

Association of Manitoba Municipalities

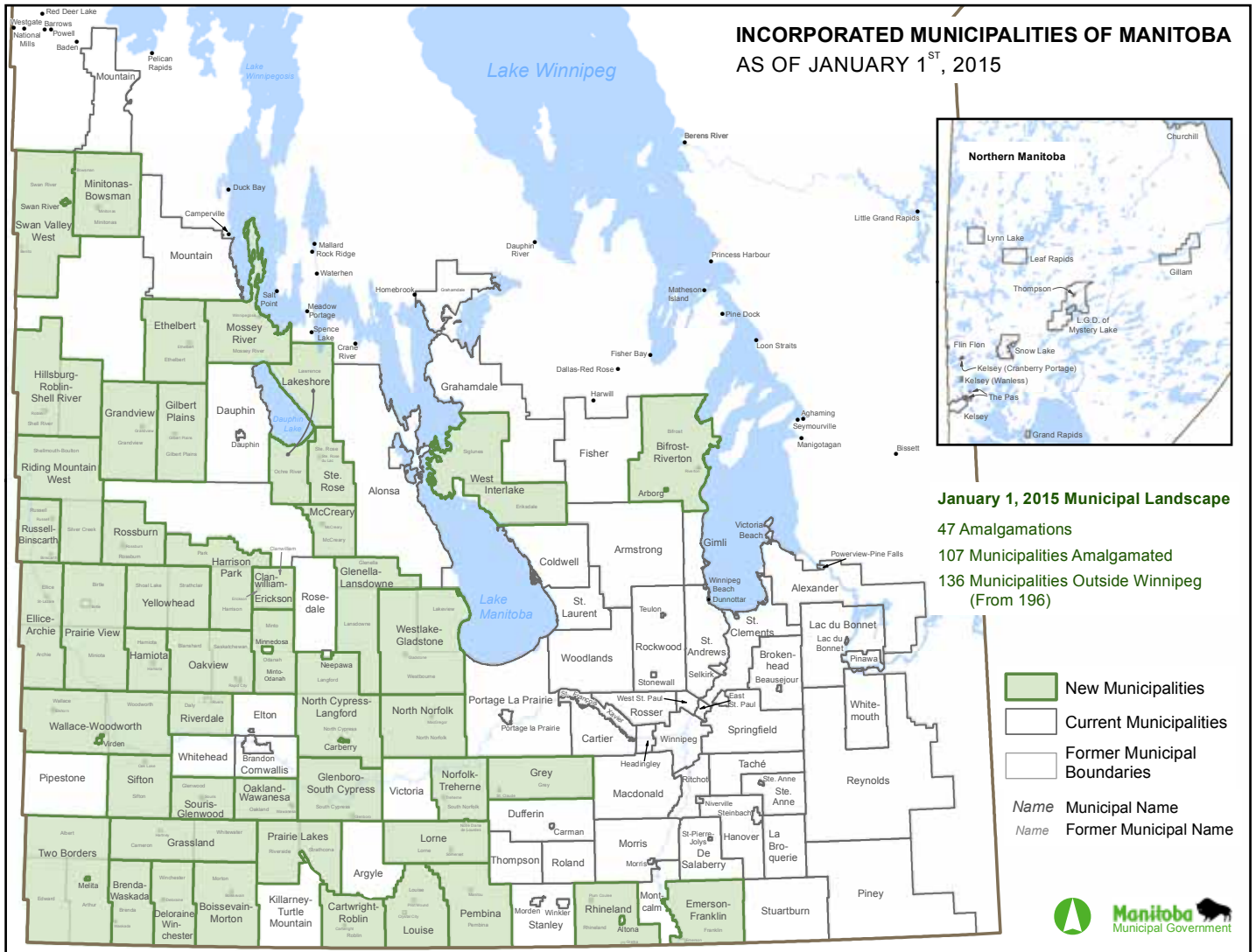
# ANNUAL REPORT

2017/2018



ASSOCIATION OF  
MANITOBA  
MUNICIPALITIES

# INCORPORATED MUNICIPALITIES OF MANITOBA AS OF JANUARY 1<sup>ST</sup>, 2015



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## Message from the President



*On behalf of the Board of Directors of the Association of Manitoba Municipalities (AMM), it is my pleasure to submit the 2018 Annual Report, and welcome all the returning and newly elected municipal officials.*

*One of many highlights this year was the signing of the Canada-Manitoba Integrated Bilateral Agreement that will provide more than \$1.17 billion in federal funding over the next decade for our province.*

*Not only will these investments benefit communities, but the AMM will continue to promote 'Fair Say' for all municipalities by serving on the selection committees for each of the infrastructure streams.*

I also welcomed this year's substantial commitments to improve public safety communications services, which are vital for saving lives, keeping first responders safe, and protecting local communities in times of emergency.

The AMM remained committed to discussing how the provincial government can provide a 'Fair Share' for municipalities and identify new sources of revenue. A good start would be the elimination or rebate of the more than \$25 million in PST paid by municipalities each year. Operating funding support for municipalities must increase, as 2016 dollars for 2018 challenges restricts the delivery of municipal services and hinders much-needed investments and economic development in local communities.

Another issue that arose was the announcement that the Province is, in effect, terminating the Municipal Road and Bridge Program. Funding available to municipalities through this essential program in 2017 was reduced to only \$2.25 million in 2018, resulting in several municipal road and bridge projects being delayed or cancelled altogether.

2018 marks my last year as your President, a job I often describe as being my window to Manitoba that many don't get to experience. It has allowed me to travel to communities in all corners of our province over the past number of years.

Our members' strength in the face of the inevitable adversity that comes with municipal leadership never fails to impress me, nor does your strong love for and dedication to your communities. It has been my absolute privilege to serve you, and I wish you all success in your coming term in office.

A handwritten signature in black ink that reads "Chris Goertzen". The signature is stylized and cursive.

**Chris Goertzen**  
President



## Message from the Executive Director

*I am pleased to provide the Executive Director's message for the 2018 Annual Report of the AMM. It has been a successful year, with the AMM Trading Company's profits resulting in a rebate of \$800,000 to our members—bringing the cumulative rebate over the past 17 years to \$11.35M.*

*Your support of the Trading Company not only saves you money, but allows us to provide several value-added programs to you at absolutely no cost.*

*We were also able to refund \$1.5M back to our members from the AMM insurance program loss pool.*



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Our membership events continued to enjoy excellent attendance this year. Our Annual Convention, Mayors, Reeves and CAOs meetings, June District Meetings, and Municipal Officials Seminar served to bring us together, offering opportunities for growth, networking, and of course, lobbying.

Many of this year's meetings saw a strong focus on strengthening protections for municipal officials. Three resolutions carried by our membership during November's Annual Convention resulted in the provincial government announcing its commitment to review the Municipal Act, and conducting comprehensive consultations with AMM members during June District Meetings to gather input on potential legislative changes.

The AMM takes this issue very seriously and we are committed to promoting respectful workplace policies and practices for all of our members.

I'd like to express thanks to the members of the Manitoba Municipal Administrators' Association (MMAA) for contributing to this discussion and many others over the course of the year. Our close working relationship with the MMAA is to the benefit of our municipalities and citizens.

Lastly, farewell to President Chris Goertzen for his leadership over the past three years. It is a strenuous position that takes many days away from one's own family and community, and Chris' dedication has left our association in a strong position going forward. Thank you, Chris.

A handwritten signature in blue ink that reads "Joe Masi". The signature is fluid and cursive, written in a professional style.

**Joe Masi**  
Executive Director

## Board of Directors

The AMM is divided into seven districts. Two Directors represent each of the following districts: Parkland, Interlake, Midwestern, Central, Western, Eastern and Northern. The City of Winnipeg is represented by one Director.

AMM Directors are elected every second year during June District Meetings, with the exception of the City of Winnipeg Director, who is appointed annually.

### Executive

Every two years at the annual convention, members elect a president and two vice-presidents who serve as the association's executive.

The Executive Director serves as ex-officio on the executive.

L to R: President Chris Goertzen, Executive Director Joe Masi, Vice-President Gavin van der Linde, Vice-President Ralph Groening



**The strength of the team is each individual member. The strength of each member is the team."**

- Phil Jackson



Mayor Neil Christoffersen  
Central District



Mayor Martin Harder  
Central District



Mayor Bruce Henley  
Interlake District



Reeve Trevor King  
Interlake District



Reeve Brad Saluk  
Eastern District



Reeve Stan Toews  
Eastern District



Councillor Merv Starzyk  
Midwestern District



Councillor Doreen Stapleton  
Midwestern District



Councillor Jack Bremner  
Parkland District



Reeve Marvin Kovachik  
Parkland District



Mayor Stuart Olmstead  
Western District



Mayor Jeff McConnell  
Western District



Councillor Karen MacKinnon  
Northern District



Councillor Penny Byer  
Northern District



Councillor Jeff Browaty  
City of Winnipeg



Chad Davies  
Manitoba Municipal Administrators'  
Association (MMAA)

# AMM Members

Alexander, RM  
Alonsa, RM  
Altona, Town  
Arborg, Town  
Argyle, RM  
Armstrong, RM  
Beausejour, Town  
Bifrost-Riverton, Municipality  
Boissevain-Morton, Municipality  
Brandon, City  
Brenda-Waskada, Municipality  
Brokenhead, RM  
Carberry, Town  
Carman, Town  
Cartier, RM  
Cartwright-Roblin Municipality  
Churchill, Town  
Clanwilliam-Erickson, Municipality  
Coldwell, RM  
Cornwallis, RM  
Dauphin, City  
Dauphin, RM  
De Salaberry, RM  
Deloraine-Winchester, Municipality  
Dufferin, RM  
Dunnottar, Village  
East St. Paul, RM  
Ellice-Archie, RM  
Elton, RM  
Emerson-Franklin, Municipality  
Ethelbert, Municipality  
Fisher, RM  
Flin Flon, City  
Gilbert Plains Municipality  
Gillam, Town  
Gimli, RM  
Glenboro-South Cypress, Municipality  
Glenella-Lansdowne, Municipality  
Grahamdale, RM  
Grand Rapids, Town  
Grandview, Municipality  
Grassland, Municipality  
Grey, RM  
Hamiota, Municipality  
Hanover, RM  
Harrison Park, Municipality

Headingley, RM  
Kelsey, RM  
Killarney-Turtle Mountain, Municipality  
La Broquerie, RM  
Lac du Bonnet, RM  
Lac du Bonnet, Town  
Lakeshore, RM  
Leaf Rapids, Town  
Lorne, Municipality  
Louise, Municipality  
Lynn Lake, Town  
Macdonald, RM  
McCreary, Municipality  
Melita, Town  
Minitonas-Bowsman, Municipality  
Minnedosa, Town  
Minto-Odanah, RM  
Montcalm, RM  
Morden, City  
Morris, RM  
Morris, Town  
Mossey River Municipality  
Mountain, RM  
Mystery Lake, LGD  
Neepawa, Town  
Niverville, Town  
Norfolk Treherne, Municipality  
North Cypress-Langford, Municipality  
North Norfolk, Municipality  
Oakland-Wawanesa, Municipality  
Oakview, RM  
Pembina, Municipality  
Pinawa, LGD  
Piney, RM  
Pipestone, RM  
Portage la Prairie, RM  
Portage la Prairie, City  
Powerview-Pine Falls, Town  
Prairie Lakes, RM  
Prairie View Municipality  
Reynolds, RM  
Rhineland, Municipality  
Riding Mountain West, RM  
Ritchot, RM  
Riverdale Municipality

Roblin, Municipality  
Rockwood, RM  
Roland, RM  
Rosedale, RM  
Rosburn Municipality  
Rosser, RM  
Russell-Binscarth, Municipality  
Selkirk, City  
Sifton, RM  
Snow Lake, Town  
Souris-Glenwood, Municipality  
Springfield, RM  
St. Andrews, RM  
St. Clements, RM  
St. François Xavier, RM  
St. Laurent, RM  
St. Pierre-Jolys, Village  
Ste. Anne, RM  
Ste. Anne, Town  
Ste. Rose, Municipality  
Stanley, RM  
Steinbach, City  
Stonewall, Town  
Stuartburn, RM  
Swan River, Town  
Swan Valley West, Municipality  
Taché, RM  
Teulon, Town  
The Pas, Town  
Thompson, City  
Thompson, RM  
Two Borders, Municipality  
Victoria, RM  
Victoria Beach, RM  
Virden, Town  
Wallace-Woodworth, RM  
West Interlake, RM  
West St. Paul, RM  
WestLake-Gladstone, Municipality  
Whitehead, RM  
Whitemouth, RM  
Winkler, City  
Winnipeg, City  
Winnipeg Beach, Town  
Woodlands, RM  
Yellowhead, RM



## AMM Staff



Joe Masi  
Executive Director



Denys Volkov  
Director of Advocacy  
and Communications



Linda Hargest  
Director of Administration  
and Marketing



Nick Krawetz  
Senior Policy Analyst



Donna Belbin  
Events Coordinator



Patti de Baets  
Finance Coordinator



Julia Green  
Executive Assistant

## Lobbying Successes

The AMM was very pleased to see this agreement come to fruition as the impacts of these investments will significantly benefit all municipalities and build stronger communities.

The AMM is also very fortunate as it will continue to be on the selection committees for the various infrastructure funding streams.

With more than 200 active resolutions, the AMM is constantly lobbying at both the provincial and federal level. Many of these resolutions are multi-year issues that eventually result in a 'win' for Manitoba municipalities. This year's successes are outlined on the following pages.

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### Investing in Canada Infrastructure Program (Phase 2) and AMM Involvement

Overall, the Investing in Canada infrastructure program plans to deliver \$180 billion of investments in infrastructure over 12 years across Canada. In June 2018, the federal and provincial governments announced the signing of the Canada-Manitoba Integrated Bilateral Agreement that will provide more than \$1.17 billion in federal funding over the next decade for our province.

Investing in Canada Phase 2 investments in Manitoba will focus on four priority areas: public transit; green infrastructure; community, culture and recreation infrastructure; and infrastructure in rural and northern communities. The long-term goals of the bilateral agreement include increasing economic growth, improving environmental quality, improving mobility, and managing infrastructure in a more sustainable way.



The AMM was very pleased to see this agreement come to fruition as the impacts of these investments will significantly benefit all municipalities and build stronger communities. The AMM is also very fortunate as it will continue to be on the selection committees for the various infrastructure funding streams. We conveyed our appreciation to the provincial government, and Minister Wharton in particular, for ensuring the AMM is at the table providing valuable input. The AMM is committed to working with the provincial government to ensure municipalities receive their fair-share of these cost-shared infrastructure dollars.

### Public Safety Communications Service Upgrade

In 2012, AMM members passed a resolution calling on the provincial government to take immediate steps to make upgrades to the provincial FleetNet emergency communications system. This resolution was sponsored by the RM of Stuartburn following its experience with devastating wildfires which swept through its borders when the FleetNet system failed due to its obsolete technology.

In August 2018, the Province of Manitoba announced the replacement of the decades-old FleetNet emergency communications system with the new Public Safety Communications Services (PSCS) system, which will provide modern, highly reliable communications technology dedicated to public safety. The agreement between the Province of Manitoba and Bell MTS also envisions additional towers to expand cellular network coverage in several currently under-served areas.

On September 24, 2018 the Province announced the expansion of high-speed wireless LTE coverage in southeast Manitoba. Bell MTS will build three new LTE-advanced cellular sites in Woodridge, Zhoda and Stuartburn to extend wireless service to these communities for the first time.

In times of disasters and emergencies, reliable communications technology is vital for saving lives, keeping first responders safe, and protecting local communities. The AMM welcomed these significant investments and public-private partnerships, and will continue to advocate for affordable emergency response communications equipment for municipalities so they can confidently respond with effective technology during emergencies.

Pictured on facing page, L to R:

President Chris Goertzen, Minister of Municipal Relations Jeff Wharton, Minister of International Trade Diversification Jim Carr, Minister of Sustainable Development Rochelle Squires, and Minister of Infrastructure and Communities Amarjeet Sohi.

### Asset Management

The AMM was approved for funding from the Federation of Canadian Municipalities (FCM) to develop and implement a Municipal Asset Management Program (MAMP) in Manitoba.

In March, the AMM was pleased to publish an Introduction to Asset Management Guide, which provides readers with fundamental information about asset management and how it can be used to help support municipal operations. Several training workshops specifically designed for Manitoba municipalities were conducted throughout the year in each AMM district and several host communities. These workshops focused on preparing elected officials and senior administrative staff as well as readiness assessments of Manitoba municipalities.

As asset management is an evolutionary process, the AMM will continue to support its members through the development and provision of additional tools and resources to help guide municipalities.





## Community Development Programs and AMM Involvement

Following consultations last year, the Manitoba government revamped its community development programs and created a single portal for application intakes and assessments. These programs include Community Places, Hometown Manitoba, Neighbourhoods Alive! and Partner for Growth grant programs. While these programs help support planning, building and sustaining local communities, some of them also provide cost-share funding to identify and pursue economic development opportunities as well as assist communities to strengthen or diversify economic activity.

As the AMM is involved in assessing applications to ensure community benefits are maximized, we would like to thank Minster Wharton and Manitoba Municipal Relations for recognizing the AMM's value and input during the assessment process. This is a great example of working together and granting 'fair say' to Manitoba municipalities, particularly since the Province of Manitoba plans to invest more than \$20 million in 2018-19 in community development programs throughout Manitoba.

## Increased Objector Threshold to Municipal Board

Over the past 18 months, the Municipal Board has taken significant steps to identify unnecessary red tape and streamline its processes to better serve Manitoba municipalities and all Manitobans. Coupled with these efforts, the Minister of Municipal Relations introduced Bill 19: *The Planning Amendment Act* in response to several AMM resolutions over the years.

In May 2019, the AMM presented to the Standing Committee on Social and Economic Development to discuss specific sections of Bill 19 and offer recommendations regarding the various proposed amendments. In regards to the sections concerning the increase of the objector threshold that triggers a Municipal Board hearing, the AMM supported the increase related to zoning by-laws to 25 eligible persons or 50 per cent of the total number of owners of property located within 100 metres of the affected property. Previously, one person could object to the adoption or amendment of a zoning by-law which could significantly delay the zoning process and the development of land and buildings within a municipality. The increase of the threshold to 25 people is a very positive and long overdue change.

## Canada-Manitoba Job Grant Funding

Under the Canada-Manitoba Job Grant (CMJG), employers are eligible to apply for up to \$10,000 for each individual employee or prospective employee to assist with direct training costs. However, prior to August 2018, Manitoba municipalities were excluded as eligible recipients despite their need to enhance training for their employees that help build strong and safer communities.

In response to AMM Resolution #30-2015 and consistent lobbying efforts of AMM staff, municipalities are now eligible applicants for CMJG funding. The AMM thanks the Town of Winnipeg Beach for raising this issue through the resolutions process, and we welcome the provincial government's willingness to provide greater flexibility and opportunities for municipalities going forward.

## Municipal Authority to Determine Local Speed Limits

In November 2017, the City of Winkler and RM of Macdonald co-sponsored a resolution at our annual convention calling for greater autonomy for municipalities in determining local speed limits, which was overwhelmingly supported by more than 800 municipal officials from around the province.

In March 2018, the provincial government introduced Bill 14: *The Traffic and Transportation Modernization Act*, which allows municipalities to set speed limits up to 90 km/h as well as the ability to override the default speed of 50 km/h by by-law in certain circumstances. This Act also dissolved the Highway Traffic Board as its application and approval processes for speed limit changes in local communities was marred by red tape and lengthy time delays.

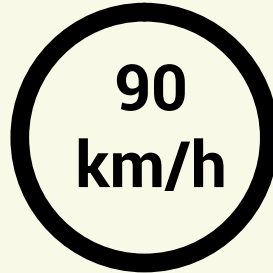
While municipalities know their own roads best, granting local councils the legislative authority to establish speed limits within their respective boundaries not only further recognizes municipalities as a mature order of government, but also adheres to the provincial government's commitment to give our members more say in how their communities are managed.

The AMM looks forward to working with the Province of Manitoba throughout the development of the regulations associated with this Act. Engagement and consultation with our organization and Manitoba municipalities will be essential to ensure a smooth transition process and consistent practices across the province.



*The AMM's role in assessing community development program applications is a great example of granting 'fair say' to Manitoba municipalities.*

### Municipal Authority to Determine Local Speed Limits



Municipalities can now set speed limits up to 90 km/h as well as override the default speed of 50 km/h by by-law in certain circumstances.

### Canada-Manitoba Job Grant (CMJG)

**\$10,000**

Municipalities are now eligible for up to \$10,000 to assist employees with direct training costs under the Canada-Manitoba Job Grant (CMJG).

### Increased Objector Threshold to Municipal Board

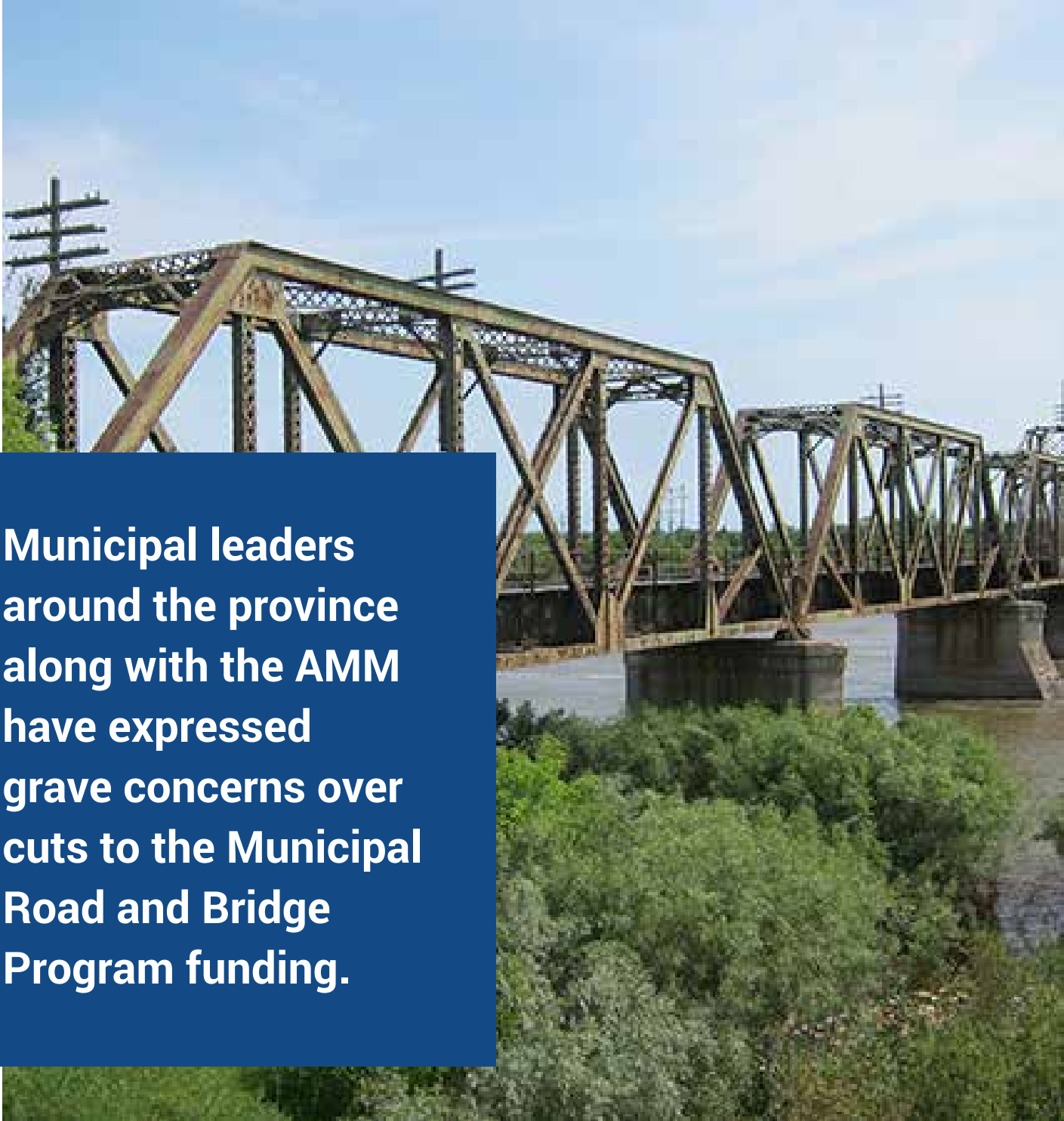
**25**

The threshold that triggers a Municipal Board Hearing has been increased to 25 eligible persons or 50 per cent of the total number of owners of property located within 100 metres.



## Lobbying Priorities

Each year, a number of issues become priorities due to their potential to impact Manitoba municipalities.



**Municipal leaders around the province along with the AMM have expressed grave concerns over cuts to the Municipal Road and Bridge Program funding.**

## Municipal Road and Bridge Program

In June 2018, the Province of Manitoba announced that it is proceeding with plans to transition the Municipal Road and Bridge Program into Phase 2 of the Investing in Canada Infrastructure Program (ICIP2). In effect, the Municipal Road and Bridge Program is being terminated with no guarantee current levels of funding for municipal road and bridge projects will continue under ICIP2, given its various streams and program goals.

The Municipal Road and Bridge Program was developed in partnership with the AMM and provides 50/50 cost-shared funding for municipal road and bridge projects through a single-window application intake with no red tape. The program also allows municipalities to use Gas Tax revenues for their matching dollars while the Investing in Canada Infrastructure Program does not, which puts an even greater burden on property taxes.

A total of \$2.25 million was made available to municipalities in 2018 for the final year of the Municipal Road and Bridge Program. In 2017, \$14 million was available to municipalities through this essential program. Due to this unexpected funding shortfall, several municipal road and bridge projects have been delayed or scrapped altogether.

Municipal leaders around the province along with the AMM have expressed grave concerns over this cut in funding into critical municipal infrastructure as it was announced after municipal budgets were formulated. This is not surprising as Manitoba municipalities regard the Municipal Road and Bridge Program as critical, predictable, and effective for budgeting and planning purposes in order

### 2017 Municipal Road and Bridge Program

**\$14M**



### 2018 Municipal Road and Bridge Program

**\$2.25M**

to address their infrastructure deficit. In short, the program was dependable and responsive to the needs of local communities.

Almost 100 municipalities co-sponsored a joint emergency resolution for the AMM Annual Convention in November 2018, calling on the provincial government to not proceed with plans to transition the Municipal Road and Bridge Program into ICIP2 and fully reinstate the former funding levels for this essential municipal program.

## Cannabis Taxation Revenue-Sharing

The legalization and regulation of recreational cannabis will pose substantial costs on local governments. According to estimates by the Federation of Canadian Municipalities (FCM), municipal administration and local policing costs will total \$3-4.75 million per 500,000 residents as

a result of legalization, which represents a range of approximately \$210-335 million per year in costs incurred by municipalities across Canada.

To date, the Province of Manitoba has not committed to sharing any taxation revenues with Manitoba municipalities despite the federal government's willingness to provide an additional 25 per cent of cannabis excise tax revenues to the Province of Manitoba to specifically support municipal legalization costs, which will be incurred immediately and on an ongoing basis.

As costs must not be downloaded onto municipalities, the AMM supports the FCM's call for one-third (33%) of total annual excise tax revenue collected on cannabis sales be allocated to municipal governments to address municipal administration and policing costs. A Probe Research poll commissioned by the AMM regarding the sharing of revenue from the sale of cannabis with municipalities clearly suggests that Manitobans are concerned about the increased costs associated with cannabis legalization and their local government's ability to pay for vital services such as policing. In fact, 59 per cent of respondents indicated that municipalities should get between one-half and all of the revenue from the sale of marijuana.

Going forward, the AMM will also continue to encourage the provincial and federal governments to explore additional funding mechanisms to support costs incurred by municipalities should excise tax revenues be insufficient. It is imperative that municipalities be included as meaningful participants in revenue-sharing conversations while a revenue-sharing model must be co-developed that respects municipal authority.

## Fair Share and the Need for Alternate Revenues

On March 12, 2018, the provincial government tabled its 2018 Budget, which again maintained municipal operating and public safety grant funding at the 2016 levels. This two-year freeze does not recognize inflationary increases and puts greater financial and administrative pressures on municipalities. Operating funding support for municipalities must be increased as 2016 dollars for 2018 challenges restricts the delivery of municipal services and hinders much-needed investments and economic development in local communities.

Municipalities rely on property taxes to generate revenues while receiving less than 10 cents on every tax dollar and being responsible for building, repairing, and maintaining 60 per cent of public infrastructure.

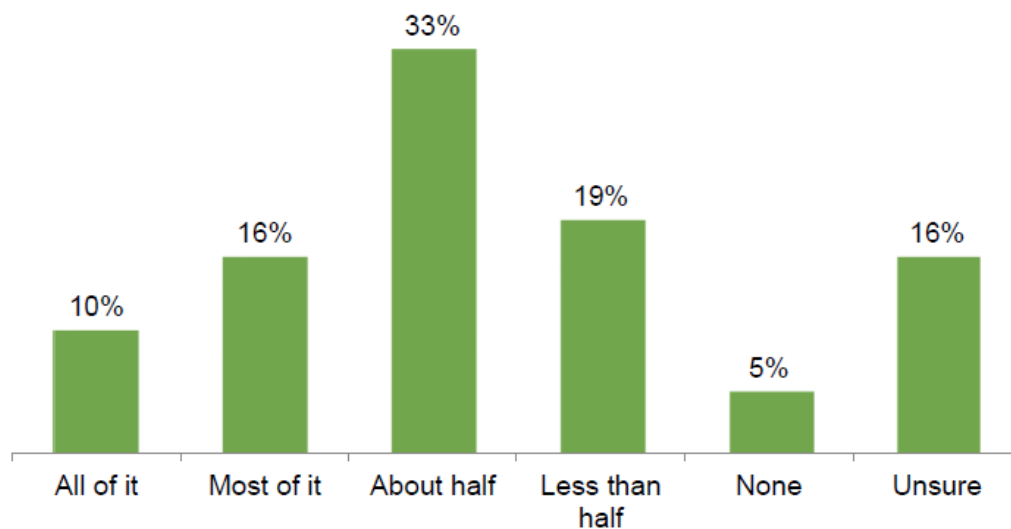
This reality coupled with Manitoba's growing \$11+ billion infrastructure deficit and ever-increasing municipal responsibilities places a significant burden on municipal finances. Therefore, the AMM remains committed to discussing how the provincial government can provide a 'Fair Share' for municipalities and identify new and additional sources of revenue.

Moreover, the AMM continues to urge the Province of Manitoba to eliminate or rebate the more than \$25 million in PST paid on an annual basis by municipalities as one option to provide predictable and long-term investments to municipalities. Investments in core infrastructure, namely municipal roads, bridges, and water and wastewater-related projects as well as provincial highways, are also urgently needed. The AMM will continue to advocate for building strong communities through streamlined cost-shared infrastructure funding programs with other orders of government.

## STRONG SUPPORT FOR MARIJUANA REVENUE SHARING

Q1. "The provincial government will soon be receiving new revenues from the legalization of marijuana. There is some debate over where this new money should be spent. Municipalities have asked for a share of the revenue from marijuana sales to offset policing costs. In your view, how much, if any, of the revenue from marijuana should be earmarked for municipalities?" (n=1,000)


Base: Manitoba adults



Most likely to say municipalities should receive at least one-half of marijuana revenue:

- Older adults, those 55+ (66%) vs. younger adults under 35 (54%)
- Homeowners (62%) vs. renters (51%)





59%

A Probe Research poll commissioned by the AMM regarding the sharing of revenue from the sale of cannabis with municipalities clearly suggests that Manitobans are concerned about the increased costs associated with cannabis legalization and their local government's ability to pay for vital services such as policing. In fact, 59 per cent of respondents indicated that municipalities should get between one-half and all of the revenue from the sale of marijuana.

25%

To date, the Province of Manitoba has not committed to share any taxation revenues with Manitoba municipalities despite the federal government's willingness to provide an additional 25 per cent of cannabis excise tax revenues to the Province of Manitoba to specifically support municipal legalization costs.

33%

The AMM supports the FCM's call for one-third of total annual excise tax revenue collected on cannabis sales be allocated to municipal governments.



## Manitoba Infrastructure Service Delivery Model Review

In November 2017, Manitoba Infrastructure launched a comprehensive review of its service delivery model to solicit new ways of thinking and provide Manitoba Infrastructure with a new direction to improve the province's infrastructure. Given the department's scope, finding efficiencies and reducing red tape in delivering services would certainly be very welcome to improve the sustainability of public infrastructure.

The AMM was pleased to welcome representatives of Manitoba Infrastructure to our annual Mayors, Reeves and CAOs meeting in Brandon on April 10, 2018 to hear the department's ideas and innovations. During this consultative session Manitoba Infrastructure heard first-hand about some of the challenges and

frustrations experienced by municipalities and local government officials. The need for increased communication, addressing long delays in waiting for departmental responses, and the lack of municipal autonomy were common themes.

In addition, the AMM strongly advised against any sort of downloading or offloading of responsibilities to municipalities. If efficiencies can be found through revising the scope of provincial-municipal responsibilities, it is essential that provincial funding be provided to municipalities given their financial limitations.

The AMM urged Manitoba Infrastructure to provide regular updates and continue to consult with the AMM and municipalities throughout the review process. The AMM believes that no downloading of provincial responsibilities to municipalities should occur without close consultation and compensatory funding.

Photo courtesy of the Manitoba Heavy  
Construction Association (MHCA)



## Strengthening Protections for Municipal Officials

In April 2018, the provincial government announced its commitment to review The Municipal Act and other relevant legislation to identify opportunities to strengthen protections for municipal officials. Under The Municipal Act, all municipalities are required to adopt a Code of Conduct that establishes guidelines on acceptable behavior for council members in dealing with each other, employees and citizens.

In June 2018, Manitoba Municipal Relations conducted comprehensive consultations with AMM members during June District Meetings where input was gathered on potential legislative changes with AMM Resolutions #04-2017, #05-2017 and #26-2016 in mind. Manitoba Municipal Relations also undertook extensive consultations with the Manitoba Municipal Administrators' Association (MMAA) in September.

The AMM takes this issue very seriously and we are committed to promoting respectful workplace policies and practices for all of our members. Going forward, the AMM will continue to work with Manitoba Municipal Relations and facilitate dialogue with AMM members to ensure a safe and respectful workplace for municipal officials through careful consideration of any possible amendments to The Municipal Act or newly-proposed guidelines.



**The AMM takes this issue very seriously and we are committed to promoting respectful workplace policies and practices for all of our members.**

## Meetings with the Official Opposition and the Second Opposition

This year, the AMM also met with Wab Kinew, Leader of the Official Opposition, and Dougald Lamont, Leader of the Second Opposition.



Top: Wab Kinew, Leader of the Official Opposition, President Chris Goertzen, and MLA for Fort Garry-Riverview James Allum

Bottom: President Chris Goertzen and Dougald Lamont, Leader of the Second Opposition



## Minister Meetings

In accordance with past years, the AMM requested and held annual meetings with individual provincial Cabinet Ministers to discuss priority municipal issues relevant to each respective portfolio.



Feb 8

Feb 12

Feb 20

Feb 21

Feb 22



### Department of Crown Services

February 8, 2018 – Meeting with the Honourable Cliff Cullen

### Department of Justice

February 12, 2018 – Meeting with the Honourable Heather Stefanson

### Department of Agriculture

February 20, 2018 – Meeting with the Honourable Ralph Eichler

### Department of Education and Training

February 21, 2018 – Meeting with the Honourable Ian Wishart

### Department of Families

February 22, 2018 – Meeting with the Honourable Scott Fielding

### Department of Growth, Enterprise and Trade

February 22, 2018 – Meeting with the Honourable Blaine Pedersen





In addition, the AMM Executive and Board of Directors met with the Provincial Cabinet during the 2017 AMM Annual Convention. The Cabinet Brief from that meeting as well as position papers presented during all Minister meetings are available on the AMM website at [amm.mb.ca](http://amm.mb.ca).



Feb 22

Mar 12

Mar 20

Apr 24

May 8



#### **Department of Infrastructure**

February 22, 2018 – Meeting with the Honourable Ron Schuler

#### **Department of Indigenous and Northern Relations**

March 12, 2018 – Meeting with the Honourable Eileen Clarke

#### **Department of Sport, Culture and Heritage**

March 20, 2018 – Meeting with the Honourable Cathy Cox

#### **Department of Sustainable Development**

April 24, 2018 – Meeting with the Honourable Rochelle Squires

#### **Department of Health, Seniors and Active Living**

May 8, 2018 – Meeting with the Honourable Kelvin Goertzen

*The AMM meets frequently with the Minister of Municipal Relations, the Honourable Jeff Wharton (right), throughout the year.*



## AMM Cities Caucus

The AMM Cities Caucus is made up of all Manitoba's cities. Modeled after the Federation of Canadian Municipalities (FCM) Big City Mayors' Caucus, the AMM Cities Caucus provides opportunities for representatives from each city in Manitoba to share ideas about how to tackle common concerns and key priorities.

The Caucus meets three times annually. During the 2017/18 meetings, cannabis legalization, the Municipal Road and Bridge Program, and policing costs were top issues discussed.

Pictured L to R: President Chris Goertzen, Vice-President Ralph Groening, Mayor Ken Wiebe, City of Morden, CAO Troy Warkentin, City of Steinbach, Councillor Jeff Browaty, City of Winnipeg, CAO Anthony McInnis, City of Thompson, Mayor Larry Johannson, City of Selkirk, CAO Barb Dyck, City of Winkler, Mayor Martin Harder, City of Winkler, Mayor Cal Huntley, City of Flin Flon, Vice-President Gavin van der Linde, Northern Director Karen MacKinnon, CAO Sharla Griffiths, City of Dauphin, Councillor Colleen McKee, City of Flin Flon, Cities Caucus Chair Mayor Dennis Fenske, City of Thompson, Mayor Rick Chrest, City of Brandon, Mayor Allen Dowhan, City of Dauphin, Councillor Ken Pawlachuk, City of Flin Flon, and Councillor Jac Siemens, City of Steinbach.

The group met in the City of Flin Flon for its annual fall meeting on September 20, 2018.





# Communications

The AMM communicates with its members, the media, and the public through a variety of tools.

## News Conferences and Events

The AMM holds news conferences throughout the year to announce major projects, provincial partnerships, important meetings with partners and other items of note.

## Social Media

The AMM's Twitter followers increased by **201** this year, from **1,735** to **1,936**. Facebook and LinkedIn are also part of the AMM's social media strategy.

## AMM Website

The AMM website is a valuable tool for members and others seeking AMM news, policies, lobbying highlights, event information and documents. Over this past year the site saw **29,592** unique visitors stop by the site **57,066** times.

## AMM in the Media

Throughout the year, the AMM was mentioned in more than **400** media stories, including a number of stories around unreliable cell phone service, cannabis legalization, carbon tax, and other topics.

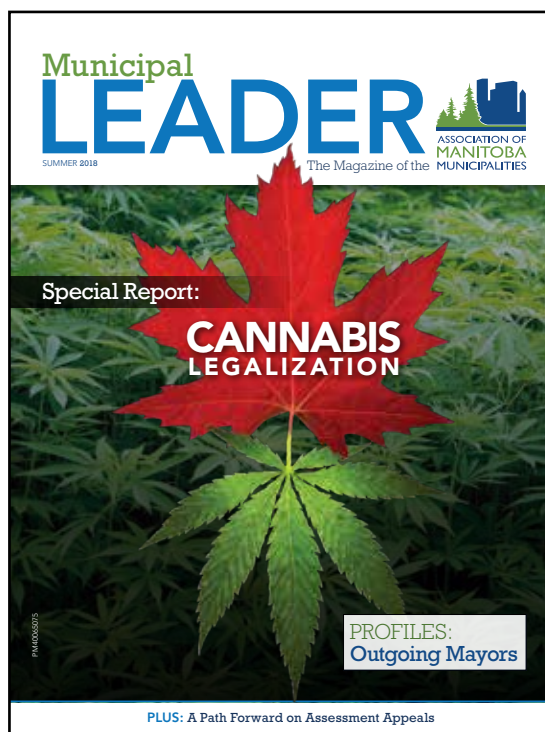
## The Municipal Leader

The AMM's quarterly magazine, the Municipal Leader, is distributed to **1,800** mayors, reeves, councillors, CAOs, suppliers, MLAs, MPs and others.

This year's special reports included Health Care in Manitoba and Cannabis Legalization.

## Member Communications

The AMM communicates with members on a regular basis through a bi-weekly news bulletin, email blasts, and member advisories.



Top: President Chris Goertzen attended the 2018 Budget Day at the Manitoba Legislature.

Centre: The AMM held a news conference on January 11, 2018 to share the results of a Probe Research Poll on cannabis revenue. President Chris Goertzen and former FCM President Jenny Gerbas participated in the news conference.

Left: The AMM magazine is distributed quarterly.



## Special Events

Throughout the year the AMM participates in numerous special events and activities with various partners.



Top left: President Chris Goertzen presents the 2018 AMM Community Leader Award to Dennis and Carol Hydamaka.

Top right: The annual meeting of the Western Canadian Municipal Association.

Bottom left: President Chris Goertzen (left) and Minister of Municipal Relations Jeff Wharton present one of the 2018 Emergency Preparedness Awards to the Municipality of Louise.

Bottom right: The AMM hosted a luncheon for Past-Presidents and Honourary Life Members to celebrate its 20th Anniversary.



# Member Events

AMM member events are an integral and essential part of our work. Events are held throughout the year in various locations to ensure high participation and opportunities to network, learn and determine the AMM's lobbying strategy.

## 1. 19th Annual Convention

The AMM Annual Convention was held November 27-29, 2017. **829** delegates attended the event held at the Keystone Centre in Brandon, Manitoba.

## 2. Mayors, Reeves and CAOs Meetings

The annual Mayors, Reeves and CAOs meetings were held on April 10, 2018 at the Keystone Centre in Brandon.

## 3. Municipal Officials Seminar

The Municipal Officials Seminar was held April 11-12, 2018 at the Keystone Centre in Brandon.

## 4. Municipal Visits

The AMM meets with each municipal council at least once during each four-year term. In 2017/18, the AMM visited a total of **58** municipalities, including the RM of Reynolds.

## 5. June District Meetings

Annual District Meetings were held from June 7-22, 2018. Hosts for this year's meetings were the Town of Churchill, Town of Swan River, Municipality of Two Borders (pictured), Town of Neepawa, Municipality of Pembina, RM of St. Laurent, and the RM of Stuartburn.

## 6. AMM Education Program

On February 16, 2018 the AMM hosted the workshop 'Managing Your Primary Leadership Asset (Yourself)'.



## Trading Company

The AMM Trading Company allows AMM members to purchase products and services at lower prices through the power of bulk buying. The AMM Trading Company provides a major source of revenue for the AMM and allows the AMM membership dues to remain one of the lowest in Canada.

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\$11.35M

Cumulative rebate to our members over the past 17 years, based on their Trading Company Sales.



### Partnerships with RMA

The AMM partners with the Rural Municipalities of Alberta (RMA) trade division to bring the combined purchasing power of Manitoba, Saskatchewan, and Alberta municipalities together for increased discounts on products and services purchased by our members. Some of these programs include the Staples National Account, Tier One National Tire Program, and Capital Equipment Purchasing Program.

### Fuel Supply Program - RMA Fuel

The RMA Fuel and Lubricant Program is an innovative national program specializing in the distribution of fuel and lubricants. Through strategic supplier partnerships, RMA offers a simple alternative to managing fuel and lubricant purchases. RMA ensures its member municipalities are purchasing fuel at a fair cost.

### Safetyhub

The AMM renewed a valuable learning management system this year called Safetyhub. Safetyhub is a program normally costing between \$6,000 and \$10,000 per municipality. The AMM pays this cost in full to give our members access to unlimited free safety training that meets or exceeds all federal / provincial training requirements, tracks records and prints certificates for this training.

### People First

The AMM partners with People First HR Services to provide professional human resource services to our members through the @Your Service ON CALL program. This enables members to access support, advice, guidance, and direction via phone and email support at no cost.

**Due to excellent participation of our members and discount pricing from Official Suppliers, the AMM Trading Company was able to rebate \$800,000 to our members based on their AMM Trading Company Sales. This brings the cumulative rebate over the past 17 years to \$11.35M.**

### Insurance Program

136 AMM member municipalities outside Winnipeg participate in the AMM's property/casualty 'protected self-insurance' program, administered by Western Financial Group Insurance Solutions. It includes a \$6,600,000 annual self-insurance loss pool that keeps premiums much lower than if individual municipalities purchased their own coverage. Insurance is then purchased from various insurance providers for coverage in excess of the loss pool amount to provide municipalities with complete protection. This unique structure allows the opportunity for significant refunds in low-claims years. In 2018, this refund was \$1.5M.

The AMM also makes available a 'self-insured' health and dental benefits program for employees and council members, providing flexible coverage options at very reasonable rates. Participation currently includes municipalities plus other policyholders such as conservation districts, other entities and retirees. Just over 1,600 employees plus their families are provided protection.

Official Suppliers are very important to the success of the Trading Company. These suppliers offer hundreds of products and services that municipalities use.

The Trading Company has individual contracts with each supplier, ensuring the best possible pricing for its purchasing members. In return, suppliers have direct contact with Manitoba's municipal market and can be part of regular marketing opportunities through AMM events and communications.

### AMM Trading Company Official Suppliers

49 NORTH LUBRICANTS  
ACKLANDS GRAINGER  
AIRMASTER SALES LTD.  
ALCOM ELECTRONIC COMMUNICATIONS  
CANADA CULVERT/ARMTEC LIMITED  
ATS TRAFFIC  
BRIDGESTONE (TIRES)  
DENRAY TIRE  
DUST FREE ROAD MAINTENANCE  
ENVIROWAY  
FORT DISTRIBUTORS LTD.  
GFI SYSTEMS  
GRAND & TOY  
KAL TIRE  
MACMOR INDUSTRIES  
MICHELIN (TIRES)  
MTS  
NAPA AUTOPARTS  
ORKIN PCO SERVICES  
RMA CANADA  
SAFETY SERVICES MANITOBA  
SHIPPAM & ASSOCIATES  
STAPLES  
SUPREME BASICS  
THE FLAG SHOP  
WESTERN FINANCIAL GROUP  
WESTGRO

# Statement of Financial Position

## ASSOCIATION OF MANITOBA MUNICIPALITIES

### Financial Statements

Year Ended August 31, 2018



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### INDEPENDENT AUDITORS' REPORT

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To the Members of Association of Manitoba Municipalities

We have audited the accompanying financial statements of Association of Manitoba Municipalities, which comprise the statement of financial position as at August 31, 2018 and the statements of income, changes in net assets and cash flow 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.

#### Auditors' 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 auditors' 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 auditors consider 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 Manitoba Municipalities as at August 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Exchange*

Chartered Professional Accountants LLP  
Winnipeg, Manitoba  
October 4, 2018

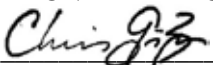


**ASSOCIATION OF MANITOBA MUNICIPALITIES**  
**Statement of Financial Position**  
**August 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and short term deposits	\$ 162,984	\$ 51,508
Accounts receivable	440,114	338,320
Due from Municipalities Trading Company of Manitoba Ltd. (Note 10)	141,237	370,000
Goods and services tax recoverable	-	2,705
Prepaid expenses	56,792	41,494
	<u>801,127</u>	<u>804,027</u>
<b>SEGREGATED FUNDS</b>		
General Reserve (Note 8)	1,080,912	1,024,721
<b>PROPERTY AND EQUIPMENT (Notes 2, 5)</b>	334,540	356,664
<b>RESTRICTED CASH (Note 4)</b>	46,118	65,231
	<u>\$ 2,262,697</u>	<u>\$ 2,250,643</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 29,857	\$ 32,150
Goods and services tax payable	19,962	-
Deferred income	493,670	492,994
Due to reserves	449,315	487,577
	<u>992,804</u>	<u>1,012,721</u>
<b>FUNDS HELD FOR OTHER ENTITIES (Note 4)</b>	46,118	65,231
	<u>1,038,922</u>	<u>1,077,952</u>
<b>NET ASSETS</b>		
Unrestricted	(142,220)	(164,345)
Invested in property and equipment	334,540	356,665
General reserve (Note 8)	1,031,455	980,371
	<u>1,223,775</u>	<u>1,172,691</u>
	<u>\$ 2,262,697</u>	<u>\$ 2,250,643</u>

LEASE COMMITMENTS (Note 7)

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements

**ASSOCIATION OF MANITOBA MUNICIPALITIES**  
**Statement of Income - Unrestricted Operations**  
**Year Ended August 31, 2018**

	2018	2017
<b>REVENUE</b>		
Membership dues	\$ 405,017	\$ 403,796
Convention	388,599	376,929
Seminar	98,663	85,950
Asset Management grant	88,853	-
Trade show	76,930	86,282
Education	31,020	22,240
Rental	20,940	12,215
Corporate membership	11,293	11,000
Magazine	9,534	13,756
Associate membership	9,075	8,550
Investment income	6,055	4,973
Merx	500	500
Advertising - bulletin	400	100
Miscellaneous	281	660
	<b>1,147,160</b>	<b>1,026,951</b>
<b>EXPENSES</b>		
Schedule of Expenses ( <i>Schedule 1</i> )	<b>1,955,363</b>	<b>1,922,836</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(808,203)</b>	<b>(895,885)</b>
<b>OTHER ITEMS</b>		
Unrealized gain (loss) on investments	1,281	(1,715)
Management fees ( <i>Note 10</i> )	806,922	830,000
	<b>808,203</b>	<b>828,285</b>
<b>NET ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ -</b>	<b>\$ (67,600)</b>

See notes to financial statements

**ASSOCIATION OF MANITOBA MUNICIPALITIES**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2018**

	Unrestricted	Invested in Property and Equipment	General Reserve (Note 9)	2018	2017
<b>NET ASSETS -</b>					
<b>BEGINNING OF</b>					
<b>YEAR</b>	\$ (164,345)	\$ 356,665	\$ 980,371	\$ <b>1,172,691</b>	\$ 963,148
Net annual surplus					
(deficit)	23,524	(23,524)	-	-	(67,600)
Net annual surplus					
(deficit) -					
Reserves	-	-	51,084	<b>51,084</b>	277,143
Additions (disposals)					
of property and					
equipment	(1,399)	1,399	-	-	-
<b>NET ASSETS - END</b>					
<b>OF YEAR</b>	\$ (142,220)	\$ 334,540	\$ 1,031,455	\$ <b>1,223,775</b>	\$ 1,172,691



## ASSOCIATION OF MANITOBA MUNICIPALITIES

### Statement of Cash Flow Year Ended August 31, 2018

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net annual surplus (deficit) - Operations	\$ -	\$ (67,600)
Net annual surplus (deficit) - Reserves	51,084	277,143
Items not affecting cash:		
Amortization of property and equipment	23,524	23,219
Unrealized gains	(1,281)	1,715
	<u>73,327</u>	<u>234,477</u>
Changes in non-cash working capital:		
Accounts receivable	(101,794)	3,682
Accounts payable and accrued liabilities	(2,294)	18,292
Deferred income	676	30,598
Prepaid expenses	(15,298)	17,319
Goods and services tax payable	22,667	(17,582)
	<u>(96,043)</u>	<u>52,309</u>
Cash flow from (used by) operating activities	<u>(22,716)</u>	<u>286,786</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,399)	(10,408)
Net sales (purchases) of segregated funds	(93,172)	(72,479)
Cash flow used by investing activities	<u>(94,571)</u>	<u>(82,887)</u>
<b>FINANCING ACTIVITY</b>		
Advances from (to) related parties	228,763	(191,211)
<b>INCREASE IN CASH</b>	<u>111,476</u>	<u>12,688</u>
CASH AND SHORT TERM DEPOSITS- BEGINNING OF YEAR	<u>51,508</u>	<u>38,820</u>
<b>CASH AND SHORT TERM DEPOSITS- END OF YEAR</b>	<u>\$ 162,984</u>	<u>\$ 51,508</u>

See notes to financial statements

## ASSOCIATION OF MANITOBA MUNICIPALITIES

### Notes to Financial Statements

Year Ended August 31, 2018

#### 1. DESCRIPTION OF BUSINESS

The Association of Manitoba Municipalities (the "Association") was established to provide lobbying activities, professional development seminars and to aid in the development of policies that are of importance to its member municipalities in the Province of Manitoba. The Association is exempt from income tax on its earnings under Section 149 of the Income Tax Act.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The combined financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

##### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

##### Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Amortization is recorded on the straight-line basis using the following annual rates:

Buildings	2.5%
Computer equipment	30%
Computer software	100%
Office equipment	10%
Sign	10%
Motor vehicles	20%

The Association regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

##### Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Association's revenues are recognized when earned and collection is reasonably assured.

The investment revenue of the General reserve is recognized in the restricted fund.

**ASSOCIATION OF MANITOBA MUNICIPALITIES**  
**Notes to Financial Statements**  
**Year Ended August 31, 2018**

**3. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure as of August 31, 2018.

**Credit Risk**

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Association is exposed to credit risk from its members. Since the Association's members consists of primarily government authorities there is a minimal risk that a counterparty will fail to perform its obligations.

**Market Risk**

The Association invests in publicly traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the Association is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

**Interest Rate**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

**4. RESTRICTED CASH**

Restricted cash represents funds held in a bank account in the Association's name relating to other expenses which are not a part of the Association's operations, including special projects funded by the Provincial Government, Federation of Canadian Municipalities member expenses funded by the member municipalities and other miscellaneous projects. These funds are restricted for use on these operations. Revenues and expenses relating to these operations have not been included in these financial statements.

**5. PROPERTY AND EQUIPMENT**

	<b>2018</b>		<b>2017</b>	
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Cost</b>	<b>Accumulated amortization</b>
Buildings	\$ 378,676	\$ 179,608	\$ 378,676	\$ 172,035
Computer equipment	35,020	26,960	33,621	22,008
Computer software	550	550	550	550
Land	90,000	-	90,000	-
Office equipment	65,563	64,072	65,563	63,425
Sign	20,085	5,021	20,085	3,013
Motor vehicles	41,715	20,858	41,715	12,515
	<b>\$ 631,609</b>	<b>\$ 297,069</b>	<b>\$ 630,210</b>	<b>\$ 273,546</b>
Net book value	<b>\$ 334,540</b>		<b>\$ 356,664</b>	

# ASSOCIATION OF MANITOBA MUNICIPALITIES

## Notes to Financial Statements

Year Ended August 31, 2018

### 6. CONTROLLED ENTITY

Municipalities Trading Company of Manitoba Ltd. (MTCML) offers member municipalities group discounts on various products and services. MTCML is a not-for-profit organization which is controlled by the Association through a common board.

MTCML's financial information was as follows:

	2018	2017
<b>Balance Sheet</b>		
Assets	\$ 21,171,580	\$ 19,884,954
Liabilities	(17,303,523)	(16,367,217)
Net assets	\$ 3,868,057	\$ 3,517,737
<b>Income Statement</b>		
Sales	\$ 15,728,986	\$ 14,761,370
Cost of sales	(15,442,271)	(14,479,875)
Other revenues	1,550,774	1,729,607
Expenses	(1,879,408)	(2,012,007)
Net annual surplus	\$ (41,919)	\$ (905)

### 7. LEASE COMMITMENTS

The Association leases a photocopier that expires February, 2022. Under the lease, the Association is required to make the following lease payments:

2019	\$ 13,018
2020	13,018
2021	13,018
2022	6,509

### 8. GENERAL RESERVE

This reserve has been established to fund major repairs, renovations, and expansion of the building, potential severances and other expenses as deemed necessary by the Board of Directors.

	2018	2017
<b>General Reserve</b>		
Opening balance	\$ 980,371	\$ 703,228
Interest received	4,907	8,218
Other income	3,703	17,577
Expenses	(186,841)	(119,863)
Contribution from MTCML (Note 10)	229,315	371,211
	\$ 1,031,455	\$ 980,371

Segregated funds for reserves exceed the reserves due to investments being recorded at market value and the accumulated unrealized gains and losses being recognized in the general operations.



**ASSOCIATION OF MANITOBA MUNICIPALITIES**  
**Notes to Financial Statements**  
**Year Ended August 31, 2018**

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**9. MUNICIPAL EMPLOYEES BENEFIT PLAN**

The majority of the employees of the Association are members of the Municipal Employees' Pension Plan (MEPP), which is a multi-employer defined benefit pension plan. MEPP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants of Canada Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEPP by placing plan assets in trust and through MEPP investment policy. The pension expense is based on the contribution rate. The MEPP required that employees contribute 8.3% of basic annual earnings up to the CPP ceiling plus 9.5% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEPP. Actual contributions to MEPP made during the year by the Association on behalf of its employees amounted to \$65,303 (2017 - \$64,249) and are included in the statement of operations.

Subject to the following paragraph, any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2016 indicated the plan was 98.0% funded on a going concern basis and had an unfunded solvency liability of \$246.8 million. The solvency position of the plan is determined by comparing the plan assets to the actuarial present value of the benefits accrued in respect of credited service up to the valuation date, calculated as if the plan were wound up on December 31, 2016.

In 2010, the Government of Manitoba enacted a regulation which permits sponsors of public sector pension plans, including MEPP, to elect permanent exemption from solvency funding requirements subject to certain conditions stated in the regulation. MEPP has elected permanent exemption from solvency funding requirements. As a result, solvency funding is no longer required by MEPP.

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**10. RELATED PARTY TRANSACTIONS**

The Association controls MTCML through a common board. During the year ended August 31, 2018, MTCML contributed \$229,315 (2017 - \$371,211) to the Association's reserves and paid \$806,922 (2017 - \$830,000) in management fees to the Association. These amounts were determined by the board.

Amounts owing from MTCML have arisen from the transactions described above. These amounts have no terms of repayment and are not interest bearing. The outstanding amount is expected to be paid within the next twelve months, as such they have been classified as current.

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# ASSOCIATION OF MANITOBA MUNICIPALITIES

## Schedule of Expenses Year Ended August 31, 2018

*(Schedule 1)*

	2018	2017
<b>Functions</b>		
Convention	\$ 310,283	\$ 350,927
Education	22,577	23,081
Housing conference	257	-
Municipal seminar	66,182	68,709
Resolutions committee	3,339	4,735
Trade show	35,478	42,494
	<u>\$ 438,116</u>	<u>\$ 489,946</u>
<b>Executive</b>		
Board - stipend	\$ 31,123	\$ 32,223
Board - sundry	73	177
Communication allowance	2,020	2,377
Meeting	258,478	229,134
President's salary	58,760	65,664
	<u>\$ 350,454</u>	<u>\$ 329,575</u>
<b>Other</b>		
Amortization	\$ 23,524	\$ 23,219
Asset Management	88,853	-
Association fees	2,780	3,050
Bad debts	-	1,045
Bank charges	119	324
Building repairs and maintenance	19,777	33,296
Donations and gifts	26,192	20,647
Insurance	5,391	5,461
Legal	11,298	18,541
Office	52,837	53,831
Postage and stationery	21,499	24,187
Professional fees	14,408	13,899
Promotion materials	468	450
Property taxes	31,633	30,239
Telephone	14,789	13,115
Vehicle	11,476	7,092
	<u>\$ 325,044</u>	<u>\$ 248,396</u>
<b>Staffing</b>		
Employee benefits	\$ 121,720	\$ 120,401
Management	40,264	37,467
Salaries	665,954	683,324
Staff expenses	13,013	12,831
Workers compensation	798	896
	<u>\$ 841,749</u>	<u>\$ 854,919</u>
	<u>\$ 1,955,363</u>	<u>\$ 1,922,836</u>

See notes to financial statements

# Statement of Financial Position

MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.

*(Operating as Trading Company)*

Financial Statements

Year Ended August 31, 2018



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## INDEPENDENT AUDITORS' REPORT

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To the Members of Municipalities Trading Company of Manitoba Ltd. (Operating as Trading Company)

We have audited the accompanying financial statements of Municipalities Trading Company of Manitoba Ltd., which comprise the statement of financial position as at August 31, 2018 and the statements of income, changes in net assets and cash flow 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.

### Auditors' 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 auditors' 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 auditors consider 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 Municipalities Trading Company of Manitoba Ltd. as at August 31, 2018 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

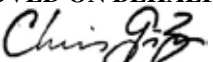
*Exchange*


Chartered Professional Accountants LLP  
Winnipeg, Manitoba  
October 4, 2018

**MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.**  
**(Operating as Trading Company)**  
**Statement of Financial Position**  
**August 31, 2018**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 282,614	\$ 731,868
Accounts receivable	1,525,894	1,481,151
Inventory (Note 2)	33,776	25,408
Prepaid expenses	-	30,000
	<u>1,842,284</u>	<u>2,268,427</u>
<b>SEGREGATED FUNDS</b>		
Self-insurance Loss Pool (Note 4)	<u>19,329,296</u>	<u>17,616,527</u>
	<u><b>\$ 21,171,580</b></u>	<u><b>\$ 19,884,954</b></u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 829,108	\$ 846,169
Goods and services tax payable	1,600	-
Due to Association of Manitoba Municipalities (Note 5)	<u>141,237</u>	<u>370,000</u>
	<u>971,945</u>	<u>1,216,169</u>
<b>SELF-INSURANCE LOSS POOL (Note 4)</b>	<u>16,331,578</u>	<u>15,151,048</u>
	<u>17,303,523</u>	<u>16,367,217</u>
<b>NET ASSETS</b>		
Unrestricted	1,637,492	1,679,411
Accumulated unrealized gains (Note 2)	<u>2,230,565</u>	<u>1,838,326</u>
	<u>3,868,057</u>	<u>3,517,737</u>
	<u><b>\$ 21,171,580</b></u>	<u><b>\$ 19,884,954</b></u>

APPROVED ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements



**MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.**  
*(Operating as Trading Company)*  
**Statement of Income**  
**Year Ended August 31, 2018**

	2018	2017
<b>SALES</b>	<b>\$ 15,728,986</b>	<b>\$ 14,761,370</b>
<b>COST OF SALES</b>	<b>15,442,271</b>	<b>14,479,875</b>
<b>GROSS PROFIT</b> <i>(1.82%; 2017 - 1.91%)</i>	<b>286,715</b>	<b>281,495</b>
<b>INSURANCE ADMINISTRATION FEES</b>	<b>1,106,049</b>	<b>1,049,955</b>
<b>INVESTMENT INCOME</b>	<b>444,725</b>	<b>679,652</b>
	<b>1,550,774</b>	<b>1,729,607</b>
<b>EXPENSES</b>		
Advertising and promotion	12,751	10,775
Bank charges	420	-
Membership rebate	800,000	800,000
Inventory write-off	-	21
SafetyCare	30,000	-
	<b>843,171</b>	<b>810,796</b>
<b>OPERATING INCOME</b>	<b>994,318</b>	<b>1,200,306</b>
<b>OTHER EXPENSES</b>		
Management fees <i>(Note 5)</i>	806,922	830,000
Contributions to Association of Manitoba Municipalities reserves <i>(Note 5)</i>	229,315	371,211
	<b>1,036,237</b>	<b>1,201,211</b>
<b>NET ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (41,919)</b>	<b>\$ (905)</b>

**MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.**
*(Operating as Trading Company)*
**Statement of Changes in Net Assets**
**Year Ended August 31, 2018**

	Unrestricted	Accumulated Unrealized Gains (Note 2)	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,679,411	\$ 1,838,326	\$ <b>3,517,737</b>	\$ 3,849,049
Net annual surplus (deficit)	(41,919)	-	<b>(41,919)</b>	(905)
Realized gains	-	(103,477)	<b>(103,477)</b>	(340,975)
Adjustment to market	-	495,716	<b>495,716</b>	10,568
<b>NET ASSETS - END OF YEAR</b>	\$ 1,637,492	\$ 2,230,565	\$ <b>3,868,057</b>	\$ 3,517,737

See notes to financial statements

**MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.**  
*(Operating as Trading Company)*  
**Statement of Cash Flow - Unrestricted Net Assets**  
**Year Ended August 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Net annual surplus (deficit)	\$ (41,919)	\$ (905)
Changes in non-cash working capital:		
Accounts receivable	(44,743)	68,154
Inventory	(8,368)	(7,312)
Accounts payable and accrued liabilities	(17,061)	(1,272,670)
Prepaid expenses	30,000	(30,000)
Goods and services tax payable	1,600	(2,785)
	<u>(38,572)</u>	<u>(1,244,613)</u>
Cash flow used by operating activities	<u>(80,491)</u>	<u>(1,245,518)</u>
<b>INVESTING ACTIVITIES</b>		
Due to Association of Manitoba Municipalities	(228,763)	191,211
Net sales (purchases) of segregated funds	<u>(1,320,530)</u>	<u>241,582</u>
Cash flow from (used by) investing activities	<u>(1,549,293)</u>	<u>432,793</u>
<b>FINANCING ACTIVITY</b>		
Net contributions to self insurance loss pool	<u>1,180,530</u>	<u>(402,460)</u>
<b>DECREASE IN CASH</b>	<u>(449,254)</u>	<u>(1,215,185)</u>
CASH - BEGINNING OF YEAR	<u>731,868</u>	<u>1,947,053</u>
<b>CASH - END OF YEAR</b>	<u>\$ 282,614</u>	<u>\$ 731,868</u>

See notes to financial statements

**MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.**  
**(Operating as Trading Company)**  
**Notes to Financial Statements**  
**Year Ended August 31, 2018**

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1. DESCRIPTION OF BUSINESS

Municipalities Trading Company of Manitoba Ltd. (the "Company") offers member municipalities group discounts on various products and services. MTCML is exempt from income tax on its earnings under Section 149 of the Income Tax Act.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The combined financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventory is measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business. Inventory includes all costs to purchase and to bring the inventories to their present location and condition. Cost is determined using the FIFO method for inventory items. Inventory consists of supplies available for resale to customers.

Revenue recognition

The Company's sales are normally recognized when the products are shipped or services are performed, at which time title passes to the customer.

The Company's Insurance Administration Fees and Investment revenues are recognized when earned and collection is reasonably assured.

Accumulated unrealized gains

Accumulated unrealized gains consists of the accumulated adjustments to market for the Self-insurance Loss Pool Segregated Fund. Realized gains are included in investment income on the Statement of Income.

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**MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.**

*(Operating as Trading Company)*

**Notes to Financial Statements**

**Year Ended August 31, 2018**

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**3. FINANCIAL INSTRUMENTS**

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure as of August 31, 2018.

**Credit Risk**

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company is exposed to credit risk from its members. Since the Company's members consists of primarily government authorities there is a minimal risk that a counterparty will fail to perform its obligations.

**Market Risk**

The Company invests in publicly traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the Company is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

**Interest Rate**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. The Company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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# MUNICIPALITIES TRADING COMPANY OF MANITOBA LTD.

*(Operating as Trading Company)*

## Notes to Financial Statements

**Year Ended August 31, 2018**

### 4. SELF-INSURANCE LOSS POOL

The "self-insurance loss pool" is operated by the Company. The pool is funded annually by proportionate contributions from participating municipalities. These funds are held by the Company on behalf of these member communities. Additions and claims are not recognized as revenue and expenses on the statement of operations.

	2016/2017 and Prior Pool	2017/2018 Pool	2018	2017
Balance, beginning of year	\$ 15,151,048	\$ -	\$ <b>15,151,048</b>	\$ 15,553,508
Current year loss pool additions	63,913	6,581,073	<b>6,644,986</b>	6,126,642
	15,214,961	6,581,073	<b>21,796,034</b>	21,680,150
Insurance claims paid	(4,311,420)	(1,153,036)	<b>(5,464,456)</b>	(6,529,102)
Balance, end of year	\$ 10,903,541	\$ 5,428,037	\$ <b>16,331,578</b>	\$ 15,151,048

This joint loss pool is responsible for paying the first \$1,000,000 (2017 - \$1,000,000) per claim for certain types of claims, up to a maximum of \$6,100,000 (2017 - \$6,100,000) aggregate for the year.

During the year ended August 31, 2018, a loss pool rebate of \$1,501,368 was determined but had not been distributed at year end.

Cash and equity investments segregated for the self-insurance loss pool are recorded at fair market value. Funds are held through the following:

	2018	2017
Bank	\$ (13,824)	\$ 276,213
Great West Life - Loss Pool Fund	<b>19,343,120</b>	17,340,314
	<b>\$ 19,329,296</b>	\$ 17,616,527

The negative bank balance in the 2018 year end arises from outstanding cheques issued in excess of the bank balance and a bank transfer that did not occur until subsequent to year end.

Segregated funds for the self-insurance loss pool exceed the reserves due to investments being recorded at market value and the accumulated unrealized gains and losses being recognized in the general operations.

### 5. RELATED PARTY TRANSACTIONS

The Company is controlled by the Association of Manitoba Municipalities (the Association) through a common board. During the year ended August 31, 2018, MTCML contributed \$229,315 (2017 - \$371,211) to the Association's reserves and paid \$806,922 (2017 - \$830,000) in management fees to the Association. These amounts were determined by the board.

Amounts owing to the Association have arisen from the transactions described above. These amounts have no terms of repayment and are not interest bearing. The outstanding amount is expected to be paid within the next twelve months, as such they have been classified as current.

NOTES







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