

ALBERTA URBAN MUNICIPALITIES ASSOCIATION

# 07

## ANNUAL REPORT

**AHEAD. TOGETHER.**

ALBERTA MUNICIPAL SERVICES CORPORATION



Insurance Services

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*AUMA's Ahead.Together initiative positions municipalities as a partner in managing Alberta's rapid growth.*

Lloyd Bertschi,  
President

## PRESIDENT'S MESSAGE

2007 was a significant year for municipal government in Alberta. Not only was there new leadership at the provincial level, but municipal elections changed the landscape even further.

Premier Ed Stelmach began his tenure vowing to focus on improving the quality of life for Albertans. His agenda included plans to address: funding needs of municipalities, a new land-use framework, and affordable housing – issues that AUMA has worked tirelessly to keep on the provincial agenda.

On the municipal front, approximately 40% of elected officials were replaced through the fall election, having an impact on our board as well as on our supporting network of local leaders. Despite these changes, we remained focused on our priorities and effective in our advocacy.

The Minister's Council on Municipal Sustainability brought forward a series of recommendations to strengthen local government in Alberta. This was followed up with the Municipal Sustainability Initiative (MSI) and an announcement that \$1.4 billion would be allocated to municipalities for infrastructure maintenance and development. This is the most significant investment in municipal government in all Canadian history, sending a clear message to municipal officials. The province has listened and it is now up to us to prove that we are worthy of their trust to do the right thing. AUMA's Ahead.Together initiative positions municipalities as a partner in managing Alberta's rapid growth, allowing for planning, permanence and partnership between the two orders of government, enhancing the quality of life in Alberta communities.

Looking ahead, we will continue to focus on the issues municipalities face every day. In addition to many on-going activities, we have created Special Assignments to address: affordable housing, transit, alternate governance models, MSI, policing, and ambulance services.

As you review this Annual Report, I hope you take a moment to reflect on your role as a community leader, on your role in our partnership, and on your role in moving Alberta communities Ahead.Together.

Lloyd Bertschi  
President



## CEO'S MESSAGE

2007 was a tremendously rewarding year for AUMA as we achieved tangible results from our Advocacy efforts. I believe that our success was accelerated by a collaborative and comprehensive approach, with our people not only providing a critical examination of problems and issues, but developing solutions and an appropriate foundation to support their deployment.

Our achievements in areas such as Municipal Sustainability Planning (MSP), Provincial Land Use Framework, Elected Officials' Education Program, Transit, and Affordable Housing, demonstrate the organization's unwavering commitment to the sustainability of Alberta communities.

The MSI announcement was a great start towards meeting our goals, but it was only the beginning. We will continue to work with the Alberta government, recommending not only that they expand their funding horizon to reflect a 20 -30 year planning timeline, but that they also build upon the framework, providing funding for transit and affordable housing outside of the initial MSI formula.

One of the greatest challenges facing municipalities is their ability to develop the capacity and expertise needed to ensure municipal sustainability. In this regard, AUMA has worked hard to provide a framework, tools and support to members, earning a national reputation for MSP leadership. The key learnings from our pilot will enable us to extend a superior level of support to Alberta municipalities as they tackle sustainability planning.

I am very proud of the work done by our team on the managed services side. Into its third year of operation, AMSC has worked closely with Customer Advisory Groups to understand issues, explore solutions, and enact changes to the Energy, General Insurance, and Benefits programs. These programs, while developed for the direct benefit of participating municipalities provide welcome financial support to AUMA's advocacy efforts as well.

As I look back on 2007 and forward to 2008, two words come to mind: Ahead.Together. Together, we can accomplish great things. Together, we can create communities where people want to live, work, and play...sustainable communities.

John McGowan  
Chief Executive Officer

*AUMA is a dynamic and evolving association which represents and advocates the interests of all members to both the provincial and federal orders of government as well as other provincial and federal organizations*



**Vision**  
The Alberta Urban Municipalities Association is valued by our membership and trusted as a voice for urban municipalities

**Mission**  
The Alberta Urban Municipalities Association provides leadership in advocating local government interests to all orders of government and other organizations

## WHAT IS THE AUMA?

The Alberta Urban Municipalities Association was founded in 1905 and represents Alberta's urban municipalities including cities, towns, villages, summer villages, and specialized municipalities, as well as Associate and Affiliate members.

## AUMA'S GUIDING PRINCIPLES

1. Municipal Governments must have the fiscal capacity to fulfill their mandate through: Primary access to the property tax base; and Sustainable, predictable, long-term sources of revenue.
2. The federal and provincial governments have sole responsibility for direct income redistribution programs and services.
3. The primary focus of urban government is to provide locally-oriented services to property and people.
4. Each local urban council will maintain responsibility for the establishment of local standards of services to property and people.
5. Any new standards or requirements imposed by the provincial or federal orders of government must be fully funded by that order of government.
6. Amendments and changes to legislation and regulations relating to municipal governments shall only proceed when AUMA has actively participated and agreed, through meaningful input in a review process.
7. Responsible stewardship of our ecological systems is essential to the economic viability, quality of life, and sustainability of our community.
8. Quality infrastructure is critical to supporting healthy, financially sustainable communities, and strengthens the quality of life for Albertans, and is the foundation for the Alberta Advantage.

## AUMA BOARD

### The AUMA Board of Directors is responsible for:

- Governing the Association;
- Adoption of the strategic and business plans and budgets of the Association;
- Developing and evaluating the specific advocacy programs and services of the Association;
- Ensuring that the powers, duties and functions of the Association are appropriately carried out;
- Carrying out the powers, duties and functions under the Bylaws or policies of the Association;
- Monitoring/influencing government legislation, programs, and policies which impact membership;
- Ensuring effective, credible relations with respect to advocacy are maintained with member municipalities, the provincial and federal orders of government and other organizations;
- Apprising the membership of significant national and provincial trends and/or issues that affect local governments, taking action to ensure members' interests are known to decision-makers;
- Activate/monitor, as sole shareholder, Association interest in Alberta Municipal Services Corporation;
- Conducting an annual performance appraisal of the Chief Executive Officer.

**Vision**  
The Alberta Municipal Services Corporation is a strategic and self-sustaining organization that is respected for its excellence as a service delivery provider to public entities and community groups.

**Mission**  
The Alberta Municipal Services Corporation leads in design, development, and provision of shared corporate and networked products and services that address the needs of customers.

## WHAT IS THE AMSC?

The Alberta Municipal Services Corporation was established January 1, 2005 as a wholly-owned subsidiary of the AUMA to provide a higher level of service delivery to members.

## AMSC VALUES

### The AMSC demonstrates its core values throughout all aspects of its business:

1. Trust – AMSC builds trusting relationships through honesty, integrity and professionalism
2. Reputation – AMSC builds a strong positive reputation through reliability, consistency, and by taking a long term view
3. Communication – AMSC communicates appropriately and effectively with members
4. Responsiveness – AMSC establishes networks through which it listens and responds to members
5. Transparency – AMSC provides transparent and understandable service
6. Accountability – AMSC is accountable for the decisions it makes

## AMSC BOARD

The Board of Directors of the Corporation is appointed by the Shareholder, the Alberta Urban Municipalities Association, from among the AUMA Board whose municipalities purchase services from AMSC and other Board members appointed. The AUMA President serves as the Chair of the Corporation.

### The AMSC Board of Directors is responsible for:

- Governing the Corporation;
- Adoption of the strategic and business plans and budgets of the Corporation;
- Governing shared services programs of the Corporation;
- Adoption of a communications policy for the Corporation;
- Adoption of internal control and management information system;
- Approving new business opportunities;
- Adoption of a risk mitigation strategy which identifies the principal risks of the Corporation's business and appropriate systems to manage these risks;
- Conducting an annual performance appraisal of the Chief Executive Officer.

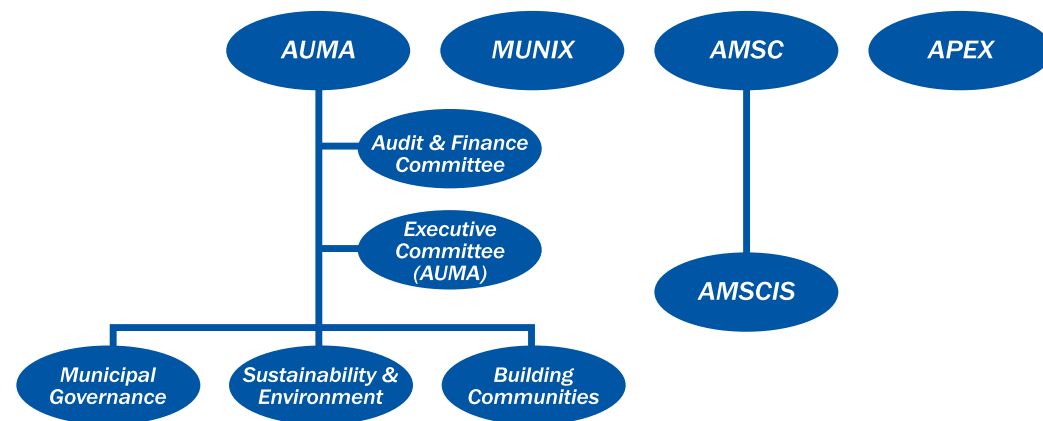
## GOVERNANCE

### 2007/2008 AUMA BOARD OF DIRECTORS

Chair: Mayor Lloyd Bertschi	President - Town of Morinville
Mayor Darren Aldous	VP & Director, Villages & Summer Villages - Village of Breton
Councillor Len Bracko	Director, Cities - City of St. Albert
Mayor Ron Casey	Director, Towns South - Town of Canmore
Mayor Bob Clark	Director, Villages East - Village of Boyle
Alderman Gord Lowe	Director, Cities over 500,000 - City of Calgary
Alderman Ric McIver	VP & Director, Cities over 500,000 - City of Calgary
Deputy Mayor Reg Pointe	Director, Summer Villages - Summer Village of Yellowstone
Alderman Helen Rice	VP & Director, Cities up to 500,000 - City of Grande Prairie
Mayor Bruce Rowe	Director, Villages South - Village of Beiseker
Mayor Martin Shields	Director, Cities up to 500,000 - City of Brooks
Councillor Linda Sloan	Director, Cities over 500,000 - City of Edmonton
Mayor Glenn Taylor	VP & Director, Towns West - Town of Hinton
Councillor Dave Thiele	Director, Cities over 500,000 - City of Edmonton
Councillor John Trefanenکو	Director, Towns East - Town of St. Paul

The Audit & Finance and Executive Committees reported to the AUMA Board of Directors in 2007/2008.  
Standing committees: Municipal Governance, Environment & Utilities and Community Infrastructure.

## BOARD ORGANIZATION STRUCTURE



### 2007/2008 AUMA/AMSC Executive Management Team

John McGowan	Chief Executive Officer
Bruce Thom	Executive Officer, Policy & Legal
Wendy Graden	Executive Officer, HR Shared Services & Corporate
Samantha Garcia	Executive Officer Risk & Energy Services
Dan Rude	Chief Financial Officer

## GOVERNANCE

### 2007/2008 AUMA EXECUTIVE COMMITTEE

Mayor Lloyd Bertschi	President - Town of Morinville
Mayor Darren Aldous	VP & Director, Villages & Summer Villages - Village of Breton
Alderman Ric McIver	VP & Director, Cities over 500,000 - City of Calgary
Alderman Helen Rice	VP & Director, Cities up to 500,000 - City of Grande Prairie
Mayor Glenn Taylor	VP & Director, Towns West - Town of Hinton
Councillor Dave Thiele	Director, Cities over 500,000 - City of Edmonton

### 2007/2008 AMSC Board of Directors

Chair: Mayor Lloyd Bertschi	President - Town of Morinville
Mayor Darren Aldous	VP & Director, Villages & Summer Villages - Villages West - Village of Breton
Councillor Len Bracko	Director, Cities - City of St. Albert
Mayor Ron Casey	Director, Towns South - Town of Canmore
Mayor Bob Clark	Director, Villages East - Village of Boyle
Deputy Mayor Reg Pointe	Director, Summer Villages - Summer Village of Yellowstone
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Mayor Martin Shields	Director, Cities up to 500,000 - City of Brooks
Mayor Glenn Taylor	VP & Director, Towns West - Town of Hinton
Councillor John Trefanenکو	Director, Towns East - Town of St. Paul

### 2007/2008 AMSCIS Board of Directors

Chair: Mayor Lloyd Bertschi	President, Town of Morinville
Mayor Darren Aldous	VP & Director, Villages & Summer Villages - Village of Breton
Councillor Len Bracko	Director, Cities - City of St. Albert
Mayor Ron Casey	Director, Towns South - Town of Canmore
Mayor Bob Clark	Director, Villages East - Village of Boyle
Deputy Mayor Reg Pointe	Director, Summer Villages - Summer Village of Yellowstone
Alderman Helen Rice	VP & Director, Cities up to 500,000 - City of Grande Prairie
Mayor Bruce Rowe	Director, Villages South - Village of Beiseker
Mayor Martin Shields	Director, Cities up to 500,000 - City of Brooks
Mayor Glenn Taylor	VP & Director, Towns West - Town of Hinton
Councillor John Trefanenکو	Director, Towns East - Town of St. Paul

### 2007/2008 MUNIX Board of Directors

Chair: Mayor Lloyd Bertschi	President, Town of Morinville
Mayor Darren Aldous	VP & Director, Villages & Summer Villages - Village of Breton
Mayor Ron Casey	Director, Towns South - Town of Canmore
Mayor Bob Clark	Director, Villages East - Village of Boyle
Deputy Mayor Reg Pointe	Director, Summer Villages - Summer Village of Yellowstone
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Mayor Bruce Rowe	Director, Villages South - Village of Beiseker
Mayor Martin Shields	Director, Cities up to 500,000 - City of Brooks
Mayor Glenn Taylor	VP & Director, Towns West - Town of Hinton
Councillor John Trefanenکو	Director, Towns East - Town of St. Paul

## AUMA PERFORMANCE MEASURES

The following measures are used to identify objective achievements:

### Core Business 1: Advocacy

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Advocacy Satisfaction</b> – Percentage of members who are 'satisfied' or 'very satisfied' with the impact of AUMA's advocacy efforts	(2007) Target 88%	(2007) Actual 85%	90%	90%	90%

### Core Business 2: Change Facilitator

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Membership</b> – Number of Regular (R), Associate (A), and Affiliate (F) AUMA members	(2007) Target R: 278 A: 300 F: 72	(2007) Actual R: 278 A: 351 F: 76	R: 278 A: 400 F: 75	R: 278 A: 410 F: 75	R: 278 A: 425 F: 80
<b>Web site Information</b> – Average monthly number of visitors to the AUMA web site (www.auma.ca) who visited more than once	(2007-08) Target 3000	(2007-08) Actual 3347	(2008-09) 3100	(2009-10) 3200	(2010-11) 3300

### Core Business 3: Governance Supporter

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Board Self-Assessment</b> – Percentage of Board members who 'agree' or 'strongly agree' that: <b>1)</b> The Board has performed satisfactorily in the past year (P) and <b>2)</b> The budget aligns available resources in support of AUMA's Mission/Vision/Goals and the Business Plan (B)	(2007-08) Targets P: 90% B: 90%	(2007-08) Actuals P: 100% B: 100%	P: 90% B: 90%	P: 90% B: 90%	P: 90% B: 90%
<b>Alignment with Toronto Stock Exchange (TSX) Governance Guidelines</b> – Number of TSX Governance Guidelines fully met by the AUMA Board	(2007-08) Target 14 of 14	(2007-08) Actual 14 of 14	14 of 14	14 of 14	14 of 14
<b>Executive Committee Self-Assessment</b> – Percentage of Executive Committee members who are 'satisfied' or 'very satisfied' with Executive Committee performance	(2007-08) Target 90%	(2007-08) Actual 100%	90%	90%	90%
<b>Financial Reporting Timeliness</b> – Number of months that the Financial Reports are released by the 15th day of the following month without material mis-statement or omissions (February to December financial reports)	(2007) Target 11	(2007) Actual 11	11	11	11
<b>Return on Investment</b> – Percentage return on investments	New	New	Review policy, establish a benchmark for ROI	Meet established benchmark	Meet established benchmark

## AUMA PERFORMANCE MEASURES CONTINUED

### Core Business 4: Information Manager

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Annual Convention Satisfaction</b> – Percentage of attendees who are 'satisfied' or 'very satisfied' with the annual convention	(2007) Target 79%	(2007) Actual 98%	81%	85%	85%
<b>AUMA Communications</b> – Percentage of members who are confident they receive all pertinent information from the AUMA	(2007) Target 73%	(2007) Actual 71%	75%	80%	85%

### Core Business 5: Network Participant

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Government Relations</b> – Number of meetings with elected and appointed government officials	(2007) Target 53	(2007) Actual 64	55	55	55

## AMSC PERFORMANCE MEASURES

The following measures are used to identify goal achievements:

### Goal 1: Municipalities Realize Financial and Organizational Gains through Aggregated Utility Services

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Electricity</b> number of participants	New Measure	New Measure	447	447	460
Commodity Volumes (stated in MWh)	New Measure	New Measure	391,000	391,000	430,000
<b>Natural Gas</b> number of participants	New Measure	New Measure	311	311	315
Commodity Volumes (stated in GJ)	New Measure	New Measure	2,725,000	2,725,000	2,800,000

### Goal 2: Municipalities are Able to Manage Risk More Effectively Through AMSC Services Including

#### General Insurance

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Shared Insurance Services Satisfaction</b> – Percentage of participants who are 'satisfied' or 'very satisfied' with shared insurance services	(2007) Target 95%	(2007) Actual 67%	95%	95%	95%

## AMSC PERFORMANCE MEASURES CONTINUED

### Goal 3: Municipalities Have Attractive and Competitive Benefits Services

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Shared Benefits Services Participation</b> – Number of municipal and municipally-associated organization employees who participate in shared benefits services	(2007) Target 10,000	Actual 10,541	11,000	11,500	12,000
<b>Shared Benefits Services Satisfaction</b> – Percentage of participants who are 'satisfied' or 'very satisfied' with shared benefits services	(2007) Target 97%	Actual 66%	97%	97%	97%

### Goal 4: Municipalities Have Meaningful Other Services Available that Meet Their Needs

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Shared Other Services Satisfaction</b> – Percentage of participants who are 'satisfied' or 'very satisfied' with shared other services	(2007) Target 95%	Actual 90%	95%	95%	95%

### Goal 5: The Boards Govern Effectively to Provide Increased Value to Members

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Boards Self-Assessment</b> – Percentage of Board members who 'agree' or 'strongly agree' that: <b>1) The Board has performed satisfactorily in the past year (P) and 2) The Budget aligns available resources in support of AMSC's Mission/ Vision/ Goals and the Business Plan (B)</b>	(2007-08) Target P: 90% B: 90%	Actual P: 100% B: 100%	P: 90% B: 90%	P: 90% B: 90%	P: 90% B: 90%
<b>Alignment with Toronto Stock Exchange (TSX)</b> – Number of TSX Governance Guidelines fully met by the AMSC Board	(2007-08) Target 14 of 14	Actual 14 of 14	14 of 14	14 of 14	14 of 14
<b>New Shared Services</b> – Number of new shared services offered to municipalities	(2007) Target 1	Actual 1	1	1	1
<b>AMSC Communication</b> – Percentage of members who are confident they receive all pertinent business information from the AMSC	(2007) Target 80%	Actual 82%	82%	85%	90%

### Goal 6: Audit and Finance Activities are Effective Accountability Tools

Measure	Last Actual		Targets		
	2008	2009	2008	2009	2010
<b>Financial Reporting Timeliness</b> – Number of months that the Financial Reports are released by the 15th day of the following month without material mis-statement or omissions (February to December Financial reports)	(2007) Target 11	Actual 11	11	11	11
<b>Return on Investment</b> – Percentage return on investments	New		Review Investment Policy, establish a Benchmark for ROI	Meet benchmark	Meet benchmark

## AUMA ACCOMPLISHMENTS 2007

### Land Use Planning

- Completed a multi-jurisdictional land use paper.
- Consulted in the spring and summer
- Filed position paper with the Alberta Government.
- Hired consultant to prepare and background paper for President's Summit on Sustainable Land Use Planning. This Paper speaks to the big picture of land use planning, and provides practical tools for sustainable land use planning. President Summit held in Edmonton.
- Land Use Paper approved and sent to Government.

### Municipal Sustainability Planning

- MSP pilots are preparing their plans.
- Workshop in Red Deer June 5-6 focused on social, economic and cultural dimensions of sustainability.
- Partnership with Community Development Officers is very strong.
- Agreement approved by Alberta Environment for AUMA to hold pilot reviews as a pre-convention workshop at the Environment conference in the spring of 2008.
- Application has been made to Rural Development initiative to expand the initiative across all Alberta municipalities.
- Received phase 1 approval and completed full application - Rural Development Board decision in February 2008. Further, sent a request that AUMA be considered a Municipal Centre of Excellence in the Provincial Governments Climate Change Plan.
- Introduction of the provincial MSI – \$1.4 Billion over 10 years
- AUMA engaged its members in a series of conference calls and re-writes of policy recommendations about the MSI. The recommendations were soundly supported by the membership at the 2007 AUMA Convention.
- AUMA successfully advocated for the removal of the affordable housing

component from the MSI into a stand-alone program.

- The adoption of AUMA's MSI report led to the launch of the Ahead.Together campaign, which urges a new provincial-municipal partnership in Alberta.
- AUMA members agreed to work towards increased accountability through Municipal Sustainability Planning and Annual Municipal Sustainability Reports.

### Citizen Engagement Toolkit

- Focus groups with municipalities complete.
- Toolkit software complete.
- Best practices database complete.

### SuperNet Rates

- Advised Minister of resolution - as part of the budget 20 questions - the government is reviewing rates. The Province has also formed a committee to review. AUMA represented on committee.
- Issue included in the 2008 Provincial Budget submission. Have entered into discussions with Service Alberta about the opportunities for municipalities tying into Super Net.

### Relations between Municipal Governments and Aboriginal-First Nations Communities

- Municipal Aboriginal Relationships Action Forum invitations sent. Meeting held with participation from a wide variety of Aboriginal governments and groups.
- Primer for municipal officials regarding relationships with First Nations/Metis/Inuit peoples has been circulated for comments.

### Working relationship with Urban Development Institute

- Planned UDI draft protocol agreement.
- Review underway at UDI offices.
- General agreement on wording.

## AMSC ACCOMPLISHMENTS 2007

### GI Software System

- Phase 2 refinement of customized components of the new general insurance administrative software system as means to continue to improve the efficiencies within the AMSC administration of the general insurance program. Examine hosting issue of the GI data.
- Interested vendors were re-approached. RFP was released.
- Implementation planned for 2009.

### Aggregated Casual Legal Service

- Discussions held to investigate possibility of developing a more extensive service offering for legal services. New tactic going forward is to re-invest Casual Legal fees back into the service and hire current provider to develop additional value-added components available to subscribers. The first of new templates developed has been delivered to members. More templates to follow in 2008.
- Additional value-added services for Casual Legal Service subscribers

## AUMA/AMSC JOINT ACCOMPLISHMENTS 2007

### IT CRM Solution

- Design parameters have now been established for the Corporate Services Branch.
- Consultant has been engaged and is reviewing reports to assess any overlaps.

### IT Automatic Call Distribution (ACD) System

- New telephone system has been installed. Currently reviewing enhanced feature capability for implementation in 2008.

### IT Plan Review

- Ensure that IT components are aligned with current initiatives including reviewing the roadmap to ensure logical sequence of events. Restructure and create an IT Enablement Plan.
- Completed, approved and filed with the Boards.



Raising the Quality of Municipal Government with the **ELECTED OFFICIAL'S EDUCATION PROGRAM**



*We have benefited from budget certainty, accurate and timely billing and enjoyed superb customer care*

Garth Sherwin,  
Director of Corporate Services /  
City Treasurer, City of Lethbridge

Municipalities' Objectives Support the **ENERGY AGGREGATION PROGRAM**

With municipal politics evolving at such a fast pace, elected officials are facing more challenges than ever before. The AUMA's Elected Official Education Program (EOEP) was developed to provide members with a foundation of skills and knowledge relating to: Strategy and Business Acumen, Governance, Community Building, and Communication and Interpersonal Skills.

The program was launched in 2007, perfect timing for newly elected officials just entering the field of municipal government and yet, there is considerable value for veteran council members as well. Today's elected officials realize that the increased societal focus on governance and collaboration requires them to become more knowledgeable representatives of their communities. The EOEP provides them with an opportunity to broaden their knowledge and skills, raising the quality of municipal government and enabling them to effectively achieve the goals of their respective communities. Upon completion of seven EOEP courses (2 specified), members will be recognized with a Certificate of Achievement.



When municipalities combine their purchasing power in going to market for aggregated energy everybody wins. AMSC's Energy Aggregation Program along with partner, Nexen, offers an enhanced program that is better than ever: competitive, market responsive, more efficient, and customized for the varied needs of Alberta municipalities, all for a significantly lower administration fee.

Working with the Customer Advisory Group, AMSC has responded to the desires of the AUMA members' requests for improvements: tiered fee structure, enhanced products and flexibility, increased program efficiencies. Representing a significant aggregate load with proven resources in the background, the Energy Aggregation Program provides key benefits to subscribers: budget certainty, procurement, wholesale pricing and expert advice. Recognizing that each municipality's needs differ, the energy aggregation program has made adjustments to better accommodate these diverse needs, making this program even more attractive. As the energy market changes and matures, the flexible approach of the program meets members' objectives of stable pricing at a reasonable cost.

# INITIATIVES

## Municipalities Chart a Course for **ACHIEVING SUSTAINABILITY**



*Even after 20 years as an elected official, I find that there is still much I can learn that would enable me to become a more knowledgeable and effective leader in my community*

Lionel Cherniwchan,  
Councillor, Town of Athabasca

## Continued Growth Supported by **PROVINCIAL LAND USE FRAMEWORK**



The AUMA's go forward strategy and interpretation of sustainability is based on the premise that municipalities should only invest in initiatives that make economic sense today, moving the community in a step-by-step manner towards a future where a strong social fabric weaves through communities ensuring that basic human needs are met, a vibrant cultural scene breeds creativity to drive innovation, and environment issues are resolved. That said, AUMA's Municipal Sustainability Planning initiative focuses on providing municipalities with the tools and resources they need to effectively develop and implement municipal sustainability plans.

In 2007, Phase III of the project included working with pilot communities (Canmore, Chauvin, Claresholm, Olds, Pincher Creek, Thorhild) to implement and evaluate the use and effectiveness of resources developed in earlier phases. The successes, challenges and lessons learned by these communities were shared with AUMA members at convention, building a greater understanding of how Alberta municipalities can successfully move forward with sustainability planning.



Alberta's rapid economic growth and increasing population are impacting both public and private land. In many areas, there are serious concerns related to land use, natural resources, environmental quality and the municipal resources required to adequately support development. With the objective of defining a vision for the future of land use in the province and to develop an approach to balance the various demands on land and natural resources, the Government of Alberta has undertaken the task of developing a Land Use Framework.

Complementing a significant Provincial Public Consultation process, AUMA has worked tirelessly to ensure members' concerns remain at the forefront, making several recommendations on policy direction for the Land Use Framework with respect to facilitating multi-jurisdictional planning and achieving sustainable land use. While issues vary considerably by locale, land use planning can be approached through three basic strategies: Defensive (conservation,) Offensive (development,) and Governance, all are required to ensure effective, comprehensive, integrated and sustainable land use.

## Core of Public Transportation **LIGHT RAIL TRANSIT**

Transit is recognized as one of the fundamental building blocks of sustainable communities, a focal point for AUMA as it continues to explore the issues and advocate for a province-wide strategy including an approach to LRT funding that is completely separate from MSI. The challenge to implementing an effective public transit strategy depends on the willingness of municipalities to lead cultural change away from auto-oriented urban planning and lifestyles. Planners must consider land use requirements, environmental impacts, social needs and economic factors, in providing affordable, ecologically sensitive mobility for Albertans.

Current efforts are focused on local transit, specifically the support of LRT within the major centres. However, these two cities cannot act alone because their LRT systems are linked with regional transportation systems and the benefits of LRT flow to neighbouring municipalities. That said, surrounding municipalities need to be engaged, along with the two largest cities, in planning for enhanced regional transportation systems with LRT as its core. LRT systems could someday be connected to the two cities' international airports and serve as extensions of high speed rail.

## Collaboration Required for **SUSTAINABLE AFFORDABLE HOUSING SOLUTIONS**

Municipal strategies around affordable housing have primarily focused on obtaining more funding from the other orders of government to pay for subsidized housing, and/or to increase homeless shelters. AUMA believes that strategies must be collaborative with more emphasis placed on increasing the mid-range rental stock by engaging the private sector.

The Minister's Task Force on Affordable Housing acknowledged that a long term Alberta Housing Plan is needed to integrate strategies of local, regional, provincial and national efforts. While municipalities have some flexibility in addressing this issue, more assistance is required from all orders of government i.e.: legislation, land-use, and tax reform. The AUMA Affordable Housing Initiative paper recommended that the provincial government institute tax incentives and financing options to encourage the private sector and non-profit sector to become a mainstream player in the development of affordable housing. Advocating on behalf of members and for a sustainable foundation, AUMA is working to ensure that all funding for Affordable Housing be addressed outside of the MSI.

## AUMA TSX ALIGNMENT

The AUMA Board of Directors utilizes the TSX Governance Guidelines as its template for good governance. Below is the AUMA activity which aligns to the TSX Governance criteria.

TSX Governance Guideline	AUMA Alignment
1. Board should explicitly assume responsibility for stewardship of the Corporation and adopt a formal mandate setting out its responsibilities. Specifically, the Board should assume responsibility for:	<ul style="list-style-type: none"> <li>Board responsibilities set out in Bylaws and in Policy BD001</li> <li>Board structure approved along with governance policies</li> <li>Policies are annually reviewed and approved</li> <li>Financial policies are annually reviewed by Audit &amp; Finance Committee and updated as required</li> </ul>
a) Adoption of a strategic planning process	<ul style="list-style-type: none"> <li>Board has developed a long-term strategic plan</li> <li>Board annually adopts a three-year business plan which includes goals, strategies, performance measures and budget</li> <li>Board annually adopts one-year operational plans for all Committees, including action plans</li> </ul>
b) Identification of principal risks, and implementing risk management system	<ul style="list-style-type: none"> <li>Corporate Risk Management Framework has been developed and implemented</li> </ul>
c) Succession planning, including appointing, training and monitoring senior management	<ul style="list-style-type: none"> <li>Annual CEO performance reviews completed</li> <li>Professional development included in business plan</li> <li>Levels of management established within the organization, allowing for succession</li> </ul>
d) A Communications policy	<ul style="list-style-type: none"> <li>Policy BD004 addresses media relations and Policy BD005 addresses communications with members and other stakeholders</li> <li>A Marketing and Communications Plan is in development</li> </ul>
e) Integrity of internal control and management systems	<ul style="list-style-type: none"> <li>Policy FM001 addresses financial management and Policy FM003 deals with payment of honoraria and expenses</li> <li>Audit &amp; Finance Committee actively reviews control systems and other related issues</li> <li>Management information system (PEAK) in place</li> </ul>
2. Majority of Directors should be "unrelated" - independent from management and free from conflicting interest	<ul style="list-style-type: none"> <li>All Directors are independent of management and the Bylaws establish conflict of interest rules</li> </ul>
3. Disclose for each Director whether he or she is related and how that conclusion was reached	<ul style="list-style-type: none"> <li>All Directors are independent of management and the Bylaws establish conflict of interest rules, which require disclosure</li> <li>Written annual report and oral reports are provided at the Annual Convention</li> </ul>
4. Appoint a Committee composed exclusively of non-management Directors, the majority of whom are unrelated, with the responsibility of proposing new nominees to the Board and assessing Directors	<ul style="list-style-type: none"> <li>Directors and Officers are nominated and elected by membership at the Annual Convention, there is no Nominating Committee</li> <li>All Regular members are involved in assessing and evaluating when nominating and electing Directors</li> <li>All Regular members have the right to nominate and vote for Directors</li> </ul>
5. Implement a process for assessing the effectiveness of the Board, its Committees and individual Directors	<ul style="list-style-type: none"> <li>The annual Board assessment includes nomination, election, and a self-assessment process</li> <li>Committee members are appointed annually by the Board, taking into consideration interest, previous performance, commitment, knowledge, and experience</li> </ul>

## AUMA TSX ALIGNMENT CONTINUED

TSX Governance Guideline	AUMA Alignment
6. Provide orientation and education programs for new Directors, and continuing education for all Directors	<ul style="list-style-type: none"> <li>Annual orientation sessions are held for the Board</li> <li>Education sessions held with Board and Committees</li> <li>Annual budgeting provides funding for Director education</li> </ul>
7. Consider the size of the Board and the impact of the number of Directors on Board effectiveness	<ul style="list-style-type: none"> <li>Size of the Board is prescribed in the Bylaws to enable representation of all classifications of members and all geographic areas of Alberta</li> <li>Bylaws are reviewed at least every five years</li> </ul>
8. A committee comprised solely of unrelated Directors should review compensation of senior management and Directors in light of risks and responsibilities	<ul style="list-style-type: none"> <li>Policy HRO01 addresses human resources issues including compensation</li> <li>Compensation for Board members and staff is considered annually during budget review. Staff compensation tied to provincial scales</li> <li>The CEO performance appraisal is conducted by the Board annually in June at which time compensation is also reviewed</li> </ul>
9. Committees should generally be composed of non-management Directors, the majority of whom are unrelated	<ul style="list-style-type: none"> <li>Policies BD002 and BD003 addresses Committees and outlines that the chair must be a Board or another elected official</li> <li>Board members represent a minority on all Committees except Executive Committee</li> <li>Management personnel provide professional service to Committees, although they are not Committee members</li> <li>Committee members are subject to the same conflict of interest rules as Board members</li> </ul>
10. Appoint a Committee responsible for approach to corporate governance issues	<ul style="list-style-type: none"> <li>Executive Committee is responsible for monitoring, reviewing and suggesting changes to corporate governance issues</li> <li>Audit &amp; Finance Committee is responsible for governance in regards to financial and risk policies</li> </ul>
11. Define limits to management's responsibilities by developing mandates for the Board and CEO, and approving the corporate objectives which the CEO is responsible for meeting	<ul style="list-style-type: none"> <li>Board responsibilities are defined in the Bylaws and Policy BD001</li> <li>CEO responsibilities are generally defined in the Bylaws and specifically approved in the Position Profile and employment contracts</li> <li>Corporate objectives are outlined in the three-year business plan which is adopted annually</li> <li>The CEO's objectives are reviewed annually in June as part of the performance appraisal</li> </ul>
12. Establish procedures to enable the Board to function independently of management	<ul style="list-style-type: none"> <li>Board is fully independent of management</li> <li>Board appoints lead Director and Committee members</li> <li>Board and Committees each meet on a regular basis</li> </ul>
13. Establish an Audit Committee with a specifically defined mandate and all members being unrelated Directors	<ul style="list-style-type: none"> <li>Policies BD002 and BD003 outline Audit &amp; Finance Committee membership and mandate</li> <li>All members are independent of management and are subject to the conflict of interest rules</li> </ul>
14. Implement a system to enable individual Directors to engage outside advisers, at the Corporation's expense	<ul style="list-style-type: none"> <li>Board and Committees access a substantial amount of outside independent advice on operations, policies, and processes</li> <li>Board and Committee members themselves are independent advisers as they are from local councils and administrators</li> <li>Individual legal advice, for example, may be provided when considering conflict of interest or similar situations</li> </ul>

## AMSC TSX ALIGNMENT

The AMSC Board of Directors utilizes the TSX Governance Guidelines as its template for good governance. Below is the AMSC activity which aligns to the TSX Governance criteria.

TSX Governance Guideline	AMSC Alignment
1. Board should explicitly assume responsibility for stewardship of the Corporation and adopt a formal mandate setting out its responsibilities. Specifically, the Board should assume responsibility for:	<ul style="list-style-type: none"> <li>Board responsibilities set out in Bylaws and in Policy BD001</li> <li>Board structure approved along with governance policies</li> <li>Policies are annually reviewed and approved</li> <li>Financial policies are annually reviewed by Audit &amp; Finance Committee and updated as required</li> </ul>
a) Adoption of a strategic planning process	<ul style="list-style-type: none"> <li>Board has developed a long-term strategic plan</li> <li>Board annually adopts a three-year business plan which includes goals, strategies, performance measures and budget</li> <li>Board annually adopts one-year operational plans for all Committees, including action plans</li> </ul>
b) Identification of principal risks, and implementing risk management system	<ul style="list-style-type: none"> <li>Corporate Risk Management Framework has been developed and implemented</li> </ul>
c) Succession planning, including appointing, training and monitoring senior management	<ul style="list-style-type: none"> <li>Annual CEO performance reviews completed</li> <li>Professional development included in business plan</li> <li>Levels of management established within the organization, allowing for succession</li> </ul>
d) A Communications policy	<ul style="list-style-type: none"> <li>Policy BD004 addresses media relations</li> <li>A Marketing and Communications Plan is in development</li> </ul>
e) Integrity of internal control and management systems	<ul style="list-style-type: none"> <li>Policy FM001 addresses financial management and Policy FM003 deals with payment of honoraria and expenses</li> <li>Adult &amp; Finance Committee actively reviews control systems and related issues</li> <li>Management information system (PEAK) in place</li> </ul>
2. Majority of Directors should be "unrelated" - independent from management and free from conflicting interest	<ul style="list-style-type: none"> <li>All Directors are independent of management and the Bylaws establish conflict of interest rules</li> </ul>
3. Disclose for each Director whether he or she is related and how that conclusion was reached	<ul style="list-style-type: none"> <li>All Directors are independent of management and the Bylaws establish conflict of interest rules, which require disclosure</li> <li>Written annual report and oral reports are provided at the Annual Convention</li> </ul>
4. Appoint a Committee composed exclusively of non-management Directors, the majority of whom are unrelated, with the responsibility of proposing new nominees to the Board and assessing Directors	<ul style="list-style-type: none"> <li>Board are appointed by AUMA from among the AUMA Directors whose municipalities purchase services from AMSC and other members of the AUMA Board as that Board may decide to appoint, there is no Nominating Committee of AMSC</li> <li>The AUMA President and Vice-Presidents serve as the Chair and Vice-Chairs of AMSC</li> <li>AUMA Directors are nominated and elected by the Regular membership at the AUMA Annual Convention</li> <li>All Regular members are involved in assessing and evaluating when nominating and electing AUMA Directors</li> <li>All Regular members have the right to nominate and vote for AUMA directors</li> </ul>
5. Implement a process for assessing the effectiveness of the Board, its Committees and individual Directors	<ul style="list-style-type: none"> <li>The annual Board assessment includes nomination, election, and a self-assessment process</li> <li>Committee members are appointed annually by the Board, taking into consideration interest, previous performance, commitment, knowledge, and experience</li> </ul>

## AMSC TSX ALIGNMENT CONTINUED

TSX Governance Guideline	AUMA Alignment
6. Provide orientation and education programs for new Directors, and continuing education for all Directors	<ul style="list-style-type: none"> <li>Annual orientation sessions are held for the Board</li> <li>Education sessions held with Board and Committees</li> <li>Annual budgeting provides funding for Director education</li> </ul>
7. Consider the size of the Board and the impact of the number of Directors on Board effectiveness	<ul style="list-style-type: none"> <li>Board of Directors is appointed annually by the shareholder the AUMA</li> <li>Size of Board is limited to the AUMA Board of Directors whose municipalities purchase services from AMSC and other such members of the AUMA Board as that Board may decide to appoint</li> </ul>
8. A committee comprised solely of unrelated Directors should review compensation of senior management and Directors in light of risks and responsibilities	<ul style="list-style-type: none"> <li>Policy HRO01 addresses human resources issues including compensation</li> <li>Compensation for Board members and staff is considered annually during budget review. Staff compensation tied to provincial scales</li> <li>The CEO performance appraisal is conducted by the Board annually in June at which time compensation is also reviewed</li> <li>Insurance coverage is provided for Board members and staff and is reviewed annually with underwriters</li> </ul>
9. Committees should generally be composed of non-management Directors, the majority of whom are unrelated	<ul style="list-style-type: none"> <li>Policies BD002 and BD003 addresses Committees and outlines that the chair must be a Board or another elected official</li> <li>Board members represent a minority on all Committees except Executive Committee</li> <li>Management personnel provide professional service to Committees, although they are not Committee members</li> <li>Committee members are subject to the same conflict of interest rules as Board members</li> </ul>
10. Appoint a Committee responsible for approach to corporate governance issues	<ul style="list-style-type: none"> <li>A corporate Governance Committee was established with the responsibility of monitoring, reviewing, and suggesting changes to corporate governance issues</li> <li>Audit &amp; Finance Committee is responsible for governance in regards to financial and risk policies</li> </ul>
11. Define limits to management's responsibilities by developing mandates for the Board and CEO, and approving the corporate objectives which the CEO is responsible for meeting	<ul style="list-style-type: none"> <li>Board responsibilities are defined in the Bylaws and Policy BD001</li> <li>CEO responsibilities are generally defined in the Bylaws and specifically approved in the Position Profile and employment contracts</li> <li>Corporate objectives are outlined in the three-year business plan which is adopted annually</li> <li>The CEO's objectives are reviewed annually in June as part of the performance appraisal</li> </ul>
12. Establish procedures to enable the Board to function independently of management	<ul style="list-style-type: none"> <li>Board is fully independent of management</li> <li>Board appoints lead Director and Committee members</li> <li>Board and Committees each meet on a regular basis</li> </ul>
13. Establish an Audit Committee with a specifically defined mandate and all members being unrelated Directors	<ul style="list-style-type: none"> <li>Policies BD002 and BD003 outline Audit &amp; Finance Committee membership and mandate</li> <li>All members are independent of management and are subject to the conflict of interest rules</li> </ul>
14. Implement a system to enable individual Directors to engage outside advisers, at the Corporation's expense	<ul style="list-style-type: none"> <li>Board and Committees access a substantial amount of outside independent advice on operations, policies, and processes</li> <li>Board and Committee members themselves are independent advisers as they are from local councils and administrators</li> <li>Individual legal advice, for example, may be provided when considering conflict of interest or similar situations</li> </ul>

Consolidated Financial  
Statements of  
**ALBERTA URBAN  
MUNICIPALITIES  
ASSOCIATION  
(AUMA)**  
Year ended  
December 31, 2007

## AUDITORS' REPORT

To the Members of Alberta Urban Municipalities Association

We have audited the consolidated statement of financial position of Alberta Urban Municipalities Association as at December 31, 2007 and the consolidated statements of operations, changes in fund balances and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2006 were reported on by another firm of chartered accountants.



Chartered Accountants

Edmonton, Alberta

March 28, 2008  
(except as to Note 6 which is as of June 18, 2008)

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Consolidated Statement  
of Financial Position  
December 31, 2007  
with comparative  
figures for 2006

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Consolidated Statement of Financial Position

December 31, 2007 with comparative figures for 2006

	2007	2006 (Restated - note 3)
<b>Assets</b>		
Current assets:		
Cash (note 4)	\$ 8,827,459	\$ 4,618,887
Current portion of ASO Funds held on deposit (note 5)	1,399,344	728,519
Marketable securities (note 6)	3,224,540	3,928,727
Accounts receivable	2,603,651	2,389,670
	<u>16,054,994</u>	<u>11,665,803</u>
Cash restricted for Benefits Surplus Fund (note 4)	354,876	354,876
ASO funds held on deposit (note 5)	320,000	320,000
Investments (note 6)	9,923,776	9,947,919
Deferred costs (note 7)	-	111,982
Capital assets (note 8)	2,026,379	2,091,252
	<u>\$ 28,680,025</u>	<u>\$ 24,491,832</u>
<b>Liabilities and Fund Balances</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,641,638	\$ 868,739
Property reciprocal liability	-	138,596
ALAIRE liability (note 9)	430,256	430,256
Deferred revenue (note 10)	1,655,417	2,563,664
Provision for claims incurred but not reported (note 11)	1,031,600	916,800
Obligations under capital lease (note 12)	-	10,435
Deferred contributions (note 13)	3,382,619	4,352,309
	<u>8,141,530</u>	<u>9,280,799</u>
Retirement plan obligation (note 14)	88,937	60,214
Fund balances:		
Restricted for benefits surplus fund (note 15)	10,631,909	10,586,129
Invested in capital assets	2,026,379	2,080,817
Capital fund	(767,945)	(896,334)
Internally restricted (note 16)	4,196,231	497,670
Unrestricted	4,362,984	2,882,537
	<u>20,449,558</u>	<u>15,150,819</u>
Commitments (note 23)		
Contingent liability (note 24)		
	<u>\$ 28,680,025</u>	<u>\$ 24,491,832</u>

See accompanying notes to financial statements.

# FINANCIALS

**ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)**

Consolidated Statement of Operations  
Year Ended December 31, 2007 with comparative figures for 2006

**ALBERTA URBAN MUNICIPALITIES ASSOCIATION**  
**Consolidated Statement of Operations**

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006 (Restated - note 3)
<b>Revenue:</b>		
Insurance premiums (note 17)	\$ 16,723,953	\$ 13,887,581
Commissions (note 18)	2,826,842	2,529,229
Convention and workshops	1,125,338	1,000,363
Membership fees and services	1,124,502	1,079,712
Management and administration fees (note 22)	1,105,529	873,252
Grants and energy management (note 13)	921,846	1,583,603
Investment income	636,828	867,387
Energy aggregation	357,592	327,727
	<b>24,822,430</b>	<b>22,148,854</b>
<b>Expenses:</b>		
Claims costs and administration expenses (note 17)	14,481,444	12,824,055
Salaries, benefits and consultants (note 19)	3,539,372	2,916,901
Convention and workshops	965,748	716,164
Grants (note 20)	792,997	1,521,134
Equipment lease and maintenance	441,289	442,866
Office administration	399,507	363,607
Board and committees	351,134	434,934
Broker fees (note 23)	342,279	366,900
Amortization (note 8)	228,683	224,904
Travel	134,790	87,025
Energy management and development	128,849	62,469
Electronic communication and promotion	109,850	107,396
Legal and accounting	94,469	142,772
Insurance	70,080	65,450
Building valuation and risk management programs	40,464	-
Other	24,788	35,618
Program development	7,000	197,898
Bad debts	-	6,117
	<b>22,152,743</b>	<b>20,516,210</b>
Income before undernoted	2,669,687	1,632,644
<b>Other:</b>		
Loss on disposal of capital assets	(4,154)	-
Write-down of Munishare (note 21)	(238,576)	-
Write-down of investments in asset-backed commercial paper (note 6)	(82,719)	-
	<b>(325,449)</b>	<b>-</b>
Income from operations	2,344,238	1,632,644
<b>Benefits surplus fund income (expenses)</b>		
Benefit surplus (deficiency)	2,767,498	(693,979)
Benefits system development cost	-	(50,665)
	<b>2,767,498</b>	<b>(744,644)</b>
Excess of revenue over expenses	<b>\$ 5,111,736</b>	<b>\$ 888,000</b>

See accompanying notes to financial statements.

Financial Statements of  
**ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)**

Consolidated Statement of Changes in Fund Balances  
Year Ended December 31, 2007 with comparative figures for 2006

**ALBERTA URBAN MUNICIPALITIES ASSOCIATION**  
**Consolidated Statement of Changes in Fund Balances**

Year Ended December 31, 2007 with comparative figures for 2006

	Restricted for benefits surplus fund	Invested in capital assets	Capital fund	Internally restricted	Unrestricted	2007	2006
Fund balances, beginning of year, as previously reported	\$ 10,586,129	\$ 2,080,817	\$(896,334)	\$ 497,670	\$ 2,311,639	\$ 14,579,921	\$ 14,262,819
Correction of recognition timing error (note 3)	-	-	-	-	570,898	570,898	-
Fund balances before the undernoted	10,586,129	2,080,817	(896,334)	497,670	2,882,537	15,150,819	14,262,819
Change in accounting policies (note 2)	-	-	-	-	187,003	187,003	-
Fund balances, beginning of year, as restated	10,586,129	2,080,817	(896,334)	497,670	3,069,540	15,337,822	14,262,819
Investment in capital assets	-	291,026	-	-	(291,026)	-	-
Excess (deficiency) of revenue over expenses	-	(345,464)	-	-	5,457,200	5,111,736	888,000
Transfers	45,780	-	128,389	3,698,561	(3,872,730)	-	-
Fund Balances, end of year	<b>\$ 10,631,909</b>	<b>\$ 2,026,379</b>	<b>\$(767,945)</b>	<b>\$ 4,196,231</b>	<b>\$ 4,362,984</b>	<b>\$ 20,449,558</b>	<b>\$ 15,150,819</b>

See accompanying notes to financial statements.

# FINANCIALS

**ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)**

Consolidated Statement of Cash Flows  
Year Ended December 31, 2007 with comparative figures for 2006

**ALBERTA URBAN MUNICIPALITIES ASSOCIATION**  
**Consolidated Statement of Cash flows**

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006 (Restated)
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 5,111,736	\$ 888,000
<b>Items not affecting cash:</b>		
Unrealized gain on marketable securities & investments	(135,572)	-
Amortization (note 8)	255,103	250,859
Loss on disposal of capital assets	4,154	-
Write-down of Munishare (note 21)	198,189	-
Write-down of investments in asset-backed commercial paper (note 6)	82,719	-
<b>Change in non-cash operating working capital:</b>		
Increase in accounts receivable	(213,981)	(1,316,528)
Increase in deferred costs	-	(111,982)
Increase (decrease) in accounts payable & accrued liabilities	772,899	(542,902)
Decrease in property reciprocal liability	(138,596)	-
Decrease (increase) in deferred revenue	(908,247)	1,772,089
Increase in provision for claims incurred but not reported	114,800	57,614
Increase (decrease) in deferred contributions	(969,690)	1,297,528
Decrease in cash restricted for benefits surplus fund	-	282,512
Increase in retirement plan obligation	28,723	31,562
<b>Cash flow from operating activities</b>	<b>4,202,237</b>	<b>2,608,752</b>
<b>Investing activities:</b>		
Purchases of capital assets	(280,590)	(297,657)
Proceeds from sale of (purchase of) investments, net	968,185	(507,020)
Increase in ASO funds held on deposit	(670,825)	(316,969)
<b>Cash flow from (used by) investing activities</b>	<b>16,770</b>	<b>(1,121,646)</b>
<b>Financing activity:</b>		
Repayment of capital lease	(10,435)	(40,239)
<b>Increase in cash</b>	<b>4,208,572</b>	<b>1,446,867</b>
Cash, beginning of year	4,618,887	3,172,020
<b>Cash, end of year</b>	<b>\$ 8,827,459</b>	<b>\$ 4,618,887</b>

See accompanying notes to financial statements.

**ALBERTA URBAN MUNICIPALITIES ASSOCIATION**  
**Notes to Consolidated Financial Statements**

Year ended December 31, 2007

These consolidated financial statements consist of the assets, liabilities, fund balances and operations of Alberta Urban Municipalities Association (AUMA), Alberta Municipal Services Corporation (AMSC), a wholly owned subsidiary of AUMA and AMSC Insurance Services Ltd. (AMSCIS), a wholly owned subsidiary of AMSC. AUMA also provides administration and management services to Alberta Municipal Insurance Exchange (MUNIX) and APEX Supplementary Pension Plan (APEX), whose results are not included in these consolidated financial statements.

AUMA is a non-taxable provincial organization aimed to provide leadership in advocating local government interests to the provincial government and other organizations. AMSC and AMSCIS operate as business service delivery providers of shared corporate and net worked products and services for municipalities and other local government entities. AMSCIS provides general insurance, employee group benefits and related coverage for the members of AUMA. AMSC offers the energy aggregation program, casual legal services and the annual convention operations.

**1. Significant accounting policies:**

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(b) Accounting changes:

On January 1, 2007, AUMA adopted the CICA Handbook Section 1506 "Accounting Changes" recommendations. The new standard allows for voluntary changes in accounting only when they result in financial statements providing more reliable and more relevant information, require changes in accounting policy to be applied retrospectively unless doing so is impracticable, require prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors in the financial statements. The adoption of these recommendations had no impact on the financial statements of the AUMA.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided using the straight-line method at the following annual rates:

Building	4%
Computer equipment	25%
Computer software	33%
Furniture and fixtures	20%
Office equipment under capital lease	33.33%
Electronic voting equipment	16.67%

Assets held for sale are carried at the lower of carrying amount and fair value less costs to sell. AUMA has computer equipment available for sale.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 1. Significant accounting policies (continued):

#### (d) Revenue recognition:

AUMA 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 assured.

Insurance premiums and commissions are earned over the term of the related policy period. As the insurance policies' year ends are all December 31, there are no unearned commissions at December 31. Premiums received in advance, which are recorded as deferred revenue, relate to premiums received in the current year for the policy period commencing January 1 of the following year.

Membership fees are recognized at the beginning of each fiscal year when they are invoiced. Membership services are recognized when services are performed.

Convention and workshop revenue is recognized in conjunction with the occurrence of the event.

Management and administration fees are recognized when services are performed.

Energy management development revenue is recognized at the same time the corresponding expenditures are recorded.

Energy aggregation revenue is recorded when it is earned and membership services income is recorded at the time the service is rendered in the normal course of business.

Investment income is recorded as earned.

#### (e) Marketable securities and investments:

Commencing January 1, 2007, all financial instruments previously classified as investments and marketable securities were designated as held for trading ("HFT") securities. HFT securities are carried at fair value whereby the cumulative unrealized gains and losses together with realized gains and losses on sale are included in investment income.

Interest, dividends, income distributions from Canadian income trusts, and realized and unrealized gain (losses) on sale of marketable securities and investments are included in "Investment income" and are recorded as accrued.

AUMA accounts for all financial instruments using settlement date accounting. Transaction costs related to the purchase or sale of financial instruments are recorded as an expense.

The AUMA conducts a regular review to identify and evaluate securities that show objective indications of possible impairment. An impairment is charged to income if the fair value of a security falls below its cost/amortized cost, and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 1. Significant accounting policies (continued):

#### (e) Marketable securities and investments (continued):

value has been below cost; financial condition and near-term prospects of the issuer; and the ability and intent to hold its investment for a period of time sufficient to allow for any anticipated recovery.

The AUMA has a comprehensive investment policy that manages the principal risks of investments and marketable securities. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and price risk. Price risk arises from changes in interest rates and market prices. The AUMA does not use derivative financial instruments to alter the effects of these risks. The AUMA manages these risks using various Board-approved asset mix strategies and risk management limits.

Changes in interest rates and credit ratings are the main cause of changes in the fair value of government securities and corporate bonds resulting in favorable or unfavorable variance compared to book value. Credit risk is mitigated by investing in securities with a rating of R1-High or better and diversifying the securities between government, maturity dates and payment frequency. The AUMA limits credit risk associated with other financial assets by dealing with counterparties that it believes are creditworthy. No individual investment is significant to the AUMA's operations.

#### (f) Claims incurred but not reported:

Provision has been made for the estimated liability for all outstanding claims incurred to December 31, which have not been reported.

Since the amounts are necessarily based on estimates of future trends in claim severity and other factors which could vary as the claims are settled, the ultimate liability maybe more or less than the estimated amounts. Although it is not possible to measure the degree of variability interest in such estimate, management believes that the unpaid claims amounts are adequate. The estimates are periodically reviewed by an actuary, and as adjustments to these liabilities become necessary, they are reflected in current operations.

#### (g) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

### 2. Change in accounting policies:

On January 1, 2007, the AUMA adopted The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement and Section 1530, Comprehensive Income.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 2. Change in accounting policies (continued):

Section 3855 applies to financial instruments other than insurance contracts, and prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the statement of financial position and at what amount. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments other than insurance contracts are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets and financial liabilities are measured at fair value and changes in fair value are recognized in excess of revenues over expenses; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in excess of revenues over expenses.

Under adoption of these new standards, as at January 1, 2007 the AUMA classified its cash, ASO Funds on deposit and marketable securities and investments as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and the ALAIRE liability are classified as other financial liabilities, which are measured at amortized cost.

The change in accounting policies resulted in an increase in opening fund balance of \$187,003, as of January 1, 2007, and the previous carrying values of marketable securities and investments were increased by \$187,003.

Unless otherwise disclosed, the AUMA is not exposed to any credit, interest rate, foreign exchange or market risk.

### 3. Correction of recognition timing error:

As a result of timing errors in prior years, the premium and claim cost activity related to the AUMA's self insured group benefit program was recognized in the incorrect fiscal periods. In addition, the insurance agency activities in prior years were reported at the gross premium and underwriter cost basis, rather than a net commission basis. Adjustments to the 2006 comparative statements of financial position, operations and changes in net assets were as follows:

Statement of Financial Position	2006
Increase in ASO funds held on deposit	\$ 728,519
Increase in provision for claims incurred but not reported	(157,621)
<b>Increase in fund balances</b>	<b>\$ 570,898</b>

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 3. Correction of recognition timing error (continued):

Statement of Operations	2006
Decrease in insurance premiums	\$ (29,704,916)
Increase in commissions	2,529,229
Decrease in underwriter fees	40,782,111
Increase in unpaid claims and claims adjustment expense	(12,824,055)
Increase in income from operations	782,369
Decrease in benefits surplus	(685,822)
<b>Increase in excess of revenue over expenses for the year ended December 31, 2006</b>	<b>\$ 96,547</b>

Statement of Changes in Fund Balances	2006
Restatement of Fund balances as at January 1, 2006	\$ 474,351
Increase in excess of revenue over expenditures for the year ended December 31, 2006	96,547
<b>Restatement of Fund balances as at January 1, 2007</b>	<b>\$ 570,898</b>

### 4. Cash:

	2007	2006
Total cash	\$ 9,182,335	\$ 4,973,763
Less cash restricted for Benefits Surplus Fund (note 15)	(354,876)	(354,876)
<b>Cash included in current assets</b>	<b>\$ 8,827,459</b>	<b>\$ 4,618,887</b>

### 5. ASO funds held on deposit:

AUMA operates a Group Benefits Plan, with extended health care and dental coverages operating on an Administrative Services Only (ASO) program basis. AUMA assumes the underwriting risk and engages a third part administrator to manage the claim activities.

In order to manage the claim payment process, the administrator requires an account deposit and retains the program surpluses until the end of the plan, which is June 30th. The accumulated ASO funds held on deposit are interest bearing.

The composition of the ASO funds held on deposit is as follows:

	2007	2006
Total ASO funds held on Deposit	\$ 1,719,344	\$ 1,048,519
Less ASO accumulated surplus included in current assets	(1,399,344)	(728,519)
<b>ASO account deposit</b>	<b>\$ 320,000</b>	<b>\$ 320,000</b>

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 6. Marketable securities and investments:

	2007		2006			
	Fair Value		Book Value		Fair Value	
	Marketable Securities	Investments	Marketable Securities	Investments	Marketable Securities	Investments
Cash	\$ 243,178	\$ 790,457	\$ 46,800	\$ 267,667	\$ 46,800	\$ 267,667
Government bonds	1,883,043	6,265,396	2,561,272	6,274,525	2,557,197	6,340,325
Other bonds	548,594	1,746,960	828,028	2,662,355	816,643	2,639,830
Bankers acceptance and treasury bills	269,000	105,335	390,186	313,979	397,971	322,958
Commercial paper	126,392	278,642	-	-	-	-
Equities	154,333	717,086	102,441	409,985	136,097	518,753
Other	-	19,900	-	19,408	-	19,408
	<u>\$ 3,224,540</u>	<u>\$ 9,923,776</u>	<u>\$ 3,928,727</u>	<u>\$ 9,947,919</u>	<u>\$ 3,954,708</u>	<u>\$ 10,108,941</u>

The fair values of securities are based on quoted market values where available. The Bonds summarized above have effective interest rates of 3.4% to 6.4% and maturity dates ranging from 2008 to 2018.

In 2007, the AUMA invested on the basis of professional advice, CAD \$ 500,907 in Asset Back Commercial Paper (ABCP), rated by the Dominion Bond Rating Service (DBRS) as R1-High. An R1-High rating, per DBRS is of the highest credit quality and indicates an entity possessing unquestionable ability to repay current liabilities as they come due.

The AUMA's ABCP holding are comprised of:

Maturity Date	Trust	Value on Maturity
September 4, 2007	Symphony Trust	\$ 417,916
March 7, 2008	Whitehall Trust	\$ 89,551

Between August 13 and 15, 2007 various participants in the ABCP market announced that they were experiencing market disruptions and as a result were unable to meet their repayment obligations until their liquidity providers funded such repayment. These trusts came due and payable on their respective maturity dates. They were not paid and remain outstanding.

DBRS placed several ABCP issuers "Under Review with Developing Implications" following an announcement on August 16, 2007 that a consortium representing banks, asset providers and major investors had agreed in principle to a long-term proposal and interim agreement regarding ABCP (the Montreal Proposal). Under this proposal, the affected ABCP would be converted into term floating rate notes maturing no earlier than the scheduled termination dates on the underlying assets.

On September 06, 2007 a pan-Canadian restructuring committee was created to propose a solution to the liquidity problem affecting the ABCP and has retained legal and financial advisors to oversee the proposed restructuring process.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 6. Marketable securities and investments (continued):

The ABCP in which the AUMA has invested has not traded in an active market since mid-August 2007 and there are currently no market quotations available. Through to May 31, 2008, a Standstill Agreement is in place that commits investors not to take any action that would precipitate an event of default.

In April, 2008 the committee formulated a restructuring plan, whereby the ABCP trusts would be exchanged for long-term floating rate notes. In April of 2008 the ABCP holders agreed to accept the restructuring plan as presented by the committee. The restructuring plan is now with the courts waiting sanctioning. If sanctioning is received, it is expected that the long-term floating notes will be received in the second or third quarter of 2008.

Based on information that has been made available, the AUMA estimates that on restructuring, it will receive replacement senior Class A-1 and Class A-2 subordinated Class B and Class C long-term floating rate notes with maturities of approximately seven years. The replacement senior notes are expected to obtain an AA rating while the replacement subordinated notes are likely to be unrated.

Based on its fair value estimation, the AUMA has recorded an impairment charge in the amount of \$102,431, of which \$82,719 is included on the statement of operations, and \$19,712 has reduced deferred contributions, as at December 31, 2007. The valuation technique used by the AUMA to estimate the fair value of its investment in ABCP at December 31, 2007 incorporates probability weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the public statements made by the pan-Canadian restructuring committee regarding the Class of Notes as discussed above, with long-term floating rates, having maturities that match the maturities of the underlying assets and bearing market interest rates commensurate with the nature of underlying assets and their associated cash flows and the credit rating and risk associated with the long-term floating rate notes.

The interest rates and maturities of the various long-term floating rate notes, discount rates and credit loss modeled are:

Probability weighted average interest rate	4.6 per cent
Weighted average discount rate	5.68 per cent
Maturity of long-term floating rate notes	7 years
Credit losses	15 per cent

Interest rates and credit losses vary by each of the different replacement long-term floating rate notes to be issued as each has different credit ratings and risks. Interest rates and credit losses also vary by the different probable cash flow scenarios that have been modeled.

Discount rates are very dependent upon the credit rating of the replacement long-term floating rate notes. Maturities vary by different replacement long-term floating rate notes as a result of the expected maturity of the underlying assets.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 6. Marketable securities and investments (continued):

One of the probable cash flow scenarios modeled is a liquidation scenario whereby, if the restructuring is not successfully completed, recovery of the AUMA's investment is through the liquidation of the underlying assets of the ABCP trusts.

In addition, assumptions have also been made as to the amount of restructuring costs the association will bear.

### 7. Deferred costs:

	2007		2006	
Balance, beginning of year	\$	111,982	\$	-
Acquisition of software licenses		-		111,982
Write-down of software licenses		(111,982)		-
Balance, end of year	\$	-	\$	111,982

Certain software licenses were acquired in 2006 to facilitate the operation of the Enterprise Resource Planning (ERP) Munishare application. With the discontinuation of the Munishare system in 2007, these deferred costs were written down to nil.

### 8. Capital assets:

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 205,000	\$ -	\$ 205,000	\$ 205,000
Capital projects	116,185	-	116,185	-
Building	1,948,512	623,689	1,324,823	1,387,412
Computer equipment	489,992	331,292	158,700	258,502
Computer software	157,085	146,743	10,342	3,467
Furniture and fixtures	384,526	311,455	73,071	115,357
Office equipment under capital lease	-	-	-	16,099
Electronic voting equipment	105,678	26,420	79,258	105,415
Assets held for sale	59,000	-	59,000	-
	\$ 3,465,978	\$ 1,439,599	\$ 2,026,379	\$ 2,091,252

Capital projects represents capital assets not yet in use at December 31, 2007. Amortization will be recorded when they are put into use.

Amortization expense for the year is \$255,103 (2006 - \$250,859), which includes \$26,420 (2006 - nil) included in convention and workshops expense.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 8. Capital assets (continued):

In 2006, AUMA purchased sixteen computer servers to create a hosting environment for the Enterprise Resource Planning (ERP) Munishare application. With the discontinuation of the Munishare system in 2007, the computer hosting environment was dismantled.

Three of the computer servers are being used by the AUMA and thirteen remain in storage for sale. The write-down of \$86,207 of these to fair value less costs to sell of \$59,000 was included in the write-down of Munishare (note 21).

It is AUMA's intention to sell these computer servers in the next fiscal year.

### 9. ALAIRE liability (commonly referred to as "Joint Venture Agreement"):

The ALAIRE liability represents funds received by the Association from contributing members which are to be distributed back to those members or to ALAIRE. ALAIRE is in the process of being dissolved.

### 10. Deferred revenue:

	2007		2006	
Munishare system				
Balance, beginning of year	\$	726,376	\$	755,376
Refunds to municipalities		(726,376)		(29,000)
		-		726,376
Other deferred revenue				
Employee group benefits		1,570,141		1,629,437
Appraisal services		-		39,163
Convention funds		-		30,200
Loss prevention		85,276		138,488
		1,655,417		1,837,288
	\$	1,655,417	\$	2,563,664

Implementation and licensing fees were collected from the municipalities participating as Leaders in advance of the implementation of the development of the Enterprise Resource Planning (ERP) Munishare application. With the discontinuance of the Munishare system in 2007, these fees were refunded to the municipalities.

Deferred employee group benefits represent the subsequent January's premiums, invoiced in December.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 11. Provision for claims incurred but not reported:

The net provision for claims incurred but not reported is comprised of Incurred But Not Reported (IBNR) claims for the Group Benefits Administrative Services Only (ASO) program. The ASO Group Benefits program provides extended health and dental coverages. The IBNR provisional liability is comprised of these claims incurred in the 2007 plan year but not filed or reported with the administrator as at December 31, 2007. Claims incurred in the 2007 plan year ended December 31, must be filed with the program administrator within 180 days of the plan year end. As such, the 2007 plan year IBNR liability as recorded has a limited extension life.

The establishment of the provision for unpaid claims is based on known information and the interpretation of future circumstances and events. It is therefore a complex and dynamic process influenced by a variety of factors.

These factors include the AUMA's experience with historical claims submissions and payment trends, the deadline for claim submissions, and an interpretation of past trends extending into the future. Other factors include the continually evolving health and dental industry environment, actuarial studies, the quality of data used for projection purposes, existing claims management practices including claims handling and settlement practices.

Consequently, the establishment of the provision for unpaid claims relies on the judgement and opinions of a number of individuals, on historical precedent and trends, and an expectation as to future developments. The process of determining the provision necessarily involves risks that the actual results could deviate, perhaps substantially, from the best estimates made.

The provision for incurred but not reported claims has been calculated and verified using a run-off method of claims tracking, to derive a factor of 10% of Extended Health and 3% for Dental claims paid in the 12 month period prior to the IBNR calculation date of December 31, 2007. To this, a margin of 9.25% was added. The 9.25% margin consists of 5% for adverse deviation and 4.25% for adjudication costs.

### 12. Obligations under capital lease:

	2007	2006
Capital lease obligations, bearing interest at rates ranging from 4.4 to 10%, with monthly payments of \$ 1,950	-	10,435

### 13. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for special projects. The contributions will be recognized in the same year the expenses are recorded. Changes in deferred contribution balances are as follows:

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 13. Deferred contributions (continued):

December 31, 2007	Balance, beginning of year	Add: Contributions (transfers) in excess of refunds	Less: Revenue recognized in the year	Balance, end of year
Restricted government grants				
Asset information	\$ 588,410	\$ 19,256	\$ 19,878	\$ 587,788
Municipal infrastructure	18,881	(3,473)	-	15,408
M.E. First	41,901	-	21,000	20,901
One Window	286,971	10,172	-	297,143
Munishare	1,180,207	(619,388)	312,419	248,400
SSPG grant	41,189	3,523	44,712	-
Urban and rural cost sharing	20,827	-	(726)	21,553
Municipalities against racism	4,964	-	4,964	-
Citizen's engagement toolkit	200,000	4,173	159,739	44,434
Collaborative regional study	250,000	5,217	-	255,217
Technology toolkit	300,000	5,887	39,787	266,100
Alberta environment SREM	12,000	-	-	12,000
Training for elected officials	459,550	18,590	172,977	305,163
Welcoming & Inclusive Communities	-	35,000	6,247	28,753
First Impressions	-	90,000	12,000	78,000
Other restricted contributions				
Energy management	947,409	383,199	128,849	1,201,759
	\$ 4,352,309	\$ (47,844)	\$ 921,846	\$ 3,382,619

December 31, 2006	Balance, beginning of year	Add: Contributions (transfers) in excess of refunds	Less: Revenue recognized in the year	Balance, end of year
Restricted government grants				
Asset information	\$ 794,537	\$ 19,882	\$ 226,009	\$ 588,410
Municipal infrastructure	18,112	769	-	18,881
Title mapping	1,580	19	1,599	-
M.E. First	69,990	-	28,089	41,901
One Window	278,217	8,754	-	286,971
Munishare	973,242	1,266,257	1,059,292	1,180,207
Loss prevention	147,331	(147,331)	-	-
Appraisal services	109,884	(109,884)	-	-
SSPG grant	-	152,000	110,811	41,189
Urban and rural cost sharing	-	50,675	29,848	20,827
Municipalities against racism	-	25,000	20,036	4,964
Citizen's engagement toolkit	-	200,000	-	200,000
Collaborative regional study	-	250,000	-	250,000
Technology toolkit	-	300,000	-	300,000
Alberta environment SREM	-	17,000	5,000	12,000
Training for elected officials	-	500,000	40,450	459,550
Other restricted contributions				
Energy management	661,888	347,990	62,469	947,409
	\$ 3,054,781	\$ 2,881,131	\$ 1,583,603	\$ 4,352,309

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 14. Plan contributions:

During the year, AUMA made employer contributions to two plans, totalling \$207,087 (2006 - \$161,922).

(i) AUMA participates in the Local Authorities Pension Plan (LAPP) which is a multi-employer defined benefit plan. At December 31, 2006 the LAPP reported the value of its' net assets at \$14.6 billion (2005 - \$12.6 billion) and disclosed an actuarial deficiency of \$0.7 billion (2005 - \$0.9 billion). The employer contribution rates for the LAPP remained unchanged at 7.75% on earnings up to the yearly maximum pensionable earnings (YMPE). The LAPP rates for earnings above the YMPE up to the salary cap remained unchanged at 10.64%. There is no future accrued liability obligation in reference to the LAPP. Total contributions by AUMA to the LAPP in 2007 were \$175,709 (2006 - \$137,349). Total contributions by the employees of AUMA to the LAPP in 2007 were \$158,303 (2006 - \$123,049).

(ii) AUMA participates in the APEX Supplementary Pension Plan (APEX) which is supplemental to the LAPP. APEX is a defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act. Only AUMA management employees are eligible to participate in APEX.

Contributions are made to APEX by the employees (2.5%) and the AUMA (3%) of pensionable earnings up to \$111,111 (2006 - \$105,556).

Total current service contributions by AUMA to APEX were \$31,378 (2006 - \$ 24,573). Total contributions by employees were \$ 26,148 (2006 - \$20,477).

AUMA also has a non-registered Supplementary Employee Retirement Plan (SERP). This plan, named MuniSERP, provides retirement benefits to management employees who cannot, under the Income Tax Act pension limits, accrue a full 2.0% benefit rate on their pensionable earnings.

The benefit is based on years of service, the employee's final average earnings and a 2.0% benefit rate offset by corresponding LAPP and APEX benefits.

AUMA accrues its liability obligation, as the employees render the service necessary to earn the benefit. The cost of this program is not currently being funded. The accrued benefit obligation, for accounting purposes is measured as at December 31 of each year. The actuarial costing of the accrued liability was completed on December 31, 2007. The MuniSERP accrued liability as at December 31, 2007 is \$88,937 (2006 - \$60,214).

	2007	2006
Accrued benefit obligation:		
Balance, beginning of year	\$ 60,214	\$ 28,652
Current service cost	15,535	9,856
Interest cost	4,419	2,183
Actuarial losses	8,769	19,523
	\$ 88,937	\$ 60,214

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 14. Plan contributions (continued):

There are no plan assets.

The significant actuarial assumptions adopted in measuring AUMA's accrued benefit obligations are as follows:

	2007	2006
Accrued benefit obligation as of December 31:		
Discount rate	6.5%	6.5%
Rate of compensation increase	4.5%	4.0%

### 15. Fund balances restricted for benefits surplus fund:

Fund balances restricted for benefits surplus fund are subject to internally imposed restrictions stipulating that resources be maintained to stabilize rate charges to participants and support benefit programs.

This fund has been established from Board of Directors, to set aside surpluses arising from the Administrative Services Only (ASO) and the Refund Accounting Group Benefits insurance program.

The Benefits Surplus Fund is comprised of the following:

	2007	2006
Restricted for non-taxable benefits		
Rate Stabilization Fund	\$ 1,231,507	\$ 1,231,507
Benefits Program Support Reserve	308,368	308,368
Restricted for self-insurance (ASO)		
Self-insured Plan Reserve	2,831,418	2,831,418
ASO deposit	120,000	120,000
Benefits Program Support Reserve	707,855	707,855
Restricted for taxable benefits		
Rate Stabilization Fund	4,459,640	4,413,860
Benefits Program Support Reserve	973,121	973,121
	\$ 10,631,909	\$ 10,586,129

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 16. Fund balances internally restricted:

The Board of Directors has internally restricted certain unrestricted fund balances. These internally restricted amounts are established by the Board of Directors are not available for other purposes without approval of the Board of Directors. The nature of these balances is as follows:

	2007	2006
Capital		
Facility	\$ 3,712,937	\$ 14,376
Equipment replacement	86,631	86,631
Operating		
Convention	200,000	200,000
Interest stabilization	196,663	196,663
	\$ 4,196,231	\$ 497,670

The amount restricted for facility is for future extensions and major renovations or to be applied towards the acquisition or lease of a new extended facility.

The amount restricted for equipment replacement is to fund acquisition of equipment.

The amount restricted for convention is to offset deficits from the convention and trade show.

The amount restricted for interest stabilization is to supplement actual interest earnings in years when they fall short of the budgeted interest earnings.

### 17. Insurance premiums and claim costs and administration expenses:

These revenue and cost items represent the group benefit plan for the extended health care and dental coverages that operate on an Administrative Services Only (ASO) program basis.

### 18. Commissions:

	2007	2006
Gross insurance premiums	\$ 49,164,232	\$ 43,592,497
Underwriter premiums	(46,337,390)	(41,063,268)
Commissions	\$ 2,826,842	\$ 2,529,229

Commissions represent the net of insurance premiums billed less amounts due to insurance underwriters.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 19. Salaries, benefits and consultants:

The amounts expended on salaries and consultants are as follows:

	2007	2006
Salaries and benefits	\$ 2,923,353	\$ 2,417,897
Consultants	616,019	499,004
	\$ 3,539,372	\$ 2,916,901

### 20. Grants:

Grants expense includes the following expenditures:

	2007	2006
Consultants	\$ 211,093	\$ 60,450
Equipment lease and maintenance	155,330	-
System development	19,878	1,036,009
Program development	284,959	254,292
Office administration	4,401	4,530
Electronic communication and promotion	71,796	164,218
Travel	433	36
Legal and accounting	45,107	1,599
	\$ 792,997	\$ 1,521,134

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 21. Write-down of Munishare:

AUMA was developing an Enterprise Resource Planning (ERP) System using an aggregated, central hosting environment concept. This initiative, branded Munishare, was being developed as a business opportunity to AMSC, whereby the product would be marketed to municipalities as an ERP solution, in exchange for a licensing fee.

During the year, the AUMA discontinued the development of Munishare and realized the following write-down of assets:

	2007	2006
Non-cash items		
Software licenses	\$ 111,982	\$ -
Assets held for sale	86,207	-
	198,189	-
Cash items		
Program costs	40,387	-
	\$ 238,576	\$ -

### 22. Related entities:

Alberta Municipal Insurance Exchange (MUNIX) is a self-insurance exchange for members of AUMA. MUNIX was formed under the Reciprocal Insurance Exchange Agreement for Municipalities in the Province of Alberta, dated January 1, 2002, by various municipalities subscribing to the agreement. During the year, AUMA provided management and administration services to MUNIX in the amount of \$946,632 (2006 - \$873,254). AUMA acts as an agent for all insurance services provided by MUNIX. Commissions earned from MUNIX during the year were \$104,777 (2006 - nil) on the sale of \$11,449,905 (2006 - \$9,818,561) of insurance. At December 31, 2007, accounts receivable due from MUNIX were \$13,677 (2006 - \$46,286) and accounts payable due to MUNIX were \$58,155 (2006 - \$2,154). The operating results of MUNIX are reported separately.

APEX Supplementary Pension Plan (APEX) was established on January 1, 2003 to enhance and supplement the LAPP for eligible staff of participating municipalities in Alberta. It is a voluntary, contributory, defined benefit pension plan trust. During the year, AUMA paid \$31,378 (2006 - \$25,407) to APEX for pension contributions for its employees and APEX paid \$159,189 (2006 - nil) to AUMA for management and administration services. Accounts receivable from APEX at year end were \$9,168 (2006 - nil) and accounts payable includes nil (2006 - \$1,301) owing to APEX.

These transactions are measured at the exchange amount and are in the normal course of operations.

## ALBERTA URBAN MUNICIPALITIES ASSOCIATION Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 23. Commitments:

AUMA entered into an agreement with Nexen Marketing (Nexen) in which Nexen bills customers of AUMA and remit amounts to AUMA for services AUMA has provided in aggregating, reporting and monitoring, and establishing and administering an energy management program. The services and remittances are at a rate of \$1.10 per MWh of electrical energy and \$0.125 per GJ of natural gas. This contractual obligation expires December 31, 2008. Total amount received from these services during 2007 was \$ 357,592 (2006 - \$327,727) for aggregation administration and \$383,199 (2006 - \$347,990) for energy management which was reported as an addition to deferred contributions (note 13).

AUMA entered into an agreement to have Lloyd Sadd Insurance Brokers to provide insurance brokerage services for a variable amount calculated as a percentage of net general insurance premiums. Payments in any given year range from \$225,000 - \$450,000, dependent upon insurance premiums actually collected. The contract may be terminated upon 90 days notice from either party. Total broker fees paid during the year were \$342,279 (2006 - \$366,900).

AUMA entered into an agreement to lease the licensing of a Group Benefits Plan Administration software application. This agreement expires on August 3, 2010. The annual payment for the benefit software application is approximately \$185,000.

AUMA entered into an agreement for casual legal services. This agreement is for three years and expires on April 18, 2009. Fees are based on work provided.

AUMA has office equipment leases with remaining lease terms of up to two years. Minimum future lease payments are as follows:

2008	\$ 22,313
2009	5,132
	\$ 27,445

### 24. Contingent liability:

AUMA has served notice of default and terminated the contract with their partner in the Munishare project which has been discontinued. The partner has in turn expressed their displeasure with the contract termination, and has informed the AMSC that their further courses of action may include a lawsuit. It is not possible to assess the AMSC's potential liability, if any, resulting from this.

### 25. Comparative figures:

Certain comparative figures have been restated to agree with the financial statement presentation adopted for the current year.

Financial Statements of  
**ALBERTA  
MUNICIPAL  
INSURANCE  
EXCHANGE  
(MUNIX)**  
Year ended  
December 31, 2007

## AUDITORS' REPORT

To the Subscribers of Alberta Municipal Insurance Exchange (MUNIX)

We have audited the balance sheet of Alberta Municipal Insurance Exchange (MUNIX) as at December 31, 2007 and the statements of operations, comprehensive income, accumulated other comprehensive income, surplus and cash flows for the year then ended. These financial statements are the responsibility of management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Exchange as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2006 were reported on by another firm of chartered accountants.



Chartered Accountants

Edmonton, Alberta

February 15, 2008

## APPOINTED ACTUARY'S REPORT

To the Subscribers of Alberta Municipal Insurance Exchange (MUNIX):

I have valued the policy liabilities of Alberta Municipal Insurance Exchange (MUNIX) for its balance sheet at December 31, 2007 and their change in the statement of income for the year then ended in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods.

I am satisfied that the data utilized for the valuation of these liabilities are reliable and sufficient. I verified the consistency of the valuation data with the company financial records.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the Annual Return fairly presents the results of the valuation.



Joe S. Cheng  
Fellow, Canadian Institute of Actuaries

Toronto, Ontario

February 15, 2008

# FINANCIALS

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Balance Sheet  
December 31, 2007  
with comparative  
figures for 2006

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Balance Sheet

December 31, 2007 with comparative figures for 2006

	2007	2006
<b>Assets</b>		
Cash	\$ 158,044	\$ 335,353
Investments and marketable securities (note 4)	21,283,909	18,034,091
Accounts receivable	60,448	179,749
Prepaid expenses and deposits	17,721	14,075
	<b>\$ 21,520,122</b>	<b>\$ 18,563,268</b>
<b>Liabilities and Surplus</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 681,769	\$ 246,775
Premium tax payable	343,497	273,657
Unpaid claims and claims adjustment expenses (note 5)	14,413,709	13,743,672
	<b>15,438,975</b>	<b>14,264,104</b>
Surplus:		
Rate stabilization reserve fund (note 7)	2,515,160	2,515,160
Surplus (note 7)	3,338,251	1,784,004
Accumulated other comprehensive income	227,736	-
	<b>6,081,147</b>	<b>4,299,164</b>
	<b>\$ 21,520,122</b>	<b>\$ 18,563,268</b>

See accompanying notes to financial statements.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Operations  
Year ended  
December 31, 2007  
with comparative  
figures for 2006

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Statement of Operations

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
Premiums earned (note 9)	\$ 11,449,905	\$ 9,121,900
Unpaid claims and claims adjustment expenses	8,295,576	8,041,459
Premium taxes	343,497	273,657
	<b>8,639,073</b>	<b>8,315,116</b>
	<b>2,810,832</b>	<b>806,784</b>
Other expenses:		
Management fees	946,632	873,254
Property valuation fees	103,937	125,175
Professional fees	73,558	59,490
Insurance	56,330	50,945
System support	33,897	35,393
Administration	30,174	43,937
Travel	14,909	11,812
Consulting fees	12,815	26,674
Promotions and marketing	8,246	13,261
Risk control programs	1,228	18,339
	<b>\$ 1,281,726</b>	<b>\$ 1,258,280</b>
Income (loss) before the undernoted	1,529,106	(451,496)
Investment and other income, net of investment expenses	676,540	666,769
Write down of investments in asset-backed commercial paper (note 4)	(651,399)	-
Net income	<b>\$ 1,554,247</b>	<b>\$ 215,273</b>

See accompanying notes to financial statements.

# FINANCIALS

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Comprehensive Income  
Year ended December 31, 2007 with comparative figures for 2006

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Statement of Comprehensive Income

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
Net income	\$ 1,554,247	\$ 215,273
Other comprehensive income:		
Recognition of realized gains on available-for-sale assets	(801,151)	-
Unrealized gains on available-for-sale assets	810,299	-
<b>Comprehensive income</b>	<b>\$ 1,563,395</b>	<b>\$ 215,273</b>

## Statement of Accumulated Other Comprehensive Income

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
Balance, beginning of year as a result of change in accounting policy (note 2)	\$ 218,588	\$ -
Other comprehensive income	9,148	-
<b>Balance, end of year</b>	<b>\$ 227,736</b>	<b>\$ -</b>

See accompanying notes to financial statements.

## Statement of Surplus

Year Ended December 31, 2007 with comparative figures for 2006

	2007			2006
	Rate stabilization reserve fund	Surplus	Total	Total
Balance, beginning of year	\$ 2,515,160	\$ 1,784,004	\$ 4,299,164	\$ 4,083,891
Net income	-	1,554,247	1,554,247	215,273
<b>Balance, end of year</b>	<b>\$ 2,515,160</b>	<b>\$ 3,338,251</b>	<b>\$ 5,853,411</b>	<b>\$ 4,299,164</b>

See accompanying notes to financial statements.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Cash Flows  
Year ended December 31, 2007 with comparative figures for 2006

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Statement of Cash Flows

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
<b>Cash provided by (used in):</b>		
Operations:		
Net income	\$ 1,554,247	\$ 215,273
Write down of asset-backed commercial paper, which does not involve cash	651,399	-
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	119,301	(105,077)
(Increase) decrease in prepaid expenses and deposits	(3,646)	(475)
Increase (decrease) in accounts payable and accrued liabilities	434,994	(205,870)
Increase in premium tax payable	69,840	74,058
Increase in unpaid claims and claims adjustment expenses	670,037	4,461,775
	<b>\$ 3,496,172</b>	<b>\$ 4,439,684</b>
Investing:		
Purchases of investments and marketable securities	(7,973,481)	(7,914,705)
Proceeds on disposal of investments and marketable securities	4,300,000	3,900,000
	<b>(3,673,481)</b>	<b>(4,014,705)</b>
Increase (decrease) in cash	(177,309)	424,979
Cash, beginning of year	335,353	(89,626)
<b>Cash, end of year</b>	<b>\$ 158,044</b>	<b>\$ 335,353</b>

See accompanying notes to financial statements.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements

Year ended December 31, 2007

Alberta Municipal Insurance Exchange (MUNIX) (the "Exchange") was formed under the Reciprocal Insurance Exchange Agreement for Municipalities in the Province of Alberta dated January 1, 2002, by the various municipalities subscribing to the agreement. The Exchange commenced operations on January 1, 2002. Subscriptions to the Exchange are renewed annually on a rollover basis.

### 1. Significant accounting policies:

#### (a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year. 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 revenue and expenses during the year. Actual results could differ from those estimates.

#### (b) Premiums:

Premiums are earned over the term of the related policy period. As the Exchange's policy year ends December 31, there are no unearned premiums at December 31. Premiums received in advance relate to premiums received in the current year for the policy period commencing January 1 of the following year.

#### (c) Investments and marketable securities:

Commencing January 1, 2007, all financial instruments previously classified as investments and marketable securities were designated as available-for-sale ("AFS") securities. AFS securities are carried at fair value whereby the cumulative unrealized gains and losses are included in Accumulated Other Comprehensive Income ("AOCI") until sale or other-than-temporary impairment is recognized, at which point cumulative unrealized gains or losses are transferred to the statement of operations. Realized gains and losses on sale and write-downs to reflect other-than-temporary impairments in value are included in investment income.

Interest income from these securities are included in "Investment income" and is recorded as they accrue. Income distributions from Canadian income trusts are recorded as income when received.

The Exchange accounts for all financial instruments using settlement date accounting. Transaction costs related to the purchase of financial instruments are recorded as part of the carrying value.

The Exchange conducts a regular review to identify and evaluate securities that show objective indications of possible impairment. An impairment is charged to income if the fair value of a security falls below its cost/amortized cost, and the decline is considered other-than-temporary. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been below cost; financial condition and near-term prospects of the issuer; and the ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 1. Significant accounting policies (continued):

#### (c) Investments and marketable securities (continued):

Prior to 2007, fixed term investments were carried at amortized cost. When there was a loss in value of an investment that was considered to be other than temporary, the investment was written down to estimated net realizable value.

The Exchange has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed in investments and marketable securities. The risks that arise from transacting financial instruments include credit risk, liquidity risk, and price risk. Price risk arises from changes in interest rates and market prices. The Exchange does not use derivative financial instruments to alter the effects of these risks. The Exchange manages these risks using extensive risk management policies and practices, including various Board-approved asset mix strategies and risk management limits.

Changes in interest rates and credit ratings are the main cause of changes in the fair value of government securities and corporate bonds resulting in favorable or unfavorable variance compared to book value. Credit risk is mitigated by investing in securities with a rating of R1-High or better and diversifying the securities between government, maturity dates and payment frequency. The Exchange limits credit risk associated with other financial assets by dealing with counterparties that it believes are creditworthy. No individual receivable is significant to the Exchange's operations.

#### (d) Claims liabilities:

Provision has been made for the estimated liability for all reported and outstanding claims using a case-basis evaluation plus an amount for adverse development and for claims incurred to December 31, which have not yet been reported to the Exchange. The computation of these provisions takes into account the time value of money using discount rates based on projected investment income from the assets supporting these provisions.

Since the amounts are necessarily based on estimates of future trends in claim severity and other factors which could vary as the claims are settled, the ultimate liability may be more or less than the estimated amounts. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the unpaid claims amounts and related adjustment expenses are adequate. The estimates are periodically reviewed by an actuary and, as adjustments to these liabilities become necessary, they are reflected in current operations.

#### (e) Income taxes:

As an exchange under the Insurance Act of Alberta, the Exchange is not subject to income taxes and, accordingly, no provision for income taxes has been made in these financial statements.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 2. Change in accounting policies:

On January 1, 2007, the Exchange adopted The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement and Section 1530, Comprehensive Income.

Section 3855 applies to financial instruments other than insurance contracts, and prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments other than insurance contracts are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets and financial liabilities are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income.

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Under adoption of these new standards, as at January 1, 2007 the Exchange classified all its investments and marketable securities as available-for-sale, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The change in accounting policies resulted in an increase in opening Accumulated Other Comprehensive Income of \$218,588, as of January 1, 2007, and the previous carrying values of investments and marketable securities were increased by \$218,588 for The provision for claims incurred but not reported, case reserves and internal claims adjustment expense reserve were not affected by the change in accounting policy.

### 3. Role of the actuary and auditors:

The actuary is appointed by the Board of Directors of the Exchange and is responsible for ensuring that the assumptions and methods for the valuation of the policy liabilities are in accordance with accepted actuarial practice, applicable legislation and associated regulations and directives. The actuary is required to provide an opinion on the appropriateness of the policy liabilities at the balance sheet date to meet all policyholder obligations of the Exchange. The work to form that opinion includes an assessment of the sufficiency and reliability of policy data and an analysis of the ability of the assets to support the policy liabilities. In carrying out this assessment, the actuary makes use of the work of the external auditor. The actuary's report outlines the scope of his work and opinion. The actuary is also required each year to analyze the financial condition of the Exchange and prepare a report for the Board of Directors. The analysis tests the capital adequacy of the Exchange for the following three years under adverse economic and business conditions.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 3. Role of the actuary and auditors (continued):

The external auditors have been appointed by the Exchange pursuant to the Act to conduct an independent and objective audit of the financial statements of the Exchange in accordance with Canadian generally accepted auditing standards and to report thereon to the subscribers. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the Exchange's policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

### 4. Investments and marketable securities:

	2007		2006	
	Fair value		Fair value	Book value
Cash	\$ 1,355,234	\$ 37,104	\$ 37,104	
Government bonds	11,393,084	10,076,124		9,966,038
Other bonds	2,788,690	3,023,526		3,049,905
Bankers acceptance and treasury bills	3,171,568	5,115,925		4,981,044
Commercial paper	2,575,333	-		-
Balance, end of year	\$ 21,283,909	\$ 18,252,679	\$ 18,034,091	

The fair values of securities are based on quoted market values where available. The weighted average yield for debt securities based on market value at December 31, 2007 is 3.48% prior to the write down of investment in asset-backed commercial paper (2006 - 3.92%).

Due to the changes in the expectancy of the repayment of the Asset-Backed Commercial Paper, \$2,575,333 of the above balance is considered to be of a long-term nature with a maturity of 7 years. \$5,061,509 of the investments and marketable securities mature in 1-3 years, while the remaining \$13,647,067 matures within one year.

The impact of a 1% change in reinvestment rate on expected investment income is approximately \$199,000 on a full annualized basis.

In 2007, the Exchange invested, on the basis of professional advice, CAD \$3,226,732 in Asset Backed Commercial Paper ("ABCP"), rated by the Dominion Bond Rating Service ("DBRS") as R1 High. An R1 - High rating, per the DBRS, is of the highest credit quality and indicates an entity possessing unquestionable ability to repay current liabilities as they come due.

Maturity Date	Trust	Value on Maturity
September 4, 2007	Symphony Trust	\$ 166,963
December 17, 2007	Whitehall Trust	\$ 1,535,000
March 7, 2008	Whitehall Trust	\$ 1,524,769

Between August 13 and 15, 2007 various participants in the ABCP market announced that they were experiencing market disruption and as a result were unable to meet their repayment obligations until their

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 4. Investments and marketable securities (continued):

liquidity providers fund such repayment. These notes came due and payable on their respective maturity dates. They were not paid and all remain outstanding.

DBRS placed several ABCP issuers "Under Review with Developing Implications" following an announcement on August 16, 2007 that a consortium representing banks, asset providers and major investors had agreed in principle to a long term proposal and interim agreement regarding ABCP ("the 4. Montreal Proposal"). Under this proposal, the affected ABCP would be converted into term floating rate notes maturing no earlier than the scheduled termination dates on the underlying assets.

The ABCP in which the Company has invested has not traded in an active market since mid-August 2007 and there are currently no market quotations available. The ABCP in which the Company has invested continues to be rated R1 (High, Under Review with Developing Implications) by DBRS.

Through to January 31, 2008, a Standstill Agreement is in place that commits investors not to take any action that would precipitate an event of default. It is expected that the restructuring of the ABCP will occur in March 2008 if approval by investors is obtained to do so. This approval will be requested on a trust by trust basis most likely during February 2008.

Based on its fair value estimation, the Company has recorded an impairment charge in the amount of \$651,399, included on the statement of operations, as at December 31, 2007. The valuation technique used by the Company to estimate the fair value of its investment in ABCP at December 31, 2007, incorporates probability weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. The assumptions used in determining the estimated fair value reflect the public statements made by the pan-Canadian restructuring committee that it expects the ABCP will be converted into various long-term floating rate notes, as discussed above, with maturities matching the maturities of the underlying assets and bearing market interest rates commensurate with the nature of underlying assets and their associated cash flows and the credit rating and risk associated with the long-term floating rate notes. The interest rates and maturities of the various long-term floating rate notes, discount rates and credit losses modeled are:

Probability weighted average interest rate	4.6	per cent
Weighted average discount rate	5.68	per cent
Maturity of long-term floating rate notes	7	years
Credit losses	15	per cent

Interest rates and credit losses vary by each of the different replacement long-term floating rate notes to be issued as each has different credit ratings and risks. Interest rates and credit losses also vary by the different probable cash flow scenarios that have been modeled.

Discount rates vary dependent upon the credit rating of the replacement long-term floating rate notes.

Maturities vary by different replacement long-term floating rate notes as a result of the expected maturity of the underlying assets.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 4. Investments and marketable securities (continued):

One of the probable cash flow scenarios modeled is a liquidation scenario whereby, if the restructuring is not successfully completed, recovery of the Exchange's investment is through the liquidation of the underlying assets of the ABCP trusts.

In addition, assumptions have also been made as to the amount of restructuring costs that the Exchange will bear.

### 5. Provision for unpaid claims and adjustment expenses:

Nature of unpaid claims:

The establishment of the provision for unpaid claims and adjustment expenses is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include the Exchange's experience with similar cases and historical trends involving claim payment patterns, loss payments, pending levels of unpaid claims, claims severity and claim frequency patterns.

Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and expertise of the Exchange's consultants retained to handle individual claims, the quality of the data used for projection purposes, existing claims management practices including claims handling and settlement practices, the effect of inflationary trends on future claims settlement costs, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination, since the longer span between the incidence of a loss and the payment or settlement of the claims, the more variable the ultimate settlement amount can be.

Consequently, the establishment of the provision for unpaid claims and adjustment expenses process relies on the judgement and opinions of a number of individuals, on historical precedent and trends, on prevailing legal, economic, social and regulatory trends and on expectations as to future developments. The process of determining the provisions necessarily involves risks that the actual results will deviate, perhaps substantially, from the best estimates made. All such deviations will cause corresponding changes in amounts receivable from subscribers and in related balances.

The net provision for unpaid claims and adjustment expenses consist of the case reserves on known claims, the provision for incurred but not reported claims, adjustment expenses including an amount for internal claims adjustment expenses ("ILAE") and a factor for deviations in the estimated results. The provision for incurred but not reported claims is discounted using rates based on the projected investment income from the assets supporting the provisions, and reflecting the estimated timing of payments and recoveries. The discount rate used in the valuation was 3.30% (2006 - 3.60%)

The net provision for unpaid claims and adjustment expenses are reflected in the following three accounts on the balance sheet:

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 5. Provision for unpaid claims and adjustment expenses (continued):

	2007	2006
Case reserves	\$ 9,980,709	\$ 9,329,672
Provision for claims incurred but not reported	4,162,000	4,154,000
Internal claims adjustment expense reserve (ILAE)	271,000	260,000
	<b>\$ 14,413,709</b>	<b>\$ 13,743,672</b>

Activity in net provision for unpaid claims and adjustment expenses is summarized as follows:

	2007	2006
Net provision for unpaid claims and adjustment expenses, beginning of year	\$ 13,743,672	\$ 9,282,846
Increase in prior claims estimates	99,543	512,127
Provision for losses on current year claims	8,185,033	7,412,332
Increase in ILAE reserve	11,000	117,000
	<b>8,295,576</b>	<b>8,041,549</b>
Incurred losses and expenses		
Paid in 2007 on claims occurring in prior years	(4,407,387)	(2,421,416)
Paid in 2007 on current year claims	(3,218,152)	(1,159,217)
	<b>(7,625,539)</b>	<b>(3,580,633)</b>
Net provision for unpaid claims and adjustment expenses, end of year	<b>\$ 14,413,709</b>	<b>\$ 13,743,672</b>

### 6. Limits of liability:

#### (a) Liability insurance:

The limit of liability for liability insurance is a maximum amount on any one loss of \$1,000,000 (2006 - \$1,000,000) in the event of a liability claim and a maximum policy year amount of \$4,500,000 (2006 - \$3,900,000) in the event of a series of claims. The Exchange does not purchase reinsurance.

#### (b) Property insurance:

The limit of liability for property insurance is a maximum amount on any one loss of \$1,000,000 (2006 - \$1,000,000) in the event of a property claim and to a maximum policy year amount of \$5,000,000 (2006 - \$3,750,000) in the event of series of claims. The Exchange does not purchase reinsurance.

## ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX) Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 7. Surplus:

The Insurance Act of Alberta requires the Exchange to maintain a minimum surplus or guarantee fund of at least \$50,000.

A rate stabilization reserve fund has been established by the directors.

The surplus represents contributions made by subscribers and the excess of revenue over expenses, and may be used to cover potential future catastrophic claims, reduce future premiums or be paid out to subscribers.

The Alberta Regulatory Commission requires that an appropriation of surplus be made for certain assets considered non-admitted for regulatory purposes. As at December 31, 2007 there were no, non-admitted assets.

### 8. Related party transactions:

Alberta Urban Municipalities Association (AUMA) and the Exchange are under common significant influence and are therefore related parties. During the year, AUMA provided management and administration services to the Exchange in the amount of \$946,632 (2006 \$873,254). At December 31, 2007 accounts receivable included \$41,647 (2006 - \$nil) and accounts payable included \$nil (2006 - \$1,437) with AUMA. AMSC Insurance Services Ltd. ("AMSCIS"), a wholly owned subsidiary of AUMA, acts as an agent during the year for all insurance services provided by the Exchange. At December 31, 2007 accounts receivable included \$16,508 (2006 - \$2,154) relating to such services, and accounts payable included \$13,677 (2006 - \$44,849) for shared expenditures. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 9. Premiums earned:

	2007	2006
Gross premiums	\$ 12,032,830	\$ 10,133,371
Participation credits	-	(696,661)
Risk management credits	(582,925)	(314,810)
Premiums earned	<b>\$ 11,449,905</b>	<b>\$ 9,121,900</b>

Financial Statements of  
**APEX Supplementary  
 Pension Plan**  
 Year ended  
 December 31, 2007

## AUDITORS' REPORT

To the Governance Board of Trustees of APEX Supplementary Pension Plan

We have audited the statement of net assets and accrued pension liability of APEX Supplementary Pension Plan (the Plan) as at December 31, 2007 and the statements of changes in net assets available for benefits, changes in accrued pension liability and changes in funding excess for the year then ended. These financial statements are the responsibility of the Plan's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and accrued pension liability of the Plan as at December 31, 2007 and the changes in net assets available for benefits, accrued pension liability, and funding excess for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for December 31, 2006 were reported on by another firm of chartered accountants.



Chartered Accountants

Edmonton, Canada

April 25, 2008

Financial Statements of  
**APEX Supplementary  
 Pension Plan**

Statement of Net  
 Assets and Accrued  
 Pension Liability  
 December 31, 2007  
 with comparative  
 figures for 2006

## APEX SUPPLEMENTARY PENSION PLAN Statement of Net Assets & Accrued Pension Liability

December 31, 2007 with comparative figures for 2006

	2007	2006
<b>Net Assets Available for Benefits</b>		
Investments (Schedule 1)	\$ 8,132,593	\$ 6,141,752
Contributions receivable	247,266	237,940
Cash	93,546	48,676
Accounts receivable	730	628
Prepaid expenses	2,987	-
	8,477,122	6,428,996
<b>Liabilities</b>		
Accounts payable and accrued liabilities	52,923	77,731
Net assets available for benefits	8,424,199	6,351,265
Accrued pension liability (note 3)	7,333,337	5,221,780
Funding excess	\$ 1,090,862	\$ 1,129,485

Commitments (note 4)  
 Subsequent events (note 6)

See accompanying notes to financial statements.

## APEX Supplementary Pension Plan

Statement of Changes in Net Assets Available for Benefits  
Year Ended December 31, 2007 with comparative figures for 2006

## APEX SUPPLEMENTARY PENSION PLAN Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
Contributions received:		
Employer contributions	\$ 1,477,030	\$ 1,178,963
Employee contributions	1,230,877	982,469
	2,707,907	2,161,432
Net investment income	166,551	545,023
	2,874,458	2,706,455
Payments made:		
Pension benefits	73,450	108,451
Withdrawals due to terminations	219,122	39,264
Withdrawals due to transfers	219,173	153,177
Administrative expenses (Schedule 2)	289,779	120,911
	801,524	421,803
Increase in net assets	2,072,934	2,284,652
Net assets available for benefits, beginning of year	6,351,265	4,066,613
Net assets available for benefits, end of year	\$ 8,424,199	\$ 6,351,265

See accompanying notes to financial statements.

## APEX Supplementary Pension Plan

Statement of Changes in Accrued Pension Liability  
Year Ended December 31, 2007 with comparative figures for 2006

## APEX SUPPLEMENTARY PENSION PLAN Statement of Changes in Accrued Pension Liability

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
Accrued pension liability at beginning of year	\$ 5,221,780	\$ 3,298,810
Interest accrued on pension liability	408,994	271,245
Benefits earned	2,214,308	1,764,041
Net experience losses	-	188,576
	7,845,082	5,522,672
Benefits paid	511,745	300,892
Accrued pension liability at end of year	\$ 7,333,337	\$ 5,221,780

See accompanying notes to financial statements.

## Statement of Changes in Funding Excess

Year Ended December 31, 2007 with comparative figures for 2006

	2007	2006
Funding excess, beginning of year	\$ 1,129,485	\$ 767,803
Increase in net assets available for benefits	2,072,934	2,284,652
Net increase in accrued pension liability	(2,111,557)	(1,922,970)
Funding excess, end of year	\$ 1,090,862	\$ 1,129,485

See accompanying notes to financial statements.

## APEX SUPPLEMENTARY PENSION PLAN Notes to Consolidated Financial Statements

Year ended December 31, 2007

### 1. Description of the Plan:

The APEX Supplementary Pension Plan (the Plan) was established on January 1, 2003 to enhance and supplement the Local Authorities Pension Plan (LAPP) for eligible staff of participating municipalities in Alberta. A complete description of the Plan can be found in the Plan documents.

The APEX Supplementary Pension Plan is a voluntary, contributory, defined benefit pension plan.

The Plan is a registered plan with the Canada Revenue Agency and the Alberta Provincial Government under provisions of the Alberta Employment Pensions Plan Act.

The key enhancements for the Plan are a full 2.0% benefit accrual rate on all pensionable earnings that correspond to the in-year Income Tax Act maximum benefit limit and a normal form pension that pays two-thirds to the surviving pension partner on the participating member's death. In the absence of a pension partner, pension benefits payable during the first ten years of retirement shall be paid to the participating member's beneficiary in the event of the death of the participating member during that period.

The APEX Supplementary Pension Plan is for contributory service on and following January 1, 2003. The Plan contributions are cost shared by employer and employee and are based on pensionable earnings up to \$111,111 (2006 - \$105,556) based on current Canada Revenue Agency maximum annual pension accrual of \$2,222 (2006 - \$2,111).

### 2. Significant accounting policies:

#### (a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Because the precise determination of certain assets and liabilities is dependent upon future events and/or actuarial valuations, the preparation of financial statements for a period necessarily involves the use of estimates and approximations, which have been made using careful judgement. Actual results could differ materially from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

These financial statements present information about the net assets available in the Plan to meet future benefit payments and are prepared to assist plan members and others in reviewing the activities of the Plan for the year.

#### (b) Investments:

Investments are stated at fair value. Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of the investments is determined as follows:

## APEX SUPPLEMENTARY PENSION PLAN Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 2. Significant accounting policies (continued):

#### (b) Investments (continued):

(i) Canadian and non-Canadian equities and fixed income securities are valued on the basis of market prices.

(ii) Cash and cash equivalents are recorded at cost which, together with accrued interest income, approximate fair value.

#### (iii) Other financial assets and financial liabilities:

The fair value of other financial assets and financial liabilities approximate their carrying values. It is management's opinion that these financial instruments are not exposed to significant interest, currency or credit risks.

#### (iv) Income recognition:

Investment income and expenses are recorded on the accrual basis. Income from other investments is accrued as earned. Gains or losses on all investments are recognized concurrently with change in fair value.

#### (v) The fair value of the investments does not include transaction costs.

#### (vi) Investment risk management:

Income and financial returns on investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to the future fluctuation in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

These risks are managed by the Plan's investment policies, which prescribe the investment asset mix including the degree of liquidity and concentration and amount of foreign content.

The Plan does not use derivative instruments to alter the effects of interest, market and foreign exchange risks.

#### (c) Measurement uncertainty:

In preparing these financial statements, estimates and assumptions are used in circumstances where the actual values are unknown. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

## APEX SUPPLEMENTARY PENSION PLAN Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 2. Significant accounting policies (continued):

#### (c) Measurement uncertainty (continued):

Measurement uncertainty exists in the calculation of the Plan's actuarial value of accrued benefits. Uncertainty arises because the Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's accrued benefits.

While best estimates have been used in the calculation of the Plan's accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations are disclosed as assumption changes and net experience gains or losses in the statement of changes in accrued pension liability in the year when actual results are known.

### 3. Accrued pension liability:

An actuarial valuation of the Plan was carried out as at December 31, 2006 by the Plan's actuarial consultants, Morneau Sobeco, and was then extrapolated to December 31, 2007. The actuarial liabilities were determined using the projected accrued benefit cost method prorated on service

The assumptions used in the valuation were developed by management, in consultation with the Plan's actuary, as the best estimate of expected future market conditions and other future events.

The major assumptions used in the actuarial valuation are as follows:

	2007	2006
	Valuation assumptions	Valuation assumptions
Investment return	6.75%	6.75%
Asset real rate of return	4.25%	4.25%
Inflation*	2.5%	2.5%
Interest credited on employee contributions	2.5%	2.5%
Salary increases	4.0%	4.0%
Indexing of annual pensions	60% of inflation	60% of inflation
Increase in the year's maximum pensionable earnings	3.5%	3.5%
Income Tax Act maximum pensions:		
2006	\$ -	\$ 2,111
2007	2,222	2,222
2008	2,333	2,333
2009	2,444	2,444
2010 and subsequent years	3.5%	
Retirement	100% at age 60	100% at age 60

## APEX SUPPLEMENTARY PENSION PLAN Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

### 3. Accrued pension liability (continued):

The net investment return is net of all investment and administrative expenses.

\*Inflation adjustments are based on changes to the Canadian Consumer Price Index.

### 4. Commitments:

The Plan is committed to payments of \$2,083 per month plus GST to Morneau Sobeco for general consulting services.

### 5. Related Party Transactions:

Alberta Urban Municipalities Association (AUMA) and the Plan share common Board of Director members. The Plan is subject to significant influence and is therefore a related party.

During the year, AUMA provided management and administration services to the Plan in the amount of \$159,189 (2006 - nil). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 6. Subsequent events:

Subsequent to the year end, the Plan and AUMA each have a separate Governance Board. The Plan's Governance Board consists of five (5) members, who are appointed by the Board of Directors of AUMA. The Governance Board is responsible to implement the Plan's Governance Agreement and administer the Plan.

## APEX Supplementary Pension Plan

Schedule 1 – Investments  
Year Ended  
December 31, 2007  
with comparative  
figures for 2006

### APEX SUPPLEMENTARY PENSION PLAN Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

#### SCHEDULE 1 – INVESTMENTS

	2007	%	2006	%
Summary:				
Balanced Index Portfolio Fund	\$ 3,960,006	50.0	\$ 3,071,667	50.0
Diversified Fund	2,960,257	35.0	2,211,478	36.0
Money Market Fund	374,812	5.0	270,520	4.4
Mortgage Fund	380,012	5.0	276,035	4.5
Real Estate Fund	457,506	5.0	312,052	5.1
	\$ 8,132,593	100.0	\$ 6,141,752	100.0

Investments, at market value, consist of mutual funds and are managed by a third party.

#### **Balanced Index Portfolio Fund**

Manager – Jarislowsky Fraser Limited

The fund's investment objective is to add value through longer term asset mix positioning rather than short term trading, keeping volatility to a minimum.

Asset shifts are based on the outlook for the economy, the capital markets and the political environment. Domestic and international macro economic factors, relative valuation levels, international forecasts of interest rate trends, currency levels and corporate profits are all variables considered.

#### **Diversified Fund**

Manager – Standard Life Investments Inc.

The fund's investment objective is to provide long term return through capital appreciation, interest income and dividends by investing primarily in a diversified mix of equities, fixed income securities, cash and cash equivalent securities. The fund invests in a balanced portfolio of marketable securities while controlling short-term risk by emphasizing quality and diversification in equities, bonds, and cash. The portfolio structure is based on a 12 to 18 month perspective for the financial markets and generally employs a target equity weighting within the range of 45 to 65%.

Diversification of the portfolio is achieved by exposure to five asset categories; Canadian equities, U.S. equities, International equities, fixed income, and cash and cash equivalent securities.

#### **Money Market Fund**

Manager – Standard Life Investments Inc.

The fund's investment objective is to provide capital preservation and liquidity, while generating income consistent with short-term money market rates. The fund may invest in cash and equivalent securities,

### APEX SUPPLEMENTARY PENSION PLAN Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2007

#### Schedule 1 – Investments (continued):

#### Money Market Fund (continued):

including floating rate notes and other evidence of indebtedness, which have characteristics similar to cash equivalent securities, provided the term to maturity or term to the reset date of the floating rate notes is 1 year or less.

#### **Mortgage Fund**

Manager – Standard Life Assurance Co. of Canada

The fund's investment objective is to provide long-term returns based on income by investing primarily in mortgages. Holdings consist of performing and secure mortgages underwritten on income producing real estate properties across Canada. Portfolio diversification is achieved through property type and location. The average term of the loans making up the fund normally varies between three and eight years, depending on the anticipated fluctuations in long-term interest rates.

#### **Real Estate Fund**

Manager – Standard Life Investments Inc.

The fund's investment objective is to provide long-term returns based on income and capital growth by investing primarily in income producing properties. Holdings include Canadian commercial, retail, and industrial properties. Portfolio diversification is achieved through property type and location.

#### SCHEDULE 2 – ADMINISTRATIVE EXPENSES

#### APEX Supplementary Pension Plan

Schedule 2 –  
Administrative Expenses  
Year Ended  
December 31, 2007  
with comparative  
figures for 2006

	2007	2006
<b>Direct expenses:</b>		
Management and administration fees (note 5)	\$ 159,189	\$ -
Actuarial fees	98,099	102,905
Legal and accounting	11,143	8,255
Memberships and administration	7,541	1,601
Pension filing fee	5,131	2,390
Travel	4,196	615
Insurance	2,580	5,145
General consulting	1,900	-
	\$ 289,779	\$ 120,911

# MEMBERS

## REGULAR

### Cities

Airdrie  
Brooks  
Calgary  
Camrose  
Cold Lake  
Edmonton  
Fort Saskatchewan  
Grande Prairie  
Leduc  
Lethbridge  
Lloydminster  
Medicine Hat  
Red Deer  
Spruce Grove  
St. Albert  
Wetaskiwin

### Towns

Athabasca  
Banff  
Barrhead  
Bashaw  
Bassano  
Beaumont  
Beaver Lodge  
Bentley  
Black Diamond  
Blackfalds  
Bon Accord  
Bonnyville  
Bow Island  
Bowden  
Bruderheim  
Calmar  
Canmore  
Cardston  
Carstairs  
Castor  
Chestermere  
Claresholm  
Coaldale  
Coalhurst  
Cochrane  
Coronation  
Crossfield  
Daysland  
Devon  
Didsbury  
Drayton Valley  
Drumheller  
Eckville  
Edson  
Elk Point  
Fairview  
Falher  
Fort MacLeod  
Fox Creek  
Gibbons  
Grande Cache  
Granum  
Grimshaw  
Hanna  
Hardisty

### High Level

High Prairie

High River

Hinton

Innisfail

Irricana

Killam

Lac La Biche

Lacombe

Lamont

Legal

Magrath

Manning

Mayerthorpe

McLennan

Milk River

Millet

Morinville

Mundare

Municipality of

Crowsnest Pass

Nanton

Okotoks

Olds

Onoway

Oyen

Peace River

Penhold

Picture Butte

Pincher Creek

Ponoka

Provost

Rainbow Lake

Raymond

Redcliff

Redwater

Rimby

Rocky Mountain

House

Sedgewick

Sexsmith

Slave Lake

Smoky Lake

Spirit River

St. Paul

Stavely

Stettler

Stony Plain

Strathmore

Sundre

Swan Hills

Sylvan Lake

Taber

Three Hills

Tofield

Townside of Redwood

Meadows

Trochu

Turner Valley

Two Hills

Valleyview

Vauxhall

Vegreville

Vermilion

Viking

Vulcan

Wainwright

### Wembley

Westlock

Whitecourt

### Villages

Acme

Alberta Beach

Alix

Alliance

Amisk

Andrew

Barnwell

Barons

Bawlf

Beiseker

Bewyn

Big Valley

Bittern Lake

Botha

Boyle

Breton

Carbon

Carmanagay

Caroline

Cereal

Champion

Chauvin

Chipman

Clive

Clyde

Consort

Coutts

Cowley

Cremona

Czar

Delburne

Delia

Derwent

Dewberry

Donalda

Donnelly

Duchess

Edberg

Edgerton

Einora

Empress

Ferintosh

Foremost

Forestburg

Gadsby

Galahad

Girouxville

Glendon

Glenwood

Halkirk

Hay Lakes

Heisler

Hill Spring

Hines Creek

Holden

Hughenden

Hussar

Hythe

Innisfree

Irma

### Kinuso

Kitscoty

Linden

Lomond

Longview

Lougheed

Mannville

Marwayne

Milo

Minburn

Morrin

Munson

Myram

Nampa

New Norway

New Sarepta

Nobleford

Paradise Valley

Rockyford

Rosalind

Rosemary

Rycroft

Ryley

Sangudo

Spring Lake

Standard

Stirling

Strome

Thorhild

Thorsby

Tilley

Veteran

Vilna

Wabamun

Warburg

Warner

Waskatenau

Willingdon

Youngstown

### Summer Villages

Argentia Beach

Betula Beach

Birch Cove

Birchcliff

Bondiss

Bonnyville Beach

Burnstick Lake

Castle Island

Crystal Springs

Ghost Lake

Golden Days

Grandview

Half Moon Bay

Horseshoe Bay

Island Lake

Itaska Beach

Jarvis Bay

Kapasiwin

Lakeview

Larkspur

Ma Me O Beach

Nakamun Park

Nornglenwold

Norris Beach

### Parkland Beach

Pelican Narrows

Point Allison

Poplar Bay

Rochon Sands

Ross Haven

Sandy Beach

Seba Beach

Silver Beach

Silver Sands

South Baptiste

South View

Sunbreaker Cove

Sundance Beach

Sunrise Beach

Sunset Beach

Sunset Point

### Val Quentin

Waiparous

West Baptiste

West Cove

White Sands

Yellowstone

### Specialized

#### Municipalities

Municipality of Jasper

MD of Mackenzie No.23

RM of Wood Buffalo

Strathcona County

## AFFILIATE

ACS Public Sector Solutions  
Activation Analysis Group Inc.  
Alberta Dairy Council  
Alberta Electric System Operator  
Alberta Infrastructure and Transportation  
Alberta Land Surveyors' Association  
Alberta Permit Pro  
Alberta Snowmobile Association  
Alberta Society of Engineering Technologists  
Alberta Traffic Supply Ltd.  
Alta Gas Utilities Inc.  
Altalink  
AMEC Infrastructure Limited  
AON Consulting Inc.  
APEGGA  
Armin A. Preiksaitis & Associates Ltd.  
ATCO Group  
Axia SuperNet Ltd.  
Bell Canada  
Brownlee LLP  
Bryan & Company LLP  
Canada Mortgage and Housing Corporation  
Canadian Concrete Pipe Association  
Canadian Hydro Developers Inc.  
CGI Information Systems and Management  
Cons Inc.  
Civic Solutions Inc.  
Consulting Engineers of Alberta  
Culzean Consulting Inc.  
Darren W. Moroz Barrister and Solicitor  
Davis & Company  
Eco Solutions  
Emery Jamieson LLP  
Epcor  
Field LLP  
Fort Garry Industries Ltd.  
Fortis Alberta  
George B. Cuff & Associates  
HR Group Management Consultants  
IBI Group  
Implementation & Advisory Group Ltd.

Integra Claims & Systems Management Inc.  
Lethbridge & District Exhibition  
Lloyd Sadd Insurance Ltd.  
MacNair Construction Products Ltd.  
McElhanney Consulting Services  
Mediacore The Presentation Company Inc.  
Morneau Sobeco  
National Bank Financial  
Neptune Technology Group  
Nexen Marketing Inc.  
Nichols Applied Management  
Phoenix Fence Inc.  
Pommen Group  
RBC Financial Group  
Reynolds Mirth Richards & Farmer LLP  
SAP Canada  
Sharek Logan Collingwood van Leenen LLP  
Shaw Communications  
Shepell.fgi  
SCM Adjusters Canada Ltd.  
Stantec Consulting Ltd.  
Sun Life Financial  
Superior Safety Codes Inc.  
Telus Corporation  
TransCanada  
UMA Engineering Ltd.  
Waste Management  
Western Management Consultants  
Western Recreation & Development Inc.  
Zurich North America Canada

Athabasca River Potters' Guild  
Badlands Ambulance Services Society  
Banff Heritage Corp  
Banff Heritage Tourism Corp  
Banff Life  
Banff Public Library Board  
Barnwell Public Library  
Barons-Eureka-Warner, FCSS  
Barrhead Bowling Association  
Barrhead Curling Club  
Barrhead & District Social Housing  
Barrhead FCSS  
Barrhead Public Library  
Bashaw Municipal Library  
Bassano Curling Club  
Bassano & District Centennial Arena Society  
Bassano Memorial Municipal Library  
Bassano Rural Fire Protection (1999) Association  
Battle River Historical Society  
Bawlf & District Recreation Society  
Beaumont Indoor Playground  
Beaumont Curling Club  
Beaumont Municipal Library Board  
Beaver Foundation  
Beiseker Medical Building Co Op Ltd  
Bellecrest Community Society  
Benevolent & Protective Order of Elks #284  
Benevolent & Protective Order of Elks #321  
Beverage Container Management Board  
Bibliotheque Dentinger/Falher Library  
Big Country Waste Management  
Birch Hills County  
Blackfalds Public Library  
Bon Accord District Community League  
Bon Accord Gibbons Food Bank  
Bon Accord Golden Gems Club  
Bon Accord Preschool Association  
Bonnyville Municipal Library  
Bonnyville Regional Fire Authority  
Bonnyville Senior Citizens Society  
Bow Cliff Seniors  
Bow Island Curling Club  
Bow Valley Agricultural Society  
Bow Valley Waste Management Commission  
Bowden District Library  
Boyle School Parent Advisory Association  
Boys and Girls Club of Bonnyville  
Boys and Girls Club of Slave Lake  
Brazeau County  
Brazeau Seniors Foundation  
Bruderheim Minor Sports Association  
Brooks & District Ambulance Society  
Calgary Centennial Arenas  
Calgary Region Airshed Zone  
Camp Artaban Foundation  
Camrose & District Senior Centre  
Camrose & District Support Services  
Camrose Chamber of Commerce  
Camrose County  
Camrose Public Library  
Camrose Regional Exhibition & Agricultural Society  
Camrose Ski Club  
Canadian Badlands Ltd.  
Canmore Community Daycare Society  
Canmore Public Library

Canmore Seniors Association  
Canterbury Foundation  
Capital Region Assessment Services Commission  
Capital Region Northeast Water Services Commission  
Capital Region Parkland Water Services  
Capital Region Southwest Water Services Commission  
Carbon & Area Restoration Society  
Carbon Community Centre  
Carbon Lions Club  
Cardston & District Handibus Society  
Cardston County  
Cardston Senior Society  
Caroline & District Chamber of Commerce Association  
Caroline Dance West Society  
Caroline Figure Skating Club  
Caroline Municipal Library  
Castor Curling Club Association  
Castor & Dist Family & Community Support Services  
Castor & District Museum Society  
Castor Childcare Society  
Castor Golf Club Association  
Celebrate Canada Committee for Alberta  
Centre 2000  
Centre for Creative Arts Society of Grande Prairie  
Champion Community Hall Board  
Champion Municipal Library  
Champion Pioneer Club  
Chauvin Agricultural Society  
Children's World Child Care Society of Barrhead  
Chinook Arch Regional Library  
Chinook Lodge Foundation  
City Center Camrose  
Claresholm Community Centre Association  
Claresholm Meals on Wheels  
Clearwater County  
Clyde Fire & Rescue Society  
CNP Indoor Playground  
Cochrane Library Board  
Cold Lake Museum Society  
Cold Lake Public Library  
Cold Lake Regional Utility Services  
Cold Lake Senior's Society  
Coleman Community Society  
Community Futures Elk Island Region  
Community Futures Tawatina Region  
Community Mediation Calgary Society  
County of Athabasca, No.12  
County of Barrhead, No.11  
County of Forty Mile, No. 8  
County of Grande Prairie, No. 1  
County of Minburn, No. 27  
County of Newell, No. 4  
County of St.Paul, No. 19  
County of Stettler Housing Authority  
County of Thorhild, No. 7  
County of Two Hills, No. 21  
County of Vermilion River  
County of Warner, No. 5  
County of Wetaskiwin, No. 10  
Crossfield Day Camp Society  
Crossfield Golden Key Club  
Crossfield Municipal Library  
Crowsnest Pass Allied Arts Society

## ASSOCIATE

AAM&DC  
Alberta Association of Recreation Facility Personnel  
Acadia Foundation  
Acme & District Agricultural Society  
Acme Curling Club  
Acme Seniors Society  
Airdrie Municipal Library  
Airdrie Rodeo Ranch Association  
Akasu Palliative Care Society  
Alberta Capital Region Alliance Ltd.  
Alberta Capital Region Wastewater Commission  
Alberta Environment  
Alberta Motor Vehicle Industry Council  
Alberta Municipal Affairs  
Alberta Municipal Health & Safety Society  
Alberta Real Estate Foundation  
Alberta Recreation & Parks Society  
Alberta Recycling Management Authority  
Alberta Senior Citizens' Housing Society  
AlbertaFirst.com Ltd.  
Aquaterra Utilities Inc.  
Arbour Lake Residents Association Ltd.  
Argyll Velodrome Association  
Athabasca Country Fringe Festival Society  
Athabasca Curling Club Society  
Athabasca Heritage Society  
Athabasca Municipal Library

## ASSOCIATE CONTINUED

Crowsnest/Pincher Creek Landfill Society  
Cypress County  
Cypress View Foundation  
Czar Agricultural Society  
Czar Area (FLT) Society  
Czar Curling Club  
D Company Armouries Foundation  
Daycare Society of Banff  
Daysland Agricultural Society  
Daysland & District Aging In Place Foundation  
Daysland & District Memorial Arena Association  
Daysland Fitness Centre Society  
Delburne Elks Lodge No. 206  
Devon Golf & Curling Club  
Devon Lions Club  
Didsbury Library Board  
Didsbury Lifeline Society  
Dinosaur Valley Heritage Society  
Disabled Transportation Society of Grande Prairie  
Drayton Valley Municipal Library Board  
Drumheller & District Solid Waste Management Society  
Drumheller Housing Administration  
Drumheller Recycling Association  
Early Intervention Program Valleyview  
East Central 911 Call Answer Society  
East Central Community Futures Development Corporation  
East Coulee Community Association  
East Coulee School Museum  
Eastern Irrigation District  
ECHO - Edson Cultural Heritage Organization  
Eckville & Community Youth Foundation  
Edmonton BMX Association  
Edmonton & District Labour Council  
Edson & District Chamber of Commerce  
Edson & District Historical Society  
Edson & District Public Library  
Edson & District Recreation Society  
Edson & District Old Timers Recreation Centre Society  
Edson Cultural Heritage Organization  
Edson Lions Club  
Elnora Neighborhood Place Society  
EnCharis Community Housing & Services  
End of Steel Heritage Society  
Evergreen Foundation  
Fairview & District Ambulance Service  
Fairview Women's Hockey Arena Society  
Family & Community Support Services  
Federation of Calgary Communities  
Flagstaff Family & Community Services  
Foothills Foundation  
Foothills Regional Emergency Medical Services  
Foremost Housing Authority  
Forestburg Fitness Institute  
Fort MacLeod Aerodrome  
Fort MacLeod & District Agricultural Society  
Fort MacLeod Provincial Historical Society  
Fort Saskatchewan Foundation  
Fort Saskatchewan Public Library  
Friends of the Alexandra Pool Society  
Friends of the Forts FGBH Society  
Friends of the Viking Carena Society  
Galahad Health Care Centre Auxiliary Society  
Galahad Public Library  
Gem of the West Museum Society

Gibbons Curling Club  
Gibbons Seniors Twilight Club  
Golden Years Town & Country Club  
Government Studies  
Grande Cache Municipal Library Board  
Grande Prairie Downtown Society (B.R.Z.)  
Grande Prairie Piranhas Swim Club  
Grande Prairie Public Library  
Grande Prairie Tennis Club  
Grande Spirit Foundation  
Granum Drop-In Centre  
Greater Edmonton Foundation  
Greater North Foundation  
Green Acres Foundation  
Guy - Donnelly Sportex Society  
Hanna & District Ambulance & Medical Society  
Hanna & District Historical Society  
Hanna Curling Club  
Hardisty & District Handy Van Society  
Hardisty Lakeview Golf Association  
Hay Lakes & District Recreation Association  
Heart of the Peace  
Heisler Community Centre Association  
Heisler Cozy Corner  
Henry Kroeger Regional Water Services Commission  
High Level Housing Authority  
High Level Municipal Library Board  
High Prairie & District Golf Club  
High Prairie Golden Age Club  
High Prairie Municipal Library Board  
High Prairie Museum & Historical Society  
Highwood Memorial Centre  
Hillside Lanes Bowling Society  
Hines Creek & District Arts & Crafts  
Holden Agricultural Society  
Holden Community Hall Society  
Holden Municipal Library Board  
Hughenden Public Library  
Hythe & District Agricultural Society  
Hythe Municipal Library  
Hythe Thrift Shoppe  
Hussar & District Agricultural Society  
Hussar Lions Club  
Hussar Municipal Library  
Hythe Municipal Library  
Improvement District #4 Waterton Lakes National Park  
Improvement District #9 Banff National Park  
Innisfail Historical Society  
Innisfail Public Library  
Irricana Curling Club - 1978  
Irricana & District Municipal Library  
Irricana ECS Society  
Irricana Playschool Association  
Jasper National Park  
Kananaskis Improvement District  
Killam Community Hall Development Society  
Killam & District Agricultural Society  
Killam & District Municipal Library  
Kneehill Ambulance  
Kneehill Historical Society  
Kneehill Housing Corporation  
Kryla Ukrainian Dance Club  
Lac La Biche County  
Lacombe & District FCSS  
Lacombe Foundation

Lake Bonavista Community Society  
Lakeland College  
Lakeland Community Development Corporation  
Lakeland Lodge & Housing Foundation  
Lamont County  
Lamont Public Library  
Leduc & District Food Bank Association  
Leduc & District Regional Waste Management Authority  
Leduc & District Victim Assistance Society  
Leduc County  
Leduc Foundation  
Leduc Parents' Place Society  
Leduc Public Library  
Legal Curling Club  
Legal Fire Department & Ambulance Service Society  
Lethbridge Housing Authority  
Local Authorities Pension Plan  
Local Government Administration Society  
Lomond Community Library  
Lomond & District Fire Association  
Lomond Lions Club  
Lomond Roping Club  
Lomond Sunshine Drop In Centre  
MacDonald Island Park Corporation  
MacKenzie Municipal Services Agency  
MacKenzie Regional Waste Management Commission  
Mannville & Area Performing Arts Society  
Mannville Historical Society  
Mannville Library  
Mannville - Minburn - Innisfree Family & Community Support Services  
Marigold Library System  
Marquis Foundation  
MD of Big Lakes  
MD of Bighorn No. 8  
MD of Bonnyville No. 87  
MD of Clear Hills No. 21  
MD of Fairview No. 136  
MD of Northern Lights No. 22  
MD of Opportunity No.17  
MD of Peace No. 135  
MD of Ranchland No.66  
MD of Rocky View No.44  
MD of Spirit River No. 133  
MD of St. Paul  
MD of St. Paul Foundation  
MD of Taber No. 14  
MD of Wainwright No.61  
MD of Willow Creek No.26  
Meridian Foundation  
Metropolitan Calgary Foundation  
Midlandvale Community Association  
Milo & District Fire Society  
Milo Municipal Library Board  
Modular Manufactured Housing Society of AB&SK  
Mosquito Creek Foundation  
Mountain View County  
Mountain View Regional Waste Management Commission  
Mountain View Regional Water Service Commission  
Mundare & District Agricultural Society

## ASSOCIATE CONTINUED

Mundare Curling Club  
Mundare Fire Department Firefighters Society  
Mundare Housing Development Corporation  
Mundare Recreation Society  
Mundare Senior Citizens Club  
Nacmine Community Center Association  
Nanton Community Bus Society  
Nanton Community Memorial Centre Society  
Nanton Lancaster Society  
Newcastle Recreational Association  
Newthorad Seniors Housing Foundation  
North Peace Regional Landfill Commission  
Northern Lights Library System  
Northern Sunrise County  
Northlands Park  
Norwood Seniors Housing Society  
Okotoks Public Library  
Oldman River Regional Services Commission  
Olds & District Christmas Angel Society  
Olds & District Evergreen Club  
Olds & District Municipal Library  
Olds Historical Society  
Onoway Facility Enhancement Association  
Onoway Golden Club  
Onoway Public Library  
Paddle Prairie Metis Settlement  
Painters Regional Waste Management LTD  
Palliser Health Region  
Palliser Regional Municipal Services  
Parkland Community Planning Services  
Parkland County  
Parkland Potter's Guild  
Parkside Manor  
Parkview Lodge Society  
Pass Pottery Club  
Peace Citizen's Recycling Society  
Peace Country Sports Club  
Peace Library System  
Peace River Municipal Library  
Peace River Senior Citizen Club  
Picture Butte Fire Fighters Association  
Pioneer House - Club 50  
Pioneer Housing Foundation  
Piper Creek Foundation  
Ponoka Covered Wagon Handicapped Transport Society  
Ponoka Family & Community Support Services  
Ponoka County  
Ponoka Jubilee Library  
Ponoka Lions Club  
Ponoka Seniors Drop In Centre  
Ponoka Stampede & Exhibition Association  
Porcupine Hills Seniors Foundation  
Provost & District Chamber of Commerce  
Raymond & District Ambulance-Lifeline-Handibus Society  
Raymond & District Seniors Club  
Raymond & District Futures Society  
Recycling Council of Alberta  
Red Deer Active Living Association  
Red Deer County  
Red Deer Regional Airport Authority  
Red Deer Twilight Foundation  
Redcliff Curling Club  
Redcliff Historical & Museum Society  
Red Willow Curling Club  
Rimoka Foundation

Rocky Senior Housing Council, Westview Lodge  
Rocky View Foundation  
Rose City Handi-Van Society  
Rosedale Recreational Society  
Rosenridge Waste Management Services Comm  
Rural Alberta Development Fund  
Ryley Municipal Library Board  
Saddle Hills County  
Safety Codes Council  
Scenic Acres Community Society  
Senior's Homes & Comm Housing Society  
Wetaskiwin  
Seniors Outreach Program  
Sexsmith Indoor Playground Society  
Shortgrass Library System  
Slave Lake Airport Services Commission  
Smoky Lake County  
Smoky Lake Foundation Management Body  
Smoky River Regional Water Management Commission  
Smoky River Tourist Association  
Society of Local Government Administrators  
Society of the Devon Youth Drop-In Centre  
Society of Friends & Family of Gibbons  
Volunteers Fire Department  
Special Areas Board  
Spray Lake Sawmills Recreation Park Society  
Springbank Park For All Seasons  
Spruce Grove Specialized Transit Service  
St. Albert Library Board  
St. Paul Municipal Library  
St. Vital Senior Club  
Standard Agricultural Society  
Standard Community Hall Association  
Standard Curling Club  
Standard Municipal Library  
Station Gallery & Art Centre Guild  
Stavely Golden Age Centre  
Stettler & District Handibus Society  
Stettler & District Minor Hockey Association  
Stettler & District Senior Citizens Centre Association  
Stettler Regional Child Care Centre  
Stettler Town & Country Museum (STTCM)  
Stony Plain BMX Association  
Stony Plain Family & Community Support Services  
Stony Plain Royal Canadian Legion #256  
Strathmore & District Curling Club  
Sturgeon County  
Sturgeon Foundation  
Sturgeon River Historical Society  
Sturgeon River Pottery Guild  
Sundance Beach Easement Holders Association  
Sundre & District EMS Society  
Sunflower Community Resource Program  
Sun Valley Pioneers  
Sylvan Lake Foundation  
Taber & District Handibus Society  
Taber & District Housing  
Taber Arts & Crafts Society  
Taber Public Library Board  
The Business Link  
Thorhild & District Historical Society  
Thorhild Regional Water Service Comm  
Three Hills Community Memorial Center  
Three Hills Curling Club

Three Hills Golf Club  
Three Hills Municipal Library  
Tofield Agricultural Society  
Tofield Curling Club (1988)  
Tofield Golden Club  
Tofield Handivan Society  
Tofield Historical Society  
TransAlta Tri Leisure Centre  
Trochu Golf & Country Club  
Two Hills & District Historical Association  
Two Hills FCSS  
Two Hills Family & Community Support Services  
Universities Academic Pension Plan  
Urban Development Institute, AB Division  
Urban Development Institute, Calgary Chapter  
Valley Bus Society (Drumheller)  
Valleyview & District Chamber of Commerce  
Valleyview Memorial Hall Board  
Valley Riverside Golf Club  
Vauxhall Agricultural Society  
Vauxhall & District Curling Association  
Vauxhall Public Library  
Vegreville Seniors Housing  
Vegreville Transportation Services Society  
Village of Elnora Management Body  
Vermillion Area Ambulance Services Board  
Vermillion & District Housing Foundation  
Vermillion Public Library  
Viking & District Agricultural Society  
Viking Historical Society  
Vista Ridge Recreational Association  
Wabamun & District Agricultural Society  
Wabamun & District Museum Society  
Wabamun Playschool  
Wabamun Public Library  
Wabamun & District Senior Centre Society  
Wainwright & District FCSS  
Wainwright Frontier & Exhibition Agricultural Society  
Wainwright Public Library  
Wainwright Waste to Energy Authority  
Wapiti Community Dorn Society  
Warner Memorial Library  
Wayne Community Association  
West Central Planning Agency  
West Hillhurst Community Society  
West Yellowhead Comm Futures Development Corporation  
Westend Regional Sewage Services Commission  
Westridge Curling Club  
Westlock & District Agricultural Society  
Westlock & District Community Hall  
Westlock & District Historical Society  
Westlock & District Memorial Hall Society  
Westlock Child Care Society  
Westlock Curling Club  
Westlock Municipal Library Board  
Wetaskiwin & District Museum Society  
Wetaskiwin Public Library  
Whitecourt Seniors Circle  
Willow Creek Agricultural Society  
Wood Buffalo Housing & Development Corporation  
Woodlands County  
Yellowhead County  
Yellowhead Regional



# AHEAD.TOGETHER.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION  
ALBERTA MUNICIPAL SERVICES CORPORATION

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