unaudited)**

	Description	Expenditures
<b>Operating</b>		
	Salaries and Benefits - Program Staff	
	Salaries and Benefits - Non Program Staff	
	Lease and Utilities - Operational	10,452
	Other Expenses - Operational	3,364,758
	Subtotal Operational Expenses	3,375,210
	Professional Learning and Capacity Building	681,043
<b>Child Care &amp; Early Years Planning (CCYEP) and Data Analysis Services (DAS)</b>		
	Salaries and Benefits	154,531
	Other Expenses	14,099
	Subtotal	168,630
<b>Administration</b>		
	Salaries and Benefits	
	Other Expenses	43,665
	Offsetting Revenue	
	Subtotal	43,665
<b>Offsetting Revenues</b>		
	Offsetting Revenue 1	
	Offsetting Revenue 2	
	Offsetting Revenue 3	
	Subtotal	0
	<b>EarlyON Total Adjusted Gross Expenditures</b>	<b>4,268,548</b>

Niagara Region  
 Schedule of Revenues and Expenditures – EarlyON Journey Together  
 For the year ended December 31, 2018  
 (Unaudited)

				Adjusted Gross Expenditure							
	Description	Operating Ongoing Allocation	Operating One Time Allocation	Capital Allocation	Operating Ongoing	Operating One Time	Offsetting Revenues Operating	Administration	Offsetting Revenues Administration	Capital One Time	Offsetting Revenues Capital
Journey Together Project 1											
Journey Together Project 2											
Journey Together Project 3											
Journey Together Project 4											
Journey Together Project 5											
Journey Together Project 6											
Journey Together Project 7											
Journey Together Project 8											
Journey Together Project 9											
Journey Together Project 10											
<b>Total</b>		0	0	0	0	0	0	0	0	0	0

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# The Regional Municipality of Niagara

## Child Care Services

Note to the schedules of revenue and expenses  
December 31, 2018

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### 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, 2018. 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.

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