



ANNUAL REPORT | 2019

**AMO** Association of  
Municipalities Ontario

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## Message from the AMO President



My first full year in the role of AMO President was completed in 2019 – and it has been a remarkable, sometimes challenging, and always rewarding experience.

AMO is served by an outstanding Board of Directors from across Ontario who integrate local perspectives with the broader needs of the sector and the collective aspirations of Ontario's communities. AMO's members govern and provide the services people rely on most to 80% of Ontario's population. That's nearly one-in-three Canadians.

AMO staff did a great job again in 2019 leading our policy development, member services and administrative functions to ensure you, our members, are well served. We also had an important and seamless leadership transition in the organization in 2019 with the retirement of Pat Vanini and the promotion of Brian Rosborough into the Executive Director role. Building on Pat's impressive legacy, Brian will continue to modernize the organization and strengthen AMO's influence as a public policy leader.

As an advocacy organization, AMO's influence is second to none.

At Queens Park, 2019 ended better than it began with a constructive shift away from austerity to a more pragmatic approach to collaboration, community building and modernization. AMO played an important role in helping to shape the transition in a way that reflects the critically important role of municipalities in delivering and governing key services.

It was also a big year for member services, with the delivery of twice the Federal Gas Tax funding and the implementation of the Main Street Revitalization Initiative. Both programs demonstrate the value of formula-based funding and the effective, efficient and accountable distribution of funding to municipal governments.

Above all, I want to thank AMO members for the work you do and for your support. None of the work we do as an advocacy and member services organization would be possible without the support of AMO members. Your membership in AMO makes a world of difference.

A handwritten signature in black ink, appearing to read 'Jamie McGarvey'. The signature is stylized and fluid, with a long horizontal stroke extending to the right.

**Jamie McGarvey**

*President, AMO*

*Mayor, Town of Parry Sound*

## Secretary-Treasurer's Report



I am pleased to provide you with my report on AMO's 2019 financial status and some highlights from the Association from a corporate point of view.

AMO continues to have a strong and consistent membership base. In 2019, AMO had a membership of 419 municipal members – representing 94% of Ontario municipalities.

Our membership is further strengthened by 37 organizations that were Partners, Associates, Districts and Affiliates. We are pleased to have a working relationship with these unique members as we advance the interests of municipal government.

A copy of the audited financial statements for the year ending December 31, 2019, is included as an appendix to this Annual Report. The Association continues to be in good financial shape. The main sources of revenue for the Association are membership fees and the annual conference. AMO's Audit Committee meets three times a year with the auditors as part of the Association's accountability framework.

The Finance and Operations Centre is the backbone of the corporate operations, including the financial management, reporting and risk management, as well as the management of its assets, information services, website management, information technology and data. It provides a broad range of operational support, including information service and technology solutions, webinars and video meetings, and supports all AMO educational events including the registration of more than 2400 participants in our annual conference.

Given the breadth of our policy work and member services, sharing information with members and stakeholders is a priority. AMO's own website had more than half a million page views in 2019. Subscription to the weekly AMO WatchFile is currently at 7,900. Communicating with our members and keeping everyone up to date on matters of municipal interest is just part of the value-added benefit of an AMO membership.

The work of the Finance and Operations Centre is important to the success of the Association and its related organizations – MEPCO, LAS, and ONE. Together with the AMO Board, we strive for excellence in working to achieve results for AMO members.

A handwritten signature in black ink, appearing to read "Trevor Wilcox". The signature is fluid and cursive.

**Trevor Wilcox**

*Secretary-Treasurer*

*General Manager, Corporate Performance, County of Simcoe*

## Message from the Executive Director



Writing the 2019 Annual Report in spring 2020 – in the middle of an unprecedented pandemic – is an unusual experience. But it is a good reminder of the important work of AMO in 2019 and all that was accomplished.

I am privileged to have been in my new role as Executive Director since September 2019 and I am keen to acknowledge the accomplishments of my predecessor, Pat Vanini, who was Executive Director from 2002 to 2019. Pat’s legacy of leadership and effective management means AMO is influential, member-focused and financially sustainable.

I am keenly aware of the important part AMO plays in shaping public policy, supporting members and facilitating local innovation through a range of services and supports. These core objectives will continue to drive the work we do.

Of course, 2019 was not without its challenges. However, as the new government in Queen’s Park found its footing, AMO was ready and able to respond effectively on behalf of the sector and to help re-shape government direction to better reflect the needs of our members.

The 2019 AMO Conference was record-breaking in every respect – more delegates, more exhibitors and more sponsors than ever before. We also hosted a record number of Cabinet Ministers at the Ministers’ Forum and Minister’s delegation meetings. It was a resounding success, made possible by more than 2,400 participants who attended.

I want to thank AMO member municipal governments for your support. It makes a world of difference to the work we do on your behalf. I also want to highlight the contributions of the many extraordinary municipal public servants who work with AMO staff to ensure our advocacy and member services reflect the best knowledge of your priorities, challenges, needs and aspirations.

Thank you.

A handwritten signature in black ink, appearing to read 'Brian Rosborough'. The signature is fluid and cursive, with a long horizontal stroke at the end.

**Brian Rosborough**

*Executive Director*



## AMO Enterprise Centre Report

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AMO's Enterprise Centre (EC) builds strategic relationships with partners where there is shared value – the partner succeeds in achieving business goals while AMO maximizes benefits to members.

Municipal governments are exploring how to harness digital technologies to improve service delivery, operational efficiencies, and engagement with residents. In 2019, EC secured partnerships with the following technology providers.

- eSCRIBE: a provider of meeting management and livestreaming technology
- 4S: an occupational health and safety advisory firm
- Frequency Foundry: a digital citizen relationship management (CRM) provider
- eSolutionsGroup: a barrier-free web solution provider

These efforts are consistent with the Ontario government's priorities of encouraging municipal governments to further efficiencies and to modernize services. AMO continues to identify potential partners that offer cost-effective, proven, and appropriate technology to help members with digital transformation efforts.

**Judy Dezell**, *Director*

## AMO Membership Centre Report

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AMO's Membership Centre (MC) supports AMO and its members through the coordination of events, education and training, the management of key transfer payment programs, and the fulfilment of AMO's responsibilities as a key sponsor of the \$97 billion OMERS plan.

In 2019, the MC's Gas Tax team distributed more than \$1.3 billion in federal Gas Tax program funding to municipalities, and worked directly with municipalities to make advances in municipal asset management. The \$26 million Main Street Revitalization Initiative also progressed in 2019. The initiative is delivered by AMO on behalf of OMAFRA to 413 single-tier and lower-tier municipalities.

Over the year, the MC continued to support members through new councillor training and land-use planning training in response to Ontario's new planning legislation. In August, AMO welcomed more than 2,400 participants to the AMO Annual Conference and Trade Show.

**Petra Wolfbeiss**, *Director*

## AMO Policy Centre Report

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AMO's Policy Centre (PC) conducts research, policy analysis and advocacy to ensure that provincial policies and programs respect municipal authority.

The PC was extremely busy in 2019. It was the first full year of the province's mandate, and the government's ambitious Spring Budget required in-depth and ongoing AMO analysis on the potential municipal impacts. One result of this work was that AMO collaborated with municipal members and stakeholders to develop a comprehensive response to the provincial consultations on public health and emergency health services modernization.

AMO released major discussion papers on the municipal role in health and housing affordability and submitted a report to the Attorney General on liability and insurance, and cost reform. Throughout the year, we actively engaged in several provincial policy areas on behalf of our membership, including:

- Provincial consultations on the Blue Box transformation and the subsequent regulation
- Amendments to the Development Charge regime and introduction of Community Benefit Charges
- Conservation Authority modernization
- Provincial funding for municipal modernization through service delivery reviews and efficiency reviews were some of the provincial policy areas

Much of the policy analysis and advocacy work involved municipal volunteers from across the province in our task forces, technical working groups and through the many sector associations and networks. This is invaluable to our policy process so that our advocacy is aligned with municipal interests across all regions of the province.

**Monika Turner**, *Director*

## AMO Finance and Operations Centre Report

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AMO's Finance and Operations Centre (FO) is responsible for managing the Association's and AMO-related organizations' accounting, financial systems, risk management, information technology, human resources, website management, information systems and data.

Information is disseminated to AMO membership and the public at large using AMO and AMO-associated websites and other electronic tools that leverage our membership database.

In 2019, we transitioned several of our websites to fully mobile and accessible sites. We are happy to report that Gas Tax at Work, Local Authority Services (LAS) and ONE Investment are now fully mobile and accessible. Work is continuing in 2020 to make the remaining AMO websites fully mobile and accessible.

We are excited to embark on planning and starting the digitization strategy for all AMO and related organizations to eliminate the need for paper storage over time and to improve cost and process efficiency.

**Afshin Majidi**, *Director*

# AMO Board of Directors

\* Indicates member of the AMO Executive Committee

## **Jamie McGarvey\***

AMO President  
Mayor, Town of Parry Sound

## **Lynn Dollin\***

Past President  
Mayor, Town of Innisfil

## **Trevor Wilcox\***

Secretary-Treasurer  
General Manager, Corporate  
Performance, County of Simcoe

## **County Caucus**

### **Gary McNamara\***

Chair, County Caucus  
Warden, County of Essex  
Mayor, Town of Tecumseh

### **Justin Bromberg**

Chief of Staff & Communications  
Manager, United Counties of  
Prescott & Russell

### **Aina DeViet**

Councillor, Middlesex County  
Mayor, Municipality of  
Middlesex Centre

### **Jim Ginn**

Chair, Western Ontario Wardens'  
Caucus  
Warden, Huron County  
Mayor, Township of Huron-Kinloss

### **Andy Letham**

Chair, Eastern Ontario Wardens' Caucus  
Mayor, City of Kawartha Lakes

### **Paul McQueen**

Councillor, County of Grey  
Mayor, Municipality of Grey Highlands

## **Large Urban Caucus**

### **Anna Hopkins\***

Chair, Large Urban Caucus  
Councillor, City of London

### **Kevin Davis**

Mayor, City of Brantford

### **Dawn Dodge**

Councillor, City of St. Catharines

## **Cathy Downer**

Councillor, City of Guelph

## **Cam Guthrie**

Chair Large Urban Mayors'  
Caucus of Ontario  
Mayor, City of Guelph

## **Bryan Paterson**

Mayor, City of Kingston

## **Northern Caucus**

### **Wendy Landry\***

Chair, Northwestern Caucus  
Northwestern Ontario Municipal  
Association President  
Mayor, Municipality of Shuniah (NW)

### **Danny Whalen\***

Chair, Northeastern Caucus  
Federation of Northern Ontario  
Municipalities (FONOM) President  
Councillor, City of Temiskaming  
Shores (NE)

### **Mac Bain**

Councillor, City of North Bay (NE)

### **Rick Dumas**

Mayor, Town of Marathon (NW)

### **Doug Lawrance**

Mayor, Municipality of Sioux Lookout  
(NW)

### **Roger Sigouin**

Mayor, Town of Hearst (NE)

## **Regional and Single-Tier Caucus**

### **Colin Best\***

Chair, Regional Caucus  
Regional Councillor, Region of Halton

### **Riley Brockington**

City Councillor, City of Ottawa

### **John Henry**

Chair, Region of Durham

### **Robert Foster**

Regional Councillor, Region of Niagara

### **Robert Grossi**

Regional Councillor, Region of York

## **Deb McIntosh**

Councillor, City of Greater Sudbury

## **Karen Redman**

Chair, MARCO  
Regional Chair, Region of Waterloo

## **Rural Caucus**

### **Allan Thompson\***

Chair, Rural Caucus  
Mayor, Town of Caledon

### **Peter Emon**

Reeve, Town of Renfrew

### **Robin Jones**

Mayor, Village of Westport

### **Janet O'Neill**

Mayor, Municipality of  
Marmora and Lake

### **Bill Vrebosch**

Councillor, City of North Bay

### **Chris Wray**

CAO/Clerk, Township of Johnson

## **Small Urban Caucus**

### **Graydon Smith\***

Chair, Small Urban Caucus  
Chair, OSUM  
Mayor, Town of Bracebridge

### **Mason Ainsworth**

Councillor, City of Orillia

### **Jo-Anne Albert**

Mayor, Municipality of Tweed

### **Bob Kwapis**

Councillor, Town of Newmarket

### **Larry McCabe**

CAO, Town of Goderich

### **Hilda MacDonald**

Mayor, Municipality of Leamington

## **Association Française des Municipalités de l'Ontario (AFMO)**

### **Roger Sigouin**

Mayor, Town of Hearst



**Association of Municipalities of Ontario**  
**Financial Statements**  
For the year ended December 31, 2019

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## Independent Auditor's Report

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### To the Members of Association of Municipalities of Ontario

#### Opinion

We have audited the financial statements of Association of Municipalities of Ontario ("AMO"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AMO as at December 31, 2019, and its operating results and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of AMO in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matter

The financial statements of AMO for the year ended December 31, 2018 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 21, 2019.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing AMO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate AMO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AMO's financial reporting process.

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## Independent Auditor's Report (continued)

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### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 AMO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AMO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause AMO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Mississauga, Ontario  
June 19, 2020

## Association of Municipalities of Ontario Statement of Financial Position

**December 31** **2019** **2018**

### Assets

#### Current

Cash	\$ 310,959	\$ 1,012,869
Accounts receivable (Note 3)	397,214	221,142
Investments (Note 4)	12,887,421	18,958,798
Prepaid expenses	249,988	302,740

**13,845,582** **20,495,549**

**Investment in LAS** (Note 5)

**100** **100**

**Property and equipment** (Note 6)

**91,334** **108,838**

**\$ 13,937,016** **\$ 20,604,487**

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 8)	\$ 722,835	\$ 874,471
Deferred revenue	600	33,986
Deferred contributions - projects (Note 9)	1,874,109	3,489,876
Deferred contributions - other (Note 10)	188,383	156,061

**2,785,927** **4,554,394**

#### Net assets

Restricted funds	5,770,491	12,294,576
General funds - unrestricted		
Investment in LAS	100	100
Other	5,380,498	3,755,417

**11,151,089** **16,050,093**

**\$ 13,937,016** **\$ 20,604,487**

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## Association of Municipalities of Ontario Statement of Operations

For the year ended December 31	2019		2018	
	Federal Gas Tax Restricted	Other Restricted	Unrestricted	Total
<b>Revenue</b>				
Membership fees	\$ -	\$ -	\$ 2,106,513	\$ 2,106,513
Conferences and seminars	-	-	2,648,983	2,648,983
Investment income	-	-	111,796	111,796
Administration and occupancy (Note 3)	-	-	4,667,095	4,667,095
Other Income	-	-	109,677	109,677
Funds received				
Federal gas tax	1,297,872,568	-	-	1,297,872,568
Main Street revitalization	-	1,315,372	-	1,315,372
Municipal Asset Management Program	-	251,879	-	251,879
Community School Alliance	-	1,000	-	1,000
Continuous Improvement Fund Project (CIF)	-	480,921	-	480,921
Waste Diversion Project	-	403,143	-	403,143
Steward Obligation Project	-	104,057	-	104,057
Interest earned on funds received	867,425	40,370	-	907,795
	<b>1,298,739,993</b>	<b>2,596,742</b>	<b>9,644,064</b>	<b>1,310,980,799</b>
<b>Expenditures</b>				
General - Administration	-	-	899,240	899,240
Policy - Administration	1,836,588	310,003	1,543,072	3,689,663
Corporate services - Administration	-	-	4,195,462	4,195,462
- Conference, seminars and membership centre	-	-	1,381,209	1,381,209
Funds distributed				
Federal gas tax	1,294,632,913	-	-	1,294,632,913
Main Street revitalization	-	1,045,739	-	1,045,739
Municipal Asset Management Program	-	251,879	-	251,879
Community School Alliance	-	1,000	-	1,000
Continuous Improvement Fund Project (CIF)	-	480,921	-	480,921
Waste Diversion Project	-	403,143	-	403,143
Steward Obligation Project	-	104,057	-	104,057
	<b>1,296,469,501</b>	<b>2,596,742</b>	<b>8,018,983</b>	<b>1,307,085,226</b>
<b>Excess of revenue over expenditures before the undernoted</b>	<b>2,270,492</b>	<b>-</b>	<b>1,625,081</b>	<b>3,895,573</b>
<b>Federal gas tax - administration fee surplus distribution</b>	<b>8,794,577</b>	<b>-</b>	<b>-</b>	<b>8,794,577</b>
<b>Excess (deficiency) of revenue over expenditures</b>	<b>\$ (6,524,085)</b>	<b>\$ -</b>	<b>\$ 1,625,081</b>	<b>\$ (4,899,004)</b>

The accompanying notes are an integral part of these financial statements.



**Association of Municipalities of Ontario**  
**Statement of Changes in Net Assets**

<b>For the year ended December 31</b>	<b>2019</b>		<b>2018</b>	
	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total</b>	<b>Total</b>
<b>Balance, beginning of year</b>	\$ 12,294,576	\$ 3,755,517	\$ 16,050,093	\$ 13,384,507
<b>Excess (deficiency) of revenue over expenditures for the year</b>	(6,524,085)	1,625,081	(4,899,004)	2,665,586
<b>Balance, end of year</b>	<b>\$ 5,770,491</b>	<b>\$ 5,380,598</b>	<b>\$ 11,151,089</b>	<b>\$ 16,050,093</b>

The accompanying notes are an integral part of these financial statements.

## Association of Municipalities of Ontario Statement of Cash Flows

For the year ended December 31	2019	2018
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess (deficiency) of revenue over expenditures	\$ (4,899,004)	\$ 2,665,586
Adjustment required to reconcile excess (deficiency) of revenue over expenditures with net cash provided by operating activities		
Amortization of property and equipment	69,162	97,110
Changes in non-cash working capital balances		
Accounts receivable	(176,072)	(68,803)
Prepaid expenses	52,752	(112,064)
Accounts payable and accrued liabilities	(151,636)	(37,095)
Deferred revenue	(33,386)	(76,640)
Deferred contributions - projects	(1,615,767)	2,257,106
Deferred contributions - other	32,322	54,847
	<b>(6,721,629)</b>	<b>4,780,047</b>
<b>Investing activities</b>		
Purchase of property and equipment	(51,658)	(16,971)
Redemption (purchase) of investments	6,071,377	(4,144,444)
	<b>6,019,719</b>	<b>(4,161,415)</b>
<b>Increase (decrease) increase in cash</b>	<b>(701,910)</b>	<b>618,632</b>
<b>Cash, beginning of year</b>	<b>1,012,869</b>	<b>394,237</b>
<b>Cash, end of year</b>	<b>\$ 310,959</b>	<b>\$ 1,012,869</b>

The accompanying notes are an integral part of these financial statements.

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# Association of Municipalities of Ontario

## Notes to Financial Statements

**December 31, 2019**

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### 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.

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### 2. 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.

#### Funds

The Restricted funds represent the Federal gas tax and Main Street revitalization programs, which include grants which have specific external restrictions placed on their use by the funder.

The General funds account for AMO's operations and reports unrestricted and externally restricted resources without a specific fund that are not included in the Restricted funds.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

#### 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 5.

Municipal Employer Pension Centre of Ontario ("MEPCO") is controlled by AMO. A financial summary of MEPCO is presented and disclosed in Note 5.

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# Association of Municipalities of Ontario

## Notes to Financial Statements

December 31, 2019

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### 2. Significant Accounting Policies (continued)

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs incurred on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### Revenue Recognition

AMO follows the restricted fund method for all externally restricted contributions. Under the restricted fund method, externally restricted contributions of the restricted funds 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 administration and occupancy fees are recognized as revenue in the period to which the fees relate.

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

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

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

#### Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

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

# Association of Municipalities of Ontario

## Notes to Financial Statements

**December 31, 2019**

### 2. Significant Accounting Policies (continued)

#### 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 13. The amounts contributed are expensed.

### 3. Related Party Transactions

Included in accounts receivable are amounts due from related parties as follows:

	2019	2018
LAS	\$ 158,164	\$ 160,446
MEPCO	22,093	22,867
ROMA	5,824	1,413

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

Included in administration and occupancy fees are administration and occupancy fees charged to:

	2019	2018
LAS	\$ 775,108	\$ 705,981
MEPCO	468,865	481,471
ROMA	98,194	97,061

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

### 4. Investments

	2019	2018
One Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.535% (2018 - bank prime rate less 1.535%).	\$ 12,887,421	\$ 18,958,798



# Association of Municipalities of Ontario

## Notes to Financial Statements

**December 31, 2019**

### 5. Subsidiaries

#### Local Authority Services ("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, 2019 and 2018 and for the years then ended is as follows:

	<b>2019</b>	<b>2018</b>
Financial position		
Total assets	\$ <b>13,426,589</b>	\$ 1,114,075,961
Total liabilities	<b>3,442,053</b>	1,103,564,405
Net assets	<b>\$ 9,984,536</b>	\$ 10,511,556
Net assets comprise:		
Internally restricted	\$ <b>5,796,488</b>	\$ 6,509,270
Unrestricted	<b>4,188,048</b>	4,002,286
	<b>\$ 9,984,536</b>	\$ 10,511,556
Results of operations		
Total revenue	\$ <b>28,153,144</b>	\$ 27,719,702
Total expenditures	<b>26,680,164</b>	24,701,646
Excess of revenue over expenditures	<b>\$ 1,472,980</b>	\$ 3,018,056
Rebates	<b>\$ (2,000,000)</b>	\$ (1,500,000)
Cash provided by (used in)		
Operating activities	\$ <b>(1,332,072)</b>	\$ 1,495,469
Financing activities	<b>(2,000,000)</b>	(1,500,000)
Investing activities	<b>65,117</b>	(816,988)
Net change in cash	<b>\$ (3,266,955)</b>	\$ (821,519)

## Association of Municipalities of Ontario Notes to Financial Statements

**December 31, 2019**

### 5. Subsidiaries (continued)

#### Municipal Employer Pension Center Ontario ("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, 2019 and 2018 and for the years then ended is as follows:

	<b>2019</b>	2018
Financial position		
Total assets	\$ 931,601	\$ 920,164
Total liabilities	46,033	43,819
Net assets	\$ 885,568	\$ 876,345
Net assets comprise:		
Internally restricted	\$ 767,441	\$ 817,441
Unrestricted	118,127	58,904
	\$ 885,568	\$ 876,345
Results of operations		
Total revenue	\$ 637,905	\$ 626,419
Total expenditures	628,682	718,944
Excess (deficiency) of revenue over expenditures	\$ 9,223	\$ (92,525)
Cash provided by (used in)		
Operating activities	\$ 4,625	\$ (103,561)
Investing activities	(28,442)	96,660
Net change in cash	\$ (23,817)	\$ (6,901)

## Association of Municipalities of Ontario Notes to Financial Statements

**December 31, 2019**

### 6. Property and Equipment

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 1,320,445	\$ 1,246,970	\$ 1,275,814	\$ 1,181,916
Furniture and fixtures	66,336	48,477	59,309	44,369
	<b>\$ 1,386,781</b>	<b>\$ 1,295,447</b>	<b>\$ 1,335,123</b>	<b>\$ 1,226,285</b>
Net book value		<b>\$ 91,334</b>		<b>\$ 108,838</b>

### 7. Affiliate

#### Rural Ontario Municipal Association ("ROMA")

A number of AMO's Board members serve on ROMA's Board of Directors. ROMA brings the rural perspective to the policy work of AMO, focusing on matters which affect rural communities so that they are brought to the attention of the provincial and federal governments.

ROMA has not been consolidated in AMO's financial statements. Financial statements of ROMA are available on request. A financial summary of ROMA as at December 31, 2019 and 2018 and for the years then ended is as follows:

	2019		2018	
Financial position				
Total assets	\$ 1,278,163	\$ 981,062		
Total liabilities	722,199	530,849		
Net assets	<b>\$ 555,964</b>	<b>\$ 450,213</b>		
Results of operations				
Total revenue	\$ 831,901	\$ 760,923		
Total expenditures	726,150	588,864		
Excess of revenue over expenditures	<b>\$ 105,751</b>	<b>\$ 172,059</b>		
Cash provided by (used in)				
Operating activities	\$ 274,542	\$ 144,639		
Investing activities	(305,842)	(215,932)		
Net change in cash	<b>\$ (31,300)</b>	<b>\$ (71,293)</b>		

## Association of Municipalities of Ontario Notes to Financial Statements

**December 31, 2019**

### 8. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances of \$27,768 (2018 - \$86,418).

### 9. 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.

	Balance beginning of year	Received /reallocated in the year	Disbursed and recognized in the year	Balance end of year
Community School Alliance Continuous Improvement Fund project (CIF)	\$ 34,402	\$ 914	\$ 1,000	\$ 34,316
Waste Diversion Project	135,271	406,063	480,921	60,413
Waste Diversion Project Wind-up	841,457	(100,000)	403,143	338,314
Stewardship Obligation Project Main Street Revitalization Fund Project	200,000	-	-	200,000
	35,236	100,000	104,057	31,179
	2,243,510	281,749	1,315,372	1,209,887
<b>2019</b>	<b>\$ 3,489,876</b>	<b>\$ 688,726</b>	<b>\$ 2,304,493</b>	<b>\$ 1,874,109</b>
2018	\$ 1,232,770	\$26,863,760	\$24,606,654	\$ 3,489,876

## Association of Municipalities of Ontario Notes to Financial Statements

**December 31, 2019**

### 10. 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 /reallocated in the year	Disbursed and recognized in the year	Balance end of year
Regional/Single Tier Caucus Youth Engagement Initiative Fund	\$ 8,236	\$ -	\$ -	\$ 8,236
Training and development	59,484	6,890	-	66,374
	88,341	25,432	-	113,773
<b>2019</b>	<b>\$ 156,061</b>	<b>\$ 32,322</b>	<b>\$ -</b>	<b>\$ 188,383</b>
2018	\$ 101,214	\$ 75,541	\$ 20,694	\$ 156,061

### 11. Restricted Funds

#### 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 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 ten-year agreement model with a midterm review. \$3.849 billion flowed to municipalities for 2014-2018 based on 2011 population data with AMO continuing to receive 0.5% of the amounts it 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. In 2018, allocations for 2019-2023 were confirmed to flow to Ontario municipalities based on 2016 population data.



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## Association of Municipalities of Ontario

### Notes to Financial Statements

**December 31, 2019**

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#### **11. Restricted Funds** (continued)

##### Federal gas tax program (continued)

In 2019, there was a one-time doubling of the funds by the Government of Canada. Also in 2019, AMO distributed \$12,044,284 in surplus administration fees. The \$3,249,707 administration fee AMO is not taking for the doubling of the funds in 2019 was included in that amount. Separately, per the Federal Gas Tax Business Plan, \$3.5 million was placed in a reserve account.

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#### **12. Capital Disclosures**

The capital structure of AMO consists of restricted and unrestricted net assets. 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 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 and Main Street revitalization programs and the restricted funds included in the General funds. These funds are invested and administered according to these requirements.

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#### **13. Pension Plan**

During 2019, AMO contributed \$530,241 (2018 - \$474,432) to OMERS. Of the amount contributed, \$104,173 (2018 - \$102,101) related to employees who worked for AMO's subsidiary, LAS.

## Association of Municipalities of Ontario Notes to Financial Statements

**December 31, 2019**

### 14. Allocation of Expenses

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

Expenses allocated to various funds were as follows:

	<b>2019</b>			
	Federal gas tax program	Main Street revitalization	CIF	Waste Diversion Project
Salaries and benefits	\$ 967,916	\$ 110,207	\$ 451,367	\$ 221,124
Administration expenses	401,957	16,951	335	-
	<b>\$ 1,369,873</b>	<b>\$ 127,158</b>	<b>\$ 451,702</b>	<b>\$ 221,124</b>
	<b>2018</b>			
	Federal gas tax program	Main Street revitalization	CIF	Waste Diversion Project
Salaries and benefits	\$ 984,185	\$ 62,314	\$ 343,503	\$ 239,025
Administration expenses	223,946	-	-	-
	<b>\$ 1,208,131</b>	<b>\$ 62,314</b>	<b>\$ 343,503</b>	<b>\$ 239,025</b>

### 15. Commitments

Minimum annual payments payable under the terms of operating leases for office space for the next four years are as follows:

2020	\$ 236,082
2021	236,082
2022	236,082
2023	236,082
	<b>\$ 944,328</b>

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# Association of Municipalities of Ontario

## Notes to Financial Statements

**December 31, 2019**

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### 16. Financial Instruments Risks

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19") pandemic resulting in economic uncertainties impacting AMO's risks. At this time, the full potential impact of COVID-19 on AMO is unknown.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. AMO is exposed to interest rate risk on its investments.

#### 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 and accrued liabilities.

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 and investments. 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, liquidity or credit risk arising from its financial instruments.



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