

Annual Report

AMO

16

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Message from the AMO President

Planning the Future, Today - Reporting Out on the 2016 Strategic

Objectives. AMO's key initiative for 2016 was completing the examination of the municipal fiscal condition. How can I describe one of the most critical pieces of work – work that is still in progress?

2016 saw the Board and members go into Phase 2 of “What’s Next, Ontario?” looking for solutions to the Phase 1 problem. Phase 1 showed there is a shortfall of about \$4 billion dollars annually for the next 10 years – to cover operating cost growth and to reduce the infrastructure gap. Forty possible revenue tools were tested against a set of criteria. How much of the fiscal problem does any option solve? What geographic, economic and social impacts might be expected? Can equity and fairness result? What administrative efficiency might be involved with each option? How does it improve municipal autonomy and reduce vulnerability to change? We talked about this in about 40 different sessions across the province.

As I write today, we have moved on from the research and analysis and options stages. Now we are in the solution stage. The revenue tool that best meets the criteria is a 1% increase to the HST, dedicated to municipal infrastructure. It would provide substantive revenue – more predictable and stable. Investment outcomes would be apparent. The Board readily acknowledges that increasing taxation is not easy to talk about, that convincing others of the merits is challenging. Yet, we cannot sit back. Federal and Provincial infrastructure grant programs are helpful and they need to remain part of the equation. However, we can and should do more infrastructure investment. It drives GDP. It makes for liveable communities. It attracts people and business.

I want to acknowledge the stewardship of Gary McNamara as President during 2015 and 2016. His leadership carries on as Past President. I must also recognize the heavy lifting that the Board has done to get us this far. It is not easy work. It is not for the faint of heart. Planning the Future, Today was a very apt theme for the Board's 2016 Strategic Objectives. Members expect AMO to be leading, to connect the dots, to focus on the future, as well as what is in each Ministries' mandate letters.




Believe me, the policy work at Queen's Part is important too and time consuming. This organization demonstrates its value, day in and day out, whether it is energy, policing, OMB/ Planning Act, Aggregates Act changes, Conservation Act, waste diversion, the sharing economy, marijuana, Municipal Act, Municipal Conflict of Interest Act and so many more. We continue to bat for changes to interest arbitration and joint and several liability. We are working on broader strategies – bringing the Ontario municipal voice to the National Housing Strategy and the design of INFC Phase 2 programs.

We are using new ways to 'import' membership to our policy development and legislative review work. Webinars and video meetings are expanding our reach and your involvement. We held a new Human Services Symposium – a resounding success, so look for one in 2017! There is so much changing in the municipal world. Councils are employers, policy makers, and service providers – a lot of hats that fit best when made well. Do not pass up on your own education and training. Certainly read every communication from AMO. Some weeks I know it might feel they come daily. Our job is to keep you informed. Our job is to get your input and feedback. A strong order of municipal government is AMO's objective and its obligation to you. I need your obligation to that objective too.

Thank you.

Lynn Dollin
Deputy Mayor, Town of Innisfil
President, AMO



“Someone is sitting in
the shade today, because
someone planted a tree a
long time ago.”

Secretary-Treasurer's Report

I am pleased to provide you with my report on the 2016 financial status and some highlights of Association non-policy activities.

AMO continues to have a strong consistent membership base. In 2016, AMO had a membership of 419 municipal members, with additional support from 31 organizations that were Partners, Associates, Districts and Affiliates.

At the end of this annual report is a copy of the audited financial statements for the year ending December 31, 2016. AMO's Audit Committee meets three times a year with auditors from Grant Thornton LLP as part of the Association's accountability framework. The Association continues to be in good financial shape. Revenue sources for the corporation come from two key areas - membership fees and the annual conference.

The Finance and Operations Centre provides the backbone of the AMO operations – not only the financial management, reporting and risk management, but also the management of its assets, information services, website management and information technology. It provides the operational support to all of our education events including the registration of over 2000 participants in our annual conference.

Our website had over 99,736 unique visitors in 2016, looking to engage in activities. Subscription to the weekly AMO Watch File is 7,534. Communicating with our members, keeping everyone up to date is just part of the value added proposition of an AMO membership.

Each year AMO strives to increase value-added services for our members. In 2016, AMO launched AMOpen – a municipal government data repository. Over 60 content pieces can be downloaded to create data visualizations. (See example on page 11) The portal continues to grow and help municipalities work with their data. In conjunction with AMO's Municipal Information and Data Analysis System (MIDAS) our team is working to provide tools that can assist with long term planning and data reporting.

The Membership Centre worked to deliver educational programming focused on current issues. The first ever Human Services Symposium, built on the AMO-OMSSA partnership brought together over 174 participants to discuss housing, homelessness and poverty. It was an incredible success so Symposium 2 is in the planning stages! We developed an Energy Symposium that focused on future trends and energy needs of Ontario. It helped position the concerns with costs but also pursued energy conservation and planning best practices. Over the course of its two days, 192 individuals heard from over 20 speakers.

Staff of the Association are motivated by quality 'customer' service. Together with the AMO Board, we strive for excellence in working to achieve results for its members.

Respectfully submitted,

Trevor Wilcox
Secretary-Treasurer – AMO
General Manager, Corporate Performance – County of Simcoe

Executive Director's Review

AMO is privileged to work with many municipal elected officials and municipal staff on most of the Association's policy work. Over 250 municipal volunteers strengthened our work in 2016. Their input allows us to put forward an 'operational' perspective to provincial policy development. This is not to say that the government accepts all that input. The AMO Board and volunteers have worked hard on a very active government agenda.

Over time I have seen four reviews of the *Municipal Act* and as many reviews of the *Municipal Elections Act*. I certainly do not want to count the number of *Planning Act* and OMB reviews but am more optimistic that the advice we have offered previously will find fertile ground. Policing and fire services have taken up a lot of time – and this will continue. Infrastructure program design will as well. We had champions at the province who took our advice for how the Phase 1 of the federal Clean Water and Wastewater Fund could be designed to help every municipal government in Ontario. The province put new money on that table so that each municipal government received an allocation in the fall of 2016. Everyone could submit projects to use their allocation. It worked! It was easy! Can it be repeated for Phase 2? That question will be answered in 2017.

The Board also took on "What's Next, Ontario?" It is a look at the future fiscal circumstances of Ontario's municipal governments. The initiative is not about the future of municipal governments. There is no doubt that municipal governments will play an even stronger role in the future. The province relies significantly on municipal governments to provide the services that people need every day. What is less reliable is the autonomy municipal governments are availed and the revenues with which to do the work. That is the struggle. It is also the opportunity. Will membership decide to be bold – to work together to redesign the future now? That is part of the next steps in this process and we will see what unfolds in 2017.

AMO is a corporation. It needs to take stock of its ability to meet the future as a corporation. That happened this year too. Part of that work resulted in a re-organization (see chart on page 17). While there are four centres, there is great emphasis on shared services and integrated teamwork – using the talents of staff better. We are growing our databases. We are in the open data world. We are expanding our education business. We are into business partnerships. We are working on digital government. We are growing programs through Local Authority Services to save municipal governments money and to help you enrich your services. We are the municipal employer sponsor for OMERS and through MEPCO we work to support the wellbeing of that pension plan and the interests of municipal governments.

We are into you – our municipal members! Thank you for your support.

Pat Vanini, Executive Director

Year Of Opportunities

Member Outreach

E-media continues to be the primary outreach mechanism for AMO.

Through e-communicates, the weekly AMO watchfile, all of our social media feeds and our website, members are informed on timely topics and events.



133.3%

increase in AMO's online engagement over 2015

5,825

followers on twitter,
1,354 new in 2016

60+

data visualizations, charts and tables on AMOpen - the Municipal Government Data Repository. Visit amopen.on.ca to see what it can do for you.

16

taskforces worked together to build on common goals

3,115

participants at AMO events and training

43

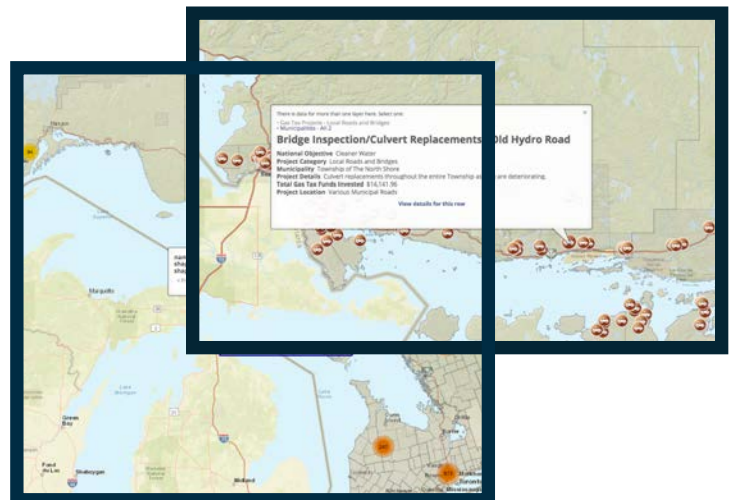
dedicated staff working to further the mission and vision of AMO, LAS and MEPCO

100+

hours the AMO Board met to further priorities impacting all of Ontario

267

volunteers working to further policy decisions



AMO's Mission Statement

“In Ontario’s municipalities, people and families can live, thrive and prosper in the communities they call home, and children will have the choice and opportunity to live and work in the communities where they were raised.”

AMO Policy Centre staff ensure that policy development and advocacy efforts meet the needs of our membership.

Municipal government officials volunteer on AMO led taskforces and working groups. We thank them for their hard work. In 2016 over 250 municipal champions, working across 16 taskforces, led to achievements in a number of areas, details on which can be found on our website. We also appreciate the linkages with numerous sub-municipal groups and staff associations. Coordinating efforts, positions and messages strengthen advocacy.

2016 Taskforces

Affordable
Housing and
Homelessness

Aggregates

Conservation
Authorities

Digital
Government

Energy

Expanding
Medical
Responses
Review

Health

Long-Term
Care & Age-
Friendly
Communities

Marijuana
Legislation

Marijuana
Legislation
Working
Group

Planning

Post
Traumatic
Stress
Disorder
Working
Group

*Provincial
Offenses Act*
(POA) Fine
Working
Group

Waste
Management
(WM)

WM
Municipal-
Industry
Program
Committee

What's Next
Ontario
Working
Group

Appointments

Equally important, AMO appoints volunteers to working groups and committees managed by other Associations, as well as the Provincial and Federal Government.

AMO APPOINTMENTS FOR 2016

Building Code Energy Advisory Group

Canada-Ontario-AMO Municipal Immigration Committee

Canada-Ontario-AMO-Toronto Federal Gas Tax Oversight Committee

Independent Electricity System Operator Stakeholder Advisory Committee

Ministry of Advanced Education and Skills Development - Common Assessment Working Group

Ministry of Community and Social Services - Core Technical Table

Ministry of Community and Social Services - Ministers' General Advisory Council on Social Assistance Reform

Ministry of Community and Social Services - Social Assistance and Employment Committee

Ministry of Community and Social Services - Social Assistance and Employment Committee - Municipal Technical Working Group

Ministry of Community and Social Services - Social Assistance Management System Transition Executive Committee

Ministry of Community and Social Services/AMO/City of Toronto - Accessibility Standards Working Group

Ministry of Community Safety and Correctional Services - Future of Policing Advisory Committee

Ministry of Education - Child Care Regulatory Working Group

Ministry of Education - Early Learning Advisory Group

Ministry of Education - Education Partnership Table

Ministry of Education - Ministers' Early Years Advisory Committee

Ministry of Education - Provincial-Municipal Child Care Partnership Table

Ministry of Education - Provincial-Municipal Early Years Reference Group

Ministry of Finance - Property Tax and Assessment Advisory Committee

AMO APPOINTMENTS FOR 2016 CONTINUED

Ministry of Health and Long-Term Care - Enhanced Long-Term Care Home Renewal Strategy-Design Working Group

Ministry of Health and Long-Term Care - Enhanced Long-Term Care Home Renewal Strategy-Redevelopment Scheduling Process Working Group

Ministry of Health and Long-Term Care - Enhanced Long-Term Care Home Renewal Strategy-Stakeholder Advisory Committee

Ministry of Health and Long-Term Care - Long Term Care Service Accountability Agreement Health Indicator Work Group

Ministry of Health and Long-Term Care - Long Term Care Service Accountability Agreement Planning and Work Schedule Work Group

Ministry of Health and Long-Term Care - Long Term Care Service Accountability Agreement Steering Committee

Ministry of Health and Long-Term Care - Ontario Healthcare Reporting Standards Advisory Committee

Ministry of Health and Long-Term Care - Ontario Public Health Standards Modernization Executive Steering Committee

Ministry of Housing/AMO/City of Toronto - Provincial-Municipal Housing Partnership Table

Ministry of Labour - Section 21 Advisory Committee for Fire Services

Ministry of Municipal Affairs and Housing - Building Advisory Council (BAC)

Ministry of Municipal Affairs and Housing - Municipal Debt Issuance and Investment Committee

Ministry of Natural Resources Aggregate Advisory Committee

Ministry of Natural Resources Aggregate Technical Committee

Ministry of Revenue - Ontario Business Advisory Council

Municipal Health and Safety Association Board (MHSA)

Municipal Property Assessment Corporation (MPAC) - Liaison Group

Ontario 9-1-1 Advisory Board

The Ontario Aggregate Resources Corporation (TOARC) Board of Directors

Waste Diversion Ontario - Continuous Improvement Fund (CIF) Board

Waste Diversion Ontario - Continuous Improvement Fund (CIF) Projects Sub-Committee

Waste Diversion Ontario - Public Affairs Committee (PAC)

AMO Board of Directors

Lynn Dollin, President*
Deputy Mayor, Town of Innisfil

Gary McNamara, Past-President*
Mayor, Town of Tecumseh

Trevor Wilcox, Secretary-Treasurer*
General Manager, Corporate Performance,
County of Simcoe

COUNTY CAUCUS

Paul McQueen, Caucus Chair*
Councillor, County of Grey

Jo-Anne Alber
Councillor, County of Hastings

Peter Emon
Warden, County of Renfrew

Gerry Marshall
Chair, Western Wardens' Caucus
Warden, County of Simcoe

Brenda Orchard
CAO, County of Huron

Robert Quaiff
Chair, Eastern Wardens' Caucus
Mayor, County of Prince Edward

LARGE URBAN CAUCUS

Rick Goldring, Caucus Chair*
Mayor, City of Burlington

Janice Baker
City Manager & CAO, City of Mississauga

Cathy Downer
Councillor, City of Guelph

Chris Friel
Mayor, City of Brantford

Kevin George
Councillor, City of Kingston

Linda Jeffrey
Mayor, City of Brampton

Lou Turco
Councillor, City of Sault Ste. Marie

NORTHERN CAUCUS

Dave Canfield, Caucus Chair NW*
Mayor, City of Kenora

Alan Spacek, Caucus Chair NE*
Mayor, Town of Kapuskasing

Mac Bain
Councillor, City of North Bay

Michael "JJ" Doody
Councillor, City of Timmins

Wendy Landry
Mayor, Municipality of Shuniah

Phil Vinet
Mayor, Municipality of Red Lake

REGIONAL AND SINGLE TIER CAUCUS

Roger Anderson, Caucus Chair*
Regional Chair, Region of Durham

Paul Grenier
Councillor, Region of Niagara

David Henderson
Mayor, City of Brockville

Ken Seiling, Chair, MARCO
Regional Chair, Region of Waterloo

Mark Taylor
Deputy Mayor, City of Ottawa

Allan Thompson
Councillor, Region of Peel

Tony Van Bynen
Councillor, Region of York

RURAL CAUCUS

Ronald Holman, Caucus Chair*
Mayor, Township of Rideau Lakes

Liz Huff
Councillor, Township of Leeds and the
Thousand Islands

Bill Vrebosch
Mayor, Municipality of East Ferris

Mark Wales
Councillor, Township of Malahide

Chris White
Mayor, Township of Guelph-Eramosa

Chris Wray
CAO/Clerk-Treasurer, Municipality of
Wawa

SMALL URBAN CAUCUS

Jamie McGarvey, Caucus Chair*
Mayor, Town of Parry Sound

Gail Ardiel
Deputy Mayor, Town of the Blue
Mountains

Jim Collard
Councillor, Town of Niagara-on-the-Lake

Robert Foster
Councillor, Town of Lincoln

Larry McCabe
CAO, Town of Goderich

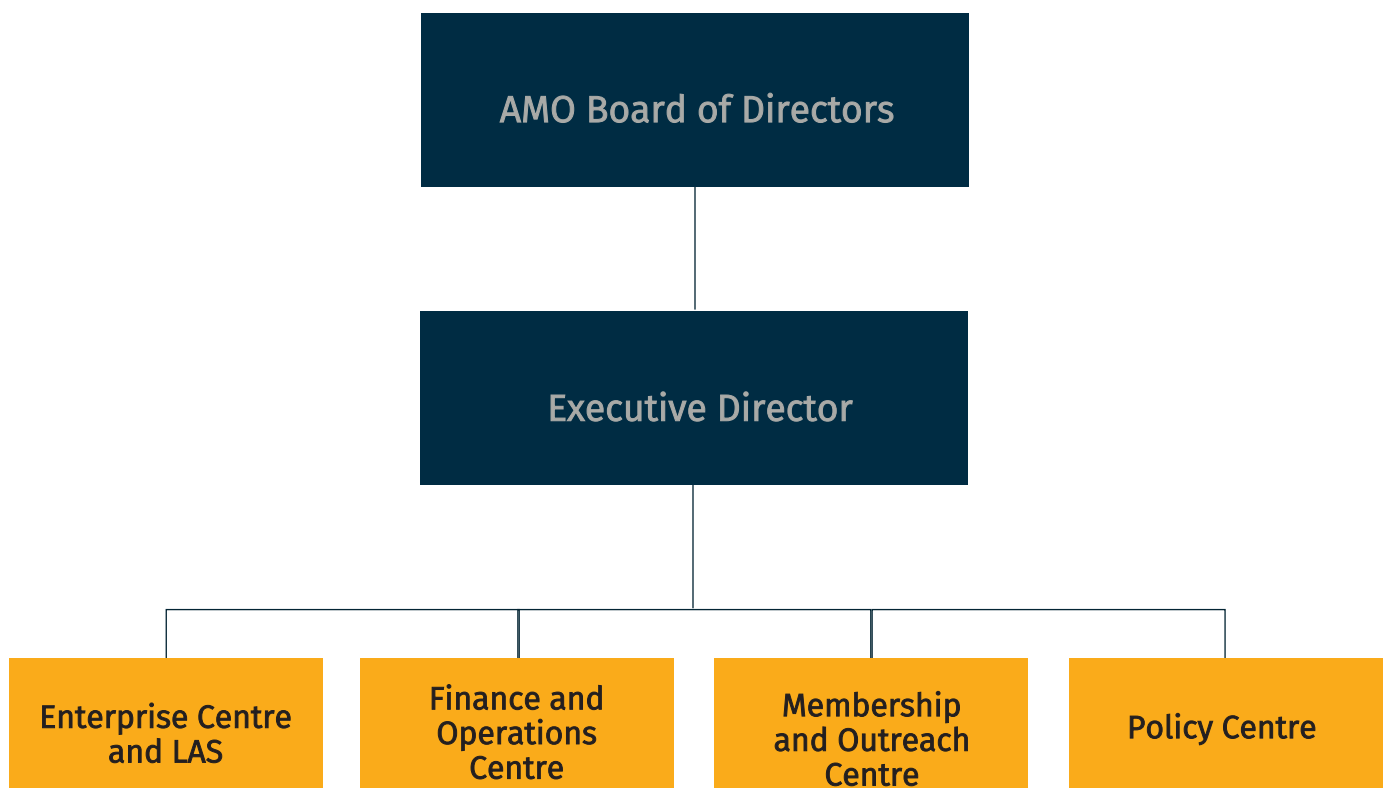
Graydon Smith
Mayor, Town of Bracebridge

**ASSOCIATION FRANCAISE DE
MUNICIPALITIES DE L'ONTARIO (AFMO)**

Claude Bouffard, AFMO President
Mayor, Municipality of French River

* MEMBERS OF AMO EXECUTIVE COMMITTEE

AMO Structure





AMO working to make
Ontario municipalities
stronger.

Our
Members

Township of Adelaide Metcalfe	Municipality of Bluewater
Township of Adjala-Tosorontio	Township of Bonfield
Township of Admaston/Bromley	Township of Bonnechere Valley
Town of Ajax	Town of Bracebridge
Township of Alberton	Town of Bradford West Gwillimbury
Township of Alfred and Plantagenet	City of Brampton
Township of Algonquin Highlands	County of Brant
Township of Alnwick/Haldimand	City of Brantford
Township of Amaranth	Municipality of Brighton
Town of Amherstburg	Township of Brock
Township of Armour	Municipality of Brockton
Township of Armstrong	City of Brockville
Town of Arnprior	Municipality of Brooke-Alvinston
Municipality of Arran-Elderslie	Town of Bruce Mines
Township of Ashfield-Colborne-Wawanosh	County of Bruce
Township of Asphodel-Norwood	Township of Brudenell, Lyndoch and Raglan
Township of Assiginack	Village of Burk's Falls
Town of Atikokan	City of Burlington
Township of Augusta	Township of Burpee and Mills
Town of Aurora	Town of Caledon
Town of Aylmer	Municipality of Callander
Town of Bancroft	Municipality of Calvin
City of Barrie	City of Cambridge
Municipality of Bayham	Town of Carleton Place
Township of Beckwith	Township of Carling
City of Belleville	Village of Casselman
Township of Billings	Township of Cavan Monaghan
Township of Black River-Matheson	Municipality of Central Elgin
Township of Blandford-Blenheim	Township of Central Frontenac
Town of Blind River	Municipality of Central Huron

Township of Adelaide Metcalfe	Municipality of Bluewater
Township of Adjala-Tosorontio	Township of Bonfield
Township of Admaston/Bromley	Township of Bonnechere Valley
Town of Ajax	Town of Bracebridge
Township of Alberton	Town of Bradford West Gwillimbury
Township of Alfred and Plantagenet	City of Brampton
Township of Algonquin Highlands	County of Brant
Township of Alnwick/Haldimand	City of Brantford
Township of Amaranth	Municipality of Brighton
Town of Amherstburg	Township of Brock
Township of Armour	Municipality of Brockton
Township of Armstrong	City of Brockville
Town of Arnprior	Municipality of Brooke-Alvinston
Municipality of Arran-Elderslie	Town of Bruce Mines
Township of Ashfield-Colborne-Wawanosh	County of Bruce
Township of Asphodel-Norwood	Township of Brudenell, Lyndoch and Raglan
Township of Assiginack	Village of Burk's Falls
Town of Atikokan	City of Burlington
Township of Augusta	Township of Burpee and Mills
Town of Aurora	Town of Caledon
Town of Aylmer	Municipality of Callander
Town of Bancroft	Municipality of Calvin
City of Barrie	City of Cambridge
Municipality of Bayham	Town of Carleton Place
Township of Beckwith	Township of Carling
City of Belleville	Village of Casselman
Township of Billings	Township of Cavan Monaghan
Township of Black River-Matheson	Municipality of Central Elgin
Township of Blandford-Blenheim	Township of Central Frontenac
Town of Blind River	Municipality of Central Huron

Municipality of Central Manitoulin	Regional Municipality of Durham
Municipality of Centre Hastings	Municipality of Dutton/Dunwich
Township of Centre Wellington	Municipality of Dysart Et Al
Township of Chamberlain	Township of Ear Falls
Township of Chapleau	Municipality of East Ferris
Township of Chapple	Township of East Garafraxa
Municipality of Charlton and Dack	Town of East Gwillimbury
Municipality of Chatham-Kent	Township of East Hawkesbury
Township of Chatsworth	Township of East Zorra-Tavistock
Township of Chisholm	Township of Edwardsburgh/Cardinal
City of Clarence-Rockland	County of Elgin
Municipality of Clarington	Township of Elizabethtown-Kitley
Township of Clearview	City of Elliot Lake
Town of Cobalt	Township of Emo
Town of Cobourg	Town of Englehart
Town of Cochrane	Township of Enniskillen
Township of Coleman	Town of Erin
Town of Collingwood	Town of Espanola
Township of Conmee	Township of Essa
City of Cornwall	County of Essex
Township of Cramahe	Town of Essex
Township of Dawn-Euphemia	Township of Ewanturel
Town of Deep River	Township of Faraday
Town of Deseronto	Township of Fauquier-Strickland
Township of Dorion	Town of Fort Erie
Township of Douro-Dummer	Town of Fort Frances
Township of Drummond/North Elmsley	Municipality of French River
City of Dryden	Township of Front of Yonge
Township of Dubreuilville	Township of Frontenac Islands
County of Dufferin	County of Frontenac

Separated Town of Gananoque	Town of Hawkesbury
Township of Georgian Bay	United Townships of Head, Clara & Maria
Township of Georgian Bluffs	Town of Hearst
Town of Georgina	Municipality of Highlands East
Township of Gillies	Township of Hilliard
Town of Goderich	Township of Hilton
Municipality of Gordon/Barrie Island	Township of Hornepayne
Town of Grand Valley	Township of Horton
Town of Gravenhurst	Township of Howick
Township of Greater Madawaska	Town of Huntsville
Town of Greater Napanee	Municipality of Huron East
City of Greater Sudbury	Municipality of Huron Shores
Municipality of Greenstone	Township of Huron-Kinloss
Municipality of Grey Highlands	County of Huron
County of Grey	Township of Ignace
Town of Grimsby	Town of Ingersoll
City of Guelph	Town of Innisfil
Township of Guelph/Eramosa	Town of Iroquois Falls
Haldimand County	Township of Johnson
County of Haliburton	Township of Joly
Town of Halton Hills	Town of Kapuskasing
Region of Halton	City of Kawartha Lakes
City of Hamilton	Town of Kearney
Township of Hamilton	City of Kenora
Town of Hanover	Township of Killaloe, Hagarty & Richards
Township of Harley	Municipality of Killarney
Township of Harris	Municipality of Kincardine
Municipality of Hastings Highlands	Township of King
County of Hastings	City of Kingston
Township of Havelock-Belmont-Methuen	Town of Kingsville

Town of Kirkland Lake	Township of Manitouwadge
City of Kitchener	Township of Mapleton
Township of La Vallee	Town of Marathon
Township of Laird	City of Markham
Township of Lake of Bays	Municipality of Markstay-Warren
Town of Lakeshore	Municipality of Marmora and Lake
Municipality of Lambton Shores	Township of Matachewan
County of Lambton	Town of Mattawa
Township of Lanark Highlands	Municipality of Mattawan
County of Lanark	Municipality of McDougall
Township of Larder Lake	Township of McGarry
Town of LaSalle	Township of McKellar
Town of Latchford	Township of McNab/Braeside
Town of Laurentian Hills	Municipality of Meaford
Township of Laurentian Valley	Township of Melancthon
Municipality of Leamington	Village of Merrickville-Wolford
United Counties of Leeds & Grenville	Municipality of Middlesex Centre
Township of Leeds and the Thousand Islands	County of Middlesex
County of Lennox & Addington	Town of Midland
Township of Limerick	Town of Milton
Town of Lincoln	Township of Minden Hills
City of London	Town of Minto
Loyalist Township	City of Mississauga
Township of Lucan Biddulph	Municipality of Mississippi Mills
Township of Machar	Town of Mono
Municipality of Machin	Township of Montague
Township of Madawaska Valley	Township of Moonbeam
Township of Madoc	Town of Moosonee
Municipality of Magnetawan	Township of Morley
Township of Malahide	Municipality of Morris-Turnberry

Township of Mulmur	Village of Oil Springs
Township of Muskoka Lakes	Municipality of Oliver-Paipoonge
Township of Nairn & Hyman	Township of Opatatika
Municipality of Neebing	Town of Orangeville
Town of New Tecumseth	City of Orillia
Town of Newmarket	Township of Oro-Medonte
City of Niagara Falls	City of Oshawa
Town of Niagara-on-the-Lake	Township of Otonabee-South Monaghan
Region of Niagara	City of Ottawa
Township of Nipigon	City of Owen Sound
Township of Nipissing	County of Oxford
Norfolk County	Township of Papineau-Cameron
Township of North Algona Wilberforce	Town of Parry Sound
City of North Bay	Region of Peel
Township of North Dumfries	Township of Pelee
Township of North Dundas	Town of Pelham
Township of North Frontenac	City of Pembroke
Township of North Glengarry	Town of Penetanguishene
Municipality of North Grenville	Township of Perry
Township of North Huron	Township of Perth East
Township of North Kawartha	Township of Perth South
Municipality of North Middlesex	County of Perth
Municipality of North Perth	Town of Perth
Township of North Stormont	Town of Petawawa
Town of Northeastern Manitoulin and the Islands	City of Peterborough
Municipality of Northern Bruce Peninsula	County of Peterborough
County of Northumberland	Town of Petrolia
Township of Norwich	City of Pickering
Township of O'Connor	Township of Pickle Lake
Town of Oakville	Township of Plummer Additional

Town of Plympton-Wyoming	Municipality of Shuniah
Village of Point Edward	County of Simcoe
City of Port Colborne	Municipality of Sioux Lookout
Municipality of Port Hope	Township of Sioux Narrows-Nestor Falls
Municipality of Powassan	Town of Smiths Falls
United Counties of Prescott & Russell	Town of Smooth Rock Falls
Town of Prescott	Township of South Algonquin
County of Prince Edward	Town of South Bruce Peninsula
Township of Puslinch	Municipality of South Bruce
City of Quinte West	Municipality of South Dundas
Town of Rainy River	Township of South Frontenac
Township of Ramara	Township of South Glengarry
Municipality of Red Lake	Municipality of South Huron
Township of Red Rock	Village of South River
County of Renfrew	Township of South Stormont
Town of Renfrew	Township of South-West Oxford
Town of Richmond Hill	Township of Southgate
Township of Rideau Lakes	Municipality of Southwest Middlesex
Township of Russell	Township of Southwold
Township of Ryerson	Town of Spanish
Township of Sables-Spanish Rivers	Township of Springwater
City of Sarnia	City of St. Catharines
Town of Saugeen Shores	Municipality of St. Charles
City of Sault Ste. Marie	Township of St. Clair
Township of Schreiber	Township of St. Joseph
Township of Scugog	Town of St. Marys
Township of Seguin	City of St. Thomas
Township of Selwyn	Township of Stirling-Rawdon
Township of Severn	Township of Stone Mills
Town of Shelburne	United Counties of Stormont, Dundas & Glengarry
	City of Stratford

Municipality of Strathroy-Caradoc	Township of Wainfleet
Township of Strong	Township of Warwick
Village of Sundridge	Town of Wasaga Beach
Tay Valley Township	City of Waterloo
Township of Tay	Region of Waterloo
Town of Tecumseh	Municipality of Wawa
Township of Tehkummah	City of Welland
Municipality of Temagami	Township of Wellesley
City of Temiskaming Shores	Township of Wellington North
Township of Terrace Bay	County of Wellington
Municipality of Thames Centre	Municipality of West Elgin
Township of The Archipelago	Municipality of West Grey
Town of The Blue Mountains	Township of West Lincoln
The District Municipality of Muskoka	Municipality of West Nipissing
The Nation Municipality	Municipality of West Perth
Township of The North Shore	Village of Westport
Town of Thessalon	Town of Whitby
City of Thorold	Town of Whitchurch-Stouffville
City of Thunder Bay	Township of White River
Town of Tillsonburg	Municipality of Whitestone
City of Timmins	Township of Whitewater Region
Township of Tiny	Township of Wilmot
Municipality of Trent Hills	City of Windsor
Municipality of Trent Lakes	Township of Wollaston
Township of Tudor & Cashel	City of Woodstock
Municipality of Tweed	Township of Woolwich
Township of Tyendinaga	Regional Municipality of York
Township of Uxbridge	Township of Zorra
Township of Val Rita-Harty	
City of Vaughan	

Our Supporters

ASSOCIATES

Algoma District Services Administration Board

Association Française des Municipalités de L'Ontario (AFMO)

Association of Local Public Health Agencies (alPHa)

Bluewater Recycling Association

Conservation Ontario

Credit Valley Conservation

District of Cochrane Social Services Administration Board

District of Parry Sound Social Services Administration Board

District of Timiskaming Social Services Administration Board

Kenora District Services Board

Mamaweswen The North Shore Tribal Council

Manitoulin-Sudbury District Services Board

Municipal Property Assessment Corporation (MPAC)

Nipissing District Social Services Administration Board

Ontario Building Officials Association

Ontario Ground Water Association

Ontario Municipal Water Association

Ontario Non-Profit Housing Association

Ontario Sewer and Watermain Construction Association

Parks and Recreation Ontario

Rainy River District Social Services Administration Board

South Nation River Conservation Authority

Thunder Bay District Social Services Administration Board

CORPORATE PARTNERS

Ameresco Canada Inc.

CAA South Central Ontario

Nuclear Waste Management Organization

Ontario Electronic Stewardship

Union Gas Limited

DISTRICTS

Northwestern Ontario Municipal Association

Manitoulin Municipal Association

III

Financial Statements



Independent Auditor's Report

Grant Thornton LLP
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To the Members of
Association of Municipalities of Ontario

We have audited the accompanying financial statements of Association of Municipalities of Ontario, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Association of Municipalities of Ontario as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Toronto, Canada
June 16, 2017

Chartered Professional Accountants
Licensed Public Accountants

Association of Municipalities of Ontario

Statement of Financial Position

December 31

2016

2015

Assets

Current

Cash	\$ 200,502	\$ 456,058
Accounts receivable (Note 3)	213,576	189,188
Investments (Note 5) Prepaid expenses	12,378,065	10,490,968
	<u>324,126</u>	<u>305,030</u>

	13,116,269	11,441,244
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Investment in LAS (Note 6) Property and equipment (Note 7)

	100	100
	<u>199,150</u>	<u>191,724</u>

	<u>\$ 13,315,519</u>	<u>\$ 11,633,068</u>
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Liabilities

Current

Accounts payable and accrued liabilities (Note 8)	\$ 840,490	\$ 665,881
Deferred revenue (Note 9)	42,885	15,000
Deferred contributions – projects (Note 10)	1,115,565	806,615
Deferred contributions – other (Note 11) Other liabilities (Note 12)	70,519	65,333
	<u>-</u>	<u>8,330</u>

	<u>2,069,459</u>	<u>1,561,159</u>
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Net assets

Restricted fund

Federal gas tax program (Note 13)	9,026,517	8,067,186
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General funds - unrestricted

Investment in LAS	100	100
Other	<u>2,219,443</u>	<u>2,004,623</u>

	<u>11,246,060</u>	<u>10,071,909</u>
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	<u>\$ 13,315,519</u>	<u>\$ 11,633,068</u>
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Commitments (Note 17)

On behalf of the Board of Directors

_____ Director

_____ Director

Association of Municipalities of Ontario

Statement of Operations

Year ended December 31

	Restricted fund	General funds		Total 2016	Total 2015
	Federal gas tax program	Restricted	Unrestricted		
Revenue					
Membership fees	\$ -	\$ -	\$ 1,919,726	\$ 1,919,726	\$ 1,860,408
Conferences and seminars	-	-	1,806,348	1,806,348	2,071,870
Investment income	-	-	11,620	11,620	7,986
Administration and occupancy fees (Note 4)	-	-	3,354,288	3,354,288	3,006,233
Other income	-	-	247,361	247,361	96,047
Funds received					
Federal gas tax (Note 13)	620,398,154	-	-	620,398,154	590,855,385
Municipal Industry Policy Committee (MIPC)	-	7	-	7	100,712
Community School Alliance	-	17,350	-	17,350	-
Continuous Improvement Fund Project (CIF)	-	365,965	-	365,965	422,250
Waste Diversion Project	-	245,486	-	245,486	219,997
Steward Obligation Project	-	223,115	-	223,115	313,003
Interest earned on funds received	188,654	-	-	188,654	278,913
	<u>620,586,808</u>	<u>851,923</u>	<u>7,339,343</u>	<u>628,778,074</u>	<u>599,232,804</u>
Expenses					
General - Administration	-	-	1,205,500	1,205,500	949,486
Policy - Administration	2,331,314	-	2,093,687	4,425,001	3,885,935
Corporate services - Administration	-	-	3,228,838	3,228,838	3,057,482
- Conference and seminars	-	-	596,498	596,498	909,113
	<u>2,331,314</u>	<u>-</u>	<u>7,124,523</u>	<u>9,455,837</u>	<u>8,802,016</u>
Programs					
Funds distributed					
Federal gas tax (Note 13)	617,296,163	-	-	617,296,163	587,901,108
Municipal Industry Policy Committee (MIPC)	-	7	-	7	100,712
Community School Alliance	-	17,350	-	17,350	-
Continuous Improvement Fund Project (CIF)	-	365,965	-	365,965	422,250
Waste Diversion Project	-	245,486	-	245,486	219,997
Steward Obligation Project	-	223,115	-	223,115	313,003
	<u>617,296,163</u>	<u>851,923</u>	<u>-</u>	<u>618,148,086</u>	<u>588,957,070</u>
	<u>619,627,477</u>	<u>851,923</u>	<u>7,124,523</u>	<u>627,603,923</u>	<u>597,759,086</u>
Excess of revenue over expenses	\$ 959,331	\$ -	\$ 214,820	\$ 1,174,151	\$ 1,473,718

See accompanying notes to the financial statements.

Association of Municipalities of Ontario Statement of Changes in Net Assets

Year ended December 31

	Restricted fund Federal gas tax program	General fund Unrestricted	Total 2016	Total 2015
Net assets, beginning of year	\$ 8,067,186	\$ 2,004,723	\$10,071,909	\$ 8,598,191
Excess of revenue over expenses	<u>959,331</u>	<u>214,820</u>	<u>1,174,151</u>	<u>1,473,718</u>
Net assets, end of year	<u>\$ 9,026,517</u>	<u>\$ 2,219,543</u>	<u>\$11,246,060</u>	<u>\$10,071,909</u>

General funds comprise:

Investment in LAS Other	\$ 100
	<u>2,219,443</u>
	<u>\$ 2,219,543</u>

See accompanying notes to the financial statements.

Association of Municipalities of Ontario Statement of Cash Flows

Year ended December 31

2016

2015

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 1,174,151	\$ 1,473,718
Item not involving cash		
Amortization	<u>98,337</u>	<u>132,743</u>
	1,272,488	1,606,461
Net change in non-cash working capital		
Accounts receivable	(24,388)	298,157
Prepaid expenses	(19,096)	(20,482)
Accounts payable and accrued liabilities	174,609	65,021
Deferred revenue	27,885	(153,584)
Deferred contributions – projects	308,950	399,234
Deferred contributions – other	5,186	20,205
Other liabilities	<u>(8,330)</u>	<u>8,330</u>

	<u>1,737,304</u>	<u>2,223,342</u>
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Investing

Investments	(1,887,097)	(2,463,622)
Additions to property and equipment	<u>(105,763)</u>	<u>(177,017)</u>

	<u>(1,992,860)</u>	<u>(2,640,639)</u>
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Net change in cash

	(255,556)	(417,297)
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Cash

Beginning of year	<u>456,058</u>	<u>873,355</u>
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End of year	<u>\$ 200,502</u>	<u>\$ 456,058</u>
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See accompanying notes to the financial statements.

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

1. Basis of presentation

Association of Municipalities of Ontario (AMO) is a not-for-profit organization incorporated, without share capital, under Letters Patent on May 11, 1990 under the Corporations Act (Ontario).

The mandate of AMO is to promote, support and enhance strong and effective municipal government in Ontario.

As a not-for-profit organization, AMO is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Accounting standards for not-for-profit organizations require entities to select policies appropriate for their circumstances from choices provided in the specific standards. The following are details of the choices selected by AMO and applied in these financial statements.

Fund accounting

AMO follows fund accounting whereby the accounts of the organization are segregated and presented by fund.

The Restricted fund represents the Federal gas tax program which includes grants which have specific restrictions placed on their use by the funder.

The General funds account for AMO's operations and reports unrestricted and externally restricted resources not included in the Restricted fund.

Use of estimates

Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to the excess of revenue over expenses as appropriate in the year they become known. Management also reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment.

Investment in subsidiaries

Local Authority Services (LAS) is a wholly owned subsidiary of AMO. The investment in LAS is stated at cost. A financial summary of LAS is presented and disclosed in Note 6.

Municipal Employer Pension Centre of Ontario (MEPCO) is controlled by AMO. A financial summary of MEPCO is presented and disclosed in Note 6.

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Revenue recognition

AMO follows the restricted fund method for all externally restricted contributions. Under the restricted fund method, externally restricted contributions of the Restricted fund are recognized as revenue in the year of receipt. Externally restricted contributions of the General funds are deferred until the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when the amount is reasonably estimated and collection is reasonably assured.

Membership and administrative fees are recognized as revenue in the period to which the fees relate. Fees received in advance of the period to which they relate are recorded as deferred revenue in the statement of financial position.

Conferences and seminars revenue is recognized in the period in which the event occurs, or the service is provided.

Investment income is recognized as revenue in the period it is earned.

Financial instruments

AMO considers any contract creating a financial asset, liability or equity instrument as a financial instrument.

AMO's financial instruments comprise cash, accounts receivable, investments and accounts payable which are initially recorded at fair value and subsequently measured at amortized cost.

Property and equipment

Property and equipment are recorded at cost and are amortized over their estimated useful life as follows:

Furniture and fixtures	Straight-line	5 years
Computer hardware	Straight-line	4 years

Pension

AMO makes contributions on behalf of its employees to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. As the amount AMO is obligated under the Plan is not quantifiable, the accounting, presentation and disclosures that would otherwise be required are not determinable. Due to this fact, AMO follows the standards for a defined contribution plan, the details of which are disclosed in Note 15.

3. Accounts receivable

	<u>2016</u>	<u>2015</u>
Trade	\$ 5,363	\$ 26,545
Due from related parties (Note 4)	<u>208,213</u>	<u>162,643</u>
	<u>\$ 213,576</u>	<u>\$ 189,188</u>

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2016

4. Related party transactions

	<u>2016</u>	<u>2015</u>
Amounts due from related parties are as follows:		
LAS	\$ 186,724	\$ 160,236
MEPCO	21,489	2,407

These amounts are unsecured, repayable on demand and are non-interest bearing.

During the year, the Association charged administration and occupancy fees to:

	<u>2016</u>	<u>2015</u>
LAS	\$ 447,002	\$ 408,932
MEPCO	396,415	390,426

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related entities.

5. Investments

	<u>2016</u>	<u>2015</u>
One Investment High Interest Savings Account (HISA) bearing interest at bank prime less a variable interest rate ranging from 1.55% to 1.70% depending on the total portfolio balance. The average rate of return for 2016 was 1.10%	\$ 7,284,831	\$ 5,481,568
Bank of Montreal Guaranteed Savings Certificate (GIC) bearing interest at 1.50%, due November 7, 2017	1,524,395	-
Bank of Montreal GIC, bearing interest at 1.50%, due November 27, 2017	2,580,360	-
Bank of Montreal GIC, bearing interest at 1.50%, due December 8, 2017	988,479	-
Bank of Montreal GIC, bearing interest at 1.70%, matured November 7, 2016	-	1,499,425
Bank of Montreal GIC, bearing interest at 1.70%, matured November 24, 2016	-	2,537,893
Bank of Montreal GIC, bearing interest at 1.70%, matured December 7, 2016	-	972,082
	<u>\$ 12,378,065</u>	<u>\$ 10,490,968</u>

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

6. Subsidiaries

LAS

LAS is a wholly owned subsidiary of AMO. The mandate of LAS is to work with municipalities, their agencies, boards and commissions, as well as other organizations of Ontario's broader public sector to assist them in reducing their expenditures and to increase their levels of non-tax revenues through the principle of joint or cooperative procurement efforts.

LAS has not been consolidated in AMO's financial statements. Financial statements of LAS are available on request. A financial summary of LAS as at December 31, 2016 and 2015 and for the years then ended is as follows:

	<u>2016</u>	<u>2015</u>
Financial position		
Total assets	\$ 527,251,907	\$ 61,260,124
Total liabilities	<u>519,268,844</u>	<u>55,007,877</u>
Fund balances	<u>\$ 7,983,063</u>	<u>\$ 6,252,247</u>
Fund balances comprise:		
General funds (unrestricted)		
Natural gas procurement program	\$ 4,387,159	\$ 4,023,170
Electricity program	567,624	526,777
Operating	<u>3,028,280</u>	<u>1,702,300</u>
	<u>\$ 7,983,063</u>	<u>\$ 6,252,247</u>
Results of operations		
Total revenue	\$ 25,549,150	\$ 31,096,755
Total expenses	<u>22,818,334</u>	<u>27,224,239</u>
	2,730,816	3,872,516
Rebates	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Excess of revenue over expenses	<u>\$ 1,730,816</u>	<u>\$ 2,872,516</u>
Cash provided by (used in)		
Operating activities	\$ (32,456)	\$ 5,005,985
Investing activities	<u>(1,925,628)</u>	<u>(1,320,755)</u>
Net change in cash	<u>\$ (1,958,084)</u>	<u>\$ 3,685,230</u>

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

6. Subsidiaries (continued)

MEPCO

AMO is the only member of MEPCO. The mandate of MEPCO is to fulfill the obligations of the Association and others under the Ontario Municipal Employees Retirement Systems Act, 2006.

MEPCO has not been consolidated in AMO's financial statements. Financial statements of MEPCO are available on request. A financial summary of MEPCO as at December 31, 2016 and 2015 and for the years then ended is as follows:

	<u>2016</u>	<u>2015</u>
Financial position		
Total assets	\$ 1,085,226	\$ 1,095,122
Total liabilities	<u>48,681</u>	<u>21,867</u>
Net assets	<u>\$ 1,036,545</u>	<u>\$ 1,073,255</u>
Net assets comprised of:		
Restricted	\$ 817,441	\$ 817,441
Unrestricted	<u>219,104</u>	<u>255,814</u>
	<u>\$ 1,036,545</u>	<u>\$ 1,073,255</u>
Results of operations		
Total revenue	\$ 603,078	\$ 615,949
Total expenses	<u>639,788</u>	<u>657,694</u>
Deficiency of expenses over revenue	<u>\$ (36,710)</u>	<u>\$ (41,745)</u>
Cash provided by (used in)		
Operating activities	\$ (5,549)	\$ (47,018)
Investing activities	<u>(29,632)</u>	<u>56,061</u>
Net change in cash	<u>\$ (35,181)</u>	<u>\$ 9,043</u>

7. Property and equipment

	<u>2016</u>	<u>2015</u>
	<u>Net Book Value</u>	<u>Net Book Value</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>
Furniture and fixtures	\$ 42,850	\$ 37,564
Computer hardware	<u>1,182,848</u>	<u>988,984</u>
	<u>\$ 1,225,698</u>	<u>\$ 1,026,548</u>
	<u>\$ 199,150</u>	<u>\$ 191,724</u>

Association of Municipalities of Ontario Notes to Financial Statements

December 31, 2016

8. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances of \$44,508 (2015 - \$48,557).

9. Deferred revenue

	<u>2016</u>	<u>2015</u>
Seminar fees received in advance	<u>\$ 42,885</u>	<u>\$ 15,000</u>

10. Deferred contributions – projects

Deferred contributions – projects are amounts received from parties to carry out specific projects. Funds are recognized as revenue in the period in which the related expenses are incurred. If amounts are not expended, amounts may be refundable.

	<u>Balance, beginning of year</u>	<u>Received in the year</u>	<u>Disbursed and recognized in the year</u>	<u>Balance, end of year</u>
Municipal Industry Policy Committee (MIPC) Community	\$ 210,035	\$ -	\$ 7	\$ 210,028
Schools Alliance Continuous Improvement	10,300	37,055	17,350	30,005
Fund Project (CIF)	119,280	398,818	365,965	152,133
Waste Diversion Project Stewardship Obligation Project Ministry of Economic Development, Employment and Infrastructure (MEDEI)	280,003	500,000	245,486	534,517
	186,997	200,000	223,115	163,882
	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
2016	<u>\$ 806,615</u>	<u>\$ 1,160,873</u>	<u>\$ 851,923</u>	<u>\$ 1,115,565</u>
2015	<u>\$ 407,381</u>	<u>\$ 1,455,196</u>	<u>\$ 1,055,962</u>	<u>\$ 806,615</u>

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

11. Deferred contributions – other

Deferred contributions – other represent unspent resources for specific projects which must be approved by the various groups/organizations. Changes in the deferred contributions – other balance are as follows:

	Balance, beginning of year	Received in the year	Disbursed and recognized in the year	Balance, end of year
Regional/Single Tier Caucus	\$ 8,236	\$ -	\$ -	\$ 8,236
Municipal Disaster Relief Fund	37,116	9,188	-	46,304
Training and development	19,981	14,648	18,650	15,979
2016	\$ 65,333	\$ 23,836	\$ 18,650	\$ 70,519
2015	\$ 45,128	\$ 20,205	\$ -	\$ 65,333

12. Other liabilities

Other liabilities represent amounts received from external parties for specific purposes that are administered by AMO. Accordingly, these amounts are not reflected as revenue or expenses of AMO. Changes in other liabilities are as follows.

	Balance, beginning of year	Received in the year	Disbursed in the year	Balance, end of year
Syrian refugee situation	\$ 8,330	\$ 180	\$ 8,510	\$ -

13. Federal gas tax program

On June 17, 2005, the Government of Canada, the Province of Ontario, AMO and the City of Toronto signed an agreement setting out new revenue sharing arrangements for federal gas tax revenues for investment in municipal infrastructure. AMO administers the fund on behalf of the federal government for all municipalities except Toronto. The agreement resulted in funds of \$1.453 billion flowing to 444 municipalities from 2005 to 2010. Under the Agreement, AMO received 1% of the amounts received and distributed to administer the funds. In 2009, the agreement was extended with an additional \$2.361 billion of funds flowing to municipalities over the period 2010-2014. As part of the extended agreement, the administration fee was reduced to 0.5% to better reflect the related costs. At December 31, 2013, AMO had accumulated \$20.692 million in surplus administration funds primarily related to 2005 to 2010.

In 2014, the program was made permanent using a five year agreement model. The first agreement under this new approach will have \$3.8 billion flowing to municipalities between 2014-2019 with AMO continuing to receive 0.5% of the amounts received to administer the funds. In 2014, the AMO Board of Directors decided to establish a restricted reserve to hold \$5 million for wind up of the program and to distribute the balance of \$15,692,043 in surplus administration funds accumulated up to December 31, 2013 to all municipalities (except Toronto) on a per capita basis – in keeping with how funds are allocated under the agreement - using the 2006 population data from Statistics Canada.

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

14. Capital disclosures

The capital structure of AMO consists of net assets comprised of restricted and unrestricted amounts. The unrestricted funds include a provision for a six month allowance should it become necessary to wind up the Association. The Association manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets.

AMO's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide the appropriate level of services to the municipalities of Ontario. AMO is subject to externally imposed capital requirements for the Federal gas tax program and the restricted funds included in the General funds. These funds are invested and administered according to these requirements.

15. Pension agreements

During 2016, AMO contributed \$455,058 (2015 - \$438,970) to OMERS. Of the amount contributed, \$119,133 (2015 - \$116,538) related to employees who worked for AMO's subsidiary, Local Authority Services.

16. Allocation of expenses

Salaries and benefits are allocated based on the percentage of time spent by staff for each program. Expenses such as rent, information technology costs, are allocated based on the percentage of the work performed for each program.

Expenses allocated to various funds were as follows:

	Federal gas tax program	MIPC	CIF	Waste Diversion Project	Stewardship Obligation Project
2016					
Salaries and benefits	\$ 860,588	\$ -	\$ 331,285	\$ 87,980	\$ 93,171
Administration expenses	<u>227,337</u>	-	-	-	-
	<u>\$1,087,925</u>	<u>\$ -</u>	<u>\$ 331,285</u>	<u>\$ 87,980</u>	<u>\$ 93,171</u>
2015					
Salaries and benefits	\$ 727,763	\$ 86,894	\$ 382,592	\$ 82,333	\$ 54,468
Administration expenses	<u>193,573</u>	-	-	-	-
	<u>\$ 921,336</u>	<u>\$ 86,894</u>	<u>\$ 382,592</u>	<u>\$ 82,333</u>	<u>\$ 54,468</u>

Association of Municipalities of Ontario

Notes to Financial Statements

December 31, 2016

17. Commitments

AMO has entered into agreements to lease equipment and premises. Minimum lease payments, including operating costs and realty taxes for the next five years are as follows:

2017	\$ 538,000
2018	543,000
2019	521,000
2020	538,000
2021	<u>470,000</u>
	<u>\$ 2,610,000</u>

18. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows from, a financial instrument will fluctuate because of market changes in interest rates.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. AMO's foreign currency purchase and sale transactions and its assets and liabilities that are denominated in foreign currencies are minimal.

Liquidity risk

Liquidity risk is the risk that AMO will encounter difficulty in meeting the obligations associated with its financial liabilities. AMO is exposed to this risk mainly in respect of its accounts payable.

AMO reduces exposure to liquidity risk by ensuring that it maintains adequate cash reserves to pay its creditors.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. AMO's main credit risks relate to its accounts receivable. Based on creditworthiness of AMO's counter parties, no allowance for doubtful accounts is required.

It is management's opinion that AMO is not exposed to significant interest rate, currency, liquidity or credit risk arising from its financial instruments.

19. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

Contact

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