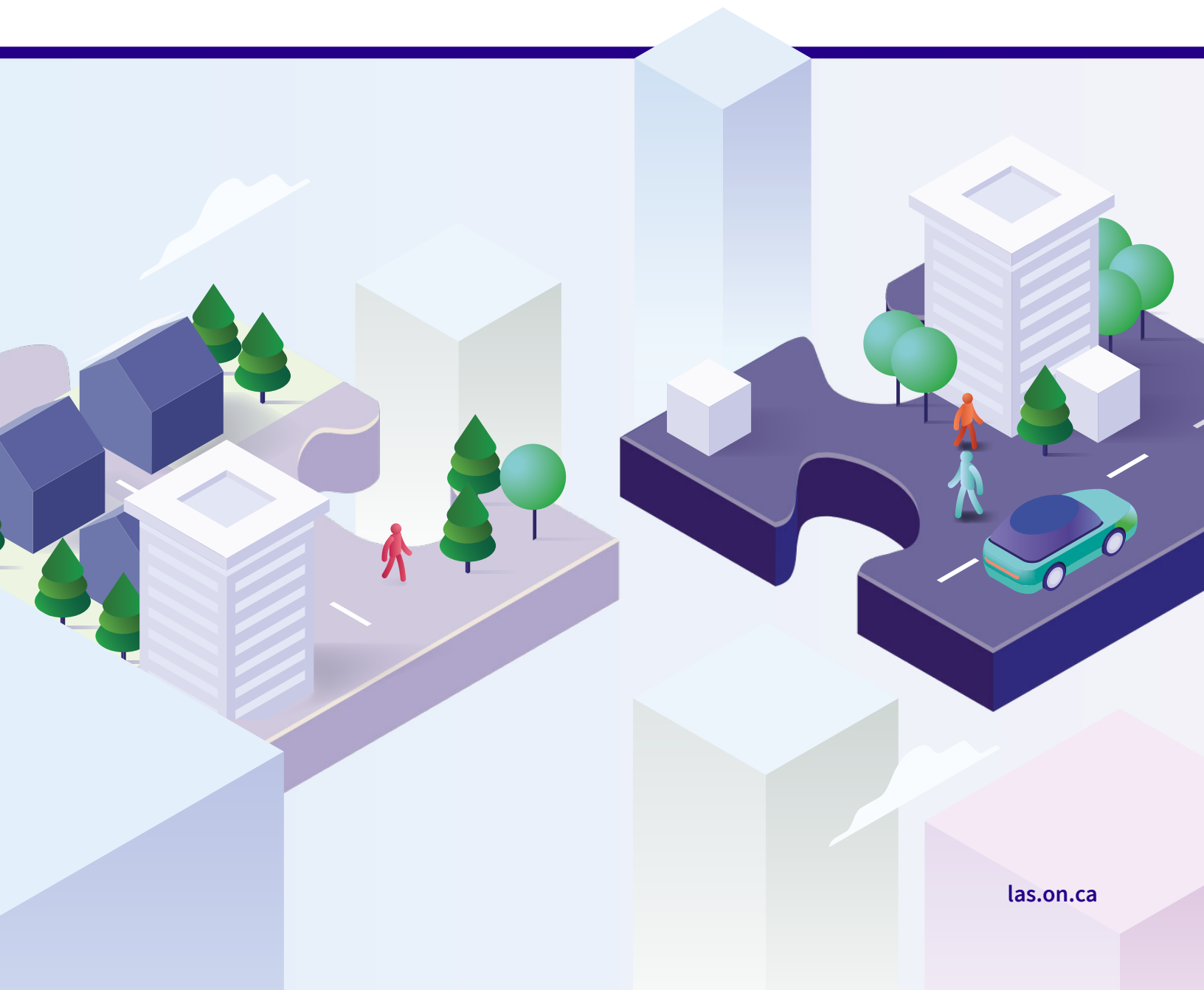


**2023 Annual Report**

Helping communities  
work together





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## Board Members



**Gary McNamara**  
Chair, Mayor  
Town of Tecumseh



**Aina DeViet**  
Councillor, County of  
Middlesex  
Middlesex County



**Chris Wray**  
CAO/Clerk  
Township of Black River-  
Matheson



**Dave Landers**  
CAO  
City of Timmins



**Julia McKenzie**  
Director of Finance/  
Treasurer  
Town of Huntsville



**Lealand Sibbick**  
Treasurer  
County of Simcoe



**Michelle Bretherick**  
Director, Finance Services/  
Deputy Treasurer  
City of Oshawa



**Oliver Jerschow**  
CAO  
Town of Innisfil



**Suzanne Madder**  
Manager, Corporate Performance  
and Strategy  
Niagara Region

## Message from the Chair



Municipal governments are truly where the rubber meets the road. They are at the centre of community wellbeing and success – and engines of our collective prosperity.

LAS has more than 30 years of experience working with and for municipalities. As the business services arm of the Association of Municipalities of Ontario (AMO), LAS is committed to helping ensure municipalities have the tools to fire on all cylinders.

Our team understands that municipalities are tasked with moving forward and delivering services, even as conditions beyond their control seem to change the rules of the road.

LAS works behind the scenes and with municipal and sector experts to sort out complicated challenges and create turnkey solutions. Step by step, we create programs tailored to Ontario municipalities that any municipality, regardless of population or capacity, can rely on.

I'm pleased to report that we made significant progress on key initiatives in 2023.

- LAS launched a new program to help municipalities respond in real time to cyber incidents, while also providing tools to strengthen IT security. As cyber coverage and expertise remains volatile, the **LAS Cyber Incident Management for Ontario Municipalities** program fills an important gap in accessing IT security expertise.

CIMOM offers cyber incident response to municipalities of all sizes and IT capacities – from assessing the damage to resolving and restoring systems. Through a competitive bidding process, LAS selected partner ISA Cybersecurity to ensure municipalities can access high-quality cyber support from a trusted and fully vetted partner.

- We continue to develop and launch new strategies for **better risk management and financing**. In 2023, a provincial-municipal technical working group reported back on its broad review of the municipal risk management challenge. The group identified data gaps, looked at alternate liability models, and potential short and long-term solutions.

Based on these recommendations, LAS created an advisory group to develop an alternative model which could supplement or replace traditional insurance, particularly for the most challenging risk categories.

- In 2023, LAS launched a pilot of its **Automated Speed Enforcement (ASE) Program**. The province allows municipalities to use cameras to clamp down on speeders in community safety zones. While it sounds simple, it isn't. Municipalities need the camera technology, plus an administrative process for ticketing that complies with the Ontario Ministry of Transportation (MTO) and other provincial regulations.

The work to build a turnkey solution for smaller and mid-sized municipalities required a competitive bidding process for the technology, negotiation with the MTO, and partnerships with municipalities.

The pilot program was launched in the City of Barrie, the first municipal partner for the LAS program. Together, LAS, the City, and technology provider, Conduent Transportation, provide a complete solution. It includes advanced camera technology and ticket processing, in compliance with provincial law.

With inflation driving up costs, LAS continued to see growing interest in the Canoe Procurement Program. The program delivers cost savings on municipal supplies ranging from paper clips to pumper trucks. LAS administers the program so that Ontario's municipalities can benefit from the bulk purchasing power of thousands of public sector organizations across Canada. Besides cutting costs, the program reduces procurement costs overall. One municipality saved \$150,000 in procurement costs for single purchase.

LAS staff work behind the scenes to negotiate and create solutions. We engage municipal experts to inform our programs and look after legal compliance, contracts and competitive processes. The goal is to offer programs that are easy to implement, so municipal staff can focus on their jobs of building stronger communities.

On behalf of the LAS Board and staff, I want to thank all of the municipalities across Ontario who have trusted LAS to deliver their programs and services. You can depend on us to keep working on your behalf.



**Gary McNamara**  
Chair, LAS

# About LAS

In 2023, **90%** of Ontario's 444 municipalities participated in LAS programs and services.

## Administrative Services

- [Automated Speed Enforcement](#)
- [Closed Meeting Investigator](#)
- [Sewer and Water Line Warranty](#)

## Energy Services

- [Electricity Program](#)
- [Energy Planning Tool](#)
- [Facility Lighting Service](#)
- [Natural Gas Procurement](#)
- [Energy Training](#)

## Financial Services

- [Cyber Incident Management for Ontario Municipalities \(CIMOM\)](#)
- [Group Benefits](#)
- [Home and Auto Insurance](#)
- [Municipal Risk Management](#)
- [Investments](#)

## Municipal Asset Services

- [Canoe Procurement Group](#)
- [Road and Sidewalk Assessment Service](#)

## Digital Services

- [Barrier-free Website Builder](#)
- [Electronic Signatures](#)
- [Electronic Meeting Management and Livestreaming](#)
- [Electronic Permitting](#)
- [Freedom of Information \(FOI\) Solutions](#)
- [Occupational Health and Safety Management](#)
- [Risk and Claim Management System](#)

# Administrative Services

## Automated Speed Enforcement

The LAS Automated Speed Enforcement (ASE) program will help municipalities, regardless of size or capacity, to improve road safety through speed cameras in community safety zones. LAS has partnered with the City of Barrie and technology provider, Conduent Transportation, to create a complete solution, from advanced camera technology to ticket processing, in compliance with provincial law.

Under the agreement with the City, LAS funds Provincial Offences Officers at the City of Barrie who process speed-camera violations on behalf of municipalities participating in the ASE program. Provincial law requires highway traffic violations, such as speeding, to be issued by the police or by a designated Provincial Offences Officer employed by a municipality. LAS is learning from the pilot and will refine the program for broader rollout.

## Closed Meeting Investigator

LAS has been filling the role of closed-meetings investigator for interested Ontario municipalities since 2008 through a credible, professional, and independent investigator service, offered through Aird & Berlis LLP.

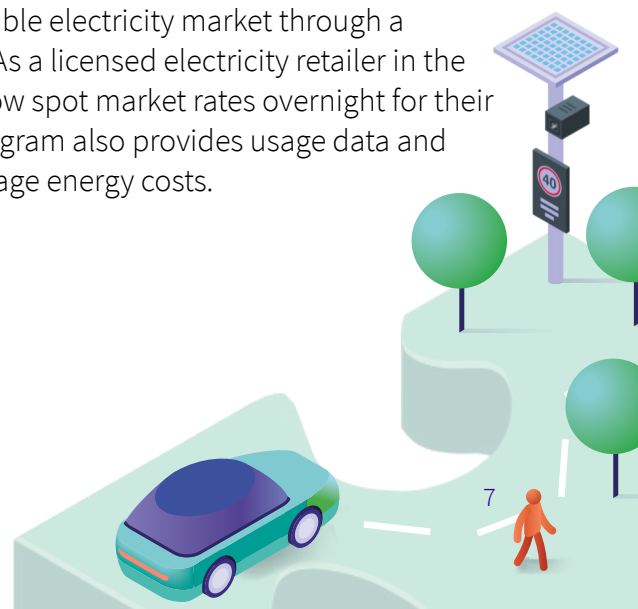
## Sewer and Water Line Warranty

The LAS-endorsed Sewer and Water Line Warranty Service offers interested municipalities the option of a low-cost warranty for their homeowners that will repair or replace water and sewer lines on residential properties. Homeowners do not always realize that they are responsible for these repairs. The service provides both warranty protection and confidence that repairs will be done correctly. LAS has partnered with Service Line Warranties of Canada Inc. to provide this service to homeowners across Ontario.

# Energy

## Electricity Program

LAS helps municipalities find more stability in Ontario's unpredictable electricity market through a managed program of hedge contracts and spot market exposure. As a licensed electricity retailer in the Ontario market, LAS enables municipalities to take advantage of low spot market rates overnight for their streetlights and avoid the peaks and valleys in the market. The program also provides usage data and market information to further help municipalities proactively manage energy costs.



## Energy Planning Tool

Municipal governments and other broader public-sector organizations must complete and submit an Energy Consumption and Green House Gas (GHG) Emission report each year. LAS' Energy Planning Tool helps municipalities and other organizations to complete annual reporting, and to develop and update energy plans that comply with provincial government regulations. This year, the program underwent a significant update to make the five-year Conservation & Demand Management (CDM) planning module more robust and user friendly as municipalities look toward the next reporting period.

## Facility Lighting Service

LAS offers a turnkey solution through Conrad Lighting Solutions and supplier, Gerrie Electric, to install energy efficient LED lights for municipal and public facilities. In addition to high-bay lighting systems for arenas, LAS offers a range of solutions for LED lighting that can be used across all municipal facilities, including outdoor spaces such as parks and sports fields.

## Natural Gas Procurement

LAS' first and longest-serving program, it helps members stabilize natural gas rates through a multi-year natural gas hedging strategy. In 2023, natural gas prices increased in the market, and LAS rates decreased. The LAS Program provided pricing protection and cost savings in an uncertain environment.

## Energy Training

LAS' energy training workshops focus on the specific needs of the municipal sector. LAS has partnered with Stephen Dixon of Knowenergy to offer cost-effective, customizable workshops. The sessions help municipalities cut utility costs, comply with regulations, or increase knowledge of energy conservation. In 2023, LAS delivered a workshop titled Life Cycle Cost – Path to Net Zero Emissions at the FCM Sustainable Communities Conference in Ottawa. The workshop attracted attendees from the Yukon (Whitehorse), Alberta and Ontario.

The Town of Collingwood upgraded ten municipal facilities to LED lights through the LAS Program. These included the OPP building, town hall, library, arenas and wastewater treatment plant.

The result:

- Energy maintenance and cost savings of \$80,000 annually
- Reducing consumption by more than 350,000Kwh annually
- More than \$40,000 in combined provincial incentives for the upgrade.







# Financial Services

## Group Benefits

This program offered through a partnership with Mosey & Mosey, provides completely flexible benefit coverage options for staff and elected officials at a cost lower than what most municipalities can achieve on a standalone basis. The program serves members ranging from those with less than 10 employees to those with more than 400.

## Home and Auto Insurance

LAS negotiated exclusive discounts for personal home and automobile insurance through the Cowan Insurance Group. The service is available to all staff and elected officials of Ontario municipalities.

## Municipal Risk Management

Municipal liability and risk management issues cost millions of dollars every year. Local governments must be aware of new and emerging risk management issues to help them effectively reduce the frequency and severity of claims.

With costs growing and new risks emerging, municipal financial planning must include risk management.

A Technical Working Group, comprised of municipal risk managers and other experts, is helping LAS investigate alternative risk financing models outside of the traditional purchase of insurance.

To support municipal capacity around risk management, LAS has also formed a Municipal Risk Management working group. This group of municipal risk management leaders helps identify key educational topics related to insurance and support a regular educational e-publication.

In 2023 these included:

- Budgeting for Risk
- Know your Total Cost of Risk
- Evolving Approaches to Municipal Risk Management

LAS's partnership with Intact Public Entities (IPE) also provided three (3) webinars to municipalities on Budgeting for Risk, Dissolution and Municipal Risk and Waivers and the Law. The 2023 LAS IPE Risk Symposium took place in October and covered a range of topics including a ransomware live event and the role of natural assets in climate resiliency.

## Is there another way?

Municipal risk management, including financing, has been an ongoing challenge for Ontario's local governments.

After years of advocacy by AMO and LAS, a provincial-municipal technical working group was struck to foster better understanding and collaboration on municipal challenges.

The working group's 2023 report offered several suggestions, including:

- Greater municipal involvement in key provincial regulatory areas related to risk, like standards for roads, building inspections and climate resilience.
- Continued and improved efforts to gather data on municipal insurance claims to better inform policy solutions.
- Examining alternatives to traditional insurance to finance risk.

While LAS continued the complex task of gathering data, it also formed a group to look at the feasibility of different insurance alternatives.

Initially, work is focused on a new model to address a burning issue for local governments – cyber security. This model may eventually support new solutions to finance all kinds of risk.

Dozens of municipalities participated in an initial feasibility study that is informing work to create a new way to finance risk.

## Cyber Incident Management for Ontario Municipalities (CIMOM)

The ongoing instability in the cyber insurance market has made it harder to get municipal coverage. This also means municipalities have had less access to incident response support through an insurer. To address this gap, LAS rolled out the Cyber Incident Management for Ontario Municipalities (CIMOM) in 2023 after completing an RFP.

In 2023, LAS partnered with ISA Cybersecurity, selected through a competitive RFP process. The Canadian company has more than 31 years of experience delivering cyber security services. The program has been designed for municipalities with or without cyber insurance and for a variety of budgets and tiered options to choose from. The program was shaped with municipal and IT input.

The goal is to provide access to a quick, effective, and orderly response to cyber security incidents. This includes assessing, identifying, containing, eradicating and providing lessons learned post incident. CIMOM also provides additional services like creating incident response plans and policy development. Nine municipalities have already signed on to the program.

## ONE Investment

ONE Investment is a non-profit organization dedicated to offering turnkey investment options for municipal governments, all fully compliant with the *Ontario Municipal Act*.

By combining the investments of municipal governments, ONE achieves the scale needed to deliver better returns and lower management fees. It also offers expertise tailored to the Ontario municipal context.

By law, municipal governments have two options when it comes to investing. They can invest in a provincially approved Legal List of investment products, or they can pursue investing under the Prudent Investor Standard. ONE offers investors both options.

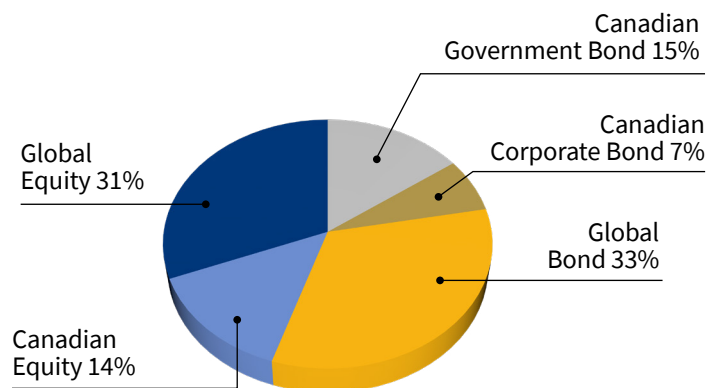
ONE's Investment Advisory services team supports municipalities large and small and those looking for Legal List or Prudent Investor options.

### Prudent Investor

The Prudent Investment Program features ONE JIB – the sector's first and only Joint Investment Board created by municipalities for municipalities. Through the collective approach of ONE JIB, any municipality will meet the investment threshold set by the *Municipal Act* and can take part in prudent investor standard.

Under the Prudent Investor framework, municipalities who opt-in can invest in a broader range of investments, to better diversify portfolios. This helps manage risk and improve returns over the long-term. To further enhance the Prudent Investment Program, ONE JIB, through its agent, ONE Investment, is looking to leverage an Outsourced Chief Investment Officer (OCIO) model to offer more investment solutions to municipalities in 2024 and beyond.

**ONE - Prudent Investment Funds - \$664.4M**  
(As of December 31, 2023)

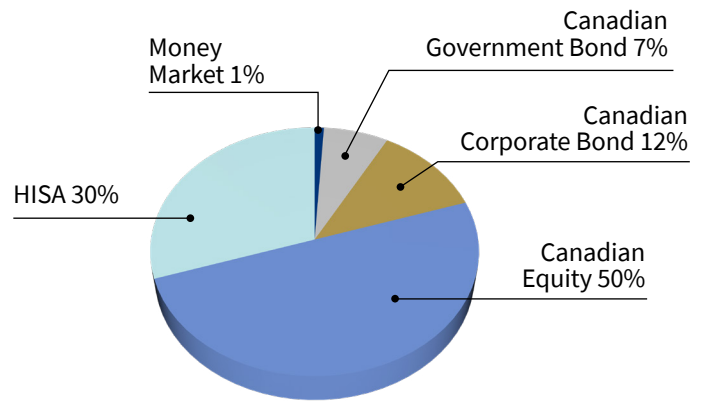


## Legal List

ONE Investment has created a range of investment products that comply with the provincially approved list of municipal investments. In fact, ONE's equity portfolio is the only allowable equity product for municipalities investing under the Legal List framework.

The available products meet different time horizons, to serve different municipal needs. At the end of 2023, ONE was managing \$2.47 billion in its Legal List and High Interest Savings Account (HISA) portfolios for about 192 municipal and public sector clients.

**ONE - Legal List Portfolio and HISA - \$2.47B (As of December 31, 2023)**



In 2023, two more municipalities, the towns of Aylmer and Aurora, also transitioned their investments to ONE JIB. At year-end, ONE JIB was managing investments of \$664.4 million for 11 municipalities.

“

Thunder Bay has been benefiting from ONE's Canadian Equity Portfolio and High Interest Savings Account for years. In 2022, the City transitioned from these provincial Legal List options to the Prudent Investment Standard by joining the ONE Joint Investment Board. This gives us the opportunity to build a more diverse portfolio that is aligned with the long-term needs of our community.

The potential for enhanced investment returns under the Prudent Investment Standard could have a significant impact on the City's ability to finance out asset management plans.

”

**- Keri Greaves, CPA**  
City Treasurer, City of Thunder Bay

# Municipal Asset Services

## Canoe Procurement Group

LAS is in its fourth year of partnering with the Canoe Procurement Group, one of Canada's leading public-sector buying groups. It includes sister organizations across the country to leverage the combined purchasing power of more than 5,000 Canadian municipalities and public sector organizations.

By combining forces, municipalities can access high-quality, competitively priced goods and services, and free up staff time. All offerings have undergone a formal competitive bid process on your behalf, ensuring compliance with purchasing bylaws and trade agreements. There are no minimum purchase requirements, membership fees, or binding contracts. Through the program, municipalities can access specialized pricing on goods from more than 300 vendors in more than 70 categories. The program can be used for the purchase of large, customized vehicles, like firetrucks and snowplows, to routine items like office supplies, as well as everything in between. In 2023, LAS rolled the Fuel Procurement Program into the Canoe offering.

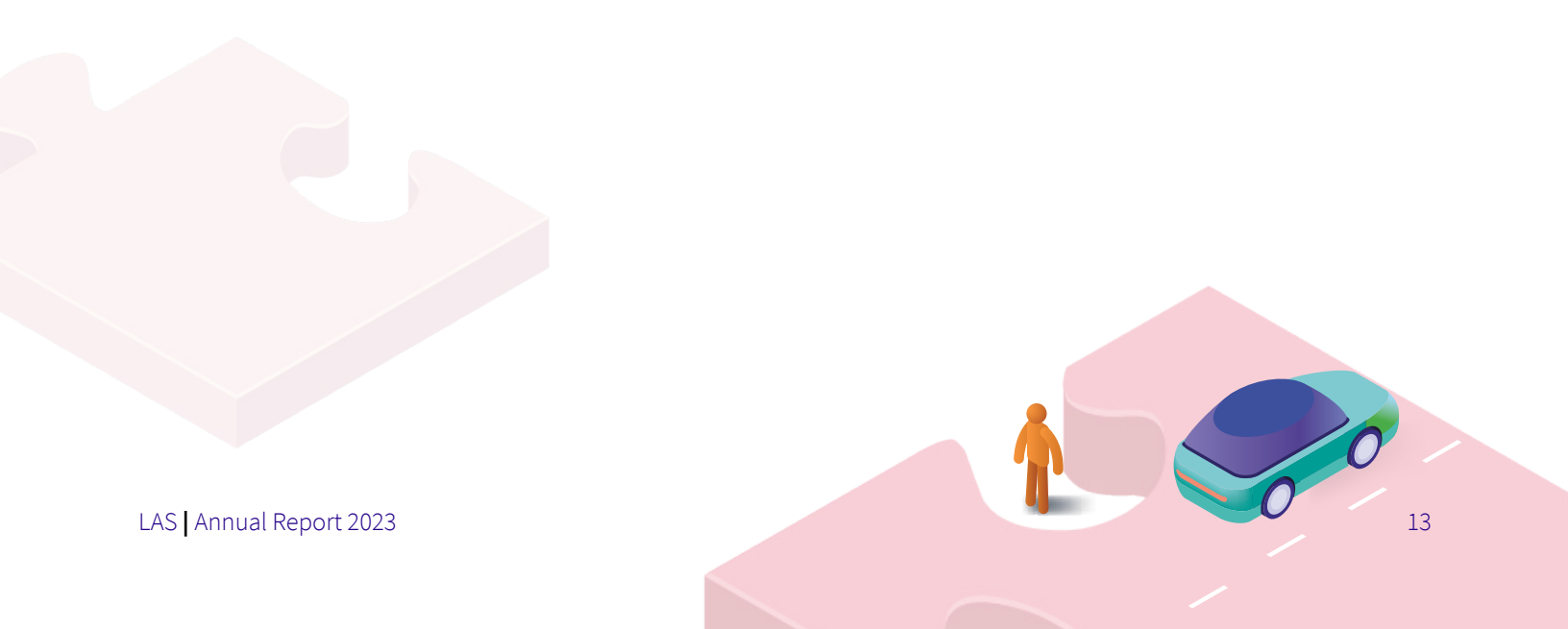
## Road and Sidewalk Assessment Service

With more than 300,000-lane kilometers of municipal roads, and tens of thousands of kilometers of sidewalks across Ontario, manual inspection and roads assessment studies are an onerous task.

Given the importance of asset management, and the need for municipalities to have better data, LAS partners with StreetScan to offer an automated option. This program includes:

- Patented mobile sensing and condition data-gathering,
- Data handling, processing, algorithms and analysis,
- Customizable data analysis software and visualization in a secure web-based GIS application, and
- Pavement management engine for repair and maintenance decision-making.

The result is a service that provides timely data in a cost-effective way to help municipal governments maintain high-quality road networks.



## Digital Services

Digital services are an AMO initiative. These partnerships are closely aligned with LAS objectives to help communities work better and are managed through LAS staff. Digital technology offers municipal government opportunities to unlock efficiencies and save money, while also improving accessibility, customer service, and citizen engagement.

Implementing digital solutions requires a substantial amount of legwork and research. Since 2017, the Association has been doing that legwork. It has since partnered with leading providers to offer scalable, affordable, and easy-to-use technologies to help members find ways to be more efficient and reduce costs.

### **Barrier-free Accessible Website Builder**

GHD Digital (formerly eSolutionsGroup) is a one-stop shop for municipal websites and intuitive digital solutions. Through its partnership with AMO, municipalities can benefit from GHD Digital's modular, barrier-free web design as well as a variety of advanced applications and other integrated technologies. All websites meet or exceed AODA and WCAG 2.0 accessibility requirements ensuring all residents can access web services and information.

### **Digital and Electronic Signing Solutions**

Notarius offers a suite of digital signature services to help municipal governments manage electronic documents more efficiently. Notarius digital signatures are electronic signatures that provide high assurance levels of signer identity and document integrity, authenticity, and longevity. It enables professionals to sign electronic documents with the same legal value as a paper document signed by hand. The technology helps municipalities streamline processes, reduce costs for document storage and safeguard the integrity of important records.

### **Electronic Meeting Management and Livestreaming Solutions**

eScribe provides secure, cloud-based, paperless meeting management and livestreaming solutions. Besides agendas and minutes, eScribe supports each step of the meeting lifecycle with comprehensive tools and workflow for staff, meeting participants and the public. eScribe is compliant with accessibility requirements, such as AODA and WCAG 2.0. The program helps improve transparency with fewer resources, freeing staff to focus on serving their communities.

## **Electronic Permitting**

Streamlining permit processes is key to building new housing and improving Ontario's housing stock. In 2022, AMO launched a partnership with Cloudpermit to offer municipalities a digital platform to manage building permits more efficiently and effectively.

AMO selected Cloudpermit through a competitive bidding process. Managing building permits electronically increases efficiency and streamlines approvals. Integration with MPAC also ensures that municipalities are able to capture new assessments in a timely manner.

Members can access the entire suite of Cloudpermit solutions: building permit, planning and development, and by-law enforcement; platform is secure, scalable and cloud based.

## **Occupational Health and Safety Compliance and Training**

4S offers health and safety training and consulting services, including a comprehensive online management system for employees. The partnership with 4S helps municipal governments continue to build an effective Occupational Health and Safety (OHS) program that improves productivity, reduces costs, and creates a safer workplace. 4S takes an approach that engages all employees, from senior management to frontline workers, in building a strong workplace safety culture. Its online platform provides a comprehensive way to easily track and manage all employee training, workplace incidents, and various procedures and compliance checklists.

## **Risk Management Information System**

Since 2021, AMO has partnered with ClearRisk to offer AMO members a comprehensive online risk management platform. ClearRisk's system delivers functionality, data insights and analytics that municipalities need to make informed decisions. The system helps participating municipalities improve processing and tracking of municipal insurance claims and better manage risk.

Optimizing risk management processes is one of the main ways that municipalities can manage skyrocketing insurance costs. This means identifying potential risks to prevent accidents, protect property and keep people safe. The entire sector stands to benefit from this partnership, as AMO will be able to analyze aggregate and anonymous claims data to better identify sector-wide trends and cost pressures.

## **Freedom of Information**

In 2023, AMO launched a partnership with Vayle, a software firm that offers a digital platform to streamline and automate managing Freedom of Information (FOI) requests.

Under the *Municipal Freedom of Information and Protection of Privacy Act*, municipal governments are required to respond to public information requests within legislated timelines. Vayle's solution will help municipalities efficiently track requests and responses, freeing up valuable municipal staff time while ensuring compliance with the law.

## Improving transparency and strengthening local democracy

Since AMO's report, *#OnMuni Online: Towards Digital Transformation and Opportunities for Ontario's Municipal Governments*, was released in 2017, AMO has been partnering with leading solution providers. The goal is to offer scalable, affordable, and easy-to-use technologies to help members be more efficient, reduce costs and improve customer service.

In the case of Vayle FOI software, the partnership helps improve timely transparent responses to Freedom of Information requests. According to survey research by Vayle, the majority of Ontario municipalities reported a year-over-year increase in the volume of Freedom of Information (FOI) requests received. However, 9 out of 10 respondents said that budgets have not increased to cope with this demand. More than 50% of respondents cited access to FOI team resources as their most pressing challenge.

Vayle FOI software automates the time-consuming elements of FOI programs. It includes request tracking, due date compliance, fee calculations, task reminders, written responses, program analytics, and annual reporting obligations to the Information and Privacy Commissioner of Ontario (IPC).

The partnership helps staff deliver high quality, responsive public service so that they can focus on priorities to strengthen their communities.



# Financial Statements

**Local Authority Services**  
**Financial Statements**  
For the year ended December 31, 2023

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## Independent Auditor's Report

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To the Directors of Local Authority Services

### Opinion

We have audited the financial statements of Local Authority Services ("LAS"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and 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 LAS as at December 31, 2023, and its results of operations 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 LAS 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.

### 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 LAS'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 LAS or to cease operations, or has no realistic alternative but to do so.

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

### 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.



#### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 LAS'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 LAS'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 LAS 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  
Oakville, Ontario  
May 13, 2024

## Local Authority Services Statement of Financial Position

**December 31** **2023** 2022

### Assets

#### Current

Cash	\$ 727,662	\$ 453,414
Investments (Note 3)	2,261,332	2,262,952
Accounts receivable (Note 6(a))	6,056,856	6,626,589
Prepaid expenses	46,148	50,529
Due from ONE Investment (Note 6(c))	1,091,109	841,169
	<u>10,183,107</u>	<u>10,234,653</u>

**Property and equipment and intangible assets (Note 4)**

**Natural Gas program fund (Note 5(a))**

9,384	11,517
<u>6,656,140</u>	<u>5,478,826</u>

<u>\$ 16,848,631</u>	<u>\$ 15,724,996</u>
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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 6(b))	\$ 4,298,894	\$ 4,468,405
Due to Association of Municipalities of Ontario (Note 6(c))	117,566	70,047
Deferred revenue	12,500	16,200
	<u>4,428,960</u>	<u>4,554,652</u>

**Natural Gas program fund (Note 5(a))**

<u>6,656,140</u>	<u>5,478,826</u>
------------------	------------------

<u>11,085,100</u>	<u>10,033,478</u>
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#### Net assets

Unrestricted	<u>5,763,531</u>	<u>5,691,518</u>
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<u>\$ 16,848,631</u>	<u>\$ 15,724,996</u>
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On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

## Local Authority Services

### Statement of Operations and Changes in Net Assets

For the year ended December 31	2023	2022
<b>Revenue</b>		
Financial service fees	\$ 6,421,267	\$ 5,734,039
Municipal assets service fees	2,712,242	3,954,504
Energy service fees	708,428	395,203
Investment income	158,495	90,024
Education and training	92,588	62,725
Administrative service fees	87,560	80,300
	<u>10,180,580</u>	<u>10,316,795</u>
<b>Expenditures</b>		
Financial services	3,458,821	3,045,439
Municipal asset services	2,423,178	3,757,320
Salaries and benefits	2,037,337	1,887,777
General administration	1,661,071	1,471,461
Energy services	324,693	327,904
Education and training	59,786	33,679
Administrative services	136,748	-
Amortization	6,933	8,667
	<u>10,108,567</u>	<u>10,532,247</u>
<b>Excess (deficiency) of revenue over expenditures</b>	72,013	(215,452)
<b>Net assets, beginning of year</b>	<u>5,691,518</u>	<u>5,906,970</u>
<b>Net assets, end of year</b>	<u>\$ 5,763,531</u>	<u>\$ 5,691,518</u>

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

## Local Authority Services Statement of Cash Flows

For the year ended December 31	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenditures	\$ 72,013	\$ (215,452)
Adjustment required to reconcile excess(deficiency) of revenue over expenditures to net cash provided by operating activities		
Amortization of property and equipment and intangible assets	6,933	8,667
Changes in non-cash working capital balances		
Accounts receivable	569,733	(3,537,578)
Prepaid expenses	4,381	23,705
Accounts payable and accrued liabilities	(169,511)	1,986,011
Due to Association of Municipalities of Ontario	47,519	(114,825)
Due from ONE Investment	(249,940)	(224,716)
Deferred revenue	(3,700)	5,835
	<u>277,428</u>	<u>(2,068,353)</u>
<b>Investing activities</b>		
Purchase of property and equipment and intangible assets	(4,800)	(1,489)
Redemption of investments	1,620	1,230,766
	<u>(3,180)</u>	<u>1,229,277</u>
<b>Increase (decrease) in cash during the year</b>	<b>274,248</b>	<b>(839,076)</b>
<b>Cash, beginning of year</b>	<b>453,414</b>	<b>1,292,490</b>
<b>Cash, end of year</b>	<b>\$ 727,662</b>	<b>\$ 453,414</b>

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

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## Local Authority Services

### Notes to Financial Statements

**December 31, 2023**

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#### **1. Basis of Presentation**

Local Authority Services Limited ("LAS") was incorporated on May 13, 1992 under the Business Corporations Act (Ontario) without share capital. On November 28, 2013, LAS was issued a Certificate of Continuance under the Canada Not-For-Profit Corporations Act as a not-for-profit organization, and changed its name to Local Authority Services.

LAS is a subsidiary of Association of Municipalities of Ontario ("AMO"). LAS is mandated 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 the cost of their expenditures and to increase their levels of non-tax revenue through the principle of joint or co-operative procurement efforts.

LAS 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 LAS and applied in these financial statements.

##### **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 expenditures during the year. Actual results could differ from those estimates.

##### **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 re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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## Local Authority Services Notes to Financial Statements

December 31, 2023

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### 2. Significant Accounting Policies (continued)

#### Property and Equipment and Intangible Assets

Property and equipment and intangible assets 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 and software	-	4 years straight-line
Furniture and fixtures	-	5 years straight-line

#### Contracts to Buy or Sell a Non-Financial Item

Contracts related to the natural gas procurement program and the retail electricity program are future contracts to buy or sell a commodity and as such are non-financial items and therefore not recognized in the financial statements but are disclosed in Note 5. The gains and losses are recognized in the statement of operations and changes in net assets in the year in which the contracts are settled.

#### Revenue Recognition

LAS follows the deferral method of accounting. Under the deferral method, grants and funds received in support of specific initiatives are deferred until such time as costs related to the initiative are incurred. Non-restricted grants and funds are recognized as revenue in the year received.

Energy services fees, financial services fees, municipal assets service fees and administrative services fees are recognized when the services have been provided, the amount can be reasonably estimated and collection is reasonably assured.

Education and training revenue is recognized when the education or training event takes place, the amount can be reasonably estimated and collection is reasonably assured.

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

#### Pension

AMO makes contributions on behalf of its employees, including the employees of LAS, 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. The Plan has net assets of \$128.6 billion per 2023 annual report. As the amount LAS is obligated to contribute under the Plan is not quantifiable, the accounting, presentation and disclosures that would otherwise be required are not determinable. Due to this fact, LAS follows the standards for a defined contribution plan, the details of which are disclosed in Note 7.

#### Investment in ONE Investment

ONE Investment ("ONE") is a not-for-profit organization and is exempt from income taxes provided certain requirements of the Income Tax Act are met. LAS is one of the two members of ONE. A financial summary of ONE is presented and disclosed in Note 8.



## Local Authority Services Notes to Financial Statements

**December 31, 2023**

### 3. Investments

	2023	2022
ONE Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.735% (2022 - bank prime rate less 2.235%)	<b>\$ 2,261,332</b>	<b>\$ 2,262,952</b>

### 4. Property and Equipment and Intangible Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware and software	\$ 1,291,790	\$ 1,282,406	\$ 1,286,990	\$ 1,275,473
Furniture and fixtures	-	-	12,667	12,667
	<b>\$ 1,291,790</b>	<b>\$ 1,282,406</b>	<b>\$ 1,299,657</b>	<b>\$ 1,288,140</b>
Net book value		<b>\$ 9,384</b>		<b>\$ 11,517</b>

### 5. Energy Programs

#### (a) Natural Gas procurement program

LAS as agent for the Natural Gas program, records an asset and liability on the statement of financial position. The statement of operations and changes in net assets includes the administration fee revenue and the expenses to operate the program.

LAS, on behalf of the municipalities, enters into natural gas purchase contracts with suppliers for the purpose of managing the price risk relating to natural gas. LAS has offsetting sales contracts with municipalities. On a monthly basis, all gas contracts are balanced. On an annual basis, LAS is required to balance the gas purchased for the municipalities with their consumption, in line with the parameters established by the gas utilities. If the municipalities consume more gas than hedged, then any shortfall is purchased on the spot market. Conversely, if the municipalities consume less gas than hedged, then the surplus gas is sold in the market place at the then prevalent spot market price.

The Natural Gas procurement program established a fund that is held in trust and is maintained by a third party service provider. This fund is used to balance any purchasing shortfalls or surpluses. Based on a recommendation from management, rebates may be distributed from the excess funds to municipalities in the form of a rebate in proportion to their consumption for a stated period. These funds, along with any accumulated interest, are not usually distributed until a year after the reconciliation has occurred.

## Local Authority Services Notes to Financial Statements

**December 31, 2023**

### 5. Energy Programs (continued)

#### (a) Natural Gas procurement program (continued)

In June 2007, LAS changed its service provider and transferred \$732,000 to the new service provider as seed money for the program, which is included in the program fund asset and liability. The amount in excess of the \$732,000 was distributed to municipalities based on their consumption as at November 1, 2006. If and when this program is terminated, this seed money will be distributed to the municipalities enrolled in the program at November 2006 based on their consumption at that time.

At year-end, LAS had the following natural gas purchase and sale and transportation contracts that were not recognized in these financial statements based on LAS's accounting policy for contracts to buy or sell a non-financial item disclosed in Note 2.

	2023	2022
<u>Purchase and sale contracts</u>		
Flow end date	<b>January 2024 to October 2026</b>	January 2023 to October 2026
Fixed price (per GJ)	<b>\$2.10 to \$4.61</b>	\$2.00 to \$4.61
Supply period (months)	<b>10 - 34</b>	10 - 46
Volume (GJ)	<b>5,695,000</b>	8,248,500
Amount of forward contracts	<b>\$21,118,488</b>	\$29,725,465
<u>Transportation contracts</u>		
Flow end date	<b>January 2024 to October 2024</b>	January 2023 to October 2024
Fixed price (per GJ)	<b>\$1.41 to \$2.03</b>	\$0.45 to \$2.03
Supply period (months)	<b>10</b>	10 - 22
Volume (GJ)	<b>3,102,460</b>	5,480,122
Amount of forward contracts	<b>\$5,425,762</b>	\$9,280,190

#### (b) Electricity procurement program

LAS, on behalf of the municipalities, enters into electricity purchase contracts with suppliers for the purpose of managing the price risk relating to electricity. LAS has offsetting sales contracts with municipalities. On an hourly basis, LAS is required to balance the electricity purchased for the municipalities with their consumption. If the municipalities consume more electricity than hedged, then any shortfall is purchased on the spot market. Conversely, if the municipalities consume less electricity than hedged, then the surplus electricity is sold in the market place, at the then prevalent spot market price.

## Local Authority Services Notes to Financial Statements

**December 31, 2023**

### 5. Energy Programs (continued)

#### (b) Electricity procurement program (continued)

At year-end, LAS had the following electricity purchase and sale contracts that were not recognized in the financial statements based on LAS's accounting policy for contracts to buy or sell a non-financial item disclosed in Note 2.

	<b>2023</b>	2022
Flow end date	<b>December 31, 2024</b>	December 31, 2023
Fixed price (per MW)	<b>\$48.71</b>	\$69.97
Supply period (months)	<b>12</b>	12
Volume (MW)	<b>305,729</b>	214,346
Amount of forward contracts	<b>\$14,892,073</b>	\$14,997,818

### 6. Related Party Balances and Transactions

- a) Included in accounts receivable are amounts due from ONE Investment of \$613,331 (2022 - \$515,722).
- b) Included in accounts payable and accrued liabilities are amounts owing to AMO of \$219,862 (2022 - \$191,238) and amounts owing to ONE Investment of \$1,040,181 (2022 - \$883,847).
- c) Amounts due to AMO and from ONE Investment are unsecured, repayable on demand and are non-interest bearing.
- d) Included in administration expenses is \$1,055,232 (2022 - \$957,569) for administration and occupancy costs charged by AMO. Included in administration expenses are management fees of \$3,458,119 (2022 - \$3,048,830) charged by ONE. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## Local Authority Services Notes to Financial Statements

**December 31, 2023**

### 7. Pension

Included in administration costs are pension contributions in the amount of \$179,618 (2022 - \$167,022) expensed and paid to OMERS on behalf of employees of LAS. The actuarially determined deficit of the OMERS plan on a going concern basis at December 31, 2023 was \$7.6 billion (2022 - \$6.1 billion).

### 8. ONE Investment

ONE was incorporated on July 18, 2018. ONE is a not-for-profit organization and is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met. The members of ONE are LAS and CHUMS Financing Corporation ("CHUMS"). The mandate of ONE is to work with municipalities, their agencies, boards and commissions as well as other organizations of Ontario's broader public sector to provide investment products such as bond and equity portfolios, as well as teaching and supporting their client's investment decisions through online training and various tools and templates.

ONE has not been consolidated in LAS's financial statements. Financial statements of ONE are available on request. A financial summary of ONE as at December 31, 2023 and 2022 and for the years then ended is as follows:

	2023	2022
Financial position		
Total assets	\$ 4,042,175	\$ 3,296,009
Total liabilities	4,042,175	3,296,009
Net assets	\$ -	\$ -
Results of operations		
Total revenue	\$ 6,916,238	\$ 6,087,361
Total expenditures	6,916,238	6,087,361
Excess of revenue over expenditures	\$ -	\$ -
Cash provided by (used in)		
Operating activities	\$ (69,344)	\$ (51,330)
Investing activities	1,262,284	(460,010)
Financing activity	498,413	451,073
Net change in cash	\$ 1,691,353	\$ (60,267)

## Local Authority Services Notes to Financial Statements

**December 31, 2023**

### 9. Allocation of Expenses

Expenses such as rent, information technology costs, salaries and benefits are allocated based on the percentage of the expense which is used to benefit the underlying program as follows:

	Salaries and benefits	Administration expenses
<b><u>2023</u></b>		
Energy services	\$ 172,709	\$ 116,820
Financial services	208,117	140,769
Municipal assets services	56,258	38,053
Education and training	34,621	23,417
Administrative services	19,671	13,305
General administration	138,089	93,403
	<b>\$ 629,465</b>	<b>\$ 425,767</b>
	Salaries and benefits	Administration expenses
<b><u>2022</u></b>		
Energy services	\$ 207,594	\$ 114,560
Financial services	231,835	127,937
Municipal assets services	55,535	30,647
Education and training	24,682	13,621
Administrative services	13,663	7,539
General administration	83,743	46,213
	<b>\$ 617,052</b>	<b>\$ 340,517</b>

### 10. Financial Instruments Risks

#### Interest rate risk

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

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## Local Authority Services Notes to Financial Statements

**December 31, 2023**

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### **10. Financial Instruments Risks (continued)**

#### Liquidity risk

Liquidity risk is the risk that LAS will encounter difficulty in meeting the obligations associated with its financial liabilities. LAS is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities and amounts due to AMO.

LAS reduces exposure to liquidity risk by ensuring that it maintains adequate cash reserves to pay trade 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. LAS's main credit risks relate to its accounts receivable, amounts due from ONE Investment and investments.

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



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