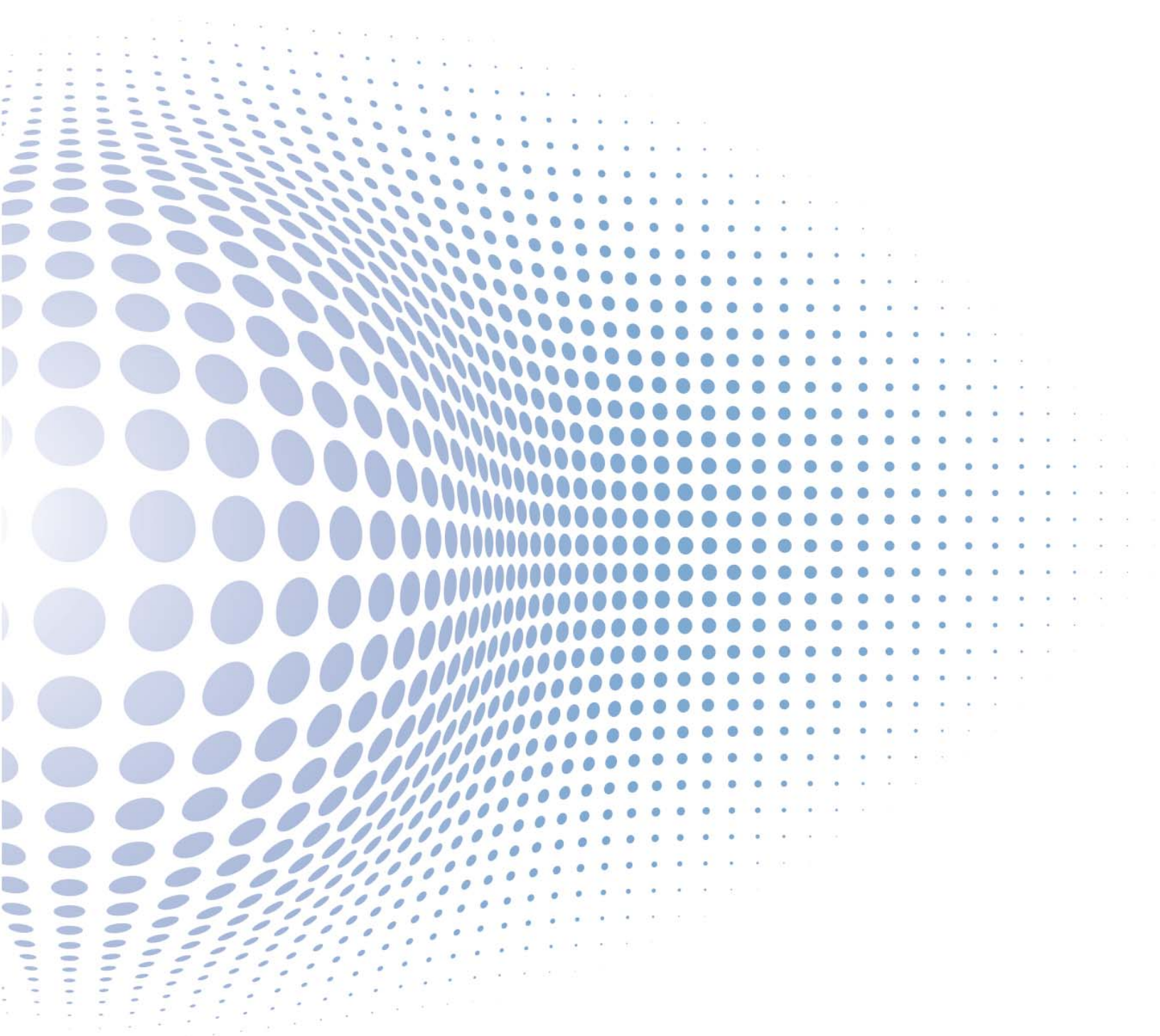


2010 Annual Report

Bringing Municipalities Together. Creating a Better Future.



We know thriving communities don't happen by accident. They require careful planning, engaged citizens, vibrant cultures and good governance. They also require respect and cooperation between all levels of government to ensure that local issues and opportunities are addressed quickly and effectively.

The Alberta Urban Municipalities Association (AUMA) works to help communities across Alberta develop the strategies and resources they need to create a better, more sustainable future.

This annual report provides an overview of some of the many accomplishments and initiatives that took centre stage this past year during a time of unprecedented change in our province. It also touches on some of our plans for the future, as we continue to ensure local matters remain top of mind for all levels of government. We hope you will take the time to learn more about AUMA and what we are doing to bring communities together and to create a better future for all Albertans.

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President's Message

2010

AUMA | AMSC

Darren Aldous

It's no secret that there's strength in numbers. Whether you're building a house or paddling a boat, when people work together, more gets done – faster and more efficiently. The same is true when it comes to addressing the changing needs of Alberta's municipalities.

Over the past year, communities across Alberta have been impacted by tremendous economic, political and environmental change that has created both challenges and opportunities for municipalities. In this climate of change, AUMA has worked with members to introduce changes to the way municipalities and the province work together.

The Local Matters campaign was created to establish a new relationship between provincial and municipal governments that will give municipalities the capacity and authority to support sound municipal decision-making. Through Local Matters, AUMA has stressed the importance of establishing sustainable funding, and giving municipalities the authority to generate revenue for the delivery of core municipal services and make decisions that respond to local needs and priorities. AUMA members have played a critical role in the success of Local Matters, and we will continue to work together on solidifying this new municipal-provincial relationship.

This past year, we also made several changes to the board of Alberta Municipal Services Corporation (AMSC). As we began introducing new services for members, we wanted to ensure the board had a balance between municipal governance and experience in our core service areas. New board members with essential expertise who can offer advice and guidance, while raising the bar on the governance and ongoing health of our programs were appointed. Change also marked many of our other programs, as we continued to strengthen initiatives such as assessment taxation, and further explore issues such as policing and principles-based legislation.

While change was everywhere this past year, some things remained unchanged. AUMA continued to work closely with the other orders of government to make sure municipal issues, challenges and opportunities were understood. We strengthened our partnerships with groups and organizations that share our interest in building thriving sustainable communities. And, as always, we worked with our members to establish initiatives like Local Matters that will create brighter futures for all Alberta communities. That collaboration has made possible everything we've accomplished so far, and will fuel the successes that are still to come.



A handwritten signature in cursive script that reads "Darren J. Aldous".

John McGowan

It's not often that we get to see the impact our work has in meaningful and measurable ways. As Chief Executive Officer of the Alberta Urban Municipalities Association and the Alberta Municipal Services Corporation, I get to see that impact almost daily—both in the day-to-day work done by our outstanding board and dedicated staff and in the way municipal governments across Alberta are working to deliver good governance and build thriving communities.

Over the past year, we have undertaken several new initiatives and projects, as well as introduced new business services that help members serve their citizens. At last year's convention, AMSC announced it had obtained its natural gas and electricity retail licenses to provide enhanced energy services to members. Scheduled for launch in 2014, our new energy program will focus on offering outstanding customer service, energy management and diverse energy products and services.

As business offerings like this continue to grow, we have strengthened our administrative capacity to ensure we can respond to the changing needs of members and deliver outstanding service. Strengthening our administrative capacity also allows us to implement the strategic vision and direction of our Board of Directors, as they work to support the ongoing evolution of municipal government in Alberta.

We have always recognized the importance of building strong partnerships and relationships, and we will continue to work with senior administration at both the provincial and federal levels on the issues and challenges municipalities face. Our Local Matters campaign is an excellent example of how we are working to create a more mature, balanced relationship that will give municipalities the power and authority to address local priorities.

As an organization, we have worked hard to meet the needs of our members while ensuring our own sustainability. In 2010, AUMA/AMSC operations were relocated into a new building christened Alberta Municipal Place. Throughout the year, renovations to our third floor were completed, and aggressive efforts began to lease the remainder of the building space to tenants interested in energy efficient technologies and green building design strategies.

Although annual reports are, by definition, about reporting on achievements and accomplishments, we are never content to simply reflect on our successes. Instead we are inspired to continue creating innovative initiatives and expanded services that will help our members strengthen their communities while changing the face—and the future—of municipal government in Alberta.



A handwritten signature in black ink, appearing to read 'John McGowan'. The signature is stylized and fluid, with a large loop at the end.

What is the AUMA?

2010

AUMA | AMSC

What is the AUMA?

The Alberta Urban Municipalities Association was founded in 1905 and represents all of Alberta's urban 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.

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 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 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. All business activities reside under AMSC.

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 Governors 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 independent Governors are appointed. Currently, the AUMA President serves as the Chair of the Corporation.

The AMSC Board of Governors 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.

Vision

AMSC is a strategic and self-sustaining organization that is respected for its excellence as a **service delivery provider** to public entities and community groups.

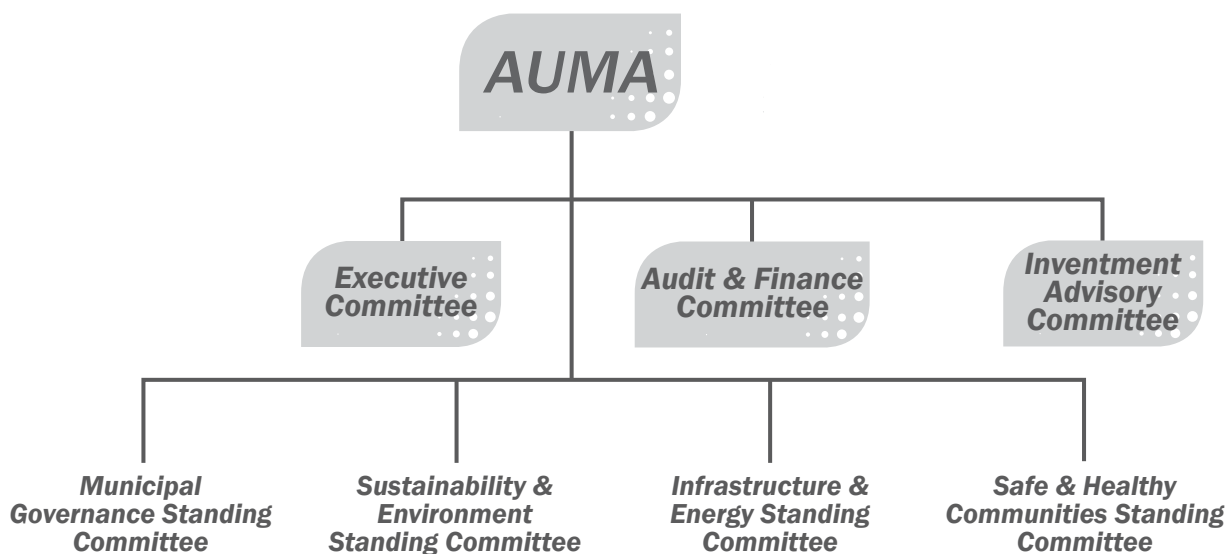
Mission

AMSC leads in **design, development and providing of shared corporate and networked products and services** that address the needs of customers.

2010/2011 AUMA Board of Directors (President, then alpha)

Chair, Councillor Darren Aldous	President - Village of Breton
Councillor Jacqueline Biollo	Director, Towns East - Town of Beaumont
Alderman Gian-Carlo Carra	Director, Cities over 500,000 - City of Calgary
Mayor Ron Casey	Director, Towns South - Town of Canmore
Mayor Anita Gillard	Director, Villages West - Village of Clive
Councillor Cindy Jefferies	Director, Cities up to 500,000 - City of Red Deer
Councillor Kim Krushell	VP & Director, Cities over 500,000 - City of Edmonton
Deputy Mayor Reg Pointe	Director, Summer Villages - Summer Village of Yellowstone
Councillor Helen Rice	Director, Cities up to 500,000 - City of Grande Prairie
Mayor Bruce Rowe	VP & Director, Villages South - Village of Beiseker
Mayor Jenelle Saskiw	Director, Villages East - Village of Marwayne
Mayor Martin Shields	VP & Director, Cities up to 500,000 - City of Brooks
Councillor Linda Sloan	Director, Cities over 500,000 - City of Edmonton
Alderman Jim Stevenson	VP & Director, Cities over 500,000 - City of Calgary
Mayor Glenn Taylor	VP & Director, Towns - Town of Hinton

Board Organization Structure



2010/2011 AUMA Executive Committee

Darren Aldous	President - Village of Breton
Councillor Kim Krushell	VP & Director, Cities over 500,000 - City of Edmonton
Mayor Bruce Rowe	VP & Director, Villages & Summer Villages - Village of Beiseker
Mayor Martin Shields	VP & Director, Cities up to 500,000 - City of Brooks
Alderman Jim Stevenson	VP & Director, Cities over 500,000 - City of Calgary
Mayor Glenn Taylor	VP & Director, Towns - Town of Hinton

2010/2011 AMSC Board of Governors

Chair: Darren Aldous	President - Village of Breton
Councillor Jacqueline Biollo	Director, Towns East – Town of Beaumont
Deputy Mayor Reg Pointe	Director, Summer Villages – Summer Village of Yellowstone
Councillor Helen Rice	Director, Cities up to 500,000 – City of Grande Prairie
Mayor Bruce Rowe	VP & Director, Villages South – Village of Beiseker
Mayor Martin Shields	VP & Director, Cities up to 500,000 – City of Brooks
Mayor Glenn Taylor	VP & Director, Towns – Town of Hinton
Shelley Miller, Q.C.	Independent Governor
Al Mondor, F.C.A. ICD.D	Independent Governor
Ron Helmhold, CA	Independent Governor
Stanley Wong	Independent Governor

2010/2011 AMSCIS Board of Governors

Chair: Darren Aldous	President – Village of Breton
Councillor Jacqueline Biollo	Director, Towns East – Town of Beaumont
Deputy Mayor Reg Pointe	Director, Summer Villages – Summer Village of Yellowstone
Councillor Helen Rice	Director, Cities up to 500,000 – City of Grande Prairie
Mayor Bruce Rowe	VP & Director, Villages South – Village of Beiseker
Mayor Martin Shields	VP & Director, Cities up to 500,000 – City of Brooks
Mayor Glenn Taylor	VP & Director, Towns – Town of Hinton
Shelley Miller, Q.C.	Independent Governor
Al Mondor, F.C.A. ICD.D	Independent Governor
Ron Helmhold, CA	Independent Governor
Stanley Wong	Independent Governor

2010/2011 MUNIX Board of Directors

Chair: Mayor Darren Aldous	President – Village of Breton
Councillor Jacqueline Biollo	Director, Towns East – Town of Beaumont
Mayor Ron Casey	Director, Towns South – Town of Canmore
Mayor Anita Gillard	Director, Villages West – Village of Clive
Councillor Cindy Jefferies	Director, Cities up to 500,000 – City of Red Deer
Deputy Mayor Reg Pointe	Director, Summer Villages – Summer Village of Yellowstone
Alderman Helen Rice	Director, Cities – City of Grande Prairie
Mayor Bruce Rowe	VP & Director, Villages South – Village of Beiseker
Mayor Martin Shields	VP & Director, Cities up to 500,000 – City of Brooks
Mayor Glenn Taylor	VP & Director, Towns - Town of Hinton

2010/2011 APEX Board of Directors

Chair: Councillor Helen Rice	Director, Cities up to 500,000 – City of Grande Prairie
Robert Kallir	Independent Director
Elaine Noel-Bentley	Vice Chair, Independent Director
Michael Robinson	Independent Director
Norbert Van Wyk	Independent Director

Core Business 1: Advocacy

The long-term strategies AUMA will follow to meet this core business requirement are:

- AUMA explores municipal issues, researches options for solutions and works with other governments and municipalities to move issues to solutions.
- AUMA meets with Government representatives to lobby and/or advocate for solutions that support municipalities.
- AUMA advocates for municipalities to work together to build common solutions to issues.
- AUMA partners with other organizations that align to support meeting the sustainability objectives facing municipalities.
- AUMA keeps informed, develops trust, and is easily accessible in developing solutions for a broadly based member advocacy efforts.
- The AUMA leverages the special supportive relationship linking advocacy and business efforts, between AUMA and AMSC, and within AUMA itself.

PERFORMANCE MEASURE

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Advocacy Satisfaction	Percentage of members who are 'satisfied' or 'very satisfied' with the impact of AUMA's advocacy efforts	(2010) <i>Target 90%</i> <i>Actual 78%</i>	90%	90%	90%

Core Business 2: Change Facilitator

The long-term strategies AUMA will follow to meet this core business requirement are:

- AUMA develops, leads and supports solutions that help municipalities meet their sustainability objectives and the tools necessary to make changes to the solutions developed.
- AUMA develops the internal resources and expertise to help municipalities meet the changing environment.
- AUMA develops partnerships with other governments and the private sector to support the need for change within the municipal environment.
- AUMA investigates and researches future municipal sustainability objectives and how municipalities can meet those municipal sustainability objectives.
- AUMA brings experts to municipalities that provide change options for municipalities to meet sustainability objectives.
- Through its subsidiary AMSC, the AUMA indirectly provides a broad range of cost-effective business solutions that meet municipalities' specific and evolving needs, including sustainability.
- AUMA utilizes AMSC to create added value, through synergies inherent in the AMSC – AUMA relationship.

Performance Measures

2010

AUMA | AMSC

PERFORMANCE MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Membership	Number of Regular (R), Associate (A), and Affiliate (F) AUMA members	(2010)	R: 279	R: 279	R: 279
		<i>Targets</i>	A: 575	A: 600	A: 625
		R: 279	F: 80	F: 88	F: 90
		A: 525			
		F: 80			
		<i>Actuals</i>			
		R: 277			
		A: 535			
		F: 81			
Web Site Information	Average monthly number of visitors to the AUMA web site (http://www.auma.ca) who visited more than once	(2010-11)	(2011-12)	(2012-13)	(2013-14)
		<i>Target</i> 12,750	13,500	14,250	14,500
		<i>Actual</i> 11,634			

Core Business 3: Governance Supporter

The long-term strategies AUMA will follow to meet this core business requirement are:

- AUMA develops the expertise to help municipalities govern effectively.
- AUMA develops education and training programs that will build governance capacity of locally elected decision-makers.
- AUMA researches and develops solutions that improve elected officials' decision-making capabilities and build trust in locally elected officials.
- AUMA develops legislative changes that support better governance and advocates those changes to government.
- AUMA aligns the governance requirements for municipalities to meet their sustainability objectives.
- AUMA develops methods and frameworks that help municipalities build good governance structures internally (including their own corporations, Boards or committees) or in regional efforts.

Performance Measures

2010

AUMA | AMSC

PERFORMANCE MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Board Self-Assessment	Percentage of Board members who 'agree' or 'strongly agree' that: <ul style="list-style-type: none"> The Board has performed satisfactorily in the past year (P) The Budget aligns available resources in support of AUMA's Mission/ Vision/ Goals and the Business Plan (B) 	(2010-11) <i>Targets</i> P: 90% B: 90% <i>Actuals</i> P: 93% B: 86%	P: 90% B: 90%	P: 90% B: 90%	P: 90% B: 90%
Alignment with Toronto Stock Exchange (TSX) Governance Guidelines	Number of TSX Governance Guidelines fully met by the AUMA Board	(2010-11) <i>Target 14 of 14</i> <i>Actual 14 of 14</i>	14 of 14	14 of 14	14 of 14
Executive Committee Self-Assessment	Percentage of Executive Committee members who are 'satisfied' or 'very satisfied' with Executive Committee performance	(2010-11) <i>Target 90%</i> <i>Actual 83%</i>	90%	90%	90%
Financial Reporting Timeliness	Number of months that the Financial Reports are released by the 15th day of the following month without materials mis-statement or omissions (February to December Financial reports).	(2010) <i>Target 11</i> <i>Actual 7</i>	11	11	11
Return on Investment	Percentage return on investments (Primary return objective is CPI + 2.5% net of fees)	Rate of return <i>Target 4.30%</i> <i>Actual 4.62%</i>	CPI Plus 2.5%	CPI Plus 2.5%	CPI Plus 2.5%

Core Business 4: Information Manager

The long-term strategies AUMA will follow to meet this core business requirement are:

- AUMA provides useful, reliable information that is tailored to the specific needs of local government decision-makers.
- AUMA is the key player in the process of collecting, structuring, analyzing, and distributing the information members need to govern effectively.

PERFORMANCE MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Annual Convention Satisfaction	Percentage of attendees who are 'satisfied' or 'very satisfied' with the annual convention	(2010) <i>Target 85%</i> <i>Actual 82%</i>	85%	90%	90%
AUMA Communications	Percentage of members who are confident they receive all pertinent information from the AUMA	(2010) <i>Target 75%</i> <i>Actual 71%</i>	75%	75%	75%

Core Business 5: Network Participant

The long-term strategies AUMA will follow to meet this core business requirement are:

- AUMA creates and manages networks relevant to municipalities' interests.
- AUMA is a network manager, and members trust AUMA to identify, create, or shape the networks of organizations and stakeholders needed to ensure members' interests are aggressively pursued in an informed and consistent manner.
- AUMA operates in a networked environment and plays a variety of roles depending on its strategic interests.
- AMSC is a wholly owned subsidiary of the AUMA, and therefore owned by members.

PERFORMANCE MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Government Relations	Number of meetings with elected and appointed government officials	(2010) <i>Target</i> 55 <i>Actual</i> 54	55	55	55

Core Business 1: Membership Services

AMSC offers shared programs and services to municipalities and their employees. AMSC is committed to continuous improvement in the effectiveness and efficiency of services provided. AMSC works to develop new shared service offerings to municipalities, their employees, and associates. In addition, AMSC monitors and influences government legislation, programs and policies that impact services. AMSC helps keep municipalities aware of business trends and best practices that have the potential to improve local government.

GOAL 1: MUNICIPALITIES REALIZE FINANCIAL AND ORGANIZATIONAL GAINS THROUGH AGGREGATED UTILITY SERVICES

AMSC assists municipalities in reducing costs, improving the efficiency and effectiveness of their utility services, providing greater cost predictability in municipal utility operations, and achieving municipal sustainability objectives. AMSC works to effectively manage aggregation services and other agreements entered into on behalf of municipalities. AMSC provides services regarding the development and management of contracts for the provision of electricity and gas to participating AUMA members and regarding the implementation of community-based energy efficiency and renewable energy projects.

MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Electricity	Number of Participants	2010	750	760	760
		<i>Target 750</i> <i>Actual 725</i>			
	Commodity Volumes (stated in MWh)	2010	425,000	430,000	440,000
		<i>Target 390,000</i> <i>Actual 430,000</i>			
Natural Gas	Number of Participants	2010	630	630	630
		<i>Target 740</i> <i>Actual 626</i>			
	Commodity Volumes (stated in GJ)	2010	3,100,000	3,200,000	3,360,000
		<i>Target 3,050,000</i> <i>Actual 3,280,000</i>			

GOAL 2: MUNICIPALITIES ARE ABLE TO MANAGE RISK MORE EFFECTIVELY THROUGH AMSC SERVICES INCLUDING GENERAL INSURANCE

AMSC provides shared services regarding the evolution and management of risk, its implications for the management and evolution of general insurance programs and services for AUMA members.

MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Shared Insurance Services Satisfaction	Percentage of participants who are 'satisfied' or 'very satisfied' with shared insurance services	2010 <i>Target 95%</i> <i>Actual 95%</i>	95%	95%	95%

Performance Measures

2010

AUMA | AMSC

GOAL 3: MUNICIPALITIES HAVE ATTRACTIVE AND COMPETITIVE BENEFITS SERVICES

AMSC provides services regarding the management and evolution of employee benefits programs and services to AUMA members. AMSC offers shared benefits services including health and dental insurance.

MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Shared Benefits Services Participation	Number of municipal and municipally-related associated organization employees who participate in shared benefits services	2010 <i>Target 12,000</i> <i>Actual 12,072</i>	12,500	13,000	13,500
Shared Benefits Services Satisfaction	Percentage of participants who are 'satisfied' or 'very satisfied' with shared benefits services	2010 <i>Target 97%</i> <i>Actual 98%</i>	97%	97%	97%

GOAL 4: MUNICIPALITIES HAVE MEANINGFUL OTHER SERVICES AVAILABLE THAT MEET THEIR NEEDS

AMSC provides services regarding the evolution of pensions and related needs, and their implications for the design and delivery of pensions and related benefits. Other services include: employee assistance program (EAP), retiree health and dental benefits, casual legal services, human resources line, and private lines insurance – home and auto. AMSC strives to understand and meet emerging needs of members for services to assist them in the implementation of their municipal sustainability plans.

MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Shared Other Services Satisfaction	Percentage of participants who are 'satisfied' or 'very satisfied' with shared other services	2010 <i>Target 95%</i> <i>Actual 92%</i>	95%	95%	95%

Core Business 2: Guidance and Support

Strong guidance and support is necessary to successfully achieve results. Guidance and support is provided through the AMSC, AMSCIS Ltd., and MUNIX Boards, Executive Committee and audit and finance activities.

GOAL 5: THE BOARDS GOVERN EFFECTIVELY TO PROVIDE INCREASED VALUE TO MEMBERS

The AMSC, AMSCIS Ltd., and MUNIX Boards enhance the effectiveness and efficiency of the business organization by constantly improving and increasing the value to its members. AMSC works to develop new shared services that would be beneficial to municipalities.

MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Boards Self-Assessment	Percentage of Board members who 'agree' or 'strongly agree' that: <ul style="list-style-type: none"> The Board has performed satisfactorily in the past year (P) The Budget aligns available resources in support of AMSC's Mission/ Vision/ Goals and the Business Plan (B) 	(2010-11) <i>Targets</i> P: 90% B: 90%	P: 90% B: 90%	P: 90% B: 90%	P: 90% B: 90%
		<i>Actuals</i> P: 100% B: 100%			
Alignment with Toronto Stock Exchange (TSX) Governance Guidelines	Number of TSX Governance Guidelines fully met by the AMSC Board	(2010-11) <i>Target</i> 14 of 14 <i>Actual</i> 14 of 14	14 of 14	14 of 14	14 of 14
New Shared Services	Number of new shared services offered to municipalities	(2010) <i>Target</i> 1 <i>Actual</i> 1	1	1	1
AMSC Communication	Percentage of members who are confident they receive all pertinent business information from the AMSC	(2010) <i>Target</i> 90% <i>Actual</i> 90%	95%	95%	95%

GOAL 6: AUDIT AND FINANCE ACTIVITIES ARE EFFECTIVE ACCOUNTABILITY TOOLS

AMSC is committed to effective management of financial resources. This includes current and effective financial policies, complete and timely financial reporting to the Board and its membership and consideration of auditor recommendations. In addition, AMSC is working to develop a corporate risk model and to incorporate sustainability considerations into asset investment policies and practices.

MEASURES

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Financial Reporting Timeliness	Number of months that the Financial Reports are released by the 15th day of the following month without material misstatement or omissions (February to December Financial reports).	(2010) <i>Target</i> 11 <i>Actual</i> 7	11	11	11
Return on Investment	Percentage return on investments (Primary return objective is CPI + 2.5% net of fees)	Rate of return <i>Target</i> 4.3% <i>Actual</i> 1.69%	CPI Plus 2.5%	CPI Plus 2.5%	CPI Plus 2.5%

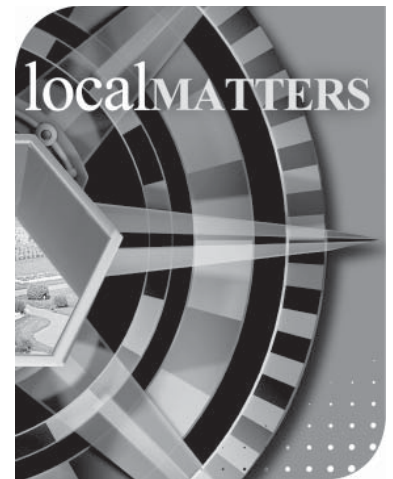
NEW PROVINCIAL-MUNICIPAL RELATIONSHIP

Rethinking the Provincial-Municipal Relationship

AUMA has always stressed that municipal governments are best able to respond to local community needs. But in order to respond to those needs, municipalities need the right balance of capacity and authority. In recent years, AUMA has been advocating for a new relationship between municipalities and the Government of Alberta—one that will support sound decision-making at the municipal level and allow communities to respond to the unique needs of their citizens.

The Local Matters campaign was launched February 2011 as a way to establish this new relationship, and share information about the need for municipalities to have increased authority and reliable revenue. The campaign has focused special attention on the need for municipal revenue powers to be better aligned with local responsibilities. Although the current grant system is important for sustaining communities with small property tax bases and supporting joint provincial-municipal objectives, it does not allow for municipal fiscal sustainability or long-term planning. The current governance framework does not provide municipalities with an effective financial accountability framework where council is freely responsible for the raising of revenues to meet core municipal expenditures. Grants from other sources are essential to meet current core municipal government responsibilities

Over the past year, AUMA took these messages to the provincial government and elected officials to invite dialogue and discussion about how to ensure Alberta's communities have a vibrant, sustainable future. AUMA members have been actively involved in discussions with the government, and have played a critical role in shaping the campaign. This work has also laid the foundation for AUMA's 2011 Local Matters campaign.



MUNICIPAL SUSTAINABILITY STRATEGY WORKING GROUP

Working Toward Long-term Sustainability

AUMA's commitment to advocating for municipal sustainability planning (MSP) and leadership on the Future of Local Governance (FOLG) initiative led to participation in the Municipal Sustainability Strategy working group established by the Government of Alberta in 2010. The group, which included members from AUMA, AAMDC and other municipal organizations came together during workshops that were held in Edmonton, Calgary and at the AUMA 2010 Annual Convention.

At these workshops, participants were asked to consider questions that were intended to increase understanding of what constitutes basic services, identify effective measures and indicators of viability, determine capacity-building tools and explore municipal restructuring processes. AUMA is grateful to members who participated in the workshops and shared their input and ideas.

A final report summarizing the working group's findings is currently being reviewed by Municipal Affairs to determine next steps. In addition, the working group developed a Capacity Building Toolkit that can be found, along with their findings, on the Municipal Affairs website. In the interim, AUMA continues to advocate for funding for additional components such as performance evaluations, risk management resources, and tools for amalgamations and dissolutions.



RELATIONSHIP BUILDING

Strengthening Relationships That Support Thriving Communities

AUMA has always recognized the importance of working collaboratively with all orders of government and other associations and organizations that share an interest in municipal issues. For the past several years, AUMA has had protocol relationships with Alberta Energy, Alberta Environment, the Alberta Association of Municipal Districts and Counties (AAMDC), Alberta Association of Police Governance, Alberta Parks and Recreation Association (ARPA) and many others.

In 2010, AUMA worked with these groups to further the interests of member municipalities, including such initiatives as working with AAMDC on a review of assessment and taxation. AUMA and its members also worked with Alberta Environment to improve municipal water conservation.

This past year AUMA continued discussions with groups such as the Alberta School Boards Association, who share our commitment to thriving communities. Relationship building and partnership development will continue to be a priority for AUMA since it is the backbone of effective advocacy.

HEALTH POLICY PAPER

Creating Healthier Communities

Healthy, active, and engaged citizens are critical to the vitality and long-term sustainability of thriving communities. In 2010 AUMA embarked on the development of policy positions on health that are dedicated to promoting healthy communities. AUMA has worked closely with the Alberta Parks and Recreation Association to explore health improvement strategies that can be driven and supported at the municipal level.

At the 2010 AUMA Annual Convention, members adopted a policy paper on health. Healthy Alberta Communities explains that municipalities have core functions that relate directly to the health of their communities, such as recreation, land use planning/conservation of land, parks and active transportation.

The paper makes a number of recommendations to the Government of Alberta and AUMA, including that AUMA continue its work on healthy communities by exploring research projects not covered in the original paper. It also recommends that AUMA produce a series of member notices on healthy communities, and partner with ARPA to approach the Government of Alberta to fund the development of an Alberta inventory of municipal parkland, infrastructure and activities that support healthy communities. AUMA will continue to work with members to implement these recommendations and improve community health in the coming years.





PROPERTY TAX ASSESSMENT TASK FORCE Ensuring Fair and Equitable Property Tax Distribution

Property tax assessment continued to be a top priority issue for AUMA throughout 2010. For many years, municipalities across Alberta have expressed concern that current property tax legislations and administration systems are not fair and equitable. This past year, AUMA established a Task Force to review, research and determine possible approaches to addressing specific issues and concerns identified by members. The Task Force included representatives from Alberta Association of Municipal Districts and Counties, LGAA, ARMAA and the Alberta Assessors Association, as well as elected officials, CAOs and assessors from towns and cities across Alberta.

The Task Force devoted considerable time to reviewing more than 40 issues, and created a report based on the principles of fairness and equity; transparent exemptions from taxation; separation between policy decisions and system administration; and legislation that is clear and provides stability for both taxpayers and municipalities. The report itself was themed around the key issues of:

- the need for openness, transparency and effectiveness of the assessment and taxation system;
- the need to complete assessment reforms of the mid 1990s regarding regulated industrial property assessments; and
- the need for changes in the administration of assessment and taxation functions.

Using a full consensus model, the Task Force reached agreement on 27 recommended actions that were approved at the AUMA 2010 Annual Convention and forwarded to the Minister of Municipal Affairs. This work represents the first time that these groups have agreed upon a course of action with respect to some of the longstanding issues in the assessment and taxation area, and is a testament to the importance of AUMA's commitment to relationship building.

The AUMA Board has agreed to form a second task force to research and develop recommendations for the remaining property assessment issues.

WELCOMING AND INCLUSIVE COMMUNITIES Supporting Diversity, Compassion and Tolerance

Alberta's municipalities have been actively involved in creating more welcoming and inclusive communities by eliminating discrimination and encouraging cultural diversity. AUMA created the Welcoming and Inclusive Communities (WIC) program to help municipalities create communities where residents feel able to participate in all aspects of the social, cultural and economic life of the province. In 2010, AUMA developed and launched a WIC microsite that features the AUMA WIC toolkit, links to partner organizations and a variety of resources and tools. It also includes important updates on initiatives happening around the province.

During 2010 AUMA held planning sessions in Taber, Grande Prairie and the Municipality of Wood Buffalo to identify action items and indicators for welcoming and inclusive communities. Early in 2010, AUMA members passed a resolution encouraging Alberta municipalities to join the Canadian Coalition of Municipalities Against Racism and Discrimination (CMARD). As of December 10, 2010, 10 municipalities have joined and AUMA worked to support Westaskiwin as they became the newest CMARD member. A presentation on WIC and Alberta's best practices was made at the National CMARD meeting in Toronto.



This past year also saw the creation of the Women in Municipal Government Bursary, with the first award given to Councillor Doris Bell (Summer Village of Crystal Springs) at the Women in Municipal Government Session at the 2010 AUMA Annual Convention.



ELECTED OFFICIALS EDUCATION PROGRAM

Helping Elected Officials Strengthen Their Skills

The Elected Officials Education Program (EOEP) was established in 2008 as a joint initiative of AUMA and Alberta Association of Municipal Districts and Counties (AAMDC) to help municipally elected officials broaden their knowledge and skills so they can better assist in supporting the creation of thriving communities. The course material was developed by AUMA, AAMDC and Alberta Municipal Affairs to address subjects that will benefit all municipally elected officials.

Since its launch in 2008, EOEP has reached over 800 elected officials and provided training in a variety of courses including governance, financial management, community development and municipal/provincial legislation. In order to make the program even more accessible, online courses are currently being developed that will allow elected officials to advance their skills on a schedule that works best for them.

BUSINESS VITALITY INITIATIVE

Helping Municipalities Support Small Business Success

The Business Vitality Initiative (BVI) helps communities work with entrepreneurs to support small business growth. During 2010, AUMA continued to work with the Centre for Innovative and Entrepreneurial Leadership (CIEL) to facilitate the BVI. Funded by the Rural Community Adaptation Program (RCAP) at Alberta Agriculture, Food and Rural Development, BVI is helping municipalities enhance the economic sustainability of their communities.

AUMA has been involved with BVI for several years, and in that time has seen a variety of initiatives implemented, including a downtown revitalization project and a volunteer recruitment program. In all instances, CIEL works with municipalities to identify and invite 20-60 key stakeholders to two community meetings to identify, set, plan and deliver community and regional business priorities through BVI's ASSESS-FOCUS-ACT process.

Acme, High Level, Rocky Mountain House, Strathmore, Olds, and Smoky Lake are currently participating, and have received \$10,000 to implement their short-term projects. Long-term priorities identified in the BVI process will become the foundation for a second economic development strategy for each of the communities. From the beginning, AUMA has encouraged municipalities to incorporate BVI economic development strategies into their Municipal Sustainability Plans. Both AUMA and CIEL will continue to provide support (coaching, mentoring, facilitation, training, etc.) for one year past the conclusion of the BVI process to ensure success.





MUNICIPAL CLIMATE CHANGE ACTION CENTRE Helping Municipalities Take Action on Climate Change

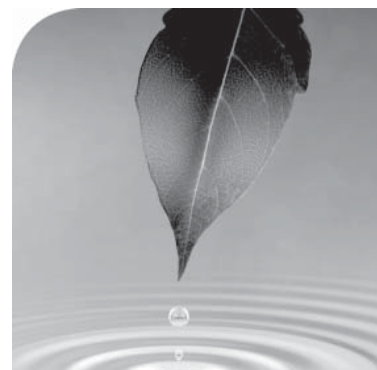
The Municipal Climate Change Action Centre (MCCAC) was established in 2009 as a partnership between AUMA, the Alberta Association of Municipal Districts and Counties (AAMDC) and the Government of Alberta through Alberta Environment and Alberta Municipal Affairs. It was formed based on a recommendation included in the Municipal Climate Change Action Plan that was developed in collaboration with AUMA and Alberta Environment, and is funded to AUMA through a three-year grant from the Government of Alberta.

MCCAC is a one-stop shop for Alberta municipalities looking to take action on climate change. It provides information on everything from emissions baselines to adaptation, with a focus on ensuring municipalities have the resources they need to implement energy efficiency and renewable energy projects in their operations.

In 2010, MCCAC worked tirelessly to engage municipalities in conversations about how to best meet their needs. MCCAC also began developing a work plan based on feedback from municipalities and MCCAC partners, with plans to continue developing the plan throughout 2011 and 2012. During this past year, MCCAC continued refining its website (see www.auma.ca), which provides information on existing resources and case studies from other Alberta municipalities.

WATER CONSERVATION, EFFICIENCY AND PRODUCTIVITY PLANNING Taking the Lead on Sustainable Water Resource Planning

AUMA is dedicated to helping its members identify and take effective action to protect and conserve valuable water resources. AUMA's Water Conservation, Efficiency and Productivity (CEP) Plan was adopted in 2009, and identified a number of targets designed to help members take water conservation action in their communities. Throughout 2010, AUMA worked to develop key resources that will assist members in meeting those targets.



As of December 31, 2010 the following targets and progress had been made:

	Municipality Size					
	>10,000		2,500-10,000		<2,500	
	Target	Actual	Target	Actual	Target	Actual
Report water use data through Water Use Reporting (WUR) System by December 31, 2010	100%	64%	100%	43%	100%	23%
Develop Conservation, Efficiency and Productivity Plans by Dec 31, 2011	100%	25%	75%	2%	50%	0
Estimate Infrastructure Leakage Index (ILI) by Dec 31, 2011	100%	7%	75%	0	50%	0
Implement initiatives to increase the uptake of water efficient fixtures by December 31, 2011	100%	50%	75%	16%	50%	4%

Although there is still much work to be done in meeting these targets, AUMA hopes that the resources it has developed will assist municipalities in taking action over the coming year. These resources, available at water.auma.ca, include an instruction video on the Water Use Reporting System, a comprehensive Water CEP Planning Guide to assist municipalities in developing plans of their own and a Water Conservation Initiatives list, which provides examples of actions other Alberta municipalities have taken to save water. In addition, the site features webinars on lessons learned from Municipal Sustainability Planning and how to complete a water audit. During its 2010 Annual Convention, AUMA also hosted a Water Conservation Workshop that offered members the opportunity to receive valuable advice from water conservation experts, while sharing ideas and experiences with colleagues from around the province.



RETIREMENT SERVICES

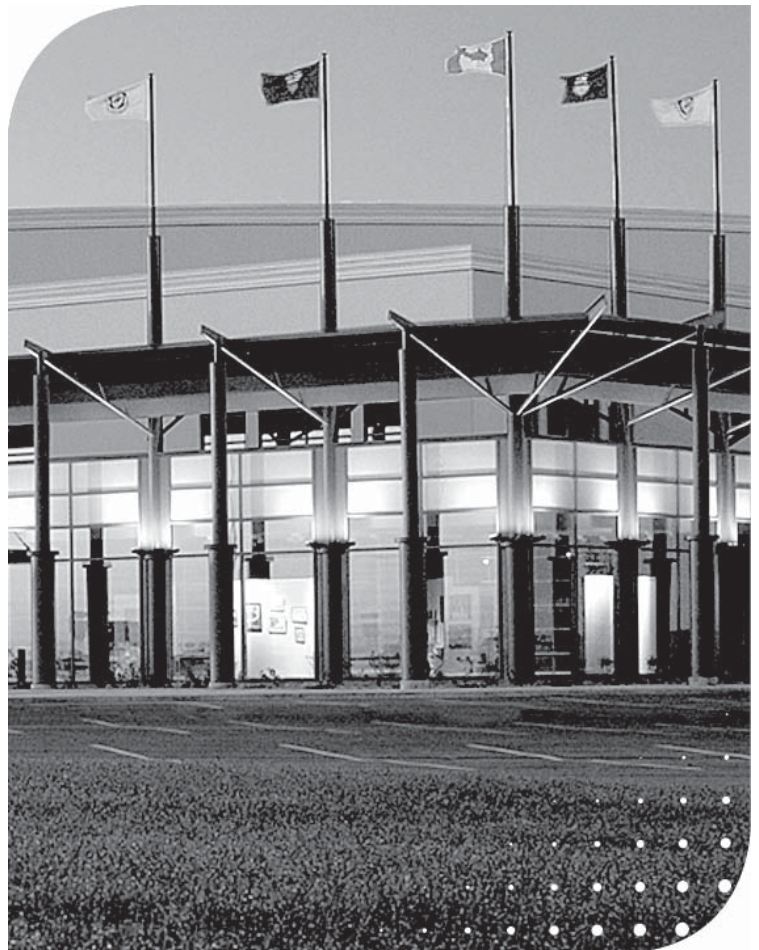
AMSC Helps Members Plan for More Secure Futures

AMSC's Retirement Services provides a variety of options for enhancing retirement planning for the employees of AUMA members and municipally related organizations. In 2010, AMSC began offering a new suite of services, including the Alberta Communities Pension Plan, Group RRSP and Tax Free Savings Accounts.

The Alberta Communities Pension Plan (ACPP) was launched in 2010. It is a registered defined contribution plan. Voluntary for both elected officials and employees, ACPP contributions are tax deductible and employer matched from 3% to 7%. More information is available on the AMSC web site www.amsc.ca.

The Group RRSP allows employees to save for retirement by contributing to a registered plan through payroll deductions, and receive a tax break every pay period at source.

Introduced in 2010, AMSC's Group RRSP allows employees to receive added benefits beyond those available to most individual RRSP holders. The AMSC Tax Free Savings Account (TFSA) is a flexible investment account for both short and long-term goals. Investment income in the TFSA is not taxed when withdrawn. AMSC is pleased to offer the Group RRSP and the TFSA to members for their employees.





HUMAN RESOURCES INITIATIVES

Building Capacity to Better Serve Clients

In an effort to achieve future growth goals, AMSC undertook a human resources initiative that will identify and assess current capabilities and determine strategies for increasing customer's human resource capacity. The goal is to transition into a comprehensive Human Resources area where customers can take advantage of a wide array of services: from consulting to succession planning to recruitment.

The project had two distinct phases. In phase one, AMSC assessed the current state by undertaking an internal and external review of AMSC's Benefits and Retirement Services Units to identify strengths and areas for improvement. In phase two, AMSC created future projections and explored the potential impact of developing new service offerings. This involved evaluating opportunities to develop and implement new HR services to benefit current and future AMSC customers in an economically sustainable manner.

Potential services that were identified during a series of brainstorming sessions with AMSC customers are now being compiled and prioritized. These services will then be

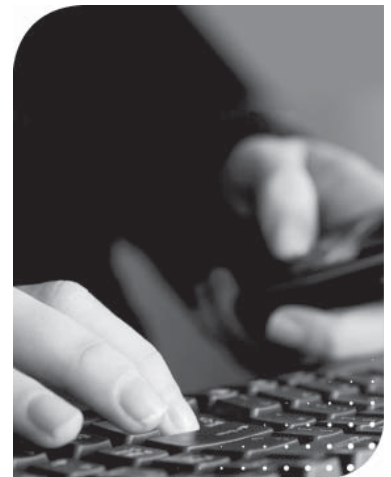
further defined in a business case that will determine potential next steps and timelines.

NEW GENERAL INSURANCE AND CLAIMS SYSTEM

Streamlining Processes for Better Service

During 2010, AMSC undertook a project intended to improve operational efficiency within the Insurance and Claims Units. This efficiency will be achieved by automating key operational tasks, minimizing manual intervention and establishing consistent practices through a new general insurance system called NavRisk. NavRisk involves implementing four integrative systems:

- Policy – automates the labour-intensive underwriting process, streamlines access to information and delivers actionable information to executives, certificates, reporting, renewals and more
- Claims – a claims administration system that integrates with the POLICY system and simplifies the process of setting up new claims, running reports and viewing payment batches
- Central – a customizable web portal that provides self-service reporting, renewals on demand, claims and payment updates
- Policy Portal – allows customers and partners to access certain applications and information in the NavRisk System



The NavRisk Policy and Claims system will be implemented in 2012, while the NavRisk Central and Policy Portal projects will commence after the policy and claims systems have been implemented.

AUMA TSX Alignment

2010

AUMA | AMSC

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"> • Board responsibilities set out in Bylaws and in Policy BD001. • Board structure approved along with governance policies. • Policies are annually reviewed and approved. • Financial policies are annually reviewed by Audit & Finance Committee and updated as required.
a) Adoption of a strategic planning process.	<ul style="list-style-type: none"> • Board has developed a long-term strategic plan. • Board annually adopts a three-year business plan which includes goals, strategies, performance measures and budget. • Board annually adopts one-year operational plans for all Committees, including action plans.
b) Identification of principal risks, and implementing risk management system.	<ul style="list-style-type: none"> • Corporate Risk Management Framework has been developed and implemented.
c) Succession planning, including appointing, training and monitoring senior management.	<ul style="list-style-type: none"> • Annual CEO performance reviews completed. • Professional development included in business plan. • Levels of management established within the organization, allowing for succession.
d) A Communications policy.	<ul style="list-style-type: none"> • Policy BD004 addresses media relations and Policy BD005 addresses communications with members and other stakeholders. • A Marketing and Communications Plan is in being reviewed and updated.
e) Integrity of internal control and management systems.	<ul style="list-style-type: none"> • Policy FM001 addresses financial management and Policy FM003 deals with payment of honoraria and expenses. • Adult & Finance Committee actively reviews control systems and other related issues.
2. Majority of Directors should be “unrelated” – independent from management and free from conflicting interest.	<ul style="list-style-type: none"> • All Directors are independent of management and the Bylaws establish conflict of interest rules.
3. Disclose for each Director whether he or she is related and how that conclusion was reached.	<ul style="list-style-type: none"> • All Directors are independent of management and the Bylaws establish conflict of interest rules, which require disclosure. • Written annual report and oral reports are provided at the Annual Convention.
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"> • Directors and Officers are nominated and elected by membership at the Annual Convention, there is no Nominating Committee. • All Regular members are involved in assessing and evaluating when nominating and electing Directors. • All Regular members have the right to nominate and vote for Directors.
5. Implement a process for assessing the effectiveness of the Board, its Committees and individual Directors.	<ul style="list-style-type: none"> • The annual Board assessment includes nomination, election, and a self-assessment process. • Committee members are appointed annually by the Board, taking into consideration interest, previous performance, commitment, knowledge, and experience.
6. Provide orientation and education programs for new Directors, and continuing education for all Directors.	<ul style="list-style-type: none"> • Annual orientation sessions are held for the Board. • Education sessions held with Board and Committees. • Annual budgeting provides funding for Director education.
7. Consider the size of the Board and the impact of the number of Directors on Board effectiveness.	<ul style="list-style-type: none"> • Size of the Board is prescribed in the Bylaws to enable representation of all classifications of members and all geographic areas of Alberta. • Bylaws are reviewed at least every five years.

TSX Governance Guideline	AUMA Alignment
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"> • Policy HR001 addresses human resources issues including compensation. • Compensation for Board members and staff is considered annually during budget review. Staff compensation tied to provincial scales. • The CEO performance appraisal is conducted by the Board annually in June at which time compensation is also reviewed.
9. Committees should generally be composed of non-management Directors, the majority of whom are unrelated.	<ul style="list-style-type: none"> • Policies BD002 and BD003 address Committees and outline that the chair must be a Board or another elected official. • Board members represent a minority on all Committees except Executive Committee. • Management personnel provide professional service to Committees, although they are not Committee members. • Committee members are subject to the same conflict of interest rules as Board members.
10. Appoint a Committee responsible for approach to corporate governance issues.	<ul style="list-style-type: none"> • Executive Committee is responsible for monitoring, reviewing and suggesting changes to corporate governance issues. • Audit & Finance Committee is responsible for governance in regards to financial and risk policies.
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"> • Board responsibilities are defined in the Bylaws and Policy BD001. • CEO responsibilities are generally defined in the Bylaws and specifically approved in the Position Profile and employment contracts. • Corporate objectives are outlined in the three-year business plan which is adopted annually. • The CEO's objectives are reviewed annually in June as part of the performance appraisal.
12. Establish procedures to enable the Board to function independently of management.	<ul style="list-style-type: none"> • Board is fully independent of management. • Board appoints lead Director and Committee members. • Board and Committees each meet on a regular basis.
13. Establish an Audit Committee with a specifically defined mandate and all members being unrelated Directors.	<ul style="list-style-type: none"> • Policies BD002 and BD003 outline Audit & Finance Committee membership and mandate. • All members are independent of management and are subject to the conflict of interest rules.
14. Implement a system to enable individual Directors to engage outside advisers, at the Corporation's expense.	<ul style="list-style-type: none"> • Board and Committees access a substantial amount of outside independent advice on operations, policies, and processes. • Board and Committee members themselves are independent advisers as they are from local councils and administrators. • Individual legal advice, for example, may be provided when considering conflict of interest or similar situations.

AMSC TSX Alignment

2010

AUMA | AMSC

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"> • Board responsibilities set out in Bylaws and in Policy BD001. • Board structure approved along with governance policies. • Policies are annually reviewed and approved. • Financial policies are annually reviewed by Audit & Finance Committee and updated as required.
a) Adoption of a strategic planning process	<ul style="list-style-type: none"> • Board has developed a long-term strategic plan. • Board annually adopts a three-year business plan which includes goals, strategies, performance measures and budget. • Board annually adopts one-year operational plans for all Committees, including action plans.
b) Identification of principal risks, and implementing risk management system.	<ul style="list-style-type: none"> • Corporate Risk Management Framework has been developed and implemented.
c) Succession planning, including appointing, training and monitoring senior management.	<ul style="list-style-type: none"> • Annual CEO performance reviews completed. • Professional development included in business plan. • Levels of management established within the organization, allowing for succession.
d) A Communications policy.	<ul style="list-style-type: none"> • Policy BD004 addresses media relations. • A Marketing and Communications Plan is being reviewed and updated.
e) Integrity of internal control and management systems.	<ul style="list-style-type: none"> • Policy FM001 addresses financial management and Policy FM003 deals with payment of honoraria and expenses. • Adult & Finance Committee actively reviews control systems and related issues.
2. Majority of Directors should be “unrelated” – independent from management and free from conflicting interest.	<ul style="list-style-type: none"> • All Directors (Governors) are independent of management and the Bylaws establish conflict of interest rules.
3. Disclose for each Director whether he or she is related and how that conclusion was reached.	<ul style="list-style-type: none"> • All Directors (Governors) are independent of management and the Bylaws establish conflict of interest rules, which require disclosure. • Written annual report and oral reports are provided at the Annual Convention.
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"> • Board are appointed by AUMA from among the AUMA Directors whose municipalities purchase services from AMSC and four independent Directors (Governors) who are selected by the AUMA Board based on governance and business experience • Currently, the AUMA President serves as the Chair of AMSC. • The independent Directors were selected through an independent recruitment by the AUMA Board of Directors • AUMA Directors (Governors) are nominated and elected by the Regular membership at the AUMA Annual Convention. • All Regular members are involved in assessing and evaluating when nominating and electing AUMA Directors. • All Regular members have the right to nominate and vote for AUMA directors.
5. Implement a process for assessing the effectiveness of the Board, its Committees and individual Directors.	<ul style="list-style-type: none"> • The annual Board assessment includes nomination, election, and a self-assessment process. • Committee members are appointed annually by the Board, taking into consideration interest, previous performance, commitment, knowledge, and experience.

AMSC TSX Alignment

2010

AUMA | AMSC

TSX Governance Guideline	AMSC Alignment
6. Provide orientation and education programs for new Directors, and continuing education for all Directors.	<ul style="list-style-type: none"> • Annual orientation sessions are held for the Board. • Education sessions held with Board and Committees. • Annual budgeting provides funding for Director education.
7. Consider the size of the Board and the impact of the number of Directors on Board effectiveness.	<ul style="list-style-type: none"> • Board of Directors is appointed annually by the shareholder the AUMA. • Size of Board is limited to the AUMA Board of Directors whose municipalities purchase services from AMSC and four independent directors selected by the AUMA Board.
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"> • Policy HR001 addresses human resources issues including compensation. • Compensation for Board members and staff is considered annually during budget review. Staff compensation tied to provincial scales. • The CEO performance appraisal is conducted by the Board annually in June at which time compensation is also reviewed. • Insurance coverage is provided for Board members and staff and is reviewed annually with underwriters.
9. Committees should generally be composed of non-management Directors, the majority of whom are unrelated.	<ul style="list-style-type: none"> • Policies BD002 and BD003 address Committees and outline that the chair must be a Board or another elected official. • Board members represent a minority on all Committees. • The AMSC Board appoints a Governance committee made up of three members of the AMSC Board. • Committee members are subject to the same conflict of interest rules as Board members.
10. Appoint a Committee responsible for approach to corporate governance issues.	<ul style="list-style-type: none"> • Audit & Finance Committee is responsible for governance in regards to financial and risk policies. • Governance committee is responsible for overall governance planning for the Board.
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"> • Board responsibilities are defined in the Bylaws and Policy BD001. • CEO responsibilities are generally defined in the Bylaws and specifically approved in the Position Profile and employment contracts. • Corporate objectives are outlined in the three-year business plan which is adopted annually. • The CEO's objectives are reviewed annually in June as part of the performance appraisal.
12. Establish procedures to enable the Board to function independently of management.	<ul style="list-style-type: none"> • Board is fully independent of management. • Board and Committees each meet on a regular basis.
13. Establish an Audit Committee with a specifically defined mandate and all members being unrelated Directors.	<ul style="list-style-type: none"> • Policies BD002 and BD003 outline Audit & Finance Committee membership and mandate. • All members are independent of management and are subject to the conflict of interest rules.
14. Implement a system to enable individual Directors to engage outside advisers, at the Corporation's expense.	<ul style="list-style-type: none"> • Board and Committees access a substantial amount of outside independent advice on operations, policies, and processes. • Board and Committee members themselves are independent advisers as they are from local councils and administrators. • Individual legal advice, for example, may be provided when considering conflict of interest or similar situations.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
Year ended December 31, 2010

Independent Auditors' Report

To the Members of Alberta Urban Municipalities Association

We have audited the accompanying consolidated financial statements of Alberta Urban Municipalities Association which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Alberta Urban Municipalities Association as at December 31, 2010, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

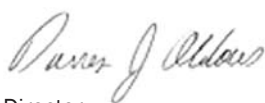
April 28, 2011
Edmonton, Alberta

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
 Consolidated Statement of Financial Position
 December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash (note 2)	\$ 3,763,863	\$ 7,110,560
Deposit with property manager	148,349	405,113
Current portion of ASO Funds held on deposit (note 3)	1,321,515	1,535,364
Investments (note 4)	22,192,494	16,049,071
Accounts receivable (notes 4 and 19)	1,086,686	1,171,483
	28,512,907	26,271,591
ASO funds held on deposit (note 3)	505,000	470,000
Investment and advances to AEOEPC (note 5)	4,360	30,391
Other assets (note 6)	215,887	-
Capital assets (note 7)	25,846,199	21,345,175
	\$ 55,084,353	\$ 48,117,157
Liabilities and Fund Balances		
Current liabilities:		
Operating line of credit (note 8)	\$ 1,720,000	\$ -
Accounts payable and accrued liabilities (notes 11 and 19)	3,329,131	4,215,427
ALARIE liability (note 9)	430,256	430,256
Deferred revenue	938,030	647,474
Provision for claims incurred but not reported (note 10)	1,416,500	1,335,100
Deferred contributions (note 11)	3,887,574	4,273,011
Current portion of long-term debt (note 12)	3,978,240	4,116,700
	15,699,731	15,017,968
Long-term debt (note 12)	5,851,695	6,089,130
Retirement plan obligation (note 13)	225,721	141,169
Fund balances:		
Invested in capital assets	14,296,264	11,139,345
Internally restricted (note 14)	17,171,354	12,127,946
Unrestricted	1,839,588	3,601,599
	33,307,206	26,868,890
Commitments (note 20)		
	\$ 55,084,353	\$ 48,117,157

See accompanying notes to consolidated financial statements.

On behalf of the Board:


 Director


 Director

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
 Consolidated Statements of Operations
 Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
ASO benefit premiums	\$ 21,486,237	\$ 20,104,596
Commissions (note 15)	6,028,518	4,723,183
Management and administration fees (note 19)	1,941,174	1,533,952
Grants and energy management (note 11)	1,589,683	852,453
Membership fees and services	1,376,697	1,298,264
Convention and workshops	1,334,394	1,248,432
Investment earnings (note 4)	691,867	706,542
Property rentals	532,161	546,637
Energy aggregation	512,891	645,452
MuniFund management fee (note 4)	94,010	21,387
MuniSERP administration fee (note 18)	21,500	22,000
E-Learning course fee	15,750	9,675
	35,624,882	31,712,573
Expenses:		
ASO claim costs and administration expenses (notes 3 and 16)	19,339,691	18,025,200
Salaries and benefits	4,931,904	4,157,525
Grants (note 17)	1,276,589	846,269
Amortization of capital assets (note 7)	1,234,816	666,998
Convention and workshops (note 7)	943,003	1,228,878
Rental property (notes 6 and 20)	795,107	674,961
Office administration	601,929	407,263
Consultants	584,971	396,907
Program development	556,214	403,335
Board and committees	501,698	571,629
Broker fees	423,735	416,668
Equipment lease and maintenance	366,937	400,868
Interest on long-term debt	366,163	367,009
Legal and accounting	281,184	216,515
Travel	159,507	165,581
MuniFund expense (note 4)	120,585	52,634
Electronic communication and promotion	110,928	90,695
Other	80,756	44,956
Insurance	76,594	68,982
Building valuation and risk management programs	64,676	59,221
Energy management and development	-	6,184
Bad debt expense (recovery)	(858)	5,575
	32,816,129	29,273,853
Excess of revenue over expenses from operations	2,808,753	2,438,720
Other:		
Benefit surplus (note 16)	3,611,790	183,745
Gain on disposal of capital assets	20,201	-
Write-down of investments in asset-backed commercial paper (note 4)	-	(47,734)
Share of deficiency of revenue over expenses of AEOEPC (note 5)	(2,428)	(10,156)
	3,629,563	125,855
Excess of revenue over expenses	\$ 6,438,316	\$ 2,564,575

See accompanying notes to consolidated financial statements.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
 Consolidated Statement of Changes in Fund Balances
 Year ended December 31, 2010, with comparative figures for 2009

	Invested in capital assests	Internally restricted	Unrestricted	Total 2010	Total 2009
Fund balances, beginning of year	\$ 11,139,345	\$ 12,127,946	\$ 3,601,599	\$ 26,868,890	\$ 24,304,315
Excess (deficiency) of revenue over expenses	(1,243,097)	-	7,681,413	6,438,316	2,564,575
Investment in capital assets	4,400,016	-	(4,400,016)	-	-
Transfers, net (note 14)	-	5,043,408	(5,043,408)	-	-
	\$ 14,296,264	\$ 17,171,354	\$ 1,839,588	\$ 33,307,206	\$ 26,868,890

See accompanying notes to consolidated financial statements.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
 Consolidated Statement of Cash Flows
 Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating:		
Excess of revenue over expenses	\$ 6,438,316	\$ 2,564,575
Items not affecting cash:		
Realized gains on investments	(245,207)	(61,651)
Unrealized gains on investments	-	(192,569)
Amortization of capital assets	1,263,298	707,800
Amortization of other assets	12,517	-
Gain on disposal of capital assets	(20,201)	-
Write-down of investments in asset-backed commercial paper	-	47,734
Write-down of investments in asset-backed commercial paper included in deferred contributions	-	10,554
Change in non-cash operating working capital:		
Decrease (increase) in deposit with property manager	256,764	(295,619)
Decrease in accounts receivable	84,797	470,439
(Decrease) increase in accounts payable and accrued liabilities	(886,296)	817,324
Increase in deferred revenue	290,556	167,835
Increase in provision for claims incurred but not reported	81,400	205,200
(Decrease) increase in deferred contributions	(385,437)	1,831,598
Increase in retirement plan obligation	84,552	33,876
Cash flow from operating activities	6,975,059	6,307,096
Financing activities:		
Drawdown on operating line of credit	1,720,000	-
Proceeds from long-term debt	3,690,756	1,535,022
Repayment of long-term debt	(4,066,651)	(1,829,192)
Cash flow from (used by) operating activities	1,344,105	(294,170)
Investing activities:		
Purchase of investments	(42,441,951)	(9,588,118)
Proceeds from disposal of investments	36,543,735	6,416,153
Decrease in ASO funds held on deposit	178,849	159,352
Decrease in investment and advances to AEOEPC	26,031	9,303
Purchase of other assets	(228,404)	-
Purchases of capital assets	(5,791,494)	(4,543,796)
Proceeds from sale of capital assets	47,373	9,206
Cash flow used by investing activities	(11,665,861)	(7,537,900)
Decrease in cash	(3,346,697)	(1,524,974)
Cash, beginning of year	7,110,560	8,635,534
Cash, end of year	\$ 3,763,863	\$ 7,110,560
Supplemental cash flow information:		
Interest paid on long-term debt during the year	\$ 368,237	\$ 369,509
Interest and investment income received during the year	595,882	511,530

See accompanying notes to consolidated financial statements.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements

Year ended December 31, 2010

These consolidated financial statements consist of the assets, liabilities, fund balances and operations of Alberta Urban Municipalities Association (“AUMA”), its wholly owned subsidiary Alberta Municipal Services Corporation (“AMSC”), 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”), APEX Supplementary Pension Plan (“APEX”), and MuniFunds Investment Funds (“MuniFunds”), 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. AMSC offers an energy aggregation program, casual legal services and the annual convention operations. AMSC also operates two commercial real estate properties. AMSCIS provides general insurance, employee group benefits and related coverage for the members of AUMA.

1. Significant accounting policies:

(a) Financial instruments:

Cash and investments are classified as held for trading and are measured at fair value, whereby the cumulative unrealized gains and losses together with realized gains and losses on sale are included in investment earnings. Deposit with property manager, ASO funds held on deposit, accounts receivable and investment and advances to Alberta Elected Officials Education Program Corporation (“AEOEPC”) are classified as loans and receivables and measured at amortized cost. Operating line of credit, accounts payable and accrued liabilities, ALARIE liability, long-term debt and retirement plan obligation are classified as other financial liabilities and measured at amortized cost.

The fair values of deposit with property manager, ASO funds held on deposit, accounts receivable, operating line of credit, accounts payable and accrued liabilities and ALARIE liability are not materially different from their carrying amounts due to their short-term nature.

The fair values of long-term debt and retirement plan obligation are determined by discounting cash flows required under the contractual commitments at the interest rate estimated to be used for obligations with similar terms at the statement of financial position date and are not materially different than their carrying value.

The fair value of investment and advances to AEOEPC represent contractual amounts for which there is no market and accordingly it is not practicable to determine their fair value.

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.

AUMA is exposed to a number of different financial risks, arising from its use of financial instruments, including credit risk, price risk, liquidity risk and foreign exchange risk. AUMA's overall risk management processes are designed to identify, manage and mitigate business risk.

Credit risk is the risk of financial loss that AUMA would experience if a counterparty to a financial instrument failed to meet its obligations in accordance with the terms and conditions of its contract with AUMA. The carrying amount of financial assets represents the maximum credit exposure of AUMA and is attributable to cash, deposit with property manager, ASO funds held on deposit, accounts receivable, investment and advances to AEOEPC and investments. AUMA mitigates credit risk by investing in securities with a rating of R1-High or better and diversifying its investment portfolio to reduce risk to an acceptable level. Further, investments are structured with varying maturity dates and payment frequencies. Cash is held with reputable financial institutions and accounts receivable, deposit with property manager, ASO funds held on deposit and investment and advances to AEOEPC are with counterparties that AUMA believes to be reputable entities. No individual financial asset is significant to AUMA's operations.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(a) Financial instruments (continued):

Price risk is the risk that changes in future interest rates or credit ratings will impact future cash flows and fair values of financial instruments. AUMA's comprehensive investment policy is approved by the Board of Directors and includes asset mix requirements and risk management limits to manage AUMA's exposure to price risk and credit risk. AUMA does not use derivative financial instruments to alter the effects of these risks.

Liquidity risk is the risk that AUMA will not be able to meet its financial obligations as they become due. AUMA manages liquidity risk through monitoring the maturity profiles of financial assets and liabilities to identify financing requirements. AUMA has available to it an operating line of credit to meet short term financing needs and may issue additional debt or liquidate certain financial assets to meet long-term debt maturities.

Foreign exchange risk is limited to commitments to purchase a software license and maintenance agreement, which is denominated in United States currency. The ongoing support and maintenance of the software is also denominated in United States currency. AUMA does not use derivative financial instruments to alter the effects of this but may purchase United States currency to mitigate a portion of this risk.

There have been no changes in financial instrument risk from the prior period.

AUMA has elected not to adopt CICA Handbook Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation", and instead has continued to disclose its financial instruments as required under Section 3861 "Financial Instruments – Disclosure and Presentation".

(b) Cash:

AUMA considers deposits in the bank and deposits in the investment account as cash. Banker's acceptances and short term investments with original maturity dates of three months or less are included with investments as it is not AUMA's intention to use the monies to meet short term obligations but rather for investing activities.

(c) Deposit with property manager:

Deposit with property manager is cash with a property management company for the purposes of managing Alberta Municipal Place ("AMP") building and Saskatchewan Drive building.

(d) Other assets:

Other assets include payments for tenant improvements and leasing commissions. These costs are amortized using the straight-line method over the applicable non-cancellable lease term and are recorded at the lower of cost less accumulated amortization and net realizable value.

(e) Capital assets:

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

Asset	Rate
Buildings	4%
Alternative energy equipment	20%
Furniture and fixtures	10 – 20%
Computer equipment	25%
Computer software	10 – 33%
Electronic voting equipment	25%
E-Learning software	20%

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(e) Capital assets (continued):

Interest charges incurred to fund capital projects under construction are expensed as incurred and are recorded as interest on long-term debt expense on the statement of operations.

Capital projects under construction or development are not amortized until they are put into use.

Assets held for sale are carried at the lower of carrying amount and fair market value less costs to sell.

(f) 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.

Grant and energy management revenue is recognized at the same time the corresponding expenses are recorded.

ASO benefit premiums and commissions are earned over the term of the related policy period.

Benefit surplus is recorded in the year in which the revenue is fixed or determinable and collection of the amount to be received is reasonably assured.

Deferred revenue relates to premiums received in the current year for the policy period commencing January 1 of the following year.

Property rentals, MuniFund management fee, MuniSERP administration fee, and management and administration fee are recognized when services are performed.

Membership fees are recognized at the beginning of each fiscal year when they are invoiced. Membership services revenue is recognized at the time service is rendered in the normal course of business.

Convention and workshops and E-Learning course fee revenue is recognized in conjunction with the occurrence of the event.

Energy aggregation revenue includes administration and procurement fees related to the energy aggregation program. Rates generating this revenue are earned on an energy consumption basis to a variable rate schedule and are recorded when earned.

Interest, dividends, realized gains (losses) on sale of investments and unrealized gain (losses) on investments, less transaction costs, are included in investment earnings and are recorded as earned. Investment income earned from restricted contributions is recorded as an increase to deferred contributions as accrued, or as investments earnings, in accordance with the terms of the respective grant.

(g) Investment in joint ventures:

AUMA uses the equity method as a basis of accounting for its investment in joint ventures. Under the equity method, AUMA records these investments initially at cost and the carrying values are adjusted thereafter to include the investor's pro rata share of post-acquisition excess of revenue over expenses of the investee. The adjustments are included in the determination of excess of revenue over expenses by the investor, and the investment accounts of the investor are also increased or decreased to reflect the investor's share of capital transactions and changes in accounting policies and corrections of errors relating to prior period financial statements applicable to post-acquisition periods. Distributions received or receivable from investees reduce the carrying values of the investments. Unrealized inter-

entity gains or losses are eliminated.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(h) 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 (note 3). The ASO program provides extended health and dental coverages. The IBNR liability is comprised of those claims estimated to be incurred in the year but not filed or reported to the administrator by the statement of financial position date. Claims incurred in the year must be filed with the program administrator within 180 days of year end. As such, any given 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 and is influenced by a variety of factors. These factors include 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 estimates are periodically reviewed by an actuary, and as adjustments to these liabilities become necessary, they are reflected in claim costs and claim administration expenses.

(i) 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.

(j) Capital management:

AUMA's objectives when managing capital are to safeguard its ability to continue as a going concern, in order that it can continue to advocate on behalf its members, to provide various services, and to continue to promote and assist in the development of municipalities in Alberta.

In order to maintain a sufficient capital structure, management through its planning, budgeting, and enterprise risk management processes, looks forward to the future financial needs and risks of the AUMA. Management also factors in the ability of its subsidiary, AMSC, to pay dividends, to support the AUMA advocacy efforts. Based on these determinants, management then sets pricing and expenditure levels that will maintain its capital base.

In addition, AUMA may restrict a portion of its net assets for future capital requirements or program stabilization.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

2. Cash:

	2010	2009
Cash held in operating accounts	\$ 3,912,212	\$ 6,473,625
Less deposit with property manager	148,349	405,113
	3,763,863	6,068,512
Cash held in investment accounts	-	1,042,048
Cash	\$ 3,763,863	\$ 7,110,560

Cash earned interest at the rate of the respective prime less 1.9% (2009 - 1.9%) and \$24,557 (2009 - \$22,820) of interest was earned on cash held in operating accounts and recorded in investment earnings (note 4).

3. ASO funds held on deposit and ASO claim costs and claim administration expenses:

AUMA operates a Group Benefits Plan providing benefit coverage for extended health care and dental policies on an Administrative Services Only ("ASO") program basis. AUMA assumes the underwriting risk with these policies and engages a third party administrator to manage the claims activities. ASO funds held on deposit is cash held by the claims administrator to meet claims activities obligations as they are incurred.

ASO funds held on deposit classified as non-current on the statement of financial position are the minimum deposit required by the administrator and it is not AUMA's intent to access these funds within the next year.

	2010	2009
Total ASO funds held on deposit	\$ 1,826,515	\$ 2,005,364
Less current portion of ASO funds held on deposit	1,321,515	1,535,364
ASO funds held on deposit	\$ 505,000	\$ 470,000

ASO claim costs and claim administration expenses are comprised of the following:

	2010	2009
ASO claim costs	\$ 18,316,103	\$ 17,067,017
ASO claim administration expenses	1,023,588	958,183
ASO claim costs and claim administration expenses	\$ 19,339,691	\$ 18,025,200

ASO funds held on deposit by the claims administrator are interest bearing at the bank's 91 day Treasury bill rate less 0.5% (2009 - 0.5%). Interest earned on ASO funds held on deposit is recorded as a reduction in ASO claim costs and claim administration expenses on the statement of operations.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

4. Investments:

AUMA's investments are held in managed investment funds at December 31, as follows:

	2010	2009
Short-term bond and mortgage fund	\$ 11,145,491	\$ -
Bond fund	3,293,632	-
MuniFunds short-term bond fund	1,049,222	1,016,954
MuniFunds mid-term bond fund	4,408,293	-
Equity fund	2,295,856	-
Government bonds	-	5,480,989
Other bonds	-	3,643,298
MuniFunds money market funds	-	2,502,393
Banker acceptance and treasury bills	-	2,153,685
MAVs	-	253,000
Equities	-	840,240
Other	-	158,512
	\$ 22,192,494	\$ 16,049,071

AUMA has a trustee relationship involving an investment pool, MuniFunds Investment Funds ("MuniFunds"). MuniFunds is an entity under common control and is a related party. In its role as agent, AUMA does not take ownership of the investments or assume liability for the investments. AUMA earned management fees from MuniFunds of \$94,010 (2009 - \$21,387) and incurred MuniFund expenses related to investment fund management fees, custodian fees, record keeping fees and valuation fees of \$120,585 (2009 - \$52,634). Accounts receivable includes \$46,547 (2009 - \$10,284) due from MuniFunds.

Earnings on investments are recorded in investment earnings and are comprised of the following:

	2010	2009
Investment earnings on managed investment funds	\$ 96,178	\$ -
Interest and dividends	356,991	464,841
Realized gains on disposal of investments	245,207	61,651
Unrealized gains on investments	-	192,569
Investment fees	(31,066)	(35,339)
	667,310	683,722
Interest earned on cash balance (note 2)	24,557	22,820
	\$ 691,867	\$ 706,542

In 2007, AUMA invested \$500,907, on the basis of professional advice, in Asset-Backed Commercial Paper ("ABCP"). In 2009 the ABCP were converted to Master Asset Vehicles ("MAVs"). Based on fair value estimation, AUMA recorded impairment charges (net of interest earned on the MAVs) in 2007, 2008 and 2009. The MAVs were sold in 2010 for proceeds of \$286,020 and a gain of \$37,084 related to the sale is included in investment earnings.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

5. Investment and advances to AEOEPC:

AEOEPC, a not-for-profit provincial organization, is a 50% joint venture of between AUMA and the Alberta Association of Municipal Districts and Counties. AEOEPC provides a comprehensive program of study for elected municipal officials in the Province of Alberta. AEOEPC was incorporated under the Business Corporations Act of Alberta. It is a non-taxable not-for-profit operation by virtue of section 149(1) of the Income Tax Act.

Investment and advances to AEOEPC is made up of the following items:

	2010	2009
Trade receivable	\$ -	\$ 2,336
Non-interest bearing advance	45,500	45,500
Trade payable	(21,267)	-
Share capital	5	5
Accumulated deficiency	(19,878)	(17,450)
	\$ 4,360	\$ 30,391

AEOEPC has not been consolidated in AUMA's financial statements. During the year, AEOEPC recorded a deficiency of revenue over expenses of \$4,855 (2009 - \$20,312) of which \$2,428 (2009 - \$10,156) has been reported as a share of deficiency of revenue over expenses of AEOEPC by AUMA. The financial statements of AEOEPC are available upon request and the accounting policies of AEOEPC conform with those of AUMA. Financial summaries of AEOEPC as at December 31 and for the years then ended are as follows:

	2010	2009
Financial position:		
Total assets	\$ 56,123	\$ 36,418
Total liabilities	\$ 95,868	\$ 71,308
Total net deficiency	(39,745)	(34,890)
	\$ 56,123	\$ 36,418
Results of operations:		
Total revenue	\$ 125,385	\$ 114,645
Total expenses	130,240	134,957
Deficiency of revenue over expenses	\$ (4,855)	\$ (20,312)
Cash flows provided by (used in):		
Operations	\$ 381	\$ (27,614)
Financing activities	-	34,500
Increase in cash	\$ 381	\$ 6,886

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

6. Other assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Tenant improvements	\$ 165,475	\$ 9,038	\$ 156,437	\$ -
Leasing commissions	62,929	3,479	59,450	-
	\$ 228,404	\$ 12,517	\$ 215,887	\$ -

For the year, amortization of \$12,517 (2009 - \$nil) is included in rental property expense.

7. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,790,000	\$ -	\$ 2,790,000	\$ 2,790,000
Buildings	20,926,044	2,034,454	18,891,590	12,878,046
Alternative energy equipment	313,094	62,619	250,475	-
Furniture and fixtures	2,955,930	788,790	2,167,140	102,123
Computer equipment	602,014	468,956	133,058	94,620
Computer software	404,618	225,109	179,509	170,602
Electronic voting equipment	113,928	83,339	30,589	81,883
E-Learning software	44,349	13,305	31,044	39,914
Capital projects - building	-	-	-	4,207,563
Capital projects	1,372,794	-	1,372,794	924,424
Assets held for sale	-	-	-	56,000
	\$ 29,522,771	\$ 3,676,572	\$ 25,846,199	\$ 21,345,175

Capital projects represent capital assets not yet in use.

Amortization expense for the year is \$1,263,298 (2009 - \$707,800). \$28,482 (2009 - \$40,802) is included in convention and workshops expense and \$1,234,816 (2009 - \$666,998) is included in amortization of capital assets expense.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

8. Operating line of credit:

AUMA has an operating line of credit of \$3,000,000 (2009 – \$nil) which is due on demand, bears interest at the lender's prime rate and is secured by a general security agreement covering all assets of AUMA, a collateral mortgage in the amount of \$12,000,000 on land and buildings of AUMA and assignment of rents and insurance. At December 31, 2010, AUMA has drawn \$1,720,000 (2009 – \$nil) from the operating line of credit.

9. ALARIE liability:

The ALARIE liability (commonly referred to as "Joint Venture Agreement") represents funds received by AUMA from contributing members which are to be distributed back to those members or to ALARIE. ALARIE is in the process of being dissolved.

10. Provision for claims incurred but not reported:

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. 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. The actuarial methodology and assumptions have not changed from the prior year.

11. Deferred contributions:

Restricted government grants deferred contributions represent unspent resources externally restricted for special projects. Grants that have expired with unused monies are included in accounts payable and accrued liabilities. At December 31, 2010, accounts payable and accrued liabilities includes \$1,241,507 (2009 – \$1,437,728) related to restricted government grants that have expired.

Other restricted contributions represent energy management funds that were collected through an energy retailer as a billed price component of the customer energy usage fee related to an energy agreement which expired in 2008. The purpose of the energy management fund is to develop energy saving initiatives for the energy aggregation subscribers.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

11. Deferred contributions (continued):

December 31, 2010	Balance, beginning of year	Add:		Less:		Balance, end of year
		Contributions in excess of refunds	Grant revenue recognized in the year	Reclassified to accounts payable		
Restricted government grants:						
First impressions community	\$ 25,137	\$ -	\$ 25,137	\$ -	\$ -	\$ -
Rural community adaptation	-	242,500	86,844	-	-	155,656
Training for elected officials	259,819	264,925	83,394	-	-	441,350
Municipality sustainability planning	342,501	554,999	872,288	25,212	-	-
Welcoming and inclusive communities	64,737	60,026	74,121	-	-	50,642
Climate change	2,000,000	99,580	134,805	-	-	1,964,775
Other restricted contributions:						
Energy management	1,580,817	7,428	313,094	-	-	1,275,151
	\$ 4,273,011	\$ 1,229,458	\$ 1,589,683	\$ 25,212		\$ 3,887,574

December 31, 2009	Balance, beginning of year	Add:		Less:		Balance, end of year
		Contributions in excess of refunds	Grant revenue recognized in the year	Reclassified to accounts payable		
Restricted government grants:						
One Window	\$ 308,966	\$ 5,264	\$ -	\$ 314,230	\$ -	\$ -
Building capacity within Alberta - CMARD	21,794	3,000	24,794	-	-	-
M.E First	-	15,900	15,900	-	-	-
First Impressions community	-	50,000	24,863	-	-	25,137
Training for elected officials	-	261,634	1,815	-	-	259,819
Municipality Sustainability Planning	467,108	578,834	703,441	-	-	342,501
Welcoming and Inclusive Communities	75,193	65,000	75,456	-	-	64,737
Climate change	-	2,000,000	-	-	-	2,000,000
Other restricted contributions:						
Energy management	1,568,352	18,649	6,184	-	-	1,580,817
	\$ 2,441,413	\$ 2,998,281	\$ 852,453	\$ 314,230		\$ 4,273,011

Included in contributions in excess of refunds is \$142,431 (2009 - \$24,697) of investment earnings.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

12. Long-term debt:

	2010	2009
Term loans:		
2.45% term loan repayable in blended monthly installments of \$7,383, maturing December 2011	\$ 1,375,399	\$ -
2.45% term loan repayable in blended monthly installments of \$14,372, maturing December 2011	2,315,357	-
3.88% term repayable in blended monthly installments of \$11,994 maturing December 2012	1,858,693	1,929,010
4.09% term loan repayable in blended monthly installments of \$27,485 maturing December 2013	4,188,195	4,343,235
1.61% term loan	-	1,442,097
3.40% term loan	-	2,407,381
Finance contracts:		
3.30% finance contract repayable in two annual installments of \$43,692, maturing September 2011, secured by specific capital assets with a carrying value of \$55,914	42,276	84,107
6.46% finance contract repayable in blended monthly installments of \$1,126, maturing March 2015, secured by specific capital assets with a carrying value of \$49,838	50,015	-
	9,829,935	10,205,830
Current portion of long-term debt	3,978,240	4,116,700
Long-term debt	\$ 5,851,695	\$ 6,089,130

Principal amounts becoming due over the next five years are as follows:

2011	\$ 3,978,240
2012	1,964,650
2013	3,870,879
2014	12,830
2015	3,336
	\$ 9,829,935

The term loans are secured by a general security agreement covering all assets of AUMA and a collateral mortgage in the amount of \$12,000,000 on land and buildings and assignment of rents and insurance.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

13. Plan contributions:

During the year, AUMA made employer contributions to two plans, totaling \$423,895 (2009 – \$337,540).

- (i) AUMA participates in the Local Authorities Pension Plan (“LAPP”) which is a multi-employer defined benefit plan. At December 31, 2010 the LAPP reported the value of its’ net assets at \$15.4 billion (2008 – \$13.5 billion) and disclosed an actuarial deficiency of \$4.0 billion (2008 – \$4.4 billion). In 2010, the employer contribution rates for the LAPP increased to 9.06% (2009 – 8.46%) on earnings up to the yearly maximum pensionable earnings (“YMPE”). In 2010 the LAPP rates for earning above YMPE up to the salary cap increased to 12.53% (2009 – 11.66%). There is no future accrued liability obligation in reference to the LAPP. Total contributions by AUMA to the LAPP in 2010 were \$376,261 (2009 – \$298,292). Total contributions by the employees of AUMA to the LAPP in 2010 were \$329,300 (2009 – \$267,043).

- (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 \$138,882 (2009 – \$122,222).

Total current service contributions by AUMA to APEX were \$47,634 (2009 – \$39,248). Total contributions by employees were \$35,848 (2009 – \$32,706).

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.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

13. Plan contributions (continued):

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, 2010. The MuniSERP accrued liability as at December 31, 2010 is \$225,721 (2009 – \$141,169).

	2010	2009
Accrued benefit obligation:		
Balance, beginning of year	\$ 141,169	\$ 107,293
Current service cost	84,552	33,876
	\$ 225,721	\$ 141,169

There are no plan assets.

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

	2010	2009
Accrued benefit obligation as of December 31:		
Discount rate	5.3%	6.5%
Rate of compensation increase	4.0%	4.5%

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

14. Fund balances internally restricted:

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

	2010	2009
Capital		
Facility	\$ 14,376	\$ 14,376
Equipment replacement	86,631	86,631
Building upgrade	1,900,000	-
Acquisition of capital assets	1,000,000	-
Operating		
Convention	200,000	200,000
Interest stabilization	196,663	196,663
Program development	500,000	300,000
Benefit surplus fund	2,957,525	1,014,117
Other internally restricted	10,316,159	10,316,159
	\$ 17,171,354	\$ 12,127,946

During the year, the Board of Directors approved transfers from unrestricted net assets to internally restricted net assets of \$1,000,000 for future acquisition of capital assets, \$1,900,000 for building upgrade, \$500,000 for future program development and \$1,943,408 to the benefit surplus fund. The Board of Directors also approved a \$300,000 transfer from internally restricted net assets for future program development to unrestricted net assets.

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 the future acquisition of equipment.

The amount restricted for building upgrade is to fund improvements to AMP.

The amount restricted for acquisition of capital assets is to fund the future acquisition of capital assets.

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.

The amount restricted for program development is to fund the development for programs in the future.

Other internally restricted net assets resulted from surpluses generated prior to July 1, 2004 from the ASO and Refund Accounting Group Benefits insurance programs. Subsequent to 2004, ASO Group Benefits Plan surpluses have been internally restricted to the benefit surplus fund. The amount is to assist in stabilizing rate changes to participants and support benefit programs.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

15. Commissions:

AUMA operates a group benefits plan providing insurance coverage for extended health care, disability and life policies. AUMA also operates an Insurance Plan providing insurance for liability, property and automobile policies. AUMA does not assume underwriting risk with these policies and engages third party administrators to manage claims activity.

Commissions represent the net of insurance premiums billed less amounts due to insurance underwriters and are as follows:

	2010	2009
Gross insurance premiums	\$ 63,073,194	\$ 60,398,643
Underwriter premiums	57,044,676	55,675,460
Commissions	\$ 6,028,518	\$ 4,723,183

16. Benefits surplus:

AUMA partners with a third party provider, as the insurer of its group benefits program, related to the coverage for group life and disability insurance. The insurer's role is to underwrite and adjudicate the insurance coverage, with AUMA acting in a client service role. The benefits are written on a refund accounting basis, meaning that after the insurer has funded its necessary reserves, the remaining surplus is available for refund to AUMA. For the year, the refund surplus recognized totaled \$3,611,790 (2009 - \$183,745).

17. Grants:

Grants expense includes expenditures on the following items:

	2010	2009
Salaries and benefits	\$ 735,248	\$ 626,869
Travel	130,006	88,442
Consultants	174,462	54,404
Program development	160,819	33,789
Electronic communication and promotion	49,002	23,246
Office administration	27,052	19,519
	\$ 1,276,589	\$ 846,269

18. MuniSERP administration fee:

AUMA has a Master Investment Agent Service Agreement with an investment manager to facilitate the delivery of Investment Agent Services for Supplemental Employee Retirement Plans ("MuniSERP"). AUMA receives a flat service fee, which for the year was \$21,500 (2009 - \$22,000) for coordinating actuarial services and holding investments as an agent on behalf of program subscribers. At December 31, 2010 AUMA has invested \$2,117,728 (2009 - \$1,643,192) on behalf of program subscribers.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2010

19. Related party transactions:

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 \$1,610,857 (2009 – \$1,238,577). AMSCIS, a wholly owned subsidiary of AUMA, acts as an agent for all insurance services provided by MUNIX and commissions earned from MUNIX during the year were \$2,133,430 (2009 – \$1,381,205) on the sale of \$14,765,364 (2009 – \$15,324,171) of insurance. Accounts receivable from MUNIX at year end were \$4,501 (2009 – \$2,038) for shared expenditures and \$10,576 (2009 – \$47,080) for overpaid premiums. Accounts payable and accrued liabilities were \$nil (2009 – \$138,135).

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. APEX is subject to significant influence and is therefore a related party. During the year APEX paid \$330,317 (2009 – \$295,375) to AUMA for management and administration services. Accounts receivable from APEX at year end were \$23,657 (2009 – \$nil) and accounts payable and accrued liabilities were \$nil (2009 – \$30,621).

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 entities.

20. Commitments:

AUMA has an agreement for property management services for the AMP building which extends until November 30, 2011. The commitment is the greater of 4% of the gross receipts from the AMP building or \$4,000 per month. In 2010, a second agreement was signed for property management services for the Saskatchewan Drive building and this agreement extends until July 31, 2011. The commitment is the greater of 5% of the gross receipts from the building or \$1,000 per month. In 2010 the total costs incurred relating to these agreements is \$59,000 and are included in rental property expense.

AUMA has entered into an agreement to lease the licensing of a group benefits plan administration software application. This agreement expires on October 31, 2015. The annual payment for the benefit software application is approximately \$200,000.

AUMA has entered into a software license purchase and maintenance agreement for a system to administer its general insurance program. The capital commitment of this agreement is \$1,425,625 United States Dollars. Of this capital commitment, \$1,189,643 has been paid as at December 31, 2010. The balance of the capital funds are due as certain system implementation milestones are achieved which it is anticipated will occur in the year ended December 31, 2011.

The ongoing support and maintenance portion of the agreement with the same system provider, commits AUMA to annual payments for maintenance and support in the amount of \$150,000 United States Dollars. This agreement expires on April 30, 2013.

In 2010, AUMA was granted status as an accredited energy retailer in the province of Alberta. AUMA has issued \$100,000 in letters of credit which are payable on demand should AUMA default on its energy retailer requirements.

21. Comparative figures:

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

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)
Year ended December 31, 2010

Independent Auditors' Report

To the Subscribers of Alberta Municipal Insurance Exchange (MUNIX)

We have audited the accompanying financial statements of Alberta Municipal Insurance Exchange (MUNIX) ("the Exchange"), which comprise the balance sheet as at December 31, 2010 and the statements of earnings, comprehensive income, accumulated other comprehensive income (loss), surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Municipal Insurance Exchange (MUNIX) and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Edmonton, Canada
February 24, 2011

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)
Year ended December 31, 2010

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, 2010 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 24, 2011

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Balance Sheet

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Cash (note 3)	\$ 2,866,912	\$ 5,027,118
Investments (note 4 and 8)	33,830,506	26,364,637
Accounts receivable (note 8)	1,617	138,685
Prepaid expenses and deposits	19,076	17,162
	\$ 36,718,111	\$ 31,547,602
Liabilities and Subscribers' Surplus		
Liabilities:		
Claims liabilities (note 5 and 6)	\$ 23,536,761	\$ 19,507,965
Premium tax payable	377,936	419,222
Accounts payable and accrued liabilities (note 8)	468,576	272,827
Deferred revenue	20,278	39,551
Unearned premiums	47,500	8,333
	24,451,051	20,247,898
Subscribers' surplus:		
Reserve funds (note 11)	3,515,160	2,515,160
Surplus (note 11)	8,849,025	8,372,094
Accumulated other comprehensive income (loss)	(97,125)	412,450
	12,267,060	11,299,704
	\$ 36,718,111	\$ 31,547,602

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Earnings

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Premiums earned (note 7)	\$ 12,549,869	\$ 14,049,065
Net claims and claims adjustment expenses	10,011,523	6,524,744
Premium taxes	377,936	419,222
	<u>10,389,459</u>	<u>6,943,966</u>
	2,160,410	7,105,099
Other expenses:		
Management fees (note 8)	1,610,857	1,238,577
Professional fees	124,390	122,826
Property valuation fees	108,107	118,466
Insurance	60,063	60,070
Administration	44,633	35,658
Consulting fees	36,920	22,377
System support	34,900	38,270
Travel	16,429	19,039
Promotions and marketing	12,674	9,120
	<u>2,048,973</u>	<u>1,664,403</u>
Income before the undernoted	111,437	5,440,696
Investment and other income (note 4 and 9)	1,365,494	639,872
Write-down of investment in MAVs (note 4)	-	(236,800)
Net income	<u>\$ 1,476,931</u>	<u>\$ 5,843,768</u>

See accompanying notes to financial statements.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Comprehensive Income

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Net income	\$ 1,476,931	\$ 5,843,768
Other comprehensive loss:		
Recognition of realized gains on available for sale assets	(408,520)	(165,114)
Unrealized gain (loss) on available for sale assets	(101,055)	144,703
	(509,575)	(20,411)
Comprehensive income	\$ 967,356	\$ 5,823,357

Statement of Accumulated Other Comprehensive Income (Loss)

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Balance, beginning of year	\$ 412,450	\$ 432,861
Other comprehensive income (loss)	(509,575)	(20,411)
Balance, end of year	\$ (97,125)	\$ 412,450

See accompanying notes to financial statements.

Statement of Surplus

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Balance, beginning of year	\$ 8,372,094	\$ 2,528,326
Transfer to reserve funds (note 11)	(1,000,000)	-
Net income	1,476,931	5,843,768
Balance, end of year	\$ 8,849,025	\$ 8,372,094

See accompanying notes to financial statements.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)
 Statement of Cash Flows
 Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Net income	\$ 1,476,931	\$ 5,843,768
Items not involving cash:		
Gain on sale of investments	(555,297)	(149,133)
Write-down of investment in MAVs	-	236,800
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	137,068	(75,217)
Increase in prepaid expenses and deposits	(1,914)	(826)
Increase in claims liabilities	4,028,796	1,377,777
Increase (decrease) in premium tax payable	(41,286)	59,547
Increase (decrease) in accounts payable and accrued liabilities	195,749	(61,253)
Decrease in deferred revenue	(19,273)	(99,045)
Increase (decrease) in unearned premiums	39,167	(75,000)
	5,259,941	7,057,418
Investing:		
Purchase of investments	(73,580,926)	(23,639,575)
Sale of investments	66,160,779	17,043,468
	(7,420,147)	(6,596,107)
(Decrease) Increase in cash	(2,160,206)	461,311
Cash, beginning of year	5,027,118	4,565,807
Cash, end of year	\$ 2,866,912	\$ 5,027,118

See accompanying notes to financial statements.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year ended December 31, 2010

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 and has 698 (2009 – 700) subscribers. Subscriptions to the Exchange are renewed annually on a rollover basis. The next date for renewal of policies is January 1, 2011.

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. The Exchange’s policy year ends December 31, with the exception of one policy which expires February 28, 2011. Unearned premiums relate to the one policy expiring February 28, 2011.

(c) Financial instruments:

Financial instruments are initially recorded at fair market value. The Exchange has designated cash as held for trading financial assets and accounts receivable as loans and receivables. All financial liabilities are classified as other financial liabilities. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values due to their short term to maturity.

Investments are designated as available for sale (“AFS”) securities. AFS securities are carried at fair value whereby the 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 earnings. Realized gains and losses on sale and write-downs to reflect other-than-temporary impairments in value are included in investment income on the statement of earnings.

Interest income from these securities is included in “Investment and other income” and is recorded as it accrues.

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 Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(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.

2. 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 with respect to tests of the data used in the valuation. 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 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.

3. Cash:

	2010	2009
Operating account	\$ 2,846,007	\$ 1,270,639
Investment account	20,905	3,756,479
	\$ 2,866,912	\$ 5,027,118

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

4. Investments:

	2010 Fair value	2009 Fair value
Government bonds	\$ 13,079,185	\$ 13,661,266
Other bonds	9,574,406	3,406,936
Bankers acceptance and treasury bills	6,917,606	645,515
Money market mutual funds	3,007,550	2,002,858
Bond mutual funds	1,251,759	5,083,062
MAVs	-	1,565,000
	\$ 33,830,506	\$ 26,364,637

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, 2010 is 3.26% (2009 - 4.28%).

In 2007, the Exchange invested \$3,421,683, on the basis of professional advice, in Asset Backed Commercial Paper ("ABCP"). In 2009 the ABCP were converted into Master Asset Vehicles ("MAVs"). Based on fair value estimation the Exchange recorded impairment charges (net of interest income received on MAVs) in 2007, 2008 and 2009. The Exchange's MAVs were sold in 2010 for proceeds of \$1,812,252. A gain of \$242,252 was realized on the sale and is included in investment and other income on the statement of earnings.

\$5,833,166 (2009 - \$3,882,374) of the investments mature in 3-6 years, \$16,176,234 (2009 - \$7,740,873) of the investments mature in 1 - 3 years, with the remaining \$11,821,106 (2009 - \$13,176,390) maturing within one year. As at December 31, 2010, \$1,565,000 of MAVs, were considered to be of long-term nature with a maturity of 7 years or more.

The impact of a 1% change in reinvestment rate on expected investment income is approximately \$338,000 (2009 - \$264,000) on a full annualized basis.

The Exchange uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value. The extent of the Exchange's use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) in the valuation of bond and equity investments were as follows:

	Level 1	Level 2	Level 3	2010 Total
Government bonds	\$ 13,079,185	\$ -	\$ -	\$ 13,079,185
Other bonds	9,574,406	-	-	9,574,406
Bankers acceptance and treasury bills	6,917,606	-	-	6,917,606
Bond mutual funds	-	1,251,759	-	1,251,759
Money market mutual funds	-	3,007,550	-	3,007,550
	\$ 29,571,197	\$ 4,259,309	\$ -	\$ 33,830,506

The Exchange did not have any significant transfers between Level 1 and Level 2 included in the fair value hierarchy.

The Exchange has no holdings in the Level 3 category.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

5. Provision for net claims and adjustment expenses:

Nature of unpaid claims:

The establishment of the provision for unpaid claims and claims 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 claims 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 claims adjustment expenses consist of the case reserves on known claims, the provision for claims incurred but not reported, adjustment expenses including an amount for internal claims adjustment expenses ("ILAE") and a factor for deviations in the estimated results. The provision for claims incurred but not reported 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 1.70% (2009 - 0.75%)

The Exchange strives to establish adequate claim liabilities at the original valuation date. However, as time passes, the ultimate cost of claims becomes more certain. As determined by the appointed actuary, during 2010, the Exchange experienced unfavourable claims development of \$744,000 (2009 - favourable claims development of \$1,599,000) as stated on an aggregate undiscounted basis.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

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

Nature of unpaid claims (continued)

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

	2010	2009
Unpaid claims and claims adjustments expenses	\$ 15,363,245	\$ 13,319,975
Provision for claims incurred but not reported	7,430,516	5,815,990
Internal claims adjustment expense reserve (ILAE)	743,000	372,000
	\$ 23,536,761	\$ 19,507,965

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

	2010	2009
Net provision for unpaid claims and adjustment expenses, beginning of year	\$ 19,507,965	\$ 18,130,188
Increase (decrease) in provisions for prior year claims	506,697	(1,437,742)
Provision for losses on current year claims	9,133,826	7,931,486
Increase in ILAE reserve	371,000	32,000
	\$ 10,011,523	\$ 6,525,744
Incurred losses and expenses		
Paid in 2010 on claims occurring in prior years	(4,244,308)	(3,384,498)
Paid in 2010 on current year claims	(1,738,419)	(1,763,469)
	(5,982,727)	(5,147,967)
Net provision for unpaid claims and adjustment expenses, end of year	\$ 23,536,761	\$ 19,507,965

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 (2009 – \$1,000,000) in the event of a liability claim and a maximum policy year amount of \$5,000,000 (2009 – \$4,500,000) 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 \$1,500,000 (2009 – \$1,500,000) in the event of a property claim and to a maximum policy year amount of \$5,500,000 (2009 – \$5,500,000) in the event of a series of claims. The Exchange does not purchase reinsurance.

(c) Auto insurance:

The limit of liability for auto insurance is a maximum amount on any one loss of \$250,000 (2009 – \$250,000) in the event of a vehicle claim and to a maximum policy year amount of \$750,000 (2009 – \$500,000) in the event of a series of claims. The Exchange does not purchase reinsurance.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

7. Premiums earned:

	2010	2009
Gross premiums	\$ 12,558,712	\$ 14,048,779
Risk management recoveries (credits)	(8,843)	286
Premiums earned	\$ 12,549,869	\$ 14,049,065

8. Related party transactions:

Alberta Urban Municipalities Association (AUMA) and the Exchange are under common significant influence and are therefore related parties. AMSC Insurance Services Ltd. ("AMSCIS"), a wholly owned subsidiary of AUMA, acts as agent for all insurance services provided by the Exchange. MuniFunds is a collection of three pooled investment funds for which Alberta Municipal Services Corporation ("AMSC"), a wholly owned subsidiary of AUMA, is the Trustee. 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.

	2010	2009
Alberta Urban Municipalities Association:		
Management fees	\$ 1,610,857	\$ 1,238,577
Accounts receivable	-	138,135
Accounts payable	6,214	-
AMSC Insurance Services Ltd.:		
Accounts payable	15,077	15,042
MuniFunds:		
Investments held in MuniFunds	4,259,309	7,085,920
Interest income	44,692	76,123
Gain on sale of investments	4,651	3,367

9. Investment and other income:

	2010	2009
Interest income	\$ 876,121	\$ 558,185
Gain on sale of investments	555,297	149,133
Investment expenses	(65,924)	(67,446)
	\$ 1,365,494	\$ 639,872

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

10. Financial risk management:

The primary goals of the Exchange's financial risk management are to ensure that the outcomes of activities involving elements of risk are consistent with the Exchange's objectives and risk tolerance, and to maintain an appropriate risk/reward balance while protecting the Exchange's balance sheet from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk appetite with business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventive controls and transferring risk to third parties.

The Exchange's exposure to potential loss from financial instruments is primarily due to underwriting risk along with credit, liquidity and market risks.

(a) Underwriting risk:

Underwriting risk is the risk that the total cost of claims and acquisition expenses will exceed premiums received and can arise from numerous factors, including pricing risk, reserving risk and catastrophic loss risk.

The Exchange's underwriting objective is to develop business within the target market on a prudent and diversified basis and to maintain cash and marketable securities in excess of the total reserve and guarantee fund as specified by the Alberta Superintendent of Insurance.

(i) Pricing risk:

Pricing risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclical nature of the insurance market. The market cycle is affected by the frequency and severity of losses, levels of capacity and demand, general economic conditions and price competition. The Exchange focuses on prudent rate setting that considers the requirements for claim aggregates, planned expenses, funding objectives, investment returns, and the current funding status of the Exchange. The pricing process is designed to ensure an appropriate return on capital while also providing long-term rate stability. These factors are set in conjunction with the actuary, and are reviewed and adjusted periodically to ensure they reflect the current environment.

(ii) Reserving risk:

Reserving risk arises due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and ultimate resolution of the claim. Claim provisions are expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors.

Variables in the reserve estimation process can be affected by receipt of additional claim information and other internal and external factors, such as changes in claims handling procedures, economic inflation, legal and judicial trends, legislative changes, inclusion of exposures not contemplated at the time of policy inception and significant changes in severity or frequency of claims relative to historical trends. Due to the amount of time between the occurrence of a loss, the actual reporting of the loss and the ultimate payment, provisions may ultimately develop differently from the actuarial assumptions made when initially estimating the provision for claims. The Exchange's provision for claims are reviewed separately by, and must be acceptable to the external claims adjusters, an internal claims manager, and to the independent appointed actuary.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

10. Financial risk management (continued):

(a) Underwriting risk (continued):

(iii) Catastrophic loss risk:

Catastrophic loss risk is the exposure to losses resulting from multiple claims arising out of a single catastrophic event. Property and casualty insurance companies experience large losses arising from manmade or natural catastrophes that can result in significant underwriting losses. Catastrophes can cause losses in a variety of property and casualty lines and may have continuing effects which could delay or hamper efforts to timely and accurately assess the full extent of the damage they cause. The incidence and severity of catastrophes are inherently unpredictable. The Exchange's catastrophic loss risk is limited to the annual aggregate; any losses over and above this amount are borne by the excess underwriters.

(b) Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Exchange is exposed to credit risk principally through its investment assets.

The total credit risk exposure at December 31, 2010 without taking into account amounts held as collateral is \$33,832,123 (2009 – \$26,501,322), and comprised of:

	2010	
	Fair value	% of Total
Accounts receivable	\$ 1,617	% 0.01
Bonds	22,653,591	66.95
Bankers acceptances and treasury bills	6,917,606	20.45
Bond mutual funds	1,251,759	3.70
Money market mutual funds	3,007,550	8.89
	\$ 33,832,123	% 100.00

The Exchange's credit exposure to any one individual policyholder is not material.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

10. Financial risk management (continued):

(b) Credit risk (continued):

(i) Invested assets:

The Exchange's risk management strategy is to invest primarily in debt instruments of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer. The Exchange attempts to limit credit exposure by imposing portfolio limits on individual corporate issuers as well as limits based on credit quality. The breakdown of the Exchange's fixed income portfolio, by the DBRS Rating, or where unavailable the S&P rating, is presented below:

	2010	
	Fair value	% of Total
AAA	\$ 14,332,840	% 46.50
AA	12,637,440	41.00
A	3,829,889	12.43
R2+	5,064	0.01
Unrated	17,723	0.06
	\$ 30,822,956	% 100.00

The table above does not include the Exchange's investment in the MuniFunds Money Market Mutual Fund of \$3,007,550 (2009 - \$2,002,858). The MuniFunds Money Market Fund's sole investment is in units of the Consolidated Cash Investment Trust Fund (CCITF) administered by the Alberta Investment Management Corporation (AIMCo). The CCITF is a liquid money market pool which allows AIMCo to offer short-term investment and cash management services to many provincial agencies, funds and investment pools. All CCITF investments must be in high quality marketable fixed income securities and fall within the parameters set by AIMCo. All investments other than government and government-guaranteed securities must have a short term rating of R 1 or better at the time of purchase, and a long-term rating of A or better at the time of purchase.

(c) Liquidity risk:

Liquidity risk is the risk of having insufficient cash resources to meet financial commitments and policy obligations as they fall due, without raising funds at unfavourable rates or selling assets on a forced basis.

Liquidity risk arises from the general business activities and in the course of managing the assets and liabilities. The liquidity requirements of the Exchange's business have been met primarily by funds generated from operations, asset maturities and income and other returns received on investments. Cash provided from these sources is used primarily for claims and claim adjustment expense payments and operating expenses. To meet these cash requirements, the Exchange has policies to limit and monitor its exposure to individual issuers. The Exchange also holds a portion of invested assets in liquid marketable investments.

At December 31, 2010, the Exchange has \$9,777,871 (2009 - \$8,783,597) of cash and cash equivalents which includes \$6,910,959 (2009 - \$3,756,479) of short-term investments. In addition, all current investment holdings of the Exchange are immediately redeemable.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

10. Financial risk management (continued):

(c) Liquidity risk (continued):

Along with the expected maturity profile of the Exchange's investment portfolio, the following table shows the expected payout pattern of the unpaid claim liabilities.

Expected payout pattern of unpaid claims (in \$000s) as at December 31, 2010:

Within 1 year	2 – 5 years	6 – 10 years	Over 10 years	Total
\$ 8,014	\$ 10,951	\$ 4,069	\$ 503	\$ 23,537

(d) Market risk:

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of the Exchange's primary market risk exposures and how those exposures are currently managed.

(i) Interest rate risk:

Fluctuations in interest rates have a direct impact on the market valuation of the Exchange's fixed income securities portfolio and liability values. Historical data and current information is used to profile the ultimate claims settlement pattern by class of insurance, which is then used in a broad sense to develop an investment policy and strategy. Generally the investment income will move with interest rates over the long-term. Short-term interest rate fluctuations will generally create unrealized gains or losses. Generally, the Exchange's investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds are reinvested at lower rates, and will likely result in unrealized gains in the value of fixed income securities the Exchange continues to hold, as well as realized gains to the extent the relevant securities are sold. During periods of rising interest rates, the market value of the Exchange's existing fixed income securities will generally decrease and unrealized gains on fixed income securities will likely be reduced or result in unrealized losses.

As at December 31, 2010, a hypothetical 100 basis point change, or 1%, parallel increase in interest rates would decrease the market value of the fixed income investments by \$642,087, representing 2.08% of the \$30,822,956 fair value of the fixed income investments portfolio. Conversely, a 100 basis point decrease in interest rates would increase the market value of the fixed income investments by the same amount. If it was necessary to complete an unexpected immediate liquidation of assets to meet policy obligations, interest rate fluctuations could result in realized gains or losses greater than the change in reserve values.

Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the existing level and composition of fixed income investment assets at the indicated date, and should not be relied on as indicative of future results. The analysis in this section is based on the following assumptions: 1) the investments in the Exchange's portfolio are not impaired; 2) interest rates and equity prices move independently; 3) shifts in the yield curve are parallel; and, 4) credit and liquidity risks have not been considered. In addition, it is important to note that available for sale securities in an unrealized loss position, as reflected in other comprehensive income, may at some point in the future be realized either through a sale, maturity, or impairment.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements (continued)

Year ended December 31, 2010

11. Capital management:

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 is 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, 2010 there were no non-admitted assets.

In 2010 the MUNIX Board authorized the transfer of \$1,000,000 from Surplus to Reserve funds for risk management credits, to fund the development of an enhanced risk program and also to be distributed to qualifying subscribers.

Reserve funds:

	2010	2009
Rate stabilization	\$ 2,515,160	\$ 2,515,160
Risk management	1,000,000	-
Total	\$ 3,515,160	\$ 2,515,160

The Exchange's objectives when managing capital are to maintain financial strength and protect its claims paying liabilities. Senior executive management develops the capital strategy and oversees the capital management processes of the Exchange. Capital is managed using both regulatory capital measures and internal metrics.

The Exchange is regulated by the Alberta Superintendent of Insurance and the Alberta Insurance Act. The Exchange is required by the Superintendent to maintain an Excess of Cash and Securities over Reserve Guarantee Fund. If the Exchange experiences a shortfall of Cash and Securities over Reserve Guarantee Fund, the Superintendent of Insurance requires the Exchange to produce a plan to eliminate the shortfall. As at December 31, 2010, the Exchange has a surplus of cash and investments over Reserve Guarantee Fund of \$5,979,000 (2009 - \$4,078,000).

APEX SUPPLEMENTARY PENSION PLAN
Year ended December 31, 2010

Independent Auditors' Report

To the Governance Board of APEX Supplementary Pension Plan

We have audited the accompanying financial statements of APEX Supplementary Pension Plan, which comprise the statement of net assets and accrued pension liability as at December 31, 2010, the statements of changes in net assets available for benefits, changes in accrued pension liability and changes in funding surplus (deficiency) for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets and accrued pension liability of APEX Supplementary Pension Plan as at December 31, 2010, and its changes in net assets available for benefits, changes in accrued pension liability, and changes in funding surplus (deficiency) for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

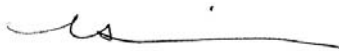
June 9, 2011
Edmonton, Alberta

APEX SUPPLEMENTARY PENSION PLAN
 Statement of Net Assets and Accrued Pension Liability
 December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Investments (Schedule 1)	\$ 16,981,251	\$ 12,694,521
Contributions receivable	366,463	353,646
Cash	127,983	169,852
Prepaid expenses	10,366	4,106
Accounts receivable	1,283	30,693
	17,487,346	13,252,818
Liabilities		
Accounts payable and accrued liabilities	82,910	62,705
Net assets available for benefits	17,404,436	13,190,113
Accrued pension liability (note 3)	17,162,179	13,311,533
Funding surplus (deficiency)	\$ 242,257	\$ (121,420)

See accompanying notes to financial statements.

On behalf of the Governance Board:



Trustee



Trustee

APEX SUPPLEMENTARY PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Contributions:		
Employer contributions	\$ 2,494,550	\$ 2,309,415
Employee contributions	2,078,830	1,924,548
	4,573,380	4,233,963
Net investment income	975,351	1,208,348
	5,548,731	5,442,311
Payments made:		
Pension benefits	261,203	324,645
Withdrawals due to transfers	413,817	472,572
Withdrawals due to terminations	133,255	105,033
Administrative expenses (Schedule 2)	526,133	546,847
	1,334,408	1,449,097
Increase in net assets	4,214,323	3,993,214
Net assets available for benefits, beginning of year	13,190,113	9,196,899
Net assets available for benefits, end of year	\$ 17,404,436	\$ 13,190,113

See accompanying notes to financial statements.

APEX SUPPLEMENTARY PENSION PLAN

Statement of Changes in Accrued Pension Liability

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Accrued pension liability, beginning of year	\$ 13,311,533	\$ 10,224,604
Interest accrued on pension liability	1,089,560	750,984
Benefits earned	3,855,073	3,602,784
Gains due to changes in actuarial assumptions	(285,712)	(364,589)
Benefits paid and withdrawals	(808,275)	(902,250)
Accrued pension liability, end of year	\$ 17,162,179	\$ 13,311,533

See accompanying notes to financial statements.

APEX SUPPLEMENTARY PENSION PLAN

Statement of Changes in Funding Surplus (Deficiency)

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Funding deficiency, beginning of year	\$ (121,420)	\$ (1,027,705)
Increase in net assets available for benefits	4,214,323	3,993,214
Net increase in accrued pension liability	(3,850,646)	(3,086,929)
Funding surplus (deficiency), end of year	\$ 242,257	\$ (121,420)

See accompanying notes to financial statements.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2010

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 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% benefit accrual rate on all pensionable earnings that correspond to the participating member's best five years' consecutive earnings 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 death of the participating member during that period.

The 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 \$124,722 (2009 – \$122,222) based on current Canada Revenue Agency maximum annual pension accrual of \$2,494 (2009 – \$2,444).

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and Plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan. They do not purport to indicate whether the assets of the Plan together with investment earnings thereon, plus future contributions, will be sufficient to finance all benefits to be provided under the Plan.

(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 measurements are analyzed according to a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are based on the reliability of inputs and are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are significant observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets and liabilities that are observable or can be corroborated by observable market data; and
- Level 3 inputs are significant unobservable inputs that reflect the reporting entity's own assumptions and are supported by little or no market activity.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2010

2. Significant accounting policies (continued):

(b) Investments (continued):

The fair value of the investments is determined as follows:

- i. Canadian and non-Canadian equities and fixed income securities are classified as Level 1 within the fair value hierarchy.
- 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 is recorded on the accrual basis. Dividends are accrued on the ex-dividend date. 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.

(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.

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, 2008 by the Plan's former actuarial consultants, Morneau Sobeco, and was extrapolated to December 31, 2010 by the Plan's current actuarial consultants, Aon Hewitt. The actuarial liabilities were determined using the projected accrued benefit cost method prorated on service.

The assumptions used in the valuation were developed as the best estimate of expected future market conditions and other future events. After consultation with the Plan's actuary, the Governance Board adopted this best estimate.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2010

3. Accrued pension liability (continued):

The major assumptions used in the annual extrapolations are as follows:

	2010 Extrapolation	2009 Extrapolation and 2008 Valuation
Investment return (discount rate)	6.5%	6.5%
Asset real rate of return	4.0%	4.0%
Inflation	2.5%	2.5%
Interest credited on employee contributions	4.5%	4.5%
Salary increases	3.5%	4.0%
Indexing of annual pensions*	60% of inflation	60% of inflation
Increase in the year's maximum pensionable earnings (YMPE)	3.0%	3.5%
Income Tax Act maximum pension:		
2008	\$ 2,333	\$ 2,333
2009	2,444	2,444
2010	2,494	2,494
2011	2,552	2,552
Subsequent years	1/9 the money purchase limit	1/9 the money purchase limit
Retirement	100% at age 60	100% at age 60

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

*Cost of living adjustments are based on changes in the Canadian Consumer Price Index.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2010

3. Accrued pension liability (continued):

The Plan's future experience will inevitably differ, perhaps significantly, from these assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and may materially affect the financial position of the Plan. The following sensitivity analysis demonstrates the effects of changes in assumptions on the actuarial liability.

	Current actuarial assumptions	Extrapolated liability as at December 31, 2010	Adjusted actuarial assumptions	Adjusted liability as at December 31, 2010	Percentage change
Investment return	6.50%	\$ 17,162,179	6.00%	\$ 19,146,376	11.66%
			7.00%	15,446,715	(10.00)%
Salary increases	3.50%	17,162,179	3.00%	16,996,205	(0.97)%
			4.00%	17,336,751	1.02%
Inflation	2.50%	17,162,179	2.00%	16,486,542	(3.94)%
			3.00%	17,879,503	4.18%
Increase in YMPE	3.00%	17,162,179	2.50%	16,671,301	(2.86)%
			3.50%	17,620,332	2.67%

4. Related party transactions:

Alberta Urban Municipalities Association (AUMA) is the Sponsor of the Plan. The Plan's Governance Board consists of five (5) members, who are appointed by the Board of Directors of AUMA. The Plan is subject to significant influence from AUMA and is therefore a related party.

During the year, AUMA paid \$83,482 (2009 - \$71,954) to the Plan for pension contributions. The employer portion was \$47,634 (2009 - \$39,248) and the employee portion was \$35,848 (2009 - \$32,706).

During the year, AUMA provided management and administration services to the Plan in the amount of \$330,317 (2009 - \$295,375). 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.

Included in accounts receivable is \$4,294 (2009 - \$30,621) due from AUMA and included in accounts payable and accrued liabilities is \$23,657 (2009 - \$nil) due to AUMA.

Alberta Municipal Services Corporation (AMSC) is under common management control with APEX and is therefore a related Party. Included in accounts receivable is \$1,050 (2009 - \$nil) due from AMSC and included in accounts payable and accrued liabilities is \$nil (2009 - \$450) due to AMSC.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements (continued)

Year ended December 31, 2010

5. Financial instruments:

(a) Fair values

The fair values of investments are determined as described in note 2. The fair values of other financial assets and liabilities, being contributions receivable, cash, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to the short term nature of these financial instruments.

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly affect the change in net assets available for benefits. Market price risk is managed through construction of a diversified portfolio of instruments traded on various markets and across various industries. The Plan does not use derivative instruments to alter the effects of market risk.

A \$1 change in the unit price of the pooled funds would change the asset value by \$1,110,019 (2009 – \$395,866). The unit price of the pooled funds is affected by changes in market values, foreign currency rates and interest rates impacting the underlying equity and debt instruments held within the individual pooled funds managed by Standard Life Assurance Company of Canada.

(ii) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Consequently, the Plan is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse effect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than Canadian dollars. The Plan's overall currency positions and exposures are monitored on a regular basis.

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. The Plan maintains an investment policy, which contains asset mix guidelines which help to ensure the Plan is able to liquidate investments to meet its pension benefit or other obligations.

The accrued expenses of the Plan are all due within 30 days or less.

APEX SUPPLEMENTARY PENSION PLAN

Schedule 1 – Investments

Year ended December 31, 2010, with comparative figures for 2009

	2010		2009	
		%		%
Summary:				
Long Term Bond Fund (SLI)	\$ 6,533,008	38.5	\$ -	0.0
Canadian Equity Fund (Guardian)	4,518,520	26.6	-	0.0
Global Equity Fund (Hexavest)	5,929,723	34.9	-	0.0
Balanced Index Portfolio Fund	-	0.0	6,295,223	49.6
Diversified Fund	-	0.0	4,534,657	35.7
Money Market Fund	-	0.0	585,261	4.6
Mortgage Fund	-	0.0	644,424	5.1
Real Estate Fund	-	0.0	634,956	5.0
	\$ 16,981,251	100.0	\$ 12,694,521	100.0

Investments consist of mutual funds that are managed by third parties.

Long Term Bond Fund (SLI)

Manager – Standard Life Investments Inc.

The fund's investment objective is to provide an investment vehicle suitable for matching long term liabilities by investing primarily in Canadian dollar denominated investment grade bonds. The Bond Portfolio management approach is based on a balanced mix of interest rate anticipation, sector allocation and security selection. A large portion of the fund is invested in government, provincial and corporate bonds of maturity of more than 10 years. Investments are high grade and liquid; such that the portfolio can be restructured as expectations and relative values change.

Canadian Equity Fund (Guardian)

Manager – Guardian Capital LP

The fund's investment objective is to achieve long term growth of capital while at the same time maintaining steady current dividend income, primarily through the investment in common shares or other equity related investments issued by Canadian companies. Portfolio diversification is achieved through investment in a minimum of 8 sectors, including maintaining 45 – 65 stocks per portfolio with a maximum weight of 7% market value invested in one stock.

Global Equity Fund (Hexavest)

Manager – Hexavest Asset Management

The fund's investment objective is to provide a broadly diversified portfolio that invests primarily in equities of companies located in developed markets around the world. The fund's investments comprise 0 – 10% equities in emerging markets.

APEX SUPPLEMENTARY PENSION PLAN

Schedule 2 – Administrative Expenses

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Direct expenses:		
Management and administration fees (note 4)	\$ 330,317	\$ 295,375
General consulting	79,992	75,804
Actuarial fees	47,457	77,168
Legal and accounting	23,097	43,016
Board of Directors	18,767	30,138
Memberships and administration	10,780	7,547
Insurance	6,732	5,745
Pension filing fee	6,349	6,195
Travel	2,642	5,859
	\$ 526,133	\$ 546,847

Cities

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

Towns

Athabasca
Banff
Barrhead
Bashaw
Bassano
Beaumont
Beaverlodge
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
Lamont
Legal
Magrath
Manning
Mayerthorpe
McLennan
Milk River
Millet
Morinville
Mundare
Nanton
Okotoks
Olds
Onoway
Oyen
Peace River
Penhold
Picture Butte

Pincher Creek
Ponoka
Provost
Rainbow Lake
Raymond
Redcliff
Redwater
Rimbey
Rocky Mountain House
Sedgewick
Sexsmith
Slave Lake
Smoky Lake
Spirit River
St. Paul
Stavelly
Stettler
Stony Plain
Strathmore
Sundre
Swan Hills
Sylvan Lake
Taber
Three Hills
Tofield
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
Berwyn
Big Valley
Bittern Lake
Botha
Boyle
Breton
Carbon
Carmangay
Caroline
Cereal
Champion
Chauvin
Chipman
Clive
Clyde
Consort
Coutts
Cowley
Cremona
Czar
Delburne
Delia
Derwent
Dewberry
Donalda
Donnelly
Duchess
Edberg
Edgerton
Elnora
Empress
Ferintosh
Foremost
Forestburg

Gadsby
Galahad
Girouxville
Glendon
Glenwood
Halkirk
Hay Lakes
Heisler
Hill Spring
Hines Creek
Holden
Hughenden
Hussar
Hythe
Innisfree
Irma
Kitscoty
Linden
Lomond
Longview
Lougheed
Mannville
Marwayne
Milo
Morrin
Munson
Myrnam
Nampa
New Norway
New Sarepta
Nobleford
Paradise Valley
Rockyford
Rosalind
Rosemary
Rycroft
Ryley
Spring Lake
Standard
Stirling
Strome
Thorsby
Tilley
Veteran
Wilna
Wabamun
Warburg

Warner
Waskatenau
Willingdon
Youngstown

Summer Villages

Argentia Beach
Birchcliff
Burnstick Lake
Ghost Lake
Gull Lake
Island Lake
Island Lake South
Kapasiwin
Ma Me O Beach
Mewatha Beach
Norris Beach
Point Allison
Ross Haven
Silver Beach
South View
Sunrise Beach
Val Quentin
Waiparous
Betula Beach
Bondiss
Castle Island
Golden Days
Half Moon Bay
Itaska Beach
Lakeview
Nakamun Park
Parkland Beach
Poplar Bay
Sandy Beach
Silver Sands
Sunbreaker Cove
Sunset Beach
West Baptiste
White Sands
Birch Cove
Bonnyville Beach

Crystal Springs
Grandview
Horseshoe Bay
Jarvis Bay
Larkspur
Newalta Beach
Norglenwold
Pelican Narrows
Rochon Sands
Seba Beach
South Baptiste
Sundance Beach
Sunset Point
West Cove
Whispering Hills
Yellowstone

Specialized Municipalities

Jasper
Municipality of Crowsnest Pass
Mackenzie County
RM of Wood Buffalo
Strathcona County

Other

Townsite of Redwood Meadows

Associate

AAMD&C
AB Association of Recreation Facility Personnel
Acadia Foundation
ACME Community Centre Society
ACME Curling Club
ACME Golf Club
ACME Seniors Association

Airdrie Community Choir Association
Airdrie Municipal Library
Airdrie Rodeo Ranch Association
Akasu Palliative Care Society
Alberta Association of Police Governance
Alberta Capital Region Wastewater Commission
Alberta Council of Women's Shelters
Alberta Environment
Alberta Motor Vehicle Industry Council
Alberta Municipal Enforcement Association
Alberta Municipal Health & Safety Association
Alberta Real Estate Foundation
Alberta Recreation & Parks Association
Alberta Recycling Management Authority
Alberta Senior Citizens' Housing Association
Aquatera Utilities Inc.
Arbour Lake Residents Association Ltd.
Argyll Velodrome Association
Aspen Regional Water Services Commission
Athabasca Heritage Society
Athabasca Municipal Library
Athabasca River Potters' Guild
Badlands Ambulance Services Society
Banff Heritage Corporation
Banff Heritage Tourism Corporation
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
Battle River Watershed Alliance
Bawlf & District Recreation Association
Beaumont Indoor Playground
Beaumont Curling Club
Beaumont Municipal Library Board
Beaver Foundation Management Agency
Beiseker Medical Building Co Op Ltd
Bellecrest Community Association
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 Preschool Association
Bon Accord Public Library
Bonnyville Municipal Library
Bonnyville Regional Fire Authority
Bow Cliff Seniors
Bow Island Curling Club
Bow Valley Builders & Developers Association
Bow Valley Waste Management Commission
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
Calgary Centennial Arenas
Calgary Region Airshed Zone
Calgary Regional Partnership
Calgary Regional Transportation Services Society
Camp Artaban Foundation
Camrose & District Support Services
Camrose Arts Society
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 Parkland Water Services
Capital Region Southwest Water Services Commission
Carbon & Area Restoration Society
Carbon Community Centre
Carbon Lions Club
Carbon Municipal Library
Cardston & District Handibus Association
Cardston County
Cardston Senior Society
Caroline & District Chamber of Commerce Association
Caroline Dance West Society
Caroline Figure Skating Club
Caroline Municipal Library
Castor Childcare Society

Members

2010

AUMA | AMSC

Castor Curling Club Association	County of Barrhead, No.11	Disabled Transportation Society of Grande Prairie	Federation of Calgary Communities
Castor & District Family & Community Support Services	County of Forty Mile, No. 8	Drayton Valley Municipal Library Board	Flagstaff Family & Community Services
Castor & District Museum Society	County of Grande Prairie, No. 1	Drumheller & District Solid Waste Management Association	Foothills Foundation
Castor Golf Club Association	County of Lamont Foundation	Drumheller Housing Administration	Foothills Regional Emergency Services Commission
Celebrate Canada Committee for Alberta	County of Minburn, No. 27	Eagle Hill Foundation	Foremost Housing Authority
Central Alberta Rural Manufacturers Association	County of Newell, No. 4	Early Intervention Program Valleyview	Forestburg Fitness Institute
Centre 2000	County of St.Paul, No. 19	East Central 911 Call Answer Society	Fort Macleod Aerodrome
Centre for Creative Arts Society of Grande Prairie	County of Stettler, No. 6	East Central Alberta Heritage Society	Fort Macleod Family & Community Support Services
Champion Community Hall Board	County of Stettler Housing Authority	East Coulee Community Association	Fort MacLeod Provincial Historical Society
Champion Municipal Library	County of Thorhild, No. 7	East Coulee School Museum	Fort McMurray Public Library
Champion Pioneer Club	County of Two Hills, No. 21	Eastern Irrigation District	Fort Saskatchewan Public Library
Children's World Child Care Society of Barrhead	County of Vermilion River	Eckville & Community Youth Foundation Society	Friends of the Alexandra Pool Society
Chinook Arch Regional Library	County of Warner, No. 5	Eckville Municipal Library	Friends of the Forts FGBH Society
Chinook Lodge Foundation	County of Wetaskiwin, No. 10	Edmonton BMX Association	Friends of the Viking Carena Society
City Center Camrose	Crossfield Day Camp Society	Edmonton & District Labour Council	Galahad Health Care Centre Auxiliary Society
Claresholm Community Centre Association	Crossfield Golden Key Club	Edson & District Chamber of Commerce	Gem of the West Museum Society
Claresholm Meals on Wheels	Crossfield Municipal Library	Edson & District Historical Society	Gibbons Curling Club
Clearwater County	Crossfield Royal Canadian Legion # 113	Edson & District Public Library	Gibbons Seniors Twilight Club
CNP Indoor Playground	Crowsnest Pass Allied Arts Association	Edson & District Recreation Society	Government Studies
Cochrane Library Board	Crowsnest/Pincher Creek Landfill Association	Edson & District Old Timers Recreation Centre Society	Grande Cache Municipal Library Board
Cold Lake Museum Society	Cypress County	Edson Cultural Heritage Organization (ECHO)	Grande Prairie Downtown Association (BRZ)
Cold Lake Public Library	Cypress View Foundation	Edson Lions Club	Grande Prairie Piranhas Swim Club
Cold Lake Regional Utility Services	Czar Agricultural Society	Edson Seniors Transportation Society	Grande Prairie Public Library
Cold Lake Senior's Society	Czar Area (FLT) Society	Elnora Neighborhood Place Society	Grande Prairie Tennis Club
Coleman Community Society	Czar Curling Club	EnCharis Community Housing & Services	Grande Spirit Foundation
Collicut Siding Golf Club	D Company Armouries Foundation	End of Steel Heritage Society	Granum Drop-In Centre
Community Futures Elk Island Region	Daycare Society of Banff	Evergreen Foundation	Greater Edmonton Foundation
Community Futures Tawatinaw Region	Daysland Agricultural Society	Fairview Women's Hockey Arena Society	Greater North Foundation
Community Futures West Yellowhead	Daysland & District Aging In Place Foundation	Federation of Alberta Gas Co-ops	Green Acres Foundation
Community Mediation Calgary Society	Daysland & District Memorial Arena Association		Guy - Donnelly Sportex Society
Coronation Community Center Society	Daysland Fitness Centre Society		Hanna & District Ambulance & Medical Society
Coronation Town & Country Golden Age Club	Delburne Elks Lodge No. 206		
County of Athabasca, No.12	Devon Golf & Curling Club		

Members

2010

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Hanna & District Historical Society	Innisfail Historical Society	Local Government Administration Association	Midlandvale Community Association
Hanna Curling Club	Innisfail Public Library	Lomond Community Library	Mile & District Fire Association
Hardisty Agricultural Society	Irricana Curling Club – 1978	Lomond & District Fire Association	Milo Municipal Library Board
Hardisty & District Handy Van Society	Irricana & District Municipal Library	Lomond Lions Club	Modular Manufactured Housing Association of AB&SK
Hardisty Lakeview Golf Association	Irricana ECS Society	Lomond Sunshine Drop In Centre	Mosquito Creek Foundation
Hay Lakes & District Recreation Association	Irricana Playschool Association	MacDonald Island Park Corporation	Mountain View County
Heart of the Peace	Jasper National Park	MacKenzie Municipal Services Agency	Mountain View Regional Waste
Heisler Community Centre Association	Jets Stadium Society	MacKenzie Regional Waste Management Commission	Management Commission
Heisler Cozy Corner	Kananaskis Improvement District	Maclab Centre for the Performing Arts Society	Mountain View Regional Water Service Commission
Henry Kroeger Regional Water Services Commission	Killam Community Hall Development Society	Mannville & Area Performing Arts Society	Mountain View Seniors' Housing
High Level Housing Authority	Kiddie Oasis	Mannville – Minburn – Innisfree Family and Community Support Services	Mundare & District Agricultural Society
High Level Municipal Library Board	Killam & District Agricultural Society	Mannville Library	Mundare Curling Club
High Prairie Golden Age Club	Kneehill Ambulance	Marigold Library System	Mundare Fire Department Firefighters Association
High Prairie Municipal Library Board	Kneehill Historical Society	Marquis Foundation	Mundare Housing Development Corp
High Prairie Museum & Historical Society	Kneehill Housing Corporation	Mayerthorpe & District Diamond Community Centre Society	Mundare Recreation Association
High River Library	Kryla Ukrainian Dance Club	Mayerthorpe Fallen Four Memorial Society	Mundare Senior Citizens Club
Highwood Memorial Centre	Lac La Biche County	MD of Acadia #34	Nacmine Community Center Association
Hillside Lanes Bowling Society	Lacombe & District FCSS	MD of Big Lakes	Nanton Community Memorial Centre Society
Hines Creek & District Arts & Crafts	Lacombe Foundation	MD of Bonnyville No.87	Nanton Lancaster Society
Holden Agricultural Society	Lake Bonavista Community Association	MD of Clear Hills No. 21	Newcastle Recreational Association
Holden Community Hall Association	Lakeland Community Development Corporation	MD of Fairview No. 136	Newell Foundation
Holden Municipal Library Board	Lakeland Lodge & Housing Foundation	MD of Greenview No. 16	Newell Regional Services Corporation
Hughenden Public Library	Lamont County	MD of Northern Lights No. 22	Newthorad Seniors Housing Foundation
Hussar & District Agricultural Society	Lamont Public Library	MD of Opportunity No.17	North Peace Regional Landfill Commission
Hussar Lions Club	Leduc & District Food Bank Association	MD of Peace No. 135	Northern Lights Library System
Hussar Municipal Library	Leduc & District Regional Waste Management Authority	MD of Ranchland No.66	Northern Sunrise County
Hythe & District Agricultural Society	Leduc & District Victim Assistance Society	MD of Rocky View No.44	Northlands Park
Hythe & District Recreational Society	Leduc County	MD of Spirit River No. 133	Norwood Seniors Housing Association
Hythe Municipal Library	Leduc Foundation	MD of St. Paul Foundation	Okotoks Public Library
Hythe Thrift Shoppe	Leduc Public Library	MD of Taber No. 14	Oldman River Regional Services Commission
Improvement District #4 Waterton Lakes Nat'l Park	Leduc Curling Club	MD of Wainwright No.61	
Improvement District #9 Banff National Park	Legal Fire Department & Ambulance Service Society	MD of Willow Creek No.26	
	Lethbridge Housing Authority	Meridian Foundation	
	Local Authorities Pension Plan	Metropolitan Calgary Foundation	

Members

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Olds & District Christmas Angel Society	Raymond & District Futures Society	Society of Local Government Administrators	Taber Public Library Board
Olds & District Evergreen Club	Recycling Council of Alberta	Society of the Devon Youth Drop-In Centre	Technical Search & Rescue Association
Olds & District Municipal Library	Red Deer County	Society of Friends and Family of Gibbons vol. Fire Department	The Alberta Library
Olds Historical Society	Red Deer Regional Airport Authority	Special Areas Board	The Business Link
Oneway & District Heritage Society	Redwater Community Golf Club	Spray Lake Sawmills Recreation Park Society	The Society of Friends for the St. Albert Public Gardens
Oneway Facility Enhancement Association	Redwater & District Pioneer Club	Springbank Park For All Seasons	The Three Hills Arts Academy Society
Oneway Public Library	Redwater Royal Canadian Legion	St. Albert Library Board	Thorhild County
Oyen & District Historical Society	Red Willow Curling Club	St. Paul Municipal Library	Thorhild Regional Water Service Commission
Oyen Junior Sports Society	Rimoka Foundation	St. Vital Senior Club	Three Hills Early Childhood Society
Paddle Prairie Metis Settlement	Riverside Community Golf Society	Standard Agricultural Society	Three Hills Curling Club
Paintearth Regional Waste Management LTD	Rockyford Friendship Center	Standard Community Hall Association	Three Hills Golf Club
Palliser Health Region	Rocky Senior Housing Council, Westview Lodge	Standard Curling Club	Tilley & District Fire Association
Palliser Regional Municipal Services	Rocky View Foundation	Standard Municipal Library	Tofield Agricultural Society
Parkland Community	Rose City Handi-Van Society	Station Gallery & Art Centre Guild	Tofield Curling Club (1988)
Planning Services	Rosedale Recreational Society	Stavelly Golden Age Centre	Tofield Golden Club
Parkland County	Rosieridge Waste Management Services Commission	Stettler & District Handibus Society	Tofield Handivan Society
Parkland Potter's Guild	Rural Alberta Development Fund	Stettler & District Minor Hockey Association	Tofield Historical Society
Parkview Lodge Society	Ryley Municipal Library Board	Stettler & District Senior Citizens Centre Association	Tofield -Ryley & Area FoodBank
Pass Pottery Club	Saddle Hills County	Stettler Car Club	TransAlta Tri Leisure Centre
Peace Country Sports Club	Safety Codes Council	Stettler Regional Child Care Centre	Trochu Golf & Country Club
Peace Library System	Scenic Acres Community Association	Stettler Town & Country Museum (STTCM)	Two Hills & District Historical Association
Peace River Municipal Library	Senior Citizen's Club of Drayton Valley	Stony Plain BMX Association	Two Hills FCSS
Picture Butte Firefighters Association	Senior Citizens Society of Stony Plain	Stony Plain Royal Canadian Legion #256	Universities Academic Pension Plan
Pioneer House - Club 50	Seniors Outreach Program	Strathmore Municipal Library	Urban Development Institute (UDI), AB Division
Pioneer Housing Foundation	Sexsmith & District Seniors' Association	Sturgeon County	Urban Development Institute (UDI), Calgary Chapter
Piper Creek Foundation	Sexsmith & District Ag Society	Sturgeon Foundation	Valley Bus Society (Drumheller)
Ponoka Family & Community Support Services	Sexsmith Indoor Playroom Society	Sturgeon River Historical Society	Valleyview & District Chamber of Commerce
Ponoka County	Shortgrass Library System	Sturgeon River Pottery Guild	Valley Riverside Golf Club
Ponoka Jubilee Library	Slave Lake Airport Services Commission	Sunflower Community Resource Program	Vauxhall Agricultural Society
Ponoka Lions Club	Smoky Lake County	Sun Valley Pioneers	Vauxhall & District Curling Association
Ponoka Seniors Drop In Centre	Smoky Lake Foundation Management Body	Sylvan Lake Foundation	Vauxhall Public Library
Ponoka Stampede & Exhibition Association	Smoky River Regional Water Management Commission	Taber & District Handibus Association	Vegreville & District Chambers of Commerce
Porcupine Hills Seniors Foundation	Smoky River Tourist Association	Taber & District Housing	Vegreville Transportation Services Society
Provost & District Chamber of Commerce		Taber Arts & Crafts Society	Vermilion & District Housing Foundation

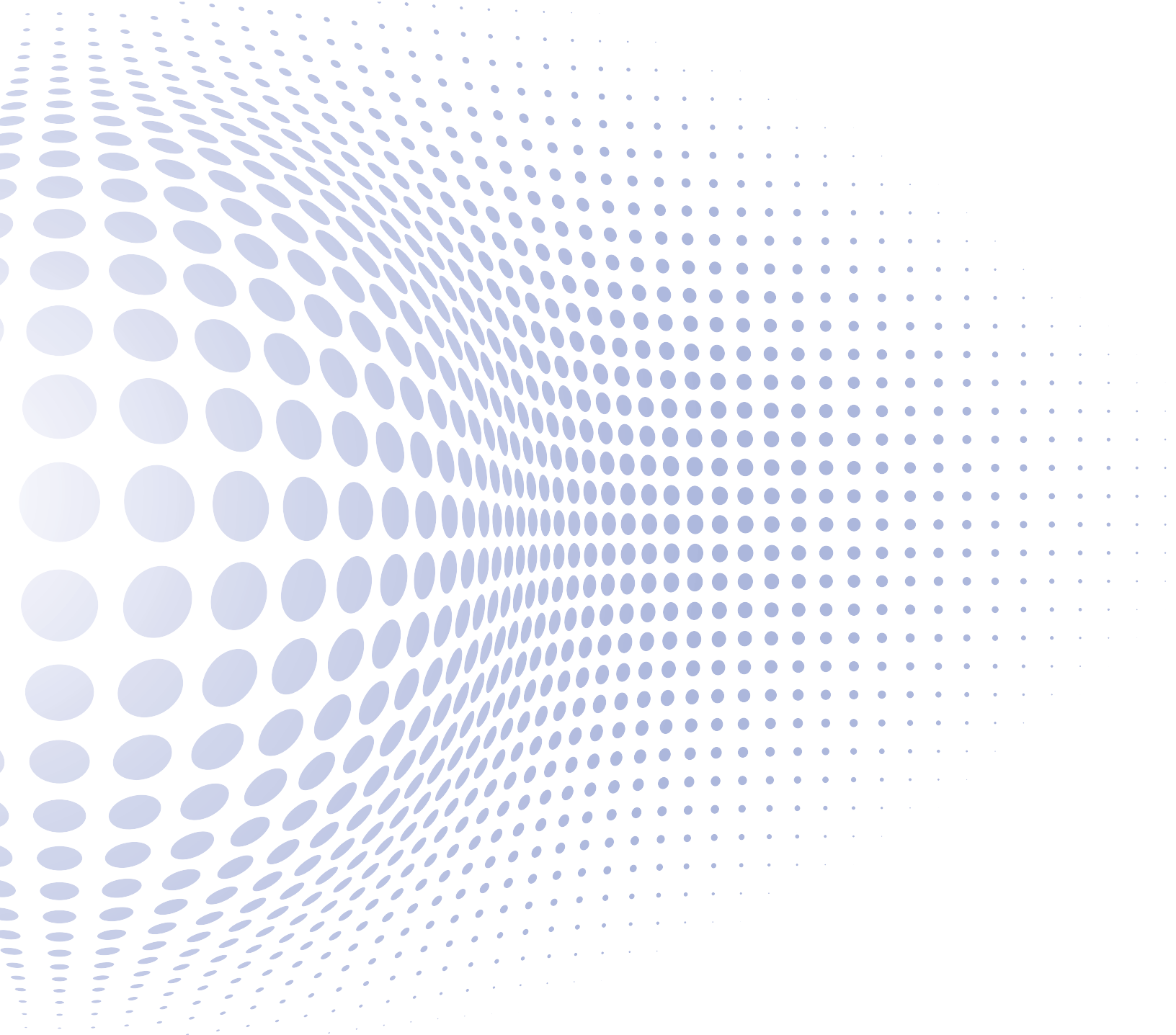
Vermilion Public Library
 Viking & District Agricultural Society
 Viking Historical Society
 Village of Elnora Management Body
 Vista Ridge Recreational Association
 Wabamun & District Agricultural Society
 Wabamun & District Museum Society
 Wabamun Playschool
 Wabamun Public Library
 Wabamun & District Senior Centre Society
 Wainwright Frontier & Exhibition Ag Society
 Wainwright Public Library
 Wainwright Waste to Energy Authority
 Wapiti Community Dorm Society
 Warner Memorial Library
 Wayne Community Association
 West Central Planning Agency
 West Hillhurst Community Association
 Westend Regional Sewage Services Commission
 Westlock & District Community Hall
 Westlock & District Historical Society
 Westlock Childcare Society
 Westlock Curling Club
 Westlock Municipal Library Board
 Wetaskiwin Air Show Society
 Westaskiwin Public Library
 White Court Seniors Circle
 Willow Creek Agricultural Society
 Wood Buffalo Housing & Development Corporation
 Woodlands County
 Yellowhead County
 Yellowhead Regional Library

Affiliate

ACS Public Sector Solutions
 Activation Analysis Group Inc.
 Alberta Electric System Operator
 Alberta Infrastructure and Transportation
 Alberta Municipal Affairs
 Alberta Municipal Enforcement Association
 Alberta Permit Pro
 Alberta Real Estate Foundation Association
 Alberta Snowmobile Association
 Alberta Society of Engineering Technologists
 Alberta Traffic Supply Ltd.
 Alliance Corporation
 Alta Gas Utilities Inc.
 Altalink
 AMEC Infrastructure Limited
 AMG Solutions
 AON Consulting Inc.
 APEGGA
 Armin A. Preiksaitis & Associates Ltd.
 ATCO Group
 Bell Canada
 Beutal Goodman & Co. Ltd.
 Brownlee LLP
 Bryan & Company LLP
 C4i Consultants
 Canada Mortgage and Housing Corporation
 Canadian Concrete Pipe Association
 Canadian Hydro Developers Inc.
 Canadian Red Cross
 CIBC Mellon
 Civic Solutions Inc.

Claimspro Inc.
 Consulting Engineers of Alberta
 Culzean Consulting Inc.
 DataHive.ca
 Davis LLP
 Emery Jamieson LLP
 ENCON Group Inc.
 Epcor
 Field LLP
 Fort Garry Industries Ltd.
 Fortis Alberta
 George B. Cuff & Associates
 Global Sport Resources Ltd.
 HR Group Management Consultants
 IBI Group
 Integrated Management & Realty Ltd
 ISL Engineering and Land Services Ltd.
 Johnson Controls LP
 Lethbridge & District Exhibition
 LHAS Corp.
 Lloyd Sadd Insurance Ltd.
 Mediaco The Presentation Company Inc.
 Miller Thomson LLP
 Morneau Sobeco
 Neptune Technology Group
 Nexen Marketing Inc.
 NewAlta Corporation
 Nichols Applied Management
 Parlee McLaws LLP
 Phoenix Fence Inc.
 RBC Financial Group
 Reynolds Mirth Richards & Farmer LLP
 SAP Canada
 SCMTech Inc.
 SCM Risk Management Services

Sharek Logan Collingwood van Leenen LLP
 Shaw Communications
 Shepell.fgi
 Stantec Consulting Ltd.
 Sun Life Financial
 Superior Safety Codes Inc.
 The Bethany Group
 The Security Centre Ltd.
 TransCanada Pipelines
 Urban Systems Ltd
 Veritec Consulting Inc
 Waste Management
 Western Management Consultants



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