



AMSC Business Plan & Budget 2011-2013

**Approved
November 22, 2010**

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ORGANIZATIONAL STRUCTURE

The Alberta Urban Municipalities Association (AUMA) was founded in 1905 and represents all Alberta's urban municipalities including cities, towns, villages, summer villages, and specialized municipalities.

Effective January 1, 2005, AUMA were split into the separate legal entities of AUMA and Alberta Municipal Services Corporation (AMSC). All financial transactions of these entities are separately recorded and reported.

For decision-making purposes, there are five Boards:

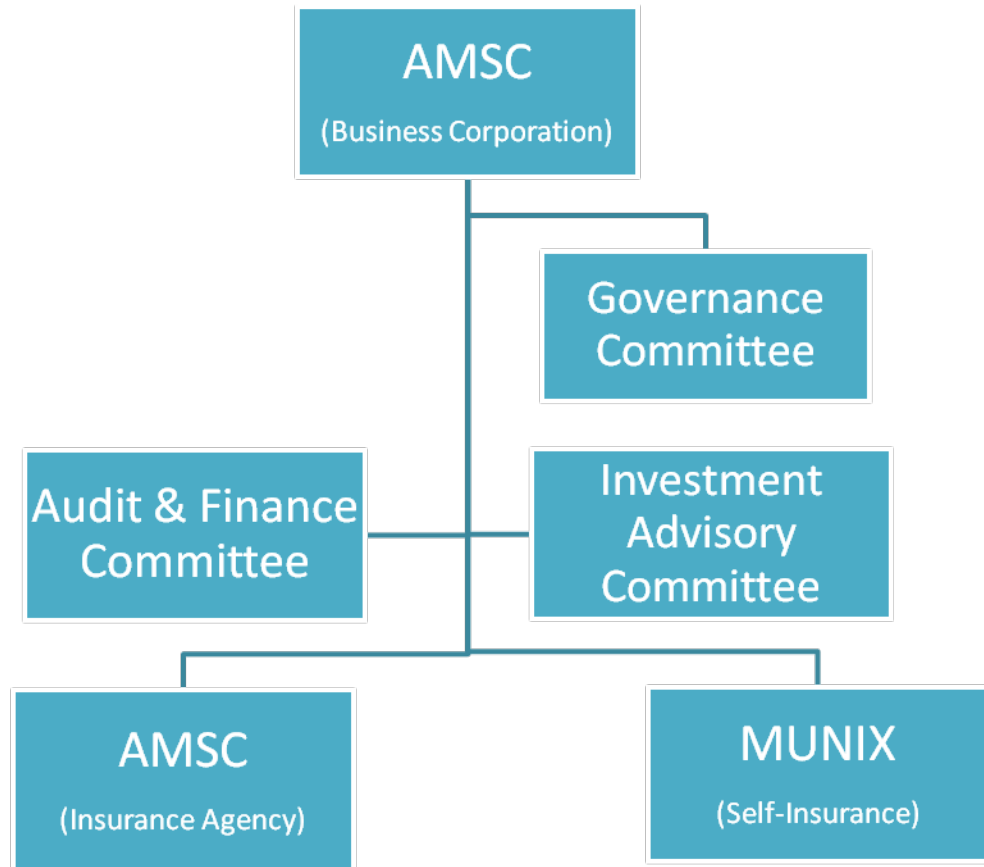
1. AUMA Board – accountable to regular members for overall direction and effectiveness of the organization's advocacy activities.
2. AMSC Board – accountable to regular members for overall direction and effectiveness of all services, new and current.
3. AMSCIS Board – accountable to regular members for overall direction and effectiveness of general insurance and benefits activities.
4. MUNIX Board – accountable to those signatory to the insurance reciprocal agreement for the overall direction and effectiveness of this self-insurance vehicle.
5. APEX Board – accountable to participating employers for the overall direction and effectiveness of this supplementary defined benefit pension plan, as well as evolution of new or refined pension services as required.

Standing committees are responsible for providing advice and recommendations to the appropriate board, followed by implementation of the final board decisions.

For coordination and integration purposes, there are two governance committees that are accountable to the AUMA and AMSC Boards:

1. Audit Committee – accountable to members for the overall probity and integrity of financial systems and practices across both advocacy and customer service activities.
2. Investment Advisory Committee – accountable to members to ensure that the internal investment funds and those held in Trust or by Agreement, are well managed and operate in compliance with Board approved policies and various regulations.

AMSC Governance Structure



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.

AMSC OPERATING PRINCIPLES

1. Stewardship and Governance Practices

- a. Provide independent ongoing leadership through development, articulation and communication of a clear and informed vision and strategy.
- b. Service activities are forward looking and solution based. Challenges and opportunities are identified, solutions designed, and then effective member oriented responses are implemented.
- c. Leadership is based on ongoing, comprehensive, and current understanding of the expressed needs and interests of members.
- d. Implementation is the responsibility of management, using overall principles of network management, within a clearly communicated accountability framework.
- e. Practice transparent and efficient stewardship of its resources in a manner consistent with stated vision and strategy, within a comprehensive risk management framework.
- f. Take an inclusive and team oriented approach to strategy development and implementation.
- g. Practices strong Board Governance, using the Toronto Stock Exchange (TSX) governance guidelines as the model to emulate and follow.
- h. Provides leadership on environmental issues.

2. Empowerment of Members and Accountability of the Association

- a. Maximum use of effective empowerment and delegation, within a comprehensive and clear accountability framework. The direct involvement of members is encouraged and enabled.
- b. Maximize use of elected officials in all empowerment and delegation activities.
- c. Resource allocations are consistent with empowerment and delegation.

3. Marketing and Transparency of Communications

- a. Communications are open, clear, and managed in accordance with corporate strategy.
- b. Communications reflect the functional differences between advocacy and service delivery.
- c. All communications activities promote and protect the AMSC brand.
- d. New technology is used wherever possible to enhance communications.

4. Service Delivery and Ethical Fairness

- a. Service design and delivery recognizes member diversity
- b. AMSC owns the customer interface in all service activities.
- c. AMSC strives to be preferred employer. Human Resource practices reflect an ongoing commitment to fairness, recognition and support for equality and diversity, and the development and enhancement of human resources.

5. Objectives, Measurement, and Results

- a. All AMSC activities, including those of the Board itself, are regularly and systematically evaluated against stated corporate goals and objectives.
- b. Incorporates best practices and efficiencies in its operations.

6. Learning and Growth

- a. AMSC is a learning organization. Board members and staff are committed to ongoing development and skill enhancement.

CORE BUSINESSES, GOALS, INITIATIVES, AND MEASURES

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.

Initiatives

- Energy Retailer Program – develop a sustainable program that fits within AMSC’s customer service model.
- Energy Management Program – develop and implement a new program. This initiative is to be undertaken in conjunction with the investigating the Carbon Capture opportunity and AUMA Climate Change initiative (i.e. Energy Demonstration Centre)

Measures

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Electricity	Number of Participants	2009 <u>Target</u> 750 <u>Actual</u> 709	760	770	780
	Commodity Volumes (stated in MWh)	2009 <u>Target</u> 370,000 <u>Actual</u> 422,000	425,000	430,000	440,000
Natural Gas	Number of Participants	2009 <u>Target</u> 735 <u>Actual</u> 618	750	760	770
	Commodity Volumes (stated in GJ)	2009 <u>Target</u> 2,900,000 <u>Actual</u> 3,080,000	3,100,000	3,200,000	3,360,000

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.

Initiatives

- GI Software System - Complete the development and implementation of the new general insurance administrative software system that will improve the efficiencies within the administration of AMSC customer service center, support a self-help modules for customers, provides an efficient premium allocation system, supports a better claims management and business partner accessibility and provides effective management and governance reporting including online access.
- Refine the MUNIX Business model – complete the implementation of the re-insurance business model and processes.
- Benchmarking Surveys - Develop benchmarks of comparable insurance industry standards that can be used to measure the operational and financial performance of the AMSCIS General Insurance program and the MUNIX Insurance Reciprocal. Particularly to provide a comparison of AMSCIS’s general insurance program to the open market’s commissions, coverage’s, pricing, and loadings including a risk trending review by member portfolio.
- General Administration Manual – Develop internal manual for staff. This initiative to be completed in conjunction with the development and implementation of the general insurance system.
- GI Munix Subscriber Agreement Update - Approve and update the MUNIX subscriber agreement addressing the changes that have occurred within MUNIX since its inception.
- MUNIX Funding Plan - Develop and approve a MUNIX funding policy including reserves, investments, and participation credit allocations and retained earning that supports the continuation of a healthy self-insurance reciprocal.
- Broker Services RFP - undertake a review and RFP for this outsourced service.
- General Insurance Claim Adjusting Service RFP – undertake a review and RFP for this outsourced service.
- Building Appraisal Service RFP – undertake a review and RFP for this outsourced service.

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	2009 Target 95% Actual 87.8%	95%	95%	95%

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.

Initiatives

- Group Benefits Program – Implement the recommended and accepted operational or business model recommendations from the review of the current Benefits and Pension operations.
- Human Resource (HR) Shared Service Program – Develop and implement the recommended and accepted business model, to expand the AMSC HR Shared Service program.
- Disability Audit – Implement the viable components of the disability audit report.
- Benchmarking Surveys - Develop benchmarks of comparable insurance industry standards that can be used to measure the operational and financial performance of the AMSCIS Group Benefits Program and the APEX Supplemental Pension Plan. Particularly to provide a comparison of AMSCIS’s group benefits program to the open market’s commissions, coverage’s, pricing, and loadings.

Measures

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Shared Benefits Services Participation	Number of municipal and municipally-associated organization employees who participate in shared benefits services	2009 Target 11,500 <u>Actual</u> 11,799	12,500	13,000	13,500
Shared Benefits Services Satisfaction	Percentage of participants who are ‘satisfied’ or ‘very satisfied’ with shared benefits services	2009 Target 97% <u>Actual</u> 95.5%	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.

Initiatives

- Aggregated Telecommunications Service - Develop a business case for aggregating telecommunication services.
- E-Procurement – determine the feasibility of this business program and implement if directed.
- E-Learning – examine the expansion of this program beyond Risk Management
- Other Insurance Lines – investigate the feasibility of expanding the insurance lines and implement as directed.

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	2009 <u>Target</u> 95% <u>Actual</u> 89.3%	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.

AMSC Board Initiatives

- Business Marketing Plan – develop and implement
- Business Sales Plan – develop and implement
- Board Align and Strategic Session – complete the AMSC Board structuring exercise and host a planning session, where a complete review and update of all the corporate strategic plans, business plans, and risk analysis will be undertaken.
- Manage Rental Properties – secure long-term leases for the 1st and 2nd floors of the new AUMA building.
- New Business Lines Evaluation Tool – refine and implement into policy and practice.
- Insurance Company Organizational Structure – complete a full market and investment assessment.
- Supply Chain Integration – develop an overall supply chain management strategy and framework.
- Hands on Service – assess the ‘hands on’ service delivery opportunities within the existing lines of services.
- Emergency Response System - Investigate & evaluate opportunity for common radio system (first response) for municipalities due to the Solicitor General initiative

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 Business Plan (B) 	(2009-10) <u>Targets</u> P: 90% B: 90% <u>Actuals</u> P: 100% B: 100%	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 AMSC Board	(2009-10) <u>Target</u> 14 of 14 <u>Actual</u> 14 of 14	14 of 14	14 of 14	14 of 14
New Shared Services	Number of new shared services offered to municipalities	(2009) <u>Target</u> 1 <u>Actual</u> 3	1	1	1
AMSC Communication	Percentage of members who are confident they receive all pertinent business information from the AMSC	(2009) <u>Target</u> 85% <u>Actual</u> 92.6%	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.

Initiatives

- AUMA and Group of Companies to be classified with Paramunicipality Status - continue with application process with CRA.

Measures

Measure	Description	Last Actual	Targets		
			2011	2012	2013
Financial Reporting Timeliness	Number of months that the Financial Reports are released by the 15 th day of the following month without material mis-statement or omissions (February to December Financial reports).	(2009) <u>Target</u> 11 <u>Actual</u> 9	11	11	11
Return on Investment	Percentage return on investments	New	Meet benchmark	Meet benchmark	Meet benchmark

BUDGET PLANNING ASSUMPTIONS

External Environment

Sources of Information

1. Alberta Economic Development – Economic Outlook – 2010-13
2. Desjardins Economic Studies – Economic and Financial Outlook – Fall 2010
3. Alberta Government – Pay Plans and Salary Grids

Relevant Statistics

	2011	2012	2013
Growth Rate – Alberta	3.0 %	3.0 %	3.0 %
Inflation – Alberta CPI	2.1 %	2.1 %	2.1 %
Prime Interest Rate – Canada	3.5 %	4.5 %	5.5 %
Unemployment Rate – Alberta	6.0 %	5.3 %	4.9 %
Remuneration Increases	3.0 %	3.2 %	3.2%

Summary

The Alberta economy will be entering recovery mode, from the 2008-2009 downturn which resulted in lower or negative growth, reduced inflation, and the current low interest rate environment.

In contrast to early portion of the decade, Alberta wage settlements returned to their historic median levels in 2010, and will remain in line with productivity growth and inflation for the next few years.

2009-10 was the last year of the three year Government of Alberta Employee wage settlement. A new contract between the Government of Alberta and its employees has yet to be agreed on. But early indications are that the 2010-11 wages will be frozen at the previous years' levels, and that wage increases for provincial employees will closely match the provincial averages of 3 to 3.5 percent in 2011-12 and forward.

Alberta unemployment peaked in 2010, and it is expected that the Alberta economic indicators will return to normal growth levels in 2011.

Internal Environment

Organizational Makeup

This AMSC Business Plan encompasses the operational and financial plans of three (3) separate entities.

1. Alberta Municipal Services Corporation (AMSC), which operates the following business Lines as an Business entity and it's operating revenues will include:
 - Membership Services (Casual Legal)
 - Energy Aggregation Program
 - Energy Management Program
 - Aggregated Investments
 - E-Learning
 - Annual Convention
2. AMSC Insurance Services Ltd (AMSCIS), which operates the:
 - General Insurance Program
 - Group Benefit Program
3. Alberta Municipal Insurance Exchange (MUNIX)
 - Self- Insurance Reciprocal offering property, liability, and auto coverage to defined aggregate limits to AUMA members. Premiums are billed through to the reciprocal subscribers through the insurance agent – AMSCIS.

Revenue and Expenditure trends

1. AMSC

Revenues

- Casual Legal Services - in 2011 the fee amount will remain unchanged from the 2010 level.
- MuniFunds – 2011 will be the second full year of operation for this new product. The 2011 budgeting assumption applied is that MuniFunds will operate this first year, on a break-even basis.

Expenses

- Consulting – costs are budgeted by initiative as defined in the Strategic Initiatives schedule
- Program Development Expenses – budget by initiative as defined in the Strategic Initiatives schedule
- Promotions and Marketing – budgeted to allow for funding of new marketing initiatives to be developed through the 2010-11 Marketing Plan
- Accounting and Audit – budgeted as per agreements or contracts
- Memberships and Travel – budgeted by employee
- Board and Committee – budgeted by number of members and number of meetings planned per year, and in accordance to the new AMSC Board structure.
- Other Operating expenses – budgeted based on historical levels, factoring in known efficiencies and the CPI increases
- Management and Administration Fees - AUMA bills AMSC monthly for its direct and proportioned shared costs for staffing, administration, and overhead.

2. AMSCIS

Revenues

- General Insurance – budgeted according to the following assumptions:
 - *Customer Base – no change factored into the 2011 budget*
- Group Benefits – budgeted according to the following assumptions:
 - *Customer Base – no change factored into the 2011 budget*

Expenses

- Consulting – costs are budgeted by initiative as defined in the Strategic Initiatives schedule
- Equipment & System Maintenance – budgeted as per agreements or contracts
- Memberships and Travel – budgeted by employee
 - Board and Committee – budgeted by number of members and number of meetings planned per year, and in accordance to the new AMSC Board structure.
- Building Valuation and Risk Control programs – costs budgeted according to planned activities
- Other Operating expenses – budgeted based on historical levels, factoring in known efficiencies and the CPI increases
- Management and Administration Fees - AUMA bills AMSCIS on a monthly basis for its direct and proportioned shared costs for staffing, administration, and overhead.

3. MUNIX

Revenues

- Premiums – budgeted to fully fund the \$11.25M claims aggregate and the full amount of budgeted expenses.
- Investment Revenues – as loss reserves build up, the investment funds held to offset these reserves also increases. The 2011 budgeted return is 5.2% of invested reserves of \$35M.

Expenses

- Claim Losses – budgeted at the worst case scenario, to the aggregate limits on an annual basis of \$5.5M for property, \$5.0M for liability, and \$.75M for auto property.
- Consulting – costs are budgeted by initiative as defined in the Strategic Initiatives schedule
- Accounting, Actuary, and Systems – budgeted as per agreements or contracts
- Memberships and Travel – budgeted by employee
 - Board and Committee – budgeted by number of members and number of meetings planned per year, and in accordance to the new AMSC Board structure.
- Building Valuation and Risk Control programs – costs budgeted according to planned activities
- Other Operating expenses – budgeted based on historical levels, factoring in known efficiencies and the CPI increases
- Management and Administration Fees - AUMA bills MUNIX on a monthly basis for its direct and proportioned shared costs for staffing, administration, and overhead

INCOME STATEMENT – ALBERTA MUNICIPAL SERVICES CORPORATION

	2011 Budget	2012 Forecast	2013 Forecast
Revenues:			
Member Services - Casual Legal	103,000	105,000	105,000
Energy aggregation	530,000	535,000	540,000
MuniSERP Annual Service Fee	23,250	24,000	24,000
MuniFunds Investment Fees	302,750	365,000	435,000
E-Learning	30,000	35,000	400,000
Interest earnings	36,000	40,000	40,000
Miscellaneous			-
Dividend earnings	2,096,000	2,195,000	2,250,000
	\$ 3,121,000	\$ 3,299,000	\$ 3,794,000
Expenses:			
Consultants	75,000	100,000	100,000
Casual Legal Fees	75,000	50,000	50,000
Subscriptions & Membership	2,000	2,000	2,000
Office administration	5,000	5,000	5,000
Promotions and marketing	50,000	50,000	50,000
Workshops	10,000	10,000	10,000
Travel	55,000	75,000	75,000
Staff Development	18,000	20,000	20,000
Accounting & Audit Fees	60,000	60,000	60,000
Member Service Costs - HR Line	14,400	15,000	15,000
Solicitor charges	25,000	25,000	25,000
Equipment expenses	-	-	-
Bank and service charges	1,800	2,000	2,000
Governance Board Expenses	30,000	30,000	30,000
Customer Advisory Committee Expenses	20,000	10,000	10,000
MuniFunds Expenses	302,400	315,000	325,000
E-Learning System Licensing & Support	10,000	20,000	20,000
Program Development Expenses	270,000	250,000	250,000
Other	-	-	-
Bad debt expense	-	-	-
Insurance expense	-	-	-
Amortization Expense	-	-	-
Management and administration expenses	1,290,000	1,325,000	1,375,000
	\$ 2,313,600	\$ 2,364,000	\$ 2,424,000
Operating Income(loss)	\$ 807,400	\$ 935,000	\$ 1,370,000
Special Business Lines - Net			
Rental Property - Net	(965,000)	(235,000)	(225,000)
Convention	160,000	250,000	175,000
	\$ (805,000)	\$ 15,000	\$ (50,000)
Net Income (Loss)	\$ 2,400	\$ 950,000	\$ 1,320,000

PROFORMA BALANCE SHEET – ALBERTA MUNICIPAL SERVICES CORPORATION

<u>ASSETS</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Current Assets		
Cash	662,400	600,000
Investments	3,200,000	4,500,000
Accounts Receivable and Prepays	100,000	100,000
	<u>3,962,400</u>	<u>5,200,000</u>
Non-Current Assets		
Fixed Assets	50,000	100,000
Due from AUMA	5,700,000	5,700,000
Deferred Costs	600,000	150,000
Investment in Subsidiary	100	100
	<u>10,312,500</u>	<u>11,150,100</u>
	<u>10,312,500</u>	<u>11,150,100</u>
 <u>LIABILITIES AND EQUITY</u> 		
Current Liabilities		
Accounts Payable	150,000	150,000
Deferred Revenue	1,500,000	1,800,000
Net Assets		
Share Capital	100	100
Unrestricted Net Assets	1,500,000	2,500,000
Opening Balance	6,700,000	6,600,000
Add: Income from Operations	2,400	2,900,000
Restriction Adjustments	1,000,000	(2,500,000)
Less: Dividends Declared	(540,000)	(300,000)
Ending Balance	<u>7,162,400</u>	<u>6,700,000</u>
	<u>10,312,500</u>	<u>11,150,100</u>

AMSC INSURANCE SERVICES LTD - INCOME STATEMENT

	2011	2012	2013
	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>
Revenues:			
Premiums	64,455,000	67,000,000	69,500,000
Less: Underwriter Fees	58,105,000	60,425,000	62,775,000
Brokerage	425,000	425,000	425,000
Premium Tax	-	-	-
Gross Margin	<u>5,925,000</u>	<u>6,150,000</u>	<u>6,300,000</u>
<i>Other Revenues</i>			
Interest Income	615,000	640,000	665,000
Miscellaneous Income	-	-	-
Net Margin	<u>6,540,000</u>	<u>6,790,000</u>	<u>6,965,000</u>
Expenses:			
Consultants	275,000	275,000	280,000
Staff Development	43,000	45,000	45,000
Subscriptions & Membership	30,000	30,000	30,000
Office administration	25,000	25,000	25,000
Promotions and marketing	80,000	80,000	80,000
Workshops	32,000	30,000	30,000
Travel	85,000	90,000	90,000
Accounting & Audit Fees	35,000	37,000	37,000
Building Valuations	300,000	300,000	300,000
Risk Control Program	50,000	50,000	50,000
Solicitor charges	15,000	30,000	30,000
Equipment & System Maintenance	405,000	370,000	370,000
Bank and service charges	3,000	3,500	3,500
Governance Board Expenses	46,500	47,000	47,000
Customer Advisory Committee Expenses	7,000	3,000	3,000
Other expenses	4,500	5,500	5,500
Insurance expense	47,000	49,000	49,000
Amortization	100,000	150,000	150,000
MUNIX Expense Reallocation	(595,000)	(600,000)	(600,000)
<i>AUMA Management & Admin Fees</i>	2,757,000	2,840,000	2,950,000
Total Expenses	<u>3,745,000</u>	<u>3,860,000</u>	<u>3,975,000</u>
Operating Income(loss) Before Benefits Surplus	<u>2,795,000</u>	<u>2,930,000</u>	<u>2,990,000</u>
Benefits Surplus Fund Income (Expenses)			
Benefits Surplus - Retained Accounts	-	-	-
Benefits Surplus - ASO	1,500,000	1,500,000	1,500,000
Net	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Net Income (Loss)	<u>4,295,000</u>	<u>4,430,000</u>	<u>4,490,000</u>

PROFORMA BALANCE SHEET – AMSC INSURANCE SERVICES LTD.

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<u>ASSETS</u>		
Current Assets		
Cash and Investments	2,699,100	2,200,100
Accounts Receivable and Prepaids	3,700,000	3,500,000
	6,399,100	5,700,100
Non-Current Assets		
Investments	5,000,000	6,500,000
Due from AUMA	6,000,000	4,100,000
Property and Equipment	2,000,000	1,500,000
	19,399,100	17,800,100
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	200,000	200,000
Deferred Revenue	3,500,000	3,200,000
	3,700,000	3,400,000
Shareholder's Equity		
Share Capital	100	100
Net Assets Restricted	-	1,900,000
Net Assets Restricted for Benefits Surplus Fund	3,000,000	2,000,000
Unrestricted Net Assets		
Opening Balance	10,500,000	6,600,000
Add: Income from Operations	4,295,000	8,500,000
Less: Dividends Declared	(2,096,000)	(4,600,000)
Ending Balance	12,699,000	10,500,000
	15,699,100	14,400,100
	19,399,100	17,800,100

INCOME STATEMENT – BENEFITS INSURANCE PROGRAM

	2011 Budget	2012 Forecast	2013 Forecast
Revenues:			
Premiums	39,455,000	41,000,000	42,500,000
Less: Underwriter Fees	36,330,000	37,750,000	39,200,000
Brokerage	-	-	-
Premium Tax	-	-	-
Gross Margin	<u>3,125,000</u>	<u>3,250,000</u>	<u>3,300,000</u>
<i>Other Revenues</i>			
Interest Income	600,000	625,000	650,000
Miscellaneous Income	-	-	-
Net Margin	<u>3,725,000</u>	<u>3,875,000</u>	<u>3,950,000</u>
Expenses:			
Consultants	200,000	200,000	200,000
Staff Development Costs	10,000	10,000	10,000
Subscriptions & Membership	5,000	5,000	5,000
Office administration	10,000	10,000	10,000
Promotions and marketing	40,000	40,000	40,000
Workshops	12,000	10,000	10,000
Travel	20,000	25,000	25,000
Accounting & Audit Fees	18,000	19,000	19,000
Building Valuations	-	-	-
Risk Control Program	-	-	-
Solicitor charges	10,000	10,000	10,000
Equipment & System Maintenance	205,000	210,000	210,000
Bank and service charges	2,500	2,500	2,500
Governance Board Expenses	35,000	35,000	35,000
Customer Advisory Committee Expenses	5,000		
Other expenses	2,500	2,500	2,500
Bad debt expense			
Insurance expense	30,000	31,000	31,000
Amortization	-	-	-
<i>AUMA Management and Administration Fees</i>	<u>1,945,000</u>	<u>2,000,000</u>	<u>2,075,000</u>
Total Expenses	<u>2,550,000</u>	<u>2,610,000</u>	<u>2,685,000</u>
Operating Income(loss) Before Benefits Surplus	<u>1,175,000</u>	<u>1,265,000</u>	<u>1,265,000</u>
Benefits Surplus Fund Income (Expenses)	-	-	-
Benefits Surplus - Retained Accounts	-	-	-
Benefits Surplus - ASO Accounts	1,500,000	1,500,000	1,500,000
Net Income (Loss)	<u>2,675,000</u>	<u>2,765,000</u>	<u>2,765,000</u>

INCOME STATEMENT – GENERAL INSURANCE PROGRAM

	2011	2012	2013
	<u>Budget</u>	<u>Forecast</u>	<u>Forecast</u>
Revenues:			
Premiums			
Gross Premiums	25,000,000	26,000,000	27,000,000
Less: Premium Credits			
Net Premiums	<u>25,000,000</u>	<u>26,000,000</u>	<u>27,000,000</u>
Less: Underwriter Fees	21,775,000	22,675,000	23,575,000
Brokerage	425,000	425,000	425,000
Premium Tax	-	-	-
Gross Margin	<u>2,800,000</u>	<u>2,900,000</u>	<u>3,000,000</u>
<i>Other Revenues</i>			
Interest Income	15,000	15,000	15,000
Miscellaneous Income	-	-	-
Net Margin	<u>2,815,000</u>	<u>2,915,000</u>	<u>3,015,000</u>
Expenses:			
Consultants	75,000	75,000	80,000
Staff Development	33,000	35,000	35,000
Subscriptions & Membership	25,000	25,000	25,000
Office administration	15,000	15,000	15,000
Promotions and marketing	40,000	40,000	40,000
Workshops	20,000	20,000	20,000
Travel	65,000	65,000	65,000
Accounting & Audit Fees	17,000	18,000	18,000
Building Valuations	300,000	300,000	300,000
Risk Control Program	50,000	50,000	50,000
Solicitor charges	5,000	20,000	20,000
Equipment & System Maintenance	200,000	160,000	160,000
Bank and service charges	500	1,000	1,000
Governance Board Expenses	11,500	12,000	12,000
Customer Advisory Committee Expenses	2,000	3,000	3,000
Other expenses	2,000	3,000	3,000
Insurance expense	17,000	18,000	18,000
Amortization	100,000	150,000	150,000
MUNIX Expense Reallocation	(595,000)	(600,000)	(600,000)
AUMA Management & Admin Fees	812,000	840,000	875,000
	-	-	-
Total Expenses	<u>1,195,000</u>	<u>1,250,000</u>	<u>1,290,000</u>
Operating Income(loss) Before Special Items	<u>1,620,000</u>	<u>1,665,000</u>	<u>1,725,000</u>
Special Items - Net			
Net Income (Loss)	<u>1,620,000</u>	<u>1,665,000</u>	<u>1,725,000</u>

INCOME STATEMENT – ALBERTA RECIPROCAL INSURANCE EXCHANGE (MUNIX)

	2011 Budget	2012 Forecast	2013 Forecast
Revenues:			
Premiums			
Gross Premiums	12,600,000	12,750,000	12,750,000
Less: Premium Credits			
Net Premiums	12,600,000	12,750,000	12,750,000
Direct Costs			
Incurred Losses and Expenses	11,250,000	11,250,000	11,250,000
Premium Tax	378,000	385,000	385,000
	11,628,000	11,635,000	11,635,000
Gross Margin	972,000	1,115,000	1,115,000
<i>Other Revenues</i>			
Interest Income	1,800,000	1,900,000	2,000,000
Miscellaneous Income	-	-	-
	-	-	-
Net Margin	2,772,000	3,015,000	3,115,000
Expenses:			
Consultants	80,000	100,000	100,000
Staff Development	25,000	25,000	25,000
Subscriptions & Membership	15,936	16,667	16,667
Office administration	10,000	10,000	10,000
Promotions and marketing	26,500	26,500	26,500
Workshops	13,333	13,333	13,333
Travel	40,000	40,000	40,000
Accounting & Audit Fees	60,000	60,000	60,000
Actuarial Fees	60,000	50,000	50,000
Building Valuations	200,000	200,000	200,000
Risk Control Program	33,333	33,333	33,333
Solicitor charges	40,000	35,000	35,000
System Support	135,000	110,000	110,000
Bank and service charges	1,400	1,500	1,500
Governance Board Expenses	23,500	25,000	25,000
Customer Advisory Committee Expenses	4,000	5,000	5,000
Other expenses	1,333	1,667	1,667
Insurance expense	61,000	62,000	62,000
Amortization	66,665	100,000	100,000
<i>AUMA Management & Admin Fees</i>	1,625,000	1,675,000	1,725,000
	1,625,000	1,675,000	1,725,000
Total Expenses	2,522,000	2,590,000	2,640,000
Net Income (Loss)	250,000	425,000	475,000

**PROFORMA BALANCE SHEET – ALBERTA RECIPROCAL INSURANCE EXCHANGE
(MUNIX)**

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
<u>ASSETS</u>		
Current Assets		
Cash and Investments	35,415,160	35,165,160
Accounts Receivable and Prepays	100,000	100,000
	<u>35,515,160</u>	<u>35,265,160</u>
Property and Equipment	-	-
	<u>35,515,160</u>	<u>35,265,160</u>
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	500,000	500,000
Claim Reserves	23,500,000	23,500,000
	<u>24,000,000</u>	<u>24,000,000</u>
Surplus		
Statutory Margin	50,000	50,000
Restricted Reserve - Rate Stabilization	2,515,160	2,515,160
Additional Surplus	8,950,000	8,700,000
	<u>11,515,160</u>	<u>11,265,160</u>
	<u>35,515,160</u>	<u>35,265,160</u>