

Making All Matters Local

2013

ANNUAL REPORT



WE ARE
economies
OF SCALE

WE ARE THE
support
YOU NEED

WE ARE THE
experts
IN MUNICIPALITIES

WE ARE YOUR
advocate

INTRODUCTION

The Alberta Urban Municipalities Association (AUMA) has been serving members since 1905. It was established by members for members to “unite the efforts of all municipalities in arranging for uniformity of law; protect municipalities’ rights against encroachments of corporations and promoters, enact legislation on sound principles for the benefit of municipalities; make arrangements in reference to those less fortunate.”¹

Today, AUMA is regarded and respected as an expert in municipalities. The association is valued by members and trusted as the voice for Alberta’s urban municipalities, providing leadership in advocating local government interests to all orders of government and other organizations across the country.

While AUMA continues to demonstrate a commitment to its founding principles, it has evolved to address the ever-changing needs of Alberta’s cities, villages, summer villages and specialized municipalities. Serving 272 members across the province of Alberta, AUMA, through its wholly owned subsidiary, the Alberta Municipal Services Corporation (AMSC) has developed a foundation of support for municipalities, leveraging economies of scale to offer a suite of aggregated services to members.

AUMA continues to be driven by its membership — its owners, its leaders — adopting a philosophy of collaboration in all that they undertake. Considered a cornerstone of the organization’s success, collaboration with stakeholders across national and provincial public eco-systems has enabled the development and implementation of sound strategies and action plans benefitting members.

Our accomplishments reflect our commitment to supporting Alberta’s urban municipalities in creating communities that are financially, socially, environmentally and culturally sustainable; ensuring leaders are guided by a sound model of local governance.

¹ AUMA’s First Century by Ernie Patterson

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MESSAGE FROM THE PRESIDENT

The role of municipalities in the province of Alberta has evolved from one of simply providing core services such as roads, water and garbage collection to one in which they impact every aspect of their residents' lives. Bound by the common goal of municipal sustainability, it is time for members of the Alberta Urban Municipalities Association to govern as we were meant to.

New perspectives and experienced viewpoints present at council tables across the province and around the AUMA boardroom, make us stronger

2013 was a turbulent year for municipalities in Alberta. The municipal election saw upwards of 50% of elected officials change over, followed by numerous changes at the provincial level in both Ministerial and Premier roles.

With new perspectives and experienced viewpoints present at council tables across the province and around the AUMA boardroom, we are stronger than ever; moving the municipal agenda forward.

Working with and for our members, we have developed a reputation as experts in municipalities. As such, we have been called upon to collaborate with the province on the creation of a new *Municipal Governance Act* (MGA). We have also been consulted by the federal government on matters pertaining to national economic and energy strategies as well as the impact of growth on our municipalities. As your advocate, our efforts are focused and consistent.

It is time that our hard work is acknowledged; that a new MGA becomes reality; that federal initiatives support municipal needs. It is time that the respective roles and responsibilities of the orders of government are clear and appropriate and that local governments have predictable, diverse, and sustainable revenue sources to deliver needed programs, services and infrastructure.

As President of the Alberta Urban Municipalities Association, I look forward, along with the Board of Directors to serving you, our members, and to working with you to ensure the viability and sustainability of our communities.



Helen Rice
AUMA President

A handwritten signature in black ink, appearing to be 'HR', with a long horizontal line extending to the right.

MESSAGE FROM THE CEO

As the Chief Executive Officer of the Alberta Urban Municipalities Association, I have observed, supported and participated in the evolution of municipal government in Alberta for quite some time.



John McGowan
AUMA CEO

The balance between our advocacy efforts and our corporate services provides a level of diversity that ensures long term viability

It brings me great pleasure to see AUMA regarded as a beacon for those who work hard to make Alberta communities the best that they can be. Our Board of Directors and staff truly are experts in municipalities and the progress we have made in advocacy, governance and member services reflects our commitment to helping members achieve sustainability.

Amidst the tumultuous events many members experienced in 2013, I am proud that our team did not shy away from the challenges. I'd like to point out the outstanding work our organization undertook on behalf of members. Staff provided support and delivered exceptional service to municipalities on a number of fronts including: input to the MGA, flood recovery, energy management, general insurance, election support and enhanced training for newly elected officials.

Milestone results were achieved for many initiatives. Through good governance practices, an unparalleled framework for policy development, and a diverse portfolio of services, AUMA has fortified its foundation to ensure the organization's sustainability. The balance between our advocacy efforts and our corporate services provides a level of diversity to ensure long term viability.

While it is our mission to empower municipalities by providing visionary leadership, solutions-based advocacy and service excellence, know that AUMA is here to support you, our members, in achieving your goals. We are your association. We are economies of scale, we are the support you need, we are your advocate and we offer an unmatched depth of municipal experience and expertise.

I look forward to our continued collaboration and success in helping you, our members, build thriving communities.

A handwritten signature in black ink, appearing to read 'John McGowan', written in a cursive style.

WHAT IS THE AUMA?

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

AUMA Board

The AUMA Board of Directors is responsible for:

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

Vision <p>Municipal governments are a fully engaged order of government and have the capacity to build thriving communities.</p>	Mission <p>The Alberta Urban Municipalities Association empowers municipalities by providing visionary leadership, solutions-based advocacy, and service excellence.</p>
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WHAT IS THE AMSC?

What is the AMSC?

The Alberta Municipal Services Corporation was established on 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 Board members are appointed. 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 the leader in providing innovative community and business solutions.

Mission

AMSC provides services for municipalities, employees, public entities and community related organizations to enhance their stability and capacity.

GOVERNANCE

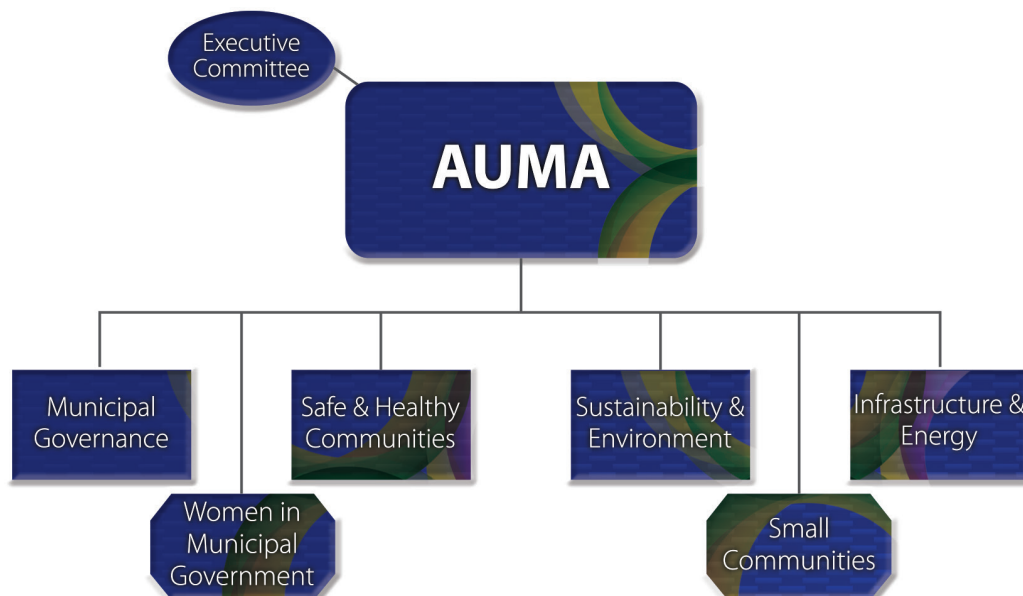
2013/2014 AUMA Board of Directors

Chair, Councillor Helen Rice	President - City of Grande Prairie
Mayor Cliff Ayrey	Director, Villages South - Village of Longview
Councillor Buck Buchanan	Director, Cities up to 500,000 - City of Red Deer
Councillor Tony Caterina	Director, Cities over 500,000 - City of Edmonton
Councillor Andre Chabot	Director, Cities over 500,000 - City of Calgary
Mayor Maryann Chichak	Director, Towns West - Town of Whitecourt
Mayor Steve Christie	VP & Director, Cities up to 500,000 - City of Lacombe
Mayor Kim Craig	VP & Director, Towns South - Town of Coaldale
Mayor Anita Gillard	Director, Villages West - Village of Clive
Mayor Lisa Holmes	Director, Towns East - Town of Morinville
Mayor Peter Pellatt	Director, Summer Villages - Summer Village of Sundance Beach
Mayor Jenelle Saskiw	VP & Director, Villages East & Summer Villages - Village of Marwayne
Mayor Martin Shields	Director, Cities up to 500,000 - City of Brooks
Councillor Amarjeet Sohi	VP & Director, Cities over 500,000 - City of Edmonton
Councillor Jim Stevenson	VP & Director, Cities over 500,000 - City of Calgary

2013/2014 AUMA Executive Committee (President, then alpha)

Chair, Councillor Helen Rice	President - City of Grande Prairie
Mayor Steve Christie	VP & Director, Cities up to 500,000 - City of Lacombe
Mayor Kim Craig	VP & Director, Towns South - Town of Coaldale
Mayor Jenelle Saskiw	VP & Director, Villages East & Summer Villages - Village of Marwayne
Councillor Amarjeet Sohi	VP & Director, Cities over 500,000 - City of Edmonton
Councillor Jim Stevenson	VP & Director, Cities over 500,000 - City of Calgary

Board Organization Structure



GOVERNANCE

2013/2014 AMSC, AMSCIS & MUNIX Board of Governors

Chair, Councillor Helen Rice	President - City of Grande Prairie
Councillor Buck Buchanan	Director, Cities up to 500,000 - City of Red Deer
Mayor Maryann Chichak	Director, Towns West - Town of Whitecourt
Mayor Steve Christie	VP & Director, Cities up to 500,000 - City of Lacombe
Mayor Kim Craig	VP & Director, Towns South - Town of Coaldale
Mayor Martin Shields	Director, Cities up to 500,000 - City of Brooks
Elaine Noel-Bentley	Independent Governor
Ron Helmhold	Independent Governor
Shelley Miller, Q.C.	Independent Governor
Al Mondor FCA, ICDD	Independent Governor
Stanley Wong	Independent Governor

2013/2014 APEX Board of Directors

Chair: Mayor Steve Christie	VP & Director, Cities up to 500,000 - City of Lacombe
Robert Kallir	Independent Director
Elaine Noel-Bentley	Independent Director
Monica Norminton	Independent Director
Norbert Van Wyk	Independent Director

AUMA PERFORMANCE MEASURES

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.

Measures

Measure	Description	Last Actual	Targets		
			2014	2015	2016
Advocacy Satisfaction	Percentage of members who are 'satisfied' or 'very satisfied' with the impact of AUMA's advocacy efforts	(2013) Target 90% Actual 89%	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.

Measures

Measure	Description	Last Actual	Targets		
			2014	2015	2016
Membership	Number of Regular (R), Associate (A) and Affiliate (F) AUMA members	(2013) Target R: 276 F: 575 A: 80 Actuals R: 272 F: 673 A: 97	R: 276 A: 700 F: 110	R: 276 A: 725 F: 110	R: 276 A: 750 F: 110
Web Site Information	Average monthly number of visits to the AUMA web site (http://www.auma.ca)	(2013 - 14) Target 12,500 Actual 12,000	(2014-15) 13,000	(2015-16) 13,500	(2016-17) 14,000



AUMA PERFORMANCE MEASURES

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.

Measures

Measure	Description	Last Actual	Targets		
			2014	2015	2016
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) 	(2013) P Target 90% Actual 92%	P 90%	P 90%	P 90%
		B Target 90% Actual 100%	B 90%	B 90%	B 90%
Alignment with Canadian Coalition of Good Governance (CCGG) Best Practices	AUMA Board practices are consistent with CCGG best practices supporting all four principles of high performance boards: <ol style="list-style-type: none"> 1. Is accountable and independent. 2. Has experienced, knowledgeable and effective Directors with the highest level of integrity. 3. Has clear roles and responsibilities. 4. Engages with Shareholders. 	(2013 - 14) 4/4	4/4	4/4	4/4
Executive Committee Self-Assessment	Percentage of Executive Committee members who are 'satisfied' or 'very satisfied' with Executive Committee performance	(2013-14) Target 90% Actual 100%	90%	90%	90%
Financial Reporting Timeliness	Number of months that the Financial Reports are released by the 15th day of the following month without material mis-statement or omissions (February to December Financial reports).	(2013) Target 11 Actual 8	11	11	11
Return on Investment	Percentage return on investments	(2013) Target 3.74% Actual 4.74%	CPI + 1.0%	CPI + 1.0%	CPI + 1.0%

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.

Measures

Measure	Description	Last Actual	Targets		
			2014	2015	2016
Annual Convention Satisfaction	Percentage of attendees who are 'satisfied' or 'very satisfied' with the annual convention	(2013) Target 85% Actual 90%	90%	90%	90%
AUMA Communications	Percentage of members who are confident they receive all pertinent information from the AUMA	Target 75% Actual 83%	75%	75%	75%

AUMA PERFORMANCE MEASURES

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.

Measures

Measure	Description	Last Actual		Targets		
				2014	2015	2016
Government Relations	Number of meetings with elected and appointed government officials	Target	55	55	55	55
		Actual	55			



AMSC PERFORMANCE 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.

Measures

Measure	Description	Last Actual	Targets		
			2014	2015	2016
Electricity	Number of Participants	(2013)			
		Target 725 Actual 727	620	725	735
	Commodity Volumes (stated in MWh)	Target 430,000 Actual 547,942	TBD	TBD	TBD
Natural Gas	Number of Participants	Target 630 Actual 626	530	630	635
	Commodity Volumes (stated in GJ)	Target 3,200,000 Actual 3,834,844	TBD	TBD	TBD

AMSC PERFORMANCE MEASURES

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		
				2014	2015	2016
Shared Insurance Services Satisfaction	Percentage of participants who are 'satisfied' or 'very satisfied' with shared insurance services	Target	(2013) 95%	95%	95%	95%
		Actual	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.

Measures

Measure	Description	Last Actual		Targets		
				2014	2015	2016
Shared Benefits Services Participation	Number of municipal and municipally associated organization employees who participate in shared benefits services.	Target	(2013) 14,500	15,000	15,500	16,000
		Actual	14,151			
Shared Benefits Services Satisfaction	Percentage of participants who are 'satisfied' or 'very satisfied' with shared benefits services	Target	(2013) 95%	95%	95%	95%
		Actual	99%			

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		
				2014	2015	2016
Shared Other Services Satisfaction	Percentage of participants who are 'satisfied' or 'very satisfied' with shared other services	Target	(2013) 95%	95%	95%	95%
		Actual	92%			



AMSC PERFORMANCE MEASURES

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			
			2014	2015	2016	
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) 	(2013)				
		P Target	90%	P 90%	P 90%	P 90%
		Actual	95%	B 90%	B 90%	B 90%
		B Target	90%			
		Actual	100%			
Alignment with Canadian Coalition of Good Governance (CCGG) Best Practices	AMSC Board practices are consistent with CCGG best practices supporting all four principles of high performance boards: <ol style="list-style-type: none"> Is accountable and independent. Has experienced, knowledgeable and effective Directors with the highest level of integrity. Has clear roles and responsibilities. Engages with Shareholders. 	(2013-14) 4/4	4/4	4/4	4/4	
New Shared Services	Number of new shared services offered to municipalities	(2013)				
		Target	1	1	1	
		Actual	3			
AMSC Communication	Percentage of members who are confident they receive all pertinent business information from the AMSC	(2013)				
		Target	75%	75%	75%	
		Actual	93%			

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		
			2014	2015	2016
Financial Reporting Timeliness	Number of months that the Financial Reports are released by the 15th day of the following month without material mis-statement or omissions (February to December Financial reports)	(2013)			
		Target	11	11	11
		Actual	8		
Return on Investment	Percentage return on investments	(2013)			
		Target	3.74%	CPI + 1.0%	CPI + 1.0%
		Actual	4.74%		CPI + 1.0%

2013

AUMA / AMSC INITIATIVES AND FAST FACTS

Established by members for members more than 100 years ago, the Alberta Urban Municipalities Association (AUMA) continues to serve local governments across the province of Alberta. The progress and success of our efforts are due in large part to the continued collaboration between members, the organization and community stakeholders.

The diversity of our membership is reflected in the governance structure of the association through Board representation and Standing Committee participation. It is also reflected in the initiatives undertaken by the association to address the many challenges local governments face. These initiatives are driven by member need and powered by member input.

Our goal is to develop a strong partnership between all three levels of government that will facilitate social and economic growth, a strategic and stable funding matrix for capital projects, vital emergency and social services. In 2013, many of our advocacy-based activities were related to the modernization of the Municipal Government Act (MGA) and tied to

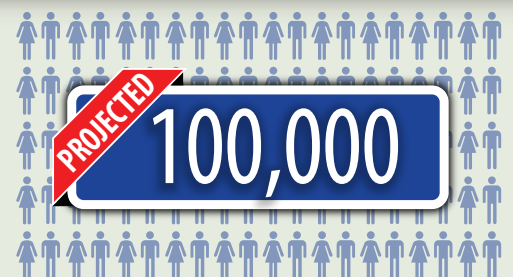
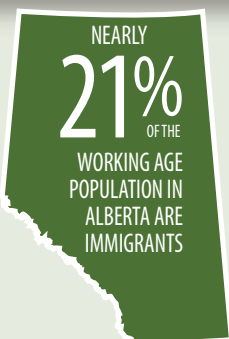
unprecedented population growth in the province.

AUMA has been delivering aggregated service solutions to members since the 1960s. Through the Alberta Municipal Services Corporation (AMSC), the association has become a solutions-based company dedicated to meeting the business needs of clients. In 2013, the organization forged ahead in delivering enhanced services to support municipalities in managing costs and building capacity within the municipal framework.

The following stories provide a snapshot of the work undertaken by AUMA in 2013. They illustrate the importance and impact of collaboration, often over a period of years, to achieving success.

FAST FACTS 2013

85% of Albertans live in urban municipalities.



PEOPLE MOVING TO ALBERTA EVERY YEAR FOR THE NEXT 10 YEARS

ROUGHLY THE SIZE OF RED DEER

MODERNIZING THE MGA

Ensuring a solid foundation for thriving communities



“We have been preparing for this opportunity for many years, through studies, Minister’s Reports, working groups – the list goes on. The problems are known. The solutions are clear. It’s time for bold leadership and innovative changes – the kind that will ensure the economic, social and environmental wellbeing of our communities.”

–AUMA President, Helen Rice

The Municipal Government Act (MGA) is the legislative framework for Alberta’s municipalities. It was first enacted in 1995 and has remained unchanged since its inception - unlike the economic, social and environmental realities of today’s municipalities. The MGA must reflect the growth and evolution of Alberta’s municipal landscape and to enable municipalities to better serve their citizens while achieving long-term sustainability.

AUMA, as experts in municipalities, has long advocated for a thorough review of the MGA and acted quickly on the province’s commitment to consult with key stakeholders as to the required legislative changes in modernizing the Act.

The MGA Review Steering Committee was established in 2013 to convene a group of elected officials and administrators with expertise and interest in the Act. This group provided guidance and advice to AUMA as it developed its positions with regard to the MGA. The association engaged members across the province through zone meetings, Mayors’ Caucuses, Education Sessions, webinars and surveys.

These, in conjunction with AUMA policy papers, member resolutions, and external reports and submissions, formed our inventory of required changes to the MGA focusing on: governance, roles and responsibilities, revenue sources and authorities, and the municipal infrastructure deficit.

MEMBER INSIGHTS: TOWN OF JASPER

AUMA plays a pivotal role in modernizing the MGA

“The AUMA plays a pivotal role in modernizing the MGA; not only does it provide leadership, focus and force to the collective voice of member municipalities, it is the only effective bridge between Alberta’s municipalities and the Provincial Government and between member municipalities and their counterparts in AAMD&C. The respect and weight afforded to the AUMA submissions regarding required and desired changes to the MGA may well prove to be the major catalyst to changes which will improve the position of municipalities and their residents for a generation or more.”

– Richard Ireland, Mayor, Town of Jasper



Richard Ireland, Mayor, Town of Jasper



Despite unprecedented growth in Alberta's natural resource sector, some municipalities continue to struggle. Many smaller communities have experienced a declining population, a shrinking business base and reductions in their local assessment. As the association for urban municipalities in Alberta, AUMA guides and supports members striving to achieve long term sustainability.

AUMA has consistently represented members' needs at province-wide initiatives, and such was the case with the Municipal Sustainability Strategy (MSS) Working Group. This multi-organizational group was established with a mandate to develop a strategy and supporting tools aimed at strengthening the capacity and improving the long-term viability of Alberta municipalities.

This group explored four key areas in developing the Municipal Sustainability Strategy:

- what constitutes a viable and sustainable municipality and how can these be measured;
- what basic services should a municipality provide;
- what capacity building tools are required;
- what restructuring process should be used – identifying both qualitative and quantitative indicators from which to make good decisions.

The resulting MSS framework was supported by a self-assessment toolkit, a capacity building toolkit and a Viability Review Process (VRP), previously known as the dissolution process. Soon after implementation, AUMA identified some fairly significant shortcomings with the new VRP and acted quickly to call attention to the issues. As such, AUMA's board sponsored a resolution during the 2013 Convention advocating for changes to the VRP and for improvements to a separate process addressing voluntary amalgamations. Recommendations for improvement were sent to the province.



MSS

MUNICIPAL SUSTAINABILITY STRATEGY:

A collaborative framework to assess viability

BOARD INSIGHTS: JENELLE SASKIW, VP & DIRECTOR; VILLAGE OF MARWAYNE

AUMA is an active advocate on behalf of members & works hard to provide information & assistance

"AUMA represents every size of urban municipality...and every one of them is working towards a common goal, 'creating communities where people want to live, work and raise families.' We know that a cookie-cutter approach (to ensuring municipal sustainability) will not work." That is why AUMA is an active advocate on behalf of members and works hard to "provide information and assistance to them, with the intent of making municipalities stronger. Participating in the MSS process allows council and administration to use the tools to evaluate and understand specific situations, indentifying areas of strength and areas for improvement."

- Jenelle Saskiw, VP & Director, Villages East & Summer Villages; Village of Marwayne



OFF-SITE LEVIES

Sharing the costs of new development



Managing the costs associated with growth and development is a key concern for municipalities. While the Municipal Government Act (MGA) provides for the use of certain offsite levies and development fees, the current framework has proven to be inadequate in meeting the demands and addressing the issues associated with growth.

AUMA has been actively advocating for municipalities to be able to work at a local level with developers on establishing appropriate offsite levies to cover a broader range of infrastructure such as fire and rescue service, police service, transit service, recreation and park development, library service and water acquisition.

A working group of municipal stakeholders was struck by the province to explore various options for financing infrastructure - including offsite levies. As part of that working group, AUMA asserted that the cost of new development should be a shared responsibility between new property owners, developers, municipal government and the

provincial government.

As such, AUMA has proposed that the MGA be amended to: provide the principles that guide offsite levies; include a listing of permitted offsite charges, and allow additional offsite levies to be set between municipalities and developers. This would ensure that new property owners contribute more equitably to the capital costs of community infrastructure while subsequent costs would continue to be supported by the tax base or other municipal fees and grants.

This course of action will provide municipalities and developers with the greatest amount of flexibility in negotiating development costs and ensuring improved financial support for enhanced community development.

BOARD INSIGHTS: JIM STEVENSON, VP & DIRECTOR, CITY OF CALGARY

In seeking changes to the MGA, AUMA refers to a set of principles

Many local leaders, including Councillor Jim Stevenson, recall the 2012 Appeal Court decision that sparked much controversy between developers and municipalities. "The key challenge is how to handle the growth. The cost of infrastructure for new developments (sewer, water, roads) is huge for municipalities and we don't see a return for many years. Yet, we have to allow development to proceed." In seeking changes to the MGA, AUMA refers to a set of principles including: those who benefit from infrastructure should pay for it with costs apportioned fairly; there must be open and transparent dialogue, and certainty and clarity achieved through sustainable partnerships.

- Jim Stevenson, VP & Director, Cities over 500,000; City of Calgary



Jim Stevenson, City of Calgary



Canada's prosperity is largely dependent upon the health and sustainability of its towns and cities. Local communities provide the foundation for both the economic growth and social well being of the country and its citizens. Municipalities enable Alberta's economic contributions, which in turn provide significant support to the federal government and funding for national programs.

For many years, AUMA has played a vital role alongside the Federation of Canadian Municipalities as an advocate for local governments on the national stage. As recognized experts in the field, the association put forth a concerted effort in 2013 to inform, educate, and guide federal decision-makers on key policy matters affecting Alberta's urban municipalities including: market access for our resources, Alberta's growth pressures, the Gas Tax and the Building Canada Fund, aging water and wastewater infrastructure as well as the harmonization of federal/provincial water and wastewater reporting.

AUMA is well-known to federal officials and as the advocate for our members, has established direct contacts within many federal departments. As such,

federal decision makers have an increased awareness of the unique challenges Alberta communities face due to the growth pressures associated with our natural resource economy.

To complement the framework of meetings and personal discussions with federal officials, a new MP Newsletter, National Connection, was launched with the intent of directly connecting AUMA and our members to the federal order of government.

AUMA will continue to elevate the awareness of our members' needs, pursuing increased infrastructure funding and seeking better approaches for federal, provincial and municipal governments to work together.

FEDERAL ADVOCACY

Fortifying the foundation of a country



BOARD INSIGHTS: HELEN RICE, PRESIDENT; CITY OF GRANDE PRAIRIE

In Ottawa, AUMA is well received by government Ministers & federal members from all parties

"AUMA has a good reputation - for being experts in municipalities, for being reasonable and focussed. In Ottawa, we are well received by federal members from all parties and by Ministers in the federal government alike." The association offers an invaluable service to members by raising the profile of local issues and municipal government in the federal arena. "On their own, most members would not have as effective a voice in matters such as the gas tax and the Building Canada Fund. AUMA, in facilitating the dialogue and delivering a unified message with strength and clarity - provides significant benefit to all Alberta municipalities."

- Helen Rice, President, City of Grande Prairie



Helen Rice, City of Grande Prairie

IMPACT OF GROWTH

Welcoming
100,000 new
Albertans annually

100,000 people will be moving to Alberta every year for the next 10 years. That kind of population growth puts tremendous pressure on cities and towns, as newcomers do not bring housing, recreational facilities, libraries, water systems and roads with them when they come - municipalities must provide that.

The energy sector, while making notable contributions to the economic prosperity of the province and the country, poses significant challenges for many Alberta municipalities. This dynamic industry has placed added pressures on municipal infrastructure in its drive to find, extract, and transport natural energy resources across the province. The trickle-down effect of that activity is seen in population growth and increased commercial development across the province.

Addressing the demands of growth in addition to meeting the day to day infrastructure requirements of municipalities has resulted in both increased property taxes and increased debt for local governments, two approaches that are not considered to be sustainable.

As experts in municipalities, AUMA has taken a lead role in the dialogue on growth and its impacts, speaking to stakeholder groups across the country. Advocating on behalf of members to both provincial and federal governments, AUMA is promoting policy and taxation solutions to the infrastructure challenges of municipalities.

Alberta's cities and towns are great places to live, work and raise a family. There are a multitude of career options and increasing business opportunities to be found. The challenge municipalities face is in keeping competitive, creating an environment that is inviting for both residents and business.



MEMBER INSIGHT: CITY OF LLOYDMINSTER

AUMA represents every community, whether it's a large city or a small community

With a population nearing 32,000, Lloydminster is located in one of the economic hotspots of the province, coping daily with the impacts of growth. City Manager, Glenn Carroll explains that in addition to addressing an infrastructure deficit, his community is also affected by a shortage of both skilled and unskilled labour, presenting local businesses with another set of challenges.

Taking advantage of many AMSC services and engaging in the advocacy efforts of the organization, Carroll believes in the value delivered to members. "AUMA represents every community, whether it's a city the size of Calgary or a mid-size city like ours. Their advocacy efforts are just outstanding."

- Glenn Carroll, City Manager, City of Lloydminster



With a solid reputation for being experts in municipalities and with more than 10 years of experience in energy services, AMSC has created a program to serve the long-term needs of our valued clients, leveraging economies of scale for those who cannot access the wholesale market on their own.

2013 was a big year for the Energy Services team, first in establishing the organization as an energy retailer and then in bringing to market the AMSC 2014+ Energy Program.

Seeking to becoming the preferred electricity and natural gas retailer for municipalities and of ensuring customer service levels are the best in industry, AMSC developed a superior product and support offering.

As an official energy retailer, AMSC Energy gained direct control of its retailing functions and costs. This translates to cost savings for customers as well as to increased flexibility and customization of products and processes. The organization will realize increased efficiencies functioning as an aggregator, energy marketer,

customer care provider, billing provider and agent for commodity purchases on our customers' behalf.

By consolidating all of these functions under the AMSC umbrella and adding new members to the team, we have fortified our foundation of expertise, both in energy and municipalities. This is further enhanced by our strategic partnerships with TransAlta as the energy provider and with Cognera, our billing system vendor.

The AMSC Energy Services team looks forward to the continued growth of the program with new products, a new Energy Management Program and a Member Advisory Committee ensuring continued value for members.

AMSC ENERGY SERVICES

Leveraging Economies of Scale



MEMBER INSIGHTS: TOWN OF HINTON

AUMA aggregates a complex resource by leveraging purchasing power and council's trust


Energy costs make up a substantial portion of a municipality's budget and without competitive energy contracts in place, energy costs can be volatile. Being able to leverage the "purchasing power of a large energy co-op coupled with the trust council has in the due diligence of AUMA to aggregate a complicated resource" is reassuring to municipalities like the Town of Hinton, according to Town Manager, Bernie Kreiner.

He also appreciates the fact that the 2014 AMSC Energy Program is flexible and customizable, "allowing us to tailor the service to meet our particular objectives," a perspective shared by other municipalities navigating this complex market.

- Bernie Kreiner, Town Manager (retired), Town of Hinton



Bernie Kreiner, Town Manager, Town of Hinton



THE WATER INITIATIVE

Sustaining infrastructure and operations

Many municipalities are in need of financial and technical assistance to sustain their drinking water infrastructure and operations. To offer support to members in this regard, AMSC created a new program – the Water Initiative. Designed to facilitate the sustainable operation and maintenance of municipal water systems, the program addresses municipal water management challenges.

The objective of the AMSC Water Initiative is to provide cost-effective water loss control strategies to municipalities, reducing water losses to acceptable and economic levels.

The initiative is expected to strengthen municipal water system infrastructure, reduce operating costs, promote effective asset management and provide municipalities with a framework to develop a strategic water management plan.

To begin the process, AMSC conducted a Water & Wastewater Survey. The results of this survey identified the lack of financial capital as the largest and most pressing challenge facing municipal water systems in Alberta. This lack of capital combined with

poor asset management lead to an underinvestment in water distribution systems which, in turn has resulted in repairs, replacement and upgrades being postponed — creating a severe infrastructure deficit.

Building on those key learnings, AMSC piloted a comprehensive municipal water audit with the Town of Claresholm in 2013. The pilot was utilized to test the foundation for AMSC's new Water Initiative set to roll out in 2014.

Water audits and rate reviews will form the foundation of the new Water Initiative, providing valuable input to a strategic plan that will assist municipalities in effectively maintaining their own water distribution systems.

MEMBER INSIGHTS: TOWN OF CLARESHOLM

Getting water-wise with conservation pays dividends for the people of Claresholm

The Claresholm pilot revealed that the town is doing a good job tracking its water consumption and maintains a high level of data reliability. Compared to similar systems across North America, Claresholm's performance was at or above industry averages.

The results confirm what works well in regards to the town's water management and the ongoing benefit will be the benchmarks now in place to measure and improve any shortcomings. Jeff Gibeau, manager regulatory and property services explains, "we have the information to make immediate improvements and the operational efficiency indicators to establish five-year goals that can be tracked and compared through annual audits."



The AMSC General Insurance and Risk Management Program is designed to address the unique needs of municipalities and municipally-related organizations, providing coverage for regular and associate members who are both subscribers to MUNIX and partners for each other in self-insuring losses through participation in the program.

2013 was a busy and rewarding year for the general Insurance team as they achieved significant milestones in advancing three key areas: developing strategies to drive the future state of General Insurance (GI), completing the subscriber agreement project and addressing the needs of members affected by flooding.

The GI Future State was spearheaded by staff and developed with assistance from PriceWaterhouseCoopers (PWC). The draft, including key strategies, was presented for consideration and feedback to the Board with approval

and subsequent implementation expected in 2014.

In response to the dynamic needs of municipalities and the nature of the insurance industry, AMSC undertook the important task of updating the subscribers' agreement. The effort, underscored by best in class services, highlighted the importance of insurance to local governments and provided a platform to initiate discussions in communities across the province. By year end, the subscribers' agreement was signed by over 99% of members.

Perhaps the greatest demonstration of AMSC's commitment to members and providing superior service was the activity undertaken to support municipalities affected by the 2013 floods. Staff assisted members in making claims, facilitating quick and relevant contact when necessary. Many worked on site in High River and CEO John McGowan personally presented a \$1.75M cheque to the Mayor of High River.

AMSC GENERAL INSURANCE

Best in Class Services and Support



AMSC Insurance Services covers over
\$10 BILLION
in total insured value



MEMBER INSIGHTS: TOWN OF HIGH RIVER

AUMA staff, both pre and post flood offered professional, expert support

Janice Wesley, Properites & Risk Management Advisor for the Town of High River could not have foreseen the importance of her work when she took on her new role in 2012. At that time she set out to "clean up the coverage schedules, ensuring the correct valuation" for the town's properties, not realizing that the Building Valuation Program would be a "lifesaver" in a few months time.

Wesley encourages others to follow suit, getting things in order. She reflects on her positive experience working with AUMA staff both pre and post flood, acknowledging the professional, expert support received at each step.



IMPACTING MUNICIPAL HR strategies



Municipalities, as employers, view their Employee Benefits and Retirement Programs as important components of their overall HR Strategy. Such services help them to recruit and retain skilled labour by providing a long-term, stable benefit to offset any economic instability and wage disparity; and must adapt to remain relevant and offer value to the workforce.

The AMSC Employee Benefits Program has a track record of success in driving value and supporting members for close to 50 years; continuing its strong performance in 2013 through increased participation from municipal members and other municipally related non-profit organizations as well as by adapting to meet the evolving needs of clients.

With more than 14,000 employees participating in the various member-owned and driven plans, the AMSC team has gained a reputation for being experts in municipalities. Leveraging the client base to drive economies of scale, AMSC works with “best in breed” providers to offer superior programs, flexibility through thousands of plan designs, competitive rates, and exceptional service.

Alberta’s public sector pension plans, are facing unprecedented challenges. Many AUMA members participate in the Local Authorities Pension Plan (LAPP), regulated by the Province of Alberta.

Additionally, many of those same members participate in AUMA’s Supplementary Pension Plan that works in conjunction with LAPP.

As such, Pension Plan Reform continues to garner considerable attention. As legislative changes are contemplated to ensure a balance between affordability and sustainability, AUMA is working hard to represent and advocate the interests of its members to the province, to help reach a long-term solution where stakeholders have a clear understanding of the parameters involved and implications of decisions made.

MEMBER INSIGHT: CITY OF BROOKS

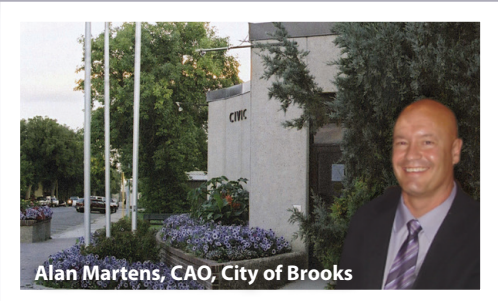
AMSC Benefits and Retirement Programs consistently receive a greater than 95% satisfaction rating by members

The City of Brooks, alongside other clients of AMSC employee benefits and retirement programs appreciates the opportunity to offer comprehensive and affordable benefits to their employees; taking full advantage of the ability to provide custom solutions.

“Both AMSC’s benefit services and retirement services are crucial to our recruitment and retention processes. The coverage available is comprehensive, forms an integral part of our compensation package and at times gives us that little edge needed to get a “yes” to our employment offers,” explains Alan Martens, CAO, City of Brooks.

AMSC Benefits and Retirement Programs consistently receive a greater than 95% satisfaction rating by members.

- Alan Martens, CAO, City of Brooks



Alan Martens, CAO, City of Brooks



Election workers are the backbone of voting operations, serving as the most visible element of any election and as the primary point of contact to citizens throughout the election process. Supporting members across the province, AMSC launched an Election Worker Training program to prepare workers for the demands of the 2013 municipal elections.

AMSC staff understand that Returning Officers (ROs) are challenged for time and resources. Often, they are required to train a large number of volunteer workers that are dispersed across a wide geographic region in a limited amount of time. As such, the AMSC team identified an opportunity to enhance support to members, developing a new set of tools to assist ROs in training their election workers. The result was a new online service.

The Election Worker Training tool provides engaging, effective, interactive learning for election workers while facilitating a standardized approach to knowledge transfer within and between municipalities. A key

benefit of the on-line tool is the improved access to information compared to previous methods of training as participants can utilize the service 24/7. Additionally, ROs can use the tools to monitor worker progress and knowledge retention as well as to guide worker placement decisions.

60 Alberta municipalities, of varying sizes, took advantage of this new program in 2013 with more expected to sign up for the municipal election process in 2017.

Leveraging the organizations expertise in municipalities and now in election worker training, AMSC is exploring opportunities to expand this program to jurisdictions outside of Alberta.

TRAINING FOR ELECTION WORKER

Standardized knowledge transfer

60 Municipalities subscribed to the new service with
1017 INDIVIDUAL
election workers registered

MEMBER INSIGHTS: CITY OF RED DEER

AUMA provided a new service that brought everyone up to a level playing field

The City of Red Deer took advantage of this new service. Frieda McDougall, Manager - Legislative Services, for the City of Red Deer explains that the city "required all of our election workers, over 250 of them, to take the on-line training.

"We used it as a pre-screening tool and required a pass from everybody before they could move on" to more comprehensive election training tailored to the specific needs of the city. "We appreciate the leadership role AUMA took in creating this service," she said, acknowledging it was a "great thing to bring everyone up to a level playing field."



INTEGRATED COMMUNICATION TOOLS

Informing key decision-makers



Municipal stakeholders need to be well informed in order to make good decisions and build thriving communities. To facilitate the timely dissemination of relevant information to key audiences, AUMA has adopted an integrated approach to communications; utilizing an array of tools to inform, educate, inspire, and engage community leaders.

The Annual AUMA Convention and AMSC Tradeshow is recognized across the region as the premier opportunity for members and stakeholders to convene and become immersed in all things local. This event provides a platform to demonstrate progress on key initiatives and establishes a point of reference for future direction. Throughout the year, members also benefit from personal interaction at zone meetings, workshops, Mayors' Caucuses, and the President's Summit.

Additionally, members have access to a variety of resources to ensure they're up to date on advocacy, program, service and support initiatives through the website - auma.ca. To augment the numerous AUMA-hosted webinars and social media streams,

members can also subscribe to targeted newsletters: Weekly Digest, Small Communities and Women in Municipal Government.

The AUMA Board newspaper is the newest addition to the communications arsenal, apprising members of AUMA Board activities and decisions.

AUMA and the Board of Directors are active in elevating the profile of local issues with both the provincial and federal governments. In addition to speaking directly with MLAs and MPs, our members' issues and accomplishments are shared through targeted MLA and MP newsletters. Those activities, augmented by directed media engagement have allowed us to share our messages with a broad audience.

MEMBER INSIGHTS: VILLAGE OF STIRLING

AUMA's Weekly DIGEST is a direct benefit of the support provided to AUMA members

AUMA regularly connects with over 2000 people through the Weekly Digest, something Mike Selk, CAO, Village of Stirling finds "very useful for a small community like ours where we do not have a lot of resources to draw on."

That regular communication piece is often a starting point for things "council might want to follow up on or take a look at in more detail," he explains. Selk considers the "ability to get information we need in a timely and cost effective manner" to be a direct benefit of the support provided to AUMA members of all sizes.



AUMA ALIGNMENT WITH CCGG BEST PRACTICES

The AUMA and AMSC Boards have adopted governance principles recommended by the Canadian Coalition for Good Governance (CCGG). The CCGG principles of good governance were developed in consultation with many of Canada's leading directors, governance experts, lawyers, and consultants and aim at building "high performance boards" through a series of best practices.

A high performance board is accountable and independent

- All directors are elected by the Association membership.
- All directors are independent of management.
- The Board Chair and CEO are separate positions with different responsibilities and a different focus.
- The Board promptly issues a news release describing the results of director elections.
- The Board is bound by resolutions adopted by the membership during the annual convention.

A high performance board has experienced, knowledgeable and effective directors with the highest level of integrity

- The Board ensures a culture of integrity throughout the organization through AUMA policies including BD010 Board Member Code of Conduct and BD011 Board Value Protocol.
- All directors demonstrate excellent listening, communicating and persuasion skills so they can actively and constructively participate in board discussions and debate.
- All directors make a commitment to devote the time, effort and energy necessary to serve effectively as a director.
- The Board is diverse in that the Bylaws prescribe representation across all classifications of members (summer villages and villages, towns, and cities) as well as all geographical areas of Alberta.
- The Board has a plan in place for the orderly succession of directors to maintain an appropriate balance between directors with experience and those who bring a fresh perspective.
- The Board is an appropriate size—large enough to include the requisite member and geographical representation, but small enough to allow open, cohesive and responsible discussion and debate and to ensure individual accountability and responsibility for board decisions.
- AUMA has clear policies on board roles and responsibilities.
- The responsibilities of each committee are defined in a Terms of Reference and in policy.
- Bylaws establish key functions of the Board and CEO.
- The Board and its Committee establish an annual work plan with key objectives and goals.
- The Board develops a long term strategic plan.
- The Board annually adopts a three-year business plan.
- The Board conducts a performance review process for the CEO.
- The CEO and other senior officers have programs and supports in place that build a culture of integrity:
 - AUMA policy HR003 Employee Ethics and Code of Conduct
 - Whistle Blower protection
 - A process for reporting all significant breaches of the code of conduct or other integrity issues to the board.
- Board member compensation is set out in AUMA policy FM003 Honoraria and Expenses.
- Individual directors have a detailed list of expectations set out in AUMA policy BD001 Board of Directors.
- The events that will prompt an expectation that a director will resign from the Board are documented in AUMA policy BD001 Board of Directors.
- The Board and Executive Committee evaluate their overall effectiveness using a confidential survey administered by a third-party.



AUMA ALIGNMENT WITH CCGG BEST PRACTICES

A high performance board has clear roles and responsibilities

- All Board meetings include an in camera session.
- All AUMA committees include members with diverse backgrounds and significant expertise relevant to the committee's role.
- All the members of the Audit and Finance committee are independent of management.
- Management provides the Board with meeting materials that are detailed, comprehensive and succinct to support meaningful decisions by directors.
- Meeting materials are provided to the Board far enough in advance of board meetings to allow directors to make considered decisions.
- Board meetings are scheduled so that sufficient time is allocated for major decisions to be considered, discussed, and reviewed, and decisions can be reached over the course of more than one meeting when appropriate.
- Procedures are in place to ensure proper access to, and funding of, independent advisors to the Board or its committees when the Board or its committees deems it appropriate.
- At a formative stage, the Board reviews the comprehensive strategic plan with management.
- Sufficient time is allocated for the review and update of the strategic plan on an annual basis.
- The Board approves the final strategic plan.
- The Board oversees the implementation of the strategic plan, including the linkage to the annual business plan.
- The Board has responsibility for risk oversight.
- Directors are engaged in discussions of risk and bring constructive criticism to these discussions.
- AUMA uses a risk register to ensure an appropriate framework for the board's oversight of risk.
- Sufficient time and resources are allocated in the Board's agenda to consider risk.
- There are clear risk parameters including tolerance and risk appetite set out.
- A robust risk management system and process that includes the active involvement of the CEO, CFO, and specific members of management is in place.
- Position descriptions for the CEO and other senior management are updated as appropriate.
- An annual review process for the CEO which includes establishing CEO performance targets and objectives is in place.
- CEO has a talent development plan in place for senior managers.
- Board reviews succession plans for the CEO and other senior executives annually.
- The Board interacts, both formally and informally, with high-potential senior executives through their participation in board meetings, attendance at board dinners, and off-site meetings.

A high performance board engages with members

- The Chair's section of the Annual Report discloses any substantive issues, changes and developments in governance practices that could affect shareholder interests.
- The Chair of each committee is available to answer questions at the annual convention.
- The names and contact information for all directors is available on the Association's website.
- Members have opportunities to access directors outside of the annual meeting in order to discuss issues that concern either party.

AMSC ALIGNMENT WITH CCGG BEST PRACTICES

A high performance board is accountable and independent

- All governors are appointed by the Shareholder.
- All governors are independent of management.
- The Board Chair and CEO are separate positions with different responsibilities and a different focus.
- The Board gives serious consideration to the recommendations of the Shareholder even when those recommendations are only advisory in nature.

A high performance board has experienced, knowledgeable and effective governors with the highest level of integrity

- The Board ensures a culture of integrity throughout the organization through AMSC policies including BD007 Governor Code of Conduct and BD008 Board Value Protocol.
- All governors demonstrate excellent listening, communicating and persuasion skills so they can actively and constructively participate in board discussions and debate.
- All governors make a commitment to devote the time, effort and energy necessary to serve effectively as a director.
- The Board is diverse in that independent members are recruited based on their respective business expertise and experience.
- The Board has a plan in place for the orderly succession of governors to maintain an appropriate balance between governors with experience and those who bring a fresh perspective.
- The Board is an appropriate size—large enough to include the requisite scope of expertise, but small enough to allow open, cohesive and responsible discussion and debate and to ensure individual accountability and responsibility for board decisions.
- AMSC has clear policies on board roles and responsibilities.
- The responsibilities of each committee are defined in a Terms of Reference and in policy.
- The Bylaws and Shareholder Agreement establish key functions of the Board and CEO.
- Each Board and Committee establishes an annual work plan with key objectives and goals.
- The Board develops a long term strategic plan.
- The Board annually adopts a three-year business plan.
- The Board participates in the performance review process for the CEO.
- The CEO and other senior officers have programs and supports in place that build a culture of integrity:
 - AUMA policy HR003 Employee Ethics and Code of Conduct
 - Whistle Blower protection
 - A process for reporting all significant breaches of the code of conduct or other integrity issues to the Board.
- Board member compensation is set out in AMSC policy FM003 Honoraria and Expenses.
- Individual governors have a detailed list of expectations set out in AMSC policy BD001 Corporate Governance.
- The events that will prompt an expectation that a governor will resign from the board are documented in AMSC policy BD001 Corporate Governance.
- The Board evaluates its overall effectiveness using a confidential survey administered by a third-party.



AMSC ALIGNMENT WITH CCGG BEST PRACTICES

A high performance board has clear roles and responsibilities

- All Board meetings include an in camera session.
- All AMSC committees include members with diverse backgrounds and significant expertise relevant to the committee's role.
- All the members of the Audit and Finance committee are independent of management.
- Management provides the Board with meeting materials that are detailed, comprehensive and succinct to support meaningful decisions by governors.
- Meeting materials are provided to the Board far enough in advance of board meetings to allow governors to make considered decisions.
- Board meetings are scheduled so that sufficient time is allocated for major decisions to be considered, discussed, and reviewed, and decisions can be reached over the course of more than one meeting when appropriate.
- Procedures are in place to ensure proper access to, and funding of, independent advisors to the Board or its committees when the Board or its committees deems it appropriate.
- At a formative stage, the Board reviews the comprehensive strategic plan with management.
- Sufficient time is allocated for the review and update of the strategic plan on an annual basis.
- The Board approves the final strategic plan.
- The Board oversees the implementation of the strategic plan, including the linkage to the annual business plan.
- The Board has responsibility for risk oversight.
- Governors are engaged in discussions of risk and bring constructive criticism to these discussions.
- AMSC uses a risk register to ensure an appropriate framework for the board's oversight of risk.
- Sufficient time and resources are allocated in the Board's agenda to consider risk.
- There are clear risk parameters including tolerance and risk appetite set out.
- A robust risk management system and process that includes the active involvement of the CEO, CFO, and specific members of management is in place.
- Position descriptions for the CEO and other senior management are updated as appropriate.
- An annual review process for the CEO which includes establishing CEO performance targets and objectives is in place.
- CEO has a talent development plan in place for senior managers.
- Board reviews succession plans for the CEO and other senior executives annually.
- The Board interacts, both formally and informally, with high-potential senior executives through their participation in board meetings, attendance at board dinners, and off-site meetings.

A high performance board engages with shareholders

- The Shareholder Agreement details the reporting obligations of the Board to the Shareholder.
- The Board provides quarterly updates to the Board on key initiatives and financials.
- The Board and Shareholder hold an annual joint meeting.
- The names and contact information for all governors is available on the corporation's website.

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
Consolidated Statements of Alberta Urban Municipalities Association
Year ended December 31, 2013

INDEPENDENT AUDITORS' REPORT

To: The Members of Alberta Urban Municipalities Association

We have audited the accompanying consolidated financial statements of Alberta Urban Municipalities Association ("the Association"), which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations, changes in net assets 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 accounting standards for not-for-profit organizations, 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 the 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 association'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 in our audit 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, 2013, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Accountants

April 24, 2014
Edmonton, Alberta



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Consolidated Statement of Financial Position
December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Assets			
Current assets:			
Cash	2	\$ 5,618,617	\$ 3,737,489
Deposit with property manager		86,309	202,279
Current portion of ASO funds held on deposit	3	1,137,666	1,355,163
Investments	4	21,335,749	22,278,455
Accounts receivable	5, 21	1,615,737	2,042,111
		29,794,078	29,615,497
ASO funds held on deposit	3	795,000	795,000
Investment in and advances to AEOEPC	6	30,174	15,126
Other assets	7	1,072,419	1,132,322
Capital assets	8	26,004,426	26,214,235
		\$ 57,696,097	\$ 57,772,180
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued liabilities	10, 21	\$ 3,012,936	\$ 2,858,068
Deferred revenue		694,569	485,854
Provision for claims incurred but not reported	11	2,010,700	1,994,000
Deferred contributions	12	3,806,967	4,267,434
Current portion of long-term debt	13	2,275,120	4,413,200
		11,800,292	14,018,556
Long-term debt	13	3,483,884	1,640,809
Retirement plan obligation	14	409,691	361,950
Net assets:			
Invested in capital assets	15	20,245,422	20,160,226
Internally restricted	16	17,109,388	16,113,988
Unrestricted		4,647,420	5,476,651
		42,002,230	41,750,865
Commitments	22		
Letters of credit	23		
		\$ 57,696,097	\$ 57,772,180

See accompanying notes to consolidated financial statements.

On behalf of the Board:


Director


Director

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Consolidated Statement of Operations

Year ended December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Revenue:			
ASO benefit premiums		\$ 29,611,526	\$ 28,200,264
Commissions	17	8,487,301	7,562,188
Agency and administration fees	21	2,732,817	2,330,929
Membership fees and services		1,689,149	1,582,252
Property rentals		1,393,626	1,353,727
Convention and workshops		1,355,792	1,201,426
Investment earnings	4	717,468	809,327
Energy aggregation		674,156	632,522
Grants and energy management	12, 18	584,478	870,186
Revenue recoveries	12	430,256	-
MuniFunds management fee	4	93,886	85,293
E-Learning course fee		55,500	1,968
Retirement services commission revenue		49,447	39,388
Grant administration recoveries		35,205	54,850
MuniSERP administration fee	19	29,400	32,625
		47,940,007	44,756,945
Expenses:			
ASO claim costs and administration expenses	3	28,321,018	26,791,378
Salaries and benefits		7,331,837	6,378,616
Amortization of capital assets	8, 15	1,569,716	1,475,555
Convention and workshops		1,363,893	1,005,679
Consultants		1,100,685	851,694
Rental property	7	977,599	911,515
Office administration		768,232	728,805
Board and committees		715,650	639,609
Program development		639,186	727,961
Equipment lease and maintenance		576,400	505,204
Grants	18	545,515	725,544
Broker fees		300,000	300,000
Travel		296,239	281,709
Interest on long-term debt		208,694	268,758
Legal and accounting		198,684	220,938
Electronic communication and promotion		184,327	513,839
MuniFunds portfolio management	4	110,725	116,321
Building valuation and risk management programs		91,759	119,505
Insurance		83,013	82,058
Member services – casual legal & HR		72,111	94,732
Bad debt expense		34,272	18,115
Other		13,818	23,579
Energy management and development		3,375	35,626
		45,506,748	42,816,740
Excess of revenue over expenses from operations		2,433,259	1,940,205
Other:			
Benefit (deficit) surplus	20	(2,190,373)	395,024
Share of excess (deficiency) of revenue over expenses of AEOEPC	6	8,479	(17,892)
		(2,181,894)	377,132
Excess of revenue over expenses		\$ 251,365	\$ 2,317,337

See accompanying notes to consolidated financial statements.



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2013 with comparative figures for 2012

	Note	Invested in capital assets	Internally restricted	Unrestricted	2013	2012
Net assets, beginning of year		\$ 20,160,226	\$ 16,113,988	\$ 5,476,651	\$ 41,750,865	\$ 39,433,528
Excess (deficiency) of revenue over expenses	15	(1,569,716)	-	1,821,081	251,365	2,317,337
Investment in capital assets	15	1,654,912	-	(1,654,912)	-	-
Transfers	16	-	995,400	(995,400)	-	-
Net assets, end of year		\$ 20,245,422	\$ 17,109,388	\$ 4,647,420	\$ 42,002,230	\$ 41,750,865

See accompanying notes to consolidated financial statements.

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Consolidated Statement of Cash Flows

Year ended December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Cash provided by (used in):			
Operating activities:			
Excess of revenue over expenses	\$	251,365	\$ 2,317,337
Items not involving cash:			
Realized gain on sale of investments		(185,729)	(117,411)
Unrealized loss (gain) on investments		98,357	(218,046)
Interest and dividend income on investments		(482,222)	(311,407)
Amortization of capital assets		1,569,716	1,475,555
Amortization of other assets		195,452	178,164
Step-rent deferred cost		(37,823)	(55,360)
Change in non-cash operating working capital:			
Decrease (increase) in deposit with property manager		115,970	(65,899)
Decrease (increase) in accounts receivable		426,374	(644,664)
Increase (decrease) in accounts payable and accrued liabilities		154,868	(725,172)
Decrease (increase) in deferred revenue		208,715	(324,387)
Increase in provision for claims incurred but not reported		16,700	400,400
Decrease (increase) in deferred contributions		(460,467)	319,800
Increase in retirement plan obligation		47,741	51,699
Cash flow provided by operating activities		1,919,017	2,280,609
Investing activities:			
Purchase of investments		(4,342,812)	(3,508,242)
Proceeds from sale of investments		5,855,114	4,255,432
Decrease (increase) in ASO funds held on deposit		217,497	(545,086)
Increase (decrease) in investment and advances to AEOEPC		(15,048)	13,986
Purchase of other assets		(97,728)	(89,062)
Purchase of capital assets		(1,359,907)	(725,679)
Cash flow used in investing activities		257,116	(598,651)
Financing activities:			
Repayment of operating line of credit		(940,000)	(90,000)
Drawdown of operating line of credit		940,000	-
Proceeds from long term debt		4,118,331	2,166,053
Repayment of long term debt		(4,413,336)	(3,283,660)
Cash flow used in financing activities		(295,005)	(1,207,607)
Increase in cash		1,881,128	474,351
Cash, beginning of year		3,737,489	3,263,138
Cash, end of year	\$	5,618,617	\$ 3,737,489

See accompanying notes to consolidated financial statements.



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements

Year ended December 31, 2013

These consolidated financial statements consist of the assets, liabilities, net assets 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 agency 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 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, an aggregated investment program, retirement 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.

AUMA is a non taxable association by virtue of section 149(1)(d.5) of the Income Tax Act.

1. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook ("Part III"), and include the following significant accounting policies:

(a) Cash:

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

(b) 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.

(c) Other assets:

Other assets include payments for tenant improvements, leasing commissions, as well as deferred costs associated with the "step-up" features of the lease agreements signed with tenants of the AMP and Saskatchewan Drive properties.

The tenant improvements and leasing commissions are amortized using the straight-line method over the applicable non-cancelable lease term and are recorded at the lower of cost less accumulated amortization and net realizable value.

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(c) Other assets (continued):

The step-up leases stipulate that the rental rate will increase by predetermined amounts at various points in the future. Rental revenue is recognized on a straight-line basis over the lease term in accordance with Canadian generally accepted accounting principles; as such a deferred rent asset equal to the difference between the actual rent received and the average rent over the lease term will build up in the first half of the lease term and then will be amortized into income over the latter part of the lease term, eventually being reduced to nil.

(d) Capital assets:

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use. When a capital asset no longer contributes to AUMA's ability to provide services, the remaining carrying amount is written down to its residual value.

Capital assets are comprised of the following:

i) Tangible assets

Tangible assets consisting of buildings, furniture and fixtures, computer equipment, alternative energy equipment, parking lot and landscaping are measured at cost less accumulated amortization.

ii) Intangible assets

Intangible assets consist of computer software, which are measured at amortized cost less accumulated amortization. Computer software includes acquired application software for the general insurance business line that was put into use in 2012. AUMA acquired computer application software for the energy retailing business line that will be put into use in January 2014. Amortization is provided for on a straight-line basis over its estimated useful life.



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2013

1. Significant accounting policies (continued):

(d) Capital assets (continued):

iii) Amortization of capital assets

Amortization is provided using the straight-line method at the following annual rates:

Asset	Rate
Buildings	4%
Furniture and fixtures	10 - 20%
Computer equipment	25%
Computer software	10 - 33%
Alternative energy equipment	20%
Parking lot and landscaping	7 - 10%

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.

(e) 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.

ASO (note 3) benefit premiums and commissions are earned over the term of the related policy period.

Agency and administration fees are recognized when services are performed.

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

Property rentals are recognized on a straight line basis over the terms of the leases.

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

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

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(e) Revenue recognition (continued):

Interest, realized gains (losses) on sale of investments and unrealized gains (losses), less transaction costs, are included in investment earnings and are recognized on an accrual basis when 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.

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

MuniFund management fee, MuniSERP administration fee, retirement services commission revenue, and agency and administration fee are recognized when services are performed.

Grant administration recoveries are recognized as revenue when the service have been provided.

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.

(f) 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 invested. 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.

(g) Provision for claims incurred but not reported:

The net provision for claims incurred but not reported is comprised of incurred but not reported (IBNR) claims for the Group Benefits Administrative Services Only (ASO) program (note 3). The ASO program provides extended health and dental coverage. 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.



ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(g) Provision for claims incurred but not reported (continued):

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

Consequently, the establishment of the provision for unpaid claims relies on the judgment 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.

(h) Employee future benefits:

AUMA provides pension benefits to its employees through the Local Authorities Pension Plan (LAPP), a provincial multi-employer defined benefit plan requiring both employer and employee contributions. Management employees also participate the APEX Supplementary Pension Plan (APEX), a supplemental plan to LAPP, a provincial multi-employer defined benefit plan established under the Alberta Employment Pension Plans Act requiring both employer and employee contributions. LAPP and APEX are accounted for as a defined contribution plan.

AUMA has a non-registered Supplementary Employee Retirement Plan named MuniSERP which provides enhanced retirement benefits covering management employees who cannot, under the Income Tax Act pension limits, accrue a full 2.0% benefit rate on their pensionable earnings. The benefit is based on years of service, the employee's final average earnings and a 2.0% benefit rate offset by corresponding LAPP and APEX benefits. AUMA accrues its obligations under MuniSERP as the employees render the services necessary to earn the pension benefits. AUMA accounts for this employee retirement plan using the immediate recognition method. Under this approach, the accrued MuniSERP benefit obligation at the end of the year is determined based on the most recent actuarial valuation report prepared for funding purposes as required by legislation or regulation. The measurement date of the accrued benefit obligation coincides with AUMA's fiscal year-end. The most recent actuarial valuation of the pension plan was as of December 31, 2013, and the next valuation will be as of December 31, 2014. The obligation is unfunded.

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(h) Employee future benefits (continued):

At year-end AUMA recognizes, in the balance sheet, the accrued benefit obligation. Payments made during the course of the year are a reduction to the actuarial obligation. Past service costs arising from plan amendments are immediately recognized into income at the date of the amendment.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. AUMA has not elected to carry any such financial instruments at fair value.

Transaction costs incurred including investment management fees on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, AUMA determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount AUMA expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of capital assets and the obligation for incurred but not yet reported claims, described below. Actual results could differ from those estimates.

A provision has been made for the estimated liability for all reported and outstanding claims plus an estimate for adverse development and for claims incurred to December 31, which have not yet been reported to AUMA ("incurred but not reported claims" or "IBNR"). The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. 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.



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

2. Cash:

Cash balances earned interest at the rate of the respective bank's prime rate less 1.95% (2012 – prime less 1.95%) and \$75,150 (2012 - \$66,790) 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. The current portion of 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 is the minimum deposit required by the administrator. It is not AUMA's intent to access these funds within the next year.

	2013	2012
Total ASO funds held on deposit	\$ 1,932,666	\$ 2,150,163
Less current portion of ASO funds held on deposit	1,137,666	1,355,163
Non-current portion of ASO funds held on deposit	\$ 795,000	\$ 795,000

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

	2013	2012
ASO claim costs	\$ 26,985,277	\$ 25,440,209
ASO claim administration expenses	1,335,741	1,351,169
ASO claim costs and claim administration expenses	\$ 28,321,018	\$ 26,791,378

ASO funds held on deposit by the claims administrator are interest bearing at the bank's 90 day treasury bill rate less 0.5% (2012 - 90 day treasury bill rate less 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.

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

4. Investments:

AUMA's investments are measured at fair value and are held in managed investment funds. The investment mix of these funds is as follows:

	2013	2012
Money market fund	\$ 1,009,915	\$ -
Short-term bond and mortgage fund	10,847,813	12,079,474
Bond funds	6,768,788	7,463,250
Equity fund - Global	1,552,304	1,438,035
Equity fund - Canadian	1,156,929	1,297,696
	\$ 21,335,749	\$ 22,278,455

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. The Bond funds include investments in MuniFunds of \$5,091,298 (2012 - \$5,587,671) and the Money Market fund is also a MuniFunds product \$1,009,915 (2012 - NIL). AUMA earned management fees from MuniFunds of \$93,886 (2012 - \$85,293) and incurred MuniFunds portfolio management expenses related to investment fund management fees, custodian fees, record keeping fees and valuation fees of \$110,725 (2012 - \$116,321). Accounts receivable includes \$9,570 (2012 - \$6,398) due from MuniFunds.

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

	2013	2012
Interest and dividends	\$ 621,371	\$ 588,025
Realized gain on disposal of investments	186,651	117,411
Unrealized (loss) gain on investments	(59,017)	144,892
Investment fees	(35,033)	(35,020)
Foreign exchange gain (loss)	3,496	(5,981)
	\$ 717,468	\$ 809,327

5. Accounts receivable:

	2013	2012
Trade accounts receivable and other	\$ 1,374,553	\$ 1,938,559
Prepaid expenses	257,489	170,272
Less allowance for doubtful accounts	(16,305)	(66,720)
	\$ 1,615,737	\$ 2,042,111



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

6. Investment and advances to AEOEPC:

AEOEPC is a 50% joint venture 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 operation by virtue of section 149(1) (d.6) of the Income Tax Act.

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

	2013		2012	
Trade receivable	\$	4,984	\$	443
Non-interest bearing advance		45,500		45,500
Trade accounts payable		-		(2,028)
Share capital		5		5
Accumulated deficiency		(20,315)		(28,794)
	\$	30,174	\$	15,126

During the year, AEOEPC recorded excess of revenue over expenses of \$16,958 (2012 – deficiency of \$35,783) of which \$8,479 (2012 – deficiency of \$17,892) has been reported as a share 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:

	2013		2012	
Financial position:				
Total assets		33,760		18,913
Total liabilities		74,389		76,490
Total net deficiency		(40,629)		(57,577)
		33,760		18,913
Results of operations:				
Total revenue		79,335		95,783
Total expenses		62,377		131,566
Excess (deficiency) of revenue over expenses		16,958		(35,783)
Cash flows provided by (used in):				
Operating activities		(6,272)		(46,773)
Decrease in cash	\$	(6,272)	\$	(46,773)

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

7. Other assets

As manager of AMP and Saskatchewan Drive properties, AUMA entered into lease agreements with tenants of these properties. These agreements required AUMA to fund tenant improvements and to pay leasing commissions to the leasing agents involved in arranging the agreements. In addition, there is deferred rent associated with the "step-up" features of the lease agreements signed with tenants.

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Tenant improvements	\$ 999,487	\$ 327,717	\$ 671,770	\$ 740,829
Leasing commissions	391,199	125,627	265,572	294,239
Step-up lease deferred rent	135,077	-	135,077	97,254
	\$ 1,525,763	\$ 453,344	\$ 1,072,419	\$ 1,132,322

For the year ending December 31, 2013 amortization of \$195,452 (2012 - \$178,164) is included in rental property expenses.

8. Capital assets:

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Land	\$ 4,165,000	\$ -	\$ 4,165,000	\$ 4,165,000
Buildings	21,689,579	4,578,623	17,110,956	17,888,528
Furniture and fixtures	3,383,134	1,659,033	1,724,101	1,727,489
Computer equipment	851,819	645,178	206,641	173,600
Computer software	2,846,360	734,191	2,112,169	1,540,772
Alternative energy equipment	457,912	285,029	172,883	223,177
Parking lot and landscaping	582,505	69,829	512,676	495,669
	\$ 33,976,309	\$ 7,971,883	\$ 26,004,426	\$ 26,214,235

Amortization on capital assets for the year ended December 31, 2013 is \$1,569,716 (2012 - \$1,475,555). Included in amortization expense is a write down of E-Learning Software of \$NIL (2012 - \$18,479).

AMSC has an agreement with a third party for access to an energy retailing system that has been in development and will be deployed January 1, 2014. The costs of this intangible asset incurred to date is \$562,945. Amortization of this asset will commence when deployed in January 2014.



ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

9. Operating line of credit:

AUMA has an operating line of credit of \$3,000,000 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 and its subsidiaries, a collateral mortgage in the amount of \$12,000,000 on land and buildings of AUMA, assignment of rents and insurance, and a guarantee and postponement of claim from AMSCIS. As at December 31, 2013, AUMA has drawn \$NIL (2012 - NIL) from the operating line.

10. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$3,474 (2012 - \$7,389), which is comprised of net amounts payable for GST.

11. Provision for claims incurred but not reported:

The provision for incurred but not reported claims has been calculated and verified using a runoff method of claims tracking, to derive a factor of 10% of extended health and 3% for dental claims paid in the 12 month period prior to the IBNR calculation date of December 31, 2013. To this, a margin of 10.25% (2012 - 10.25%) was added. The 10.25% margin consists of 5.0% for adverse deviation and 4.99% for adjudication costs. The actuarial methodology and assumptions have not changed from the prior year.

12. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for special projects. Grants that have expired with unused monies are re-classified to accounts payable and accrued liabilities. At December 31, 2013, accounts payable and accrued liabilities includes \$70,025 (2012 - \$610,930) related to restricted government grants that have expired.

Energy management funds were collected through an energy retailer as a component of a customer energy usage fee charged pursuant to an energy agreement which expired in 2008. The purpose of this energy management fund is to develop energy saving initiatives for the aggregation program subscribers.

The General Insurance Program Joint Venture funding represents contributions received from the AUMA general insurance program in 1998 to fund the development of building appraisal and loss prevention programs. In 2013 these deferred contributions were recognized as revenue.

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

12. Deferred contributions (continued):

Changes in deferred contribution balances are as follows:

December 31, 2013	Balance, beginning of year	(Less) Add: Net Contributions (refunds)	Less: Revenue recognized in the year	Amounts reclassified (to) from accounts payable	Balance, end of year
Restricted government grants:					
Training for Elected Officials	\$ 118,981	\$ (415)	\$ 9,330	\$ -	\$ 109,236
Climate Change	1,499,042	(29,408)	318,806	-	1,150,828
Come Together Alberta	275,000	-	107,566	-	167,434
Asset	596,038	27,207	-	-	623,245
Human Rights	119,807	-	66,257	-	53,550
Eco Trust	98,775	-	28,750	(70,025)	-
Rural Community Adaptation	-	-	14,806	14,806	-
One Window	-	-	-	363,702 ⁽¹⁾	363,702
Munishare	-	-	-	248,400 ⁽¹⁾	248,400
Other restricted contributions:					
Energy management	1,129,535	-	38,963	-	1,090,572
General Insurance Program	430,256	-	430,256	-	-
Joint Venture funding					
	\$ 4,267,434	\$ (2,616)	\$ 1,014,734	\$ 556,883	\$ 3,806,967

⁽¹⁾ During the year, an extension of the completion date of the One Window and Munishare grants were received; therefore were reclassified from accounts payable back to deferred revenue.



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ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

12. Deferred contributions (continued):

December 31, 2012	Balance, beginning of year	(Less) Add: Net Contributions (refunds)	Less: Revenue recognized in the year	Amounts reclassified (to) from accounts payable	Balance, end of year
Restricted government grants:					
Training for Elected Officials	\$ 226,479	\$ 7,229	\$ 114,727	\$ -	\$ 118,981
Welcoming and Inclusive Communities	5,646	-	17,379	11,733	-
Climate Change	1,788,905	43,293	333,156	-	1,499,042
Rural Community Adaptation	72,527	-	57,720	(14,807)	-
Come Together Alberta	149,644	275,000	149,644	-	275,000
Asset	-	25,362	-	570,676 ⁽¹⁾	596,038
Business Vitality	-	50,000	50,000	-	-
Human Rights	-	121,500	1,693	-	119,807
EcoTrust	-	100,000	1,225	-	98,775
Other restricted contributions:					
Energy Management	1,274,177	-	144,642	-	1,129,535
General Insurance Program Joint Venture funding	430,256	-	-	-	430,256
	\$ 3,947,634	\$ 622,384	\$ 870,186	\$ 567,602	\$ 4,267,434

⁽¹⁾ During the year, an extension of the completion date of the Asset grant was received; therefore it was reclassified from accounts payable back to deferred revenue.

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ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

13. Long term debt:

	2013	2012
Term loans:		
2.87% term loan repayable in blended monthly installments of \$11,123, maturing December 2014	\$ 1,624,516	\$ 1,710,170
2.37% term loan repayable in blended monthly installments of \$2,883, maturing December 2014	434,239	-
2.68% term loan repayable in blended monthly installments of \$2,936, maturing December 2013	-	455,883
2.58% term loan repayable in blended monthly installments of \$24,683, maturing December 2015	3,684,092	-
4.09% term loan repayable in blended monthly installments of \$27,485, maturing December 2013	-	3,859,778
Finance contracts:		
6.46% loan repayable in blended monthly installments of \$1,126, maturing March 2015, secured by specific capital assets with a carrying value of \$38,337	16,157	28,178
	5,759,004	6,054,009
Current portion of long-term debt	2,275,120	4,413,200
	\$ 3,483,884	\$ 1,640,809

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

2014	\$ 2,275,120
2015	3,483,884
Total	\$ 5,759,004

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

14. Pension and retirement plans:

During the year, AUMA made employer contributions to two pension plans, totaling \$690,480 (2012 - \$589,092).

- (i) As at December 31, 2013 the LAPP reported the value of its net assets at \$22.9 billion (2012 - \$19.7 billion) and disclosed an actuarial deficiency of \$5.0 billion (2012 - \$4.6 billion). The employer contribution rates for the LAPP are 10.43% (2012 - 9.91%) on earnings up to the yearly maximum personable earnings ("YMPE"). The LAPP rates for earnings above the YMPE up to the salary cap are 14.47% (2012 - 13.74%). There is no future accrued liability obligation in reference to the LAPP. Total contributions by AUMA to the LAPP in 2013 were \$614,948 (2012 - \$526,610) and are included in salaries and benefits expense. Total contributions by the employees of AUMA to the LAPP in 2013 were \$538,317 (2012 - \$464,620).



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

14. Pension and retirement plans (continued):

- (ii) Contributions are made to APEX by the employees (2.5%) and by the AUMA (3%) of pensionable earnings up to \$134,834 (2012 - \$132,334).

Total current service contributions by AUMA to APEX were \$75,532 (2012 - \$62,482) and are included in salaries and benefits expense. Total contributions by employees were \$56,479 (2012 - \$48,745).

The actuarial liability of AUMA's MuniSERP retirement plan as described in Note 1(h) is as follows:

	2013		2012	
Accrued benefit plan obligation:				
Balance, beginning of year	\$	361,950	\$	310,251
Current service cost		47,741		51,699
Retirement plan obligation	\$	409,691	\$	361,950

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

	2013		2012	
Accrued benefit obligation:				
Discount rate		5.00%		5.00%
Rate of compensation increase		4.00%		4.00%

15. Investment in capital assets:

- (a) Investment in capital assets is calculated as follows:

	2013		2012	
Capital assets	\$	26,004,426	\$	26,214,235
Amounts financed by:				
Long-term debt		(5,759,004)		(6,054,009)
	\$	20,245,422	\$	20,160,226

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

15. Investment in capital assets (continued):

(b) Change in invested in capital assets is calculated as follows:

	2013	2012
Excess of revenues over expenses:		
Amortization of capital assets	\$ (1,569,716)	\$ (1,475,555)
	(1,569,716)	(1,475,555)
Net change in investment in capital assets:		
Purchase of capital assets	1,359,907	725,679
Amounts funded by:		
Long-term debt	-	(2,166,053)
Repayment of operating line of credit	-	90,000
Repayment of long-term debt	295,005	3,283,660
	\$ 1,654,912	\$ 1,933,286

16. Net assets 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:

	2013	2012
Capital:		
Facility	\$ 14,376	\$ 14,376
Equipment replacement	86,631	86,631
Operating:		
Convention	200,000	200,000
Interest stabilization	196,663	196,663
Program development	1,000,000	1,000,000
Benefit surplus fund	15,611,718	14,616,318
	\$ 17,109,388	\$ 16,113,988

The amount restricted for the benefit surplus fund is maintained to stabilize rate changes to participants and support the group benefit program. During the year, the Board of Directors authorized the transfer of Group Benefits program underwriting surpluses in the amount of \$995,400 (2012 - \$371,555) to internally restricted 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.



FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

16. Net assets internally restricted (continued):

The amount restricted for convention is to offset cashflow 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.

17. Commissions:

AUMA operates a Group Benefit Plan providing insurance coverage for extended health care, disability and life policies. AUMA also operates an Insurance Plan providing insurance for liability, property, aviation 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:

	2013		2012	
Commission Revenue	\$	82,682,053	\$	78,146,564
Less underwriter premiums and administrator costs		74,194,752		70,584,376
Commissions	\$	8,487,301	\$	7,562,188

18. Grants:

Grants include expenditures on the following items:

	2013		2012	
Program development	\$	160,821	\$	338,406
Salaries and benefits		260,027		279,508
Office administration		35,829		59,850
Electronic communication and promotion		9,909		26,402
Travel		4,748		13,755
Consultants		74,181		7,623
	\$	545,515	\$	725,544

FINANCIALS

ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

19. MuniSERP administration fee:

AUMA has entered into 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 received a flat service fee of \$29,400 (2012 - \$32,625) for coordinating actuarial services and holding investments as an agent on behalf of program subscribers. At December 31, 2013 AUMA holds \$8,331,816 (2012 - \$7,140,857) on behalf of program subscribers.

20. Benefits surplus:

AUMA partners with a third party provider, as the insurer of its group benefit program, related to the coverage's for group life and disability insurance. The insurer's role is to underwrite and adjudicate these coverage's, with AUMA acting in the client service role. The benefits are underwritten on a refund accounting basis, meaning that after the insurer has funded its necessary reserves, the remaining surplus is available for refund to AUMA, or if in deficit AUMA must remit the amount to the third party provider. During the year ended December 31, 2013 the deficit totaled \$2,190,373 (2012 - surplus of \$395,024).

21. 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 agency and administration services to MUNIX in the amount of \$2,265,093 (2012 - \$1,982,785). AUMA acts as an agent for all insurance services provided by MUNIX and commissions earned from MUNIX during the year were \$2,774,697 (2012 - \$2,476,471) on the sale of \$16,761,585 (2012 - \$16,072,128) of insurance. Accounts receivable from MUNIX at year end were \$122,664 (2012 - \$191,553) for shared expenditures and \$NIL (2012 - \$29,321) for overpaid premiums. Accounts payable and accrued liabilities were \$282,917 (2012 - \$ nil) with MUNIX.

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 \$467,724 (2012 - \$348,144) to AUMA for agency and administration services. Accounts receivable from APEX at year end were \$33,887 (2012 - \$2,620). Accounts payable and accrued liabilities due to APEX at year end were \$1,464 (2012 - \$23,391).

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.

22. Commitments:

AUMA has an agreement for property management services with a third party for AMP that expires on November 30, 2014. The agreement requires payments of the greater of 4% of the gross receipts from the AMP property or \$4,000 per month. In 2010, a second agreement was signed for property management services for the Saskatchewan Drive Building that expires on July 31, 2014. The agreement requires payments of the greater of 5% of the gross receipts from property or \$1,000 per month. For the year ended December 31, 2013, total costs incurred relating to these agreements were \$89,739 (2012 - \$83,181) and are included in rental property expense.

AUMA has an agreement with a third party for access to an energy retailing system that expires December 31, 2018, with an option to extend an additional five years beyond 2018. The agreement will average \$50,000 per month, with minimum monthly fee of no less than \$25,000.

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.



ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

22. Commitments: (continued)

AUMA has ongoing support and maintenance for its general insurance software application, which requires annual payments for maintenance and support in the amount of USD \$77,835.

AUMA has entered into an agreement for consulting service relating to its group benefits plan. This agreement expires on June 30, 2015 and the annual commitment relating to this agreement is \$120,000.

AUMA has entered into an agreement for building appraisal and risk inspection consulting services relating to its general insurance program. The agreement expires on August 31, 2016 and the annual commitment relating to this agreement is approximately \$100,000.

AUMA has entered into an agreement for insurance Brokerage services for its general insurance program. The agreement expires on April 14, 2016 and the annual commitment relating to this agreement is \$300,000.

23. Letters of credit:

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.

24. Financial risks and concentration of credit risk:

(a) Currency risk:

AUMA is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, AUMA procures information technology support services in U.S. dollars. AUMA does not currently enter into forward contracts to mitigate this risk.

There has been no change to the risk exposure from 2012.

(b) Liquidity risk:

Liquidity risk is the risk that AUMA will be unable to fulfil its obligations on a timely basis or at a reasonable cost. AUMA manages its liquidity risk by monitoring its operating requirements, and by preparing and monitoring budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations.

There has been no change to the risk exposures from 2012.

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ALBERTA URBAN MUNICIPALITIES ASSOCIATION (AUMA)

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

24. Financial risks and concentration of credit risk (continued):

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. AUMA is exposed to credit risk with respect to cash on deposit, deposits with property manager, ASO funds held on deposits, investments and trade accounts receivable, and loan receivable from AEOEPC.

AUMA's accounts receivable consist primarily of amounts due primarily from various provincial municipalities who are members of AUMA. AUMA assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

Cash, deposits with property manager, and ASO funds on deposit are maintained with federally regulated financial institutions. Fund investments include domestic and foreign debt and equity based pooled funds, which are widely held and diversified. Fair value is based on the underlying securities held by the funds which are of commercial and government grade bonds and debentures and shares of publicly traded companies whose shares are traded on domestic and global exchanges. Changes in the credit quality of bond issuers can result in a change in fair value.

There has been no change to the risk exposure from 2012.

(d) Interest rate risk:

Interest rate risk arises on interest bearing financial instruments such as bonds included in the short term bond and mortgage fund and bond fund. The funds are exposed to this risk to the extent that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

AUMA has interest bearing loans at fixed rates. Changes in general market interest rates can increase or decrease the fair value of these loans. AUMA intends to pay the fixed rate loans over the contractual repayment terms and therefore does not consider the risks associated with changes in fair value to be a significant exposure. Changes may occur in AUMA's future cash flows required to service debt if market rates vary from those currently payable when such fixed rate loans mature and are renewed for additional periods. Changes in prime lending rates can cause fluctuations in cash flow payments to service the operating line of credit if draws on the line are made.

There has been no change to the risk exposure from 2012.

(e) Market risk:

Fund investments in equity based pooled funds are subject to fair value fluctuation of underlying securities held by the funds traded on domestic and global exchanges. Changes in the foreign exchange rates and market prices can result in a change in fair value.

There has been no change to the risk exposure from 2012.

25. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)
Financial Statements of Alberta Municipal Insurance Exchange
Year ended December 31, 2013

INDEPENDENT AUDITORS' REPORT

To the Subscribers of Alberta Municipal Insurance Exchange

We have audited the accompanying financial statements of Alberta Municipal Insurance Exchange, which comprise the statement of financial position as at December 31, 2013, statements of comprehensive income, changes in subscribers' surplus 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 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 financial position of Alberta Municipal Insurance Exchange as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

February 28, 2014
Edmonton, Canada

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)
Financial Statements of Alberta Municipal Insurance Exchange
Year ended December 31, 2013

APPOINTED ACTUARY'S REPORT

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

I have valued the policy liabilities of Alberta Municipal Insurance Exchange for its statement of financial position at December 31, 2013 and their changes in the statement of income for the year then ended in accordance with the accepted actuarial practice in Canada including selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities makes appropriate provision for all policy obligations and the financial statements fairly present the results of the valuation.



Joe S. Cheng
Fellow, Canadian Institute of Actuaries

Toronto, Ontario
February 13, 2014



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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Financial Position

December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Assets			
Cash		\$ 289,481	\$ 1,116,298
Investments	5, 7	39,140,227	38,452,634
Accounts receivable	7, 8	273,848	79,747
Prepaid expenses		2,913	17,083
		\$ 39,706,469	\$ 39,665,762
Liabilities and Subscribers' Surplus			
Liabilities:			
Claims liabilities	6, 7	\$ 25,193,180	\$ 25,620,930
Premium tax payable		419,607	407,870
Accounts payable and accrued liabilities	7, 8	709,902	1,321,778
		26,322,689	27,350,578
Subscribers' Surplus:			
Reserve funds	7	3,515,160	3,515,160
Surplus	7	9,868,620	8,800,024
		13,383,780	12,315,184
		\$ 39,706,469	\$ 39,665,762

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Comprehensive Income

Year Ended December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Premiums earned	7	\$ 13,986,888	\$ 13,653,990
Net claims and claims adjustment expenses	6	10,203,537	9,622,300
Premium taxes		419,607	407,870
		10,623,144	10,030,170
		3,363,744	3,623,820
Expenses:			
Agency and administration fees	8	2,265,093	1,982,785
Property valuation fees		181,605	245,677
Consulting fees		150,467	95,377
Administration		94,454	74,067
Professional fees		73,851	61,163
Insurance		56,900	57,462
System support		37,737	38,273
Travel		31,062	18,800
Promotions and marketing		28,727	15,283
		2,919,896	2,588,887
Income before the undernoted		443,848	1,034,933
Net investment income	9	624,748	733,540
Comprehensive income		\$ 1,068,596	\$ 1,768,473

See accompanying notes to financial statements.



FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Changes in Subscribers' Surplus

Year Ended December 31, 2013 with comparative figures for 2012

	Reserve Funds		Surplus		Total
Balance at January 1, 2012	\$	3,515,160	\$	7,031,551	\$ 10,546,711
Comprehensive income		–		1,768,473	1,768,473
Balance at December 31, 2012	\$	3,515,160	\$	8,800,024	\$ 12,315,184

	Reserve Funds		Surplus		Total
Balance at January 1, 2013	\$	3,515,160	\$	8,800,024	\$ 12,315,184
Comprehensive income		–		1,068,596	1,068,596
Balance at December 31, 2013	\$	3,515,160	\$	9,868,620	\$ 13,383,780

See accompanying notes to financial statements.

FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Statement of Cash Flows

Year Ended December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Cash provided by (used in):			
Operating activities:			
Comprehensive income		\$ 1,068,596	\$ 1,768,473
Adjustments for:			
Net realized loss (gain) on sale of FVTPL investments	9	(170,015)	235,960
Change in unrealized loss on FVTPL investments	9	307,100	214,084
Interest income		(815,074)	(1,253,468)
Change in non-cash balances related to operations:			
Increase in accounts receivable		(194,101)	(74,488)
Decrease in prepaid expenses		14,170	10,439
Decrease in claims liabilities		(427,750)	(1,425,976)
Increase in premium tax payable		11,737	21,255
Increase (decrease) in accounts payable and accrued liabilities		(611,876)	743,110
Decrease in unearned premiums		–	(58,333)
Cash generated from operating activities:			
Interest received from investments		847,197	1,244,046
		29,984	1,425,102
Investing activities:			
Purchase of investments		(172,836,809)	(167,531,438)
Proceeds from sale of investments		171,980,008	166,748,590
		(856,801)	(782,848)
Increase (decrease) in cash and cash equivalents			
		(826,817)	642,254
Cash at beginning of year			
		1,116,298	474,044
Cash at end of year			
		\$ 289,481	\$ 1,116,298

See accompanying notes to financial statements.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

1. Reporting entity

Alberta Municipal Insurance Exchange (the "Exchange") was formed on January 1, 2002 under the Reciprocal Insurance Exchange Agreement for Municipalities in the Province of Alberta and the Insurance Act (the "Act"). Its registered office is located at 300-8616 51 Avenue Edmonton, Alberta, Canada T6E 6E6.

The Exchange commenced operations on January 1, 2002 and has 734 (2012 – 740) subscribers. Subscriptions to the Exchange are renewed annually on a rollover basis. The next date for renewal of policies is January 1, 2014.

The Act permits a group of subscribers to exchange reciprocal contracts or inter insurance with each other through a principal attorney. The principal attorney is authorized by the subscribers under a power of attorney, to sign reciprocal contracts on their behalf and to act on the subscribers' behalf in respect of any matter specified in the power of attorney related to those contracts.

The Exchange is established for the purpose of permitting the subscribers to exchange a reciprocal contract or inter-insurance as provided for in the Act. The subscribers to the Exchange are various Alberta Urban Municipalities Association ("AUMA") members subscribing to the Reciprocal Insurance Exchange Agreement for Municipalities in the Province of Alberta dated January 1, 2002.

The affairs of the Exchange are governed by an advisory board established in accordance with the power of attorney.

The majority of the advisory board members are directors of AUMA whose municipalities are subscribers of the Exchange. AMSC Insurance Services Ltd. ("AMSCIS"), a wholly owned subsidiary of AUMA, acts as an agent of the Exchange.

2. Basis of presentation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the requirements for filing with the Superintendent of Insurance for the Province of Alberta.

The financial statements were authorized for issue by the Board of Directors on February 28, 2014.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for investments which are measured at fair value.

FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

2. Basis of presentation (continued)

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Exchange's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Refer to note 3(b)(iii) for a description of the significant judgments and estimates made by the Exchange.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

(a) Adoption of new standard

In May 2011, IFRS 13 Fair Value Measurement ("IFRS 13") was issued. IFRS 13 defines fair value and sets out a single framework for measuring fair value when fair value is required by other IFRS standards. It also requires disclosures about fair value measurements and expands fair value disclosures to include non-financial assets. This standard is effective for annual periods beginning on or after January 1, 2013. The adoption of IFRS 13 has had no impact to the financial statements.

(b) Insurance contracts

(i) Premiums earned

Premiums are recognized over term of the related policy period. The Exchange's policy year ends on December 31st.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

3. Significant accounting policies (continued)

(b) Insurance contracts (continued):

(ii) Net claims and adjustment expenses

Net claims and adjustment expenses consist of claims paid to policyholders, changes in the valuation of the liabilities arising on policyholder contracts and external claims handling expenses, net of salvage and subrogation recoveries.

(iii) Claims liabilities

A 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 ("incurred but not reported claims" or "IBNR"). The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. 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 provision is 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.

(iv) Contract classification

All contracts issued by the Exchange meet the definition of an insurance contract and are accounted for in accordance with IFRS 4 ("Insurance Contracts"). Insurance contracts are those contracts where the Exchange has accepted significant insurance risk. A contract is considered to have significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Insurance contracts issued by the Exchange are subject to the loss limits as described in note 7 under *Insurance Risk*.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expire.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

3. Significant accounting policies (continued)

(b) Insurance contracts (continued)

(v) Liability adequacy test

At the end of each reporting period, a liability adequacy test ("premium deficiency") is performed to ensure the adequacy of the contract liabilities, net of related deferred acquisition cost ("DAC") assets. In performing this test, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any premium deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from the liability adequacy test. No such deficiency has been determined to exist as at December 31, 2013. The Exchange does not incur significant costs that would be considered DAC assets.

(c) Financial Instruments

(i) Non-derivative financial assets

The Exchange recognizes financial assets on the trade date, at which the Exchange becomes a party to the contractual provisions on the financial asset contract.

The Exchange de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Exchange neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Exchange recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Exchange retains substantially all the risks and rewards of ownership of a transferred financial asset, the Exchange continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Exchange has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Exchange has classified financial assets as either 'Fair Value Through Profit or Loss' ("FVTPL") or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

3. Significant accounting policies (continued)

- (c) Financial Instruments (continued)
 - (i) Non-derivative financial assets (continued)

Financial assets at FVTPL:

A financial asset is classified at FVTPL if it has been acquired principally for the purpose of selling in the near future or is designated as such upon initial recognition. Financial assets are designated at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, and the financial asset forms part of a portfolio of financial assets which is managed and its performance is evaluated on a fair value basis, in accordance with the Exchange's documented risk management or investment strategy, and information about the portfolio is provided internally on that basis.

The Exchange's investments are classified as FVTPL. Investments include debt securities, banker's acceptances and treasury bills, as well as money market and bond mutual funds.

Investments at FVTPL are recorded at fair value with realized gains and losses on sale and changes in the fair value recorded in net investment income. Transaction costs, as well as custodian and investment manager fees related to FVTPL financial assets are recognized in income as incurred, as part of general investment expenses.

Loans and receivables:

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Loans and receivables comprise of accounts receivable.

Cash:

Cash is comprised of cash on hand and cash managed within the investment portfolio.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

3. Significant accounting policies (continued)

(c) Financial instruments (continued):

(i) Non-derivative financial assets (continued):

Interest income:

Interest income is accrued using the effective interest rate method, which uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income distributions from the money market mutual fund are reinvested in additional units of the fund. Income distributions from the bond mutual funds result in an appreciation of the unit value of each of the fund units.

(ii) Non-derivative financial liabilities

All financial liabilities are recognized initially on the date that the Exchange becomes a party to the contractual provisions of the instrument.

The Exchange derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Exchange classifies all non-derivative financial liabilities into the Other Financial Liabilities category. Such financial liabilities are recognized initially at fair value along with any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Non-derivative financial liabilities are comprised of accounts payable and accrued liabilities, and premium tax payable.

(iii) Fair value of financial instruments

The fair value of non-derivative financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined by reference to quoted market prices.

The fair value of other non-derivative financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

3. Significant accounting policies (continued)

(d) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been negatively impacted.

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognized in profit or loss.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost that would have been recognized had the initial impairment loss not been recognized.

(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.

(f) New standards and interpretations not yet adopted

(i) *IFRS 4 Insurance Contracts*

On 20 June 2013, the International Accounting Standards Board (IASB) published for public comment a revised Exposure Draft of proposals for the accounting for Insurance Contracts. The Exposure Draft builds upon proposals published in 2010, and reflects feedback received during the extensive public consultation period that followed the publication of those proposals. The revised proposals aim to provide a consistent basis for accounting for insurance contracts and to make it easier for users of financial statements to understand how insurance contracts affect an entity's financial position, financial performance and cash flows. While the model presented in the 2010 Exposure Draft was broadly supported, some specific issues were raised that the IASB has sought to address. The revised proposals respond to those issues by introducing enhancements to the presentation and measurement of insurance contracts while seeking to minimize artificial accounting volatility. A final standard is expected in 2014 with implementation not expected before 2017.

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

3. Significant accounting policies (continued)

(f) New standards and interpretations not yet adopted (continued)

(ii) *IFRS 9 Financial instruments*

IFRS 9 was issued in November 2009 in order to reduce the complexities by replacing the many different rules in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 represents the completion of the first part of a three part project to replace IAS 39. It requires financial assets to be recorded at amortized cost or fair value depending on the entity's business model for managing the assets and their associated cash flow characteristics. All financial assets are to be measured at fair value on the balance sheet if they are not measured at amortized cost. At initial recognition, an entity may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

In July 2013, the mandatory effective date for this standard was deferred and is pending the finalization of the impairment and classification and measurement requirements, which has not yet been determined. The Exchange has not yet assessed the impact of this standard.

4. 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 statement of financial position 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 Board of Directors of 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.



FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

5. Investments:

The fair values of investments classified as FVTPL are summarized as follows:

	2013	% of total fair value	2012	% of total fair value
Bankers Acceptances and Treasury Bills	\$ 7,964,962	20.4%	\$ 7,112,340	18.5%
Debt securities				
Federal	9,399,813	24.0%	12,990,581	33.8%
Provincial	4,470,513	11.4%	4,305,397	11.2%
Corporate and other debt	17,304,939	44.2%	14,044,316	36.5%
Total investments	\$ 39,140,227	100%	\$ 38,452,634	100%

Bankers acceptances and treasury bills are managed as a component of the Exchange's investment portfolio.

The average net annual rate of return, based on the fair value of the Exchange's investment portfolio for the year ended December 31, 2013 is 1.61% (2012 - 1.92%).

Fair value hierarchy

The Exchange has segregated all financial assets that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date. The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

5. Investments (continued)

	Level 1	Level 2	Level 3	2013 Total
Bankers Acceptances and Treasury Bills	\$ 7,964,962	\$ –	\$ –	\$ 7,964,962
Debt securities				
Federal	–	9,399,813	–	9,399,813
Provincial	–	4,470,513	–	4,470,513
Corporate	–	17,304,939	–	17,304,939
	\$ 7,964,962	\$ 31,175,265	\$ –	\$ 39,140,227

	Level 1	Level 2	Level 3	2012 Total
Bankers Acceptances and Treasury Bills	\$ 7,112,340	\$ –	\$ –	\$ 7,112,340
Debt securities				
Federal	–	12,990,581	–	12,990,581
Provincial	–	4,305,397	–	4,305,397
Corporate and other debt	–	14,044,316	–	14,044,316
	\$ 7,112,340	\$ 31,340,294	\$ –	\$ 38,452,634

There were no transfers of assets between levels in the current or prior year.



FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

6. Claims liabilities

Claims liabilities consist of the following amounts:

	2013	2012
Unpaid claims and claims adjustment expenses	\$ 17,694,180	\$ 16,967,930
Provision for claims incurred but not reported ("IBNR")	5,509,000	6,838,000
Internal claims adjustment expense reserve ("ILAE")	1,990,000	1,815,000
	\$ 25,193,180	\$ 25,620,930

Activity in claims liabilities during the year is summarized as follows:

	2013	2012
Claims liabilities, beginning of year	\$ 25,620,930	\$ 27,046,906
Decrease in provisions for prior year claims and changes in actuarial assumptions	(1,721,463)	(1,413,526)
Provision for losses on current year claims	11,750,000	10,827,826
Increase in ILAE reserve	175,000	208,000
	10,203,537	9,622,300
Incurred losses and expenses		
Paid on claims occurring in prior years	(4,407,068)	(7,337,330)
Paid on current year claims	(6,224,219)	(3,710,946)
	(10,631,287)	(11,048,276)
Claims liabilities, end of year	\$ 25,193,180	\$ 25,620,930

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

6. Claims liabilities (continued)

The establishment of the provision for claims liabilities 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 process for establishing the provision for claims liabilities relies on the judgment 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. This process also necessarily involves the risk that the actual results will deviate, perhaps substantially, from the best estimates made. These provisions are monitored and recalculated annually. All such deviations will cause corresponding changes in amounts receivable from subscribers and in related balances.

The net provision for claims liabilities consists of the case reserves on known claims, the provision for incurred but not reported claims ("IBNR"), adjustment expenses including an amount for internal claims adjustment expenses ("ILAE") and a factor for deviations in the estimated results. The net provision for claims is discounted using rates based on the projected investment income from the assets supporting the provisions, and reflecting the estimated timing of payments and recoveries. The discount rate used in the valuation was 2.19% (2012 – 1.94%). The total claims liability stated on an undiscounted basis is \$24,967,000 (2012 - \$25,311,000).

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 2013, the Exchange experienced favorable claims development of \$1,645,000 (2012 – favorable claims development of \$1,294,000) as stated on an aggregate undiscounted basis.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

7. 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 statement of financial position 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 preventative controls and transferring risk to third parties. The Exchange's exposure to potential loss from financial instruments is primarily due to insurance risk along with market, credit, liquidity and capital management risks.

Insurance risk

The Exchange accepts insurance risk through its insurance contracts where it assumes the risk of loss from organizations that are directly subject to the underlying loss. The Exchange is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

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

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.

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, 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 for the actuarial assumptions made when initially estimating the provision for claims. The Exchange's provision for claims is reviewed separately by, and must be acceptable to a third party claims adjuster, an internal claims manager, and the independent appointed actuary.

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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

7. Financial risk management (continued)

Insurance risk (continued)

Catastrophic loss risk

Catastrophic loss risk is the exposure to losses resulting from multiple claims arising out of a single catastrophic event. Property and causality insurance companies experience large losses arising from man made 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 for each coverage type; any losses over and above these amounts are borne by the excess underwriters contracted with by AMSCIS.

The loss limits by coverage type are as follows:

Liability insurance

The limit of liability for liability insurance is a maximum amount on any one loss of \$1,000,000 (2012 - \$1,000,000) in the event of a liability claim and a maximum policy year amount of \$5,000,000 (2012 - \$5,000,000) in the event of a series of claims. The Exchange does not purchase reinsurance.

Property insurance

The limit of liability for property insurance is a maximum amount on any one loss of \$1,750,000 (2012 - \$1,750,000) in the event of a property claim and to a maximum policy year amount of \$6,000,000 (2012 - \$6,000,000) in the event of a series of claims. The Exchange does not purchase reinsurance.

Auto Physical Damage insurance

The limit of liability for auto physical damage insurance is a maximum amount on any one loss of \$250,000 (2012 - \$250,000) in the event of a vehicle claim and to a maximum policy year amount of \$750,000 (2012 - \$750,000) 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, 2013

7. Financial risk management (continued)

Insurance risk (continued)

Concentration risk

The Exchange is exposed to concentration of insurance risk through the geographical proximity and comparable operations of its subscribers, primarily municipalities in the province of Alberta. The concentration of subscribers by geographic area and business operations exposes the Exchange to political, economic, regulatory, and environmental challenges affecting their businesses. The Exchange's exposure to concentration of insurance risk is mitigated by a portfolio across three business lines (liability, property & auto physical damage). The Exchange also has exposure to catastrophic losses, which as described above is limited to the annual aggregate for each coverage type. The concentration by coverage type at the end of the year is broadly consistent with the prior year.

The table below provides a breakdown of net premiums by coverage type:

Premiums earned by coverage type:						
	2013		%	2012		%
Liability	\$	5,673,226	41%	\$	5,594,032	41%
Property		7,382,579	53%		7,196,261	53%
Auto Physical Damage		931,083	6%		863,697	6%
	\$	13,986,888	100%	\$	13,653,990	100%

Assumptions and sensitivities

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Exchange uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios.

The Exchange considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

For the 2013 year-end, changes in actuarial assumptions have had no material effect on the claims liabilities from the prior year-end.

Some results of sensitivity testing by claim year are set out below, showing the impact of a change in assumptions on total comprehensive income and subscribers' surplus. For each sensitivity analysis, the impact of a change in a single factor is shown, with other assumptions unchanged.

FINANCIALS

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

7. Financial risk management (continued)

Insurance risk (continued)

	Effect on total comprehensive income/subscribers' surplus			
	2013	% Change	2012	% Change
5% increase in loss ratios	⁽¹⁾ \$ -	- % ⁽²⁾	\$ (291,512)	(16.0)%
5% decrease in loss ratios	587,254	55.0%	505,756	29.0%
10% increase in expenses	(291,990)	(27.0)%	(258,889)	(15.0)%
10% decrease in expenses	291,990	27.0%	258,889	15.0%
0.5% increase in discount rate used in actuarial calculation of claims liabilities	286,000	27.0%	241,000	14.0%
0.5% decrease in discount rate used in actuarial calculation of claims liabilities	(138,000)	(13.0)%	(184,000)	(10.0)%

⁽¹⁾ For the 2013 policy year, the maximum loss limit for Liability, Property, and Auto Physical Damage of \$11,750,000 was reached. As such the sensitivity analysis cannot consider a further 5% increase in the loss ratio.

⁽²⁾ For the 2012 policy year, the maximum loss limit for Liability insurance of \$5,000,000 was reached. As such, the sensitivity analysis above considers the impact of a 5% increase in loss ratios on only the Property and Auto Physical Damage coverage lines.

The Exchange's method for sensitivity testing has not changed from the prior year.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

7. Financial risk management (continued)

Insurance risk (continued)

Claims development tables

The following tables show the development of claims over a period of time. The top half of the table shows how the estimates of total claims for each accident year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position.

	2008	2009	2010	2011	2012	2013	Total
Estimate of ultimates:							
End of accident year	\$ 8,519,000	\$ 7,931,162	\$ 9,133,826	\$ 11,099,079	\$ 10,827,825	\$ 11,750,000	\$ 59,260,892
One year later	(1,038,801)	687,452	1,177,863	(32,433)	(313,764)	–	480,317
Two years later	(60,887)	(119,226)	(231,962)	(64,016)	–	–	(476,091)
Three years later	375,069	(989,920)	(671,850)	–	–	–	(1,286,701)
Four years later	(399,642)	(255,437)	–	–	–	–	(655,079)
Five years later	(98,256)	–	–	–	–	–	(98,256)
Current estimate of ultimate claims	7,296,483	7,254,031	9,407,877	11,002,630	10,514,061	11,750,000	57,225,082
Cumulative payments	(5,552,942)	(5,477,824)	(6,253,770)	(8,065,152)	(5,568,851)	(6,224,219)	(37,142,758)
In statement of financial position	\$ 1,743,541	\$ 1,776,207	\$ 3,154,107	\$ 2,937,478	\$ 4,945,210	\$ 5,525,781	\$ 20,082,324
Provision for prior years (2002 to 2007)							3,120,856
Internal claims adjustment expense reserve ("ILAE")							1,990,000
Liability in statement of financial position							\$ 25,193,180

ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

7. Financial risk management (continued)

Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Exchange has established policies and procedures in order to manage market risk.

Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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.

Interest rate sensitivity analysis

All of the Exchange's investments bear fixed rates of return. The sensitivity analyses below have been determined based on the theoretical exposure to interest rates at the balance sheet date.

As at December 31, 2013, management estimates that an immediate hypothetical 100 basis point, or 1%, parallel increase in interest rates would decrease the market value of the fixed income investments (excluding cash) by \$938,376 (2012 - \$875,184), representing 2.40% (2012 - 2.28%) of the \$39,140,227 (2012 - \$38,452,634) fair value 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.



ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

7. Financial risk management (continued)

Market risk (continued)

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.

The Exchange's method for assessing sensitivity to interest rate fluctuations has not changed significantly over the year.

Currency risk and other price risk management

The Exchange has no significant concentration of currency risk or other price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Exchange. The key areas of exposure to credit risk for the Exchange are in relation to its investment portfolio, and to a lesser extent amounts due from policyholders.

The Exchange's risk management strategy is to invest primarily in debt instruments of high credit quality issuers 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.

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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year Ended December 31, 2013

7. Financial risk management (continued)

Credit risk (continued)

The following table shows aggregated credit risk exposure for assets with external credit ratings.

December 31, 2013	AAA	AA	A	BBB	R1H	Carrying amount
BAs and Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ 7,964,962	\$ 7,964,962
Debt securities						
Federal	9,399,813	-	-	-	-	9,399,813
Provincial	-	4,012,043	458,470	-	-	4,470,513
Corporate and other debt	4,350,737	8,453,309	4,500,893	-	-	17,304,939
	\$ 13,750,550	\$ 12,465,352	\$ 4,959,363	\$ -	\$ 7,964,962	\$ 39,140,227

December 31, 2012	AAA	AA	A	BBB	R1H	Carrying amount
BAs and Treasury Bills	\$ -	\$ -	\$ -	\$ -	\$ 7,112,340	\$ 7,112,340
Debt securities						
Federal	12,990,581	-	-	-	-	12,990,581
Provincial	-	3,973,189	332,208	-	-	4,305,397
Corporate and other debt	1,813,925	6,843,746	5,386,645	-	-	14,044,316
	\$ 14,804,506	\$ 10,816,935	\$ 5,718,853	\$ -	\$ 7,112,340	\$ 38,452,634

As at December 31, 2013 and December 31, 2012, the carrying values of investments as well as accounts receivable are neither past due nor impaired.

During the years ended December 31, 2013 and 2012, the Exchange invested in the MuniFunds Money Market Mutual Fund. The Exchange had no investment in the Fund as at December 31, 2013 or December 31, 2012. 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. With the exception of government and government guarantee securities, all investments must have a short term rating of R-1 or better and a long term rating of A or better at the time of purchase.



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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

7. Financial risk management (continued)

Liquidity risk management

Liquidity is the risk that the Exchange cannot meet its obligations associated with financial liabilities as they fall due. Liquidity risk arises from the general business activities and in the course of managing the asset and liabilities of the Exchange. The liquidity requirements of the Exchange's business are met primarily by funds generated from operations, asset maturities and income and other returns received on investments. Cash provided from these sources is used for claim 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. All current investment holdings of the Exchange are immediately redeemable.

At December 31, 2013, the Exchange has \$8,254,444 (2012 - \$6,633,005) of cash and cash equivalents which includes \$7,964,962 (2012 - \$5,516,707) of short term investments. The cash equivalents are included in investments as they are managed as a component of the Exchange's investment portfolio, and consist of treasury bills and bankers acceptances with an original maturity date of three months or less.

The following table (in \$000s) shows details of the expected maturity profile of the Exchange's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognized claims liabilities. The table includes both interest and principal cash flows.

	December 31, 2013					Total 2013
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years		
Claims liabilities	\$ 6,549	\$ 13,218	\$ 4,866	\$ 560	\$	25,193
Premium taxes payable	420	–	–	–		420
Accounts payable and accrued liabilities	710	–	–	–		710
	\$ 7,679	\$ 13,218	\$ 4,866	\$ 560	\$	26,323

	December 31, 2012					Total 2012
	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years		
Claims liabilities	\$ 7,955	\$ 12,383	\$ 4,704	\$ 579	\$	25,621
Premium taxes payable	408	–	–	–		408
Accounts payable and accrued liabilities	1,322	–	–	–		1,322
	\$ 9,685	\$ 12,383	\$ 4,704	\$ 579	\$	27,351

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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year ended December 31, 2013

7. Financial risk management (continued)

Liquidity risk management (continued)

The following table in (000's) details the Exchange's expected maturity for its assets. The tables below have been drawn up based on the undiscounted contractual maturities of the assets including interest that will be earned on those assets except where the Exchange anticipates that the cash flow will occur in a different period.

	December 31, 2013					Total 2013
	1 year or less	1 to 3 years	4 to 7 years	8 to 9 years		
Accounts receivable	\$ 274	\$ –	\$ –	\$ –		\$ 274
Bankers Acceptances and T- Bills	7,965	–	–	–		7,965
Debt securities	187	22,629	8,280	79		31,175
	\$ 8,426	22,629	8,280	79		\$ 39,414

	December 31, 2012					Total 2012
	1 year or less	1 to 3 years	4 to 7 years	8 to 9 years		
Accounts receivable	\$ 80	\$ –	\$ –	\$ –		\$ 80
Bankers Acceptances and T- Bills	7,112	–	–	–		7,112
Debt securities	463	21,675	9,066	136		31,340
	\$ 7,655	21,675	9,066	136		\$ 38,532

The Exchange expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.



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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year ended December 31, 2013

7. Financial risk management (continued)

Capital risk management

The Exchange's objectives when managing capital are to maintain financial strength and protect its claims paying abilities. Senior executive management develops the capital strategy and oversees the capital management processes of the Exchange.

Capital is defined as subscribers' surplus. Subscribers' Surplus represents contributions made by subscribers and the excess of revenue over expenses, and may be used to cover potential future catastrophic claims, reduce future premiums, or be paid out to subscribers.

In 2010 the Exchange's Board authorized the transfer of \$1,000,000 from surplus to reserve funds to fund the development of an enhanced risk management program. There were no transfers in 2012 or 2013.

	2013	2012
Rate stabilization	\$ 2,515,160	\$ 2,515,160
Risk management	1,000,000	1,000,000
Total	\$ 3,515,160	\$ 3,515,160

The Exchange is regulated by the Alberta Superintendent of Insurance and the the Alberta Insurance Act. Accordingly, in addition to subscribers' surplus, the Exchange is required by the Superintendent to maintain an excess of cash and securities over the Reserve and Guarantee Fund.

The Reserve and Guarantee Fund has three components: a reserve fund which consists of 50% of premiums collected in the current fiscal year; a guarantee fund which consists of the Exchange's total liabilities; and a \$50,000 statutory margin. If the Exchange experiences a shortfall of cash and securities over the Reserve and Guarantee Fund, the Superintendent of Insurance requires the Exchange to produce a plan to eliminate the shortfall. As at December 31, 2013, the Exchange has an excess of cash and securities over the Reserve and Guarantee Fund of \$6,064,000 (2012 - \$5,341,000).

8. Related party disclosures

The affairs of the Exchange are governed by an advisory board, the members of which are representatives of the subscribers to the Exchange. The majority of the advisory board members are also directors of AUMA, and all the subscribers to the Exchange are also members of AUMA. As such, all of the entities that operate under the auspices of AUMA are considered related parties to the Exchange. This includes AMSCIS, a wholly owned subsidiary of AUMA, who acts as agent for the Exchange, and Alberta Municipal Services Corporation ("AMSC"), also a wholly owned subsidiary of AUMA, who is the trustee for MuniFunds, a collection of three pooled investment funds.

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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements

Year ended December 31, 2013

8. Related party disclosures (continued)

The Exchange does not employ any individuals directly. Agency and administrative services are provided to the Exchange by AUMA, for which fees are charged; a portion of which relates to the salaries and benefits of employees. The agency and administrative fees charged in the year related to salaries and benefits are not separately disclosed, but total \$1,628,576 (2012 - \$1,452,928).

The following balances with related parties exist as at December 31:

	2013	2012
AUMA		
Accounts receivable (payable)	\$ 33,667	\$ (89,855)
AMSC		
Accounts payable	(25,501)	(2,335)
AMSCIS		
Accounts receivable (payable)	\$ 152,087	\$ (128,594)

The following transactions with related parties occurred during the year:

	2013	2012
AUMA		
Management fees	\$ 2,265,093	\$ 1,982,785
MuniFunds		
Interest income	-	35,110
Net realized gains on sale of FVTPL investments	\$ 22,142	\$ 4,601



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ALBERTA MUNICIPAL INSURANCE EXCHANGE (MUNIX)

Notes to Financial Statements
Year Ended December 31, 2013

9. Net investment income

Net investment income is as follows:

	2013	2012
Interest income	\$ 833,915	\$ 1,253,468
Net realized gains (losses) on sale of FVTPL investments	170,015	(235,960)
Net unrealized loss on FVTPL investments	(307,100)	(214,084)
General investment expenses	(72,082)	(69,884)
	\$ 624,748	\$ 733,540

10. Non-current assets and liabilities

The following table in (000's) presents assets and liabilities the Exchange expects to recover or settle after more than twelve months as at December 31, 2013 and December 31, 2012:

	2013	2012
Assets:		
Investments	\$ 30,988	\$ 30,878
Total non-current assets	\$ 30,988	\$ 30,878
Liabilities:		
Claims liabilities	\$ 18,644	\$ 17,666
Total non-current liabilities	\$ 18,644	\$ 17,666
Net non-current assets	\$ 12,344	\$ 13,212

APEX SUPPLEMENTARY PENSION PLAN

Financial Statements of APEX Supplementary Pension Plan
Year Ended December 31, 2013

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 financial position as at December 31, 2013, the statements of changes in net assets available for benefits, changes in accrued pension liability and changes in accumulated 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 accounting standards for pension plans, 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 financial position of the APEX Supplementary Pension Plan as at December 31, 2013, and the changes in its net assets available for benefits, and the changes in its accrued pension liability and the changes in its accumulated surplus (deficiency) for the year then ended in accordance with Canadian accounting standards for pension plans.



Chartered Accountants

June 13, 2014
Edmonton, Canada



APEX SUPPLEMENTARY PENSION PLAN

Statement of Financial Position

As at December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Assets:			
Current assets:			
Cash		\$ 329,453	\$ 470,533
Prepaid expenses		585	7,137
Accounts receivable	9	7,330	30,230
Contributions receivable:			
Employer		297,361	243,611
Employee		247,801	203,010
		882,530	954,521
Investments	4, 11	31,845,114	25,160,376
Total assets		32,727,644	26,114,897
Liabilities:			
Accounts payable and accrued liabilities	9	109,320	180,718
Net assets available for benefits		32,618,324	25,934,179
Accrued pension liability	5	28,511,400	25,161,685
Accumulated surplus		\$ 4,106,924	\$ 772,494

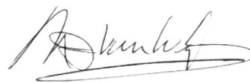
See accompanying notes to financial statements.

On behalf of the Governance Board:

Trustee



Trustee



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APEX SUPPLEMENTARY PENSION PLAN

Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2013 with comparative figures for 2012

	Note	2013	2012
Increase in net assets:			
Employer contributions:			
Current service		\$ 3,319,448	\$ 3,011,016
Employee contributions:			
Current service		2,766,207	2,509,457
		6,085,655	5,520,473
Investment income	6	3,594,800	1,881,063
		9,680,455	7,401,536
Decrease in net assets:			
Benefit payments and transfers	7	2,187,514	1,665,697
Administrative expenses	8	808,796	663,487
		2,996,310	2,329,184
Increase in net assets available for benefits		6,684,145	5,072,352
Net assets available for benefits, beginning of year		25,934,179	20,861,827
Net assets available for benefits, end of year		\$ 32,618,324	\$ 25,934,179

See accompanying notes to financial statements.



APEX SUPPLEMENTARY PENSION PLAN

Statement of Changes in Accrued Pension Liability

Year ended December 31, 2013 with comparative figures for 2012

	2013	2012
Accrued pension liability at beginning of year	\$ 25,161,685	\$ 21,102,738
Interest accrued on pension benefits	1,846,178	1,586,521
Benefits earned	4,334,825	4,138,123
Gains due to Plan experience	(420,182)	–
Gains due to change in assumption*	(223,592)	–
Benefits paid and transfers	(2,187,514)	(1,665,697)
Accrued pension liability at end of year	\$ 28,511,400	\$ 25,161,685

*Mortality assumption changes from the UP94 mortality table to the CPM2014Public table, see note 5.

See accompanying notes to financial statements.

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APEX SUPPLEMENTARY PENSION PLAN

Statement of Changes in Accumulated Surplus (Deficiency)

Year ended December 31, 2013 with comparative figures for 2012

	2013	2012
Accumulated surplus (deficiency), beginning of year	\$ 772,494	\$ (240,911)
Increase in net assets available for benefits	6,684,145	5,072,352
Net increase in accrued pension liability	(3,349,715)	(4,058,947)
Accumulated surplus, end of year	\$ 4,106,924	\$ 772,494

See accompanying notes to financial statements.



APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements
Year ended December 31, 2013

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.

Pursuant to Schedule O.2, Section 1(1) of the Alberta Employment Pension Plan Regulation, the Plan is considered to be a Public Pension Plan, and as a result, the employers are exempt from making solvency deficiency payments.

The key features of 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 \$134,834 (2012 - \$132,334) based on current Canada Revenue Agency maximum annual pension accrual of \$2,697 (2012 - \$2,647).

2. Basis of preparation:

(a) Basis of presentation:

These financial statements are prepared on the going concern basis in accordance with Canadian accounting standards for pension plans and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor of the Plan, Alberta Urban Municipalities Association (AUMA) 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.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

2. Basis of preparation (continued):

(a) Basis of presentation (continued):

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan has a choice to either comply on a consistent basis with either International Financial Reporting Standards ("IFRS") in Part I of the CPA Handbook, or Canadian accounting standards for private enterprises in Part II of the CPA Handbook, to the extent that those standards do not conflict with the requirements under Section 4600. The Plan has chosen to comply on a consistent basis with IFRS in Part I of the CPA Handbook

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments, which are recorded at fair value through profit or loss.

(c) Functional presentation and currency:

These financial statements are presented in Canadian dollars, which is the Plan's functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.



APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

3. Significant accounting policies:

(a) Cash:

Cash is comprised of cash on hand.

(b) Foreign currency:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into Canadian dollars at the exchange rate at that date.

(c) Investment transactions, income recognition and transaction costs:

(i) Investment transactions:

Investment transactions are accounted for on a trade date basis.

(ii) Income recognition:

Income from investments is recorded on an accrual basis and includes interest income and pooled investment income.

(a) Interest:

Interest income, including interest income from non-derivative financial assets at fair value through profit and loss, are recognized in the statement of changes in net assets available for benefits, using the effective interest method.

(b) Pooled investment income:

Income earned within the pooled investment funds is comprised of interest, dividends, realized and unrealized gains and losses from Canadian and foreign sources and is recognized in the statement of changes in net assets available for benefits when earned

(iii) Transaction costs:

Brokers' commissions and other transaction costs are recognized in the statement of changes in net assets available for benefits when incurred.

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

3. Significant accounting policies (continued):

(d) Financial assets and financial liabilities:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset, and consideration received is recognized in the statement of changes in net assets available for benefits as investment income.

The Plan classifies all of its financial assets at fair value through the statement of changes in net assets available for benefits if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through the statement of changes in net assets available for benefits if the Plan manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Plan's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Financial assets at fair value through the statement of changes in net assets available for benefits are measured at fair value and changes therein are recognized in the statement of changes in net assets available for benefits.

(ii) Non-derivative financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Plan considers its accounts payable and accrued liabilities to be a non-derivative financial liability.



APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

3. Significant accounting policies (continued):

(e) Fair value measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

In determining fair value, the Plan has early adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Handbook. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Plan uses closing market price as a practical expedient for fair value measurement.

When available, the Plan measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Plan establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

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APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

3. Significant accounting policies (continued):

(e) Fair value measurement (continued):

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gains.

Fair values of investments are determined as follows:

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of underlying net assets at fair values determined using closing market prices.

(f) Income taxes:

The Plan is a registered pension plan as defined by the Income Tax Act (Canada), and accordingly, is not subject to income taxes.

4. Investments:

The following table summarizes investments as at December 31:

	2013	2012
Global Equity Fund (Hexavest)	\$ 11,262,637	\$ 8,845,208
Long-term Bond Fund (SLI)	10,998,647	8,593,565
Canadian Equity Fund (Guardian)	6,418,902	5,184,357
Real Estate Fund (SLI)	3,164,928	2,537,246
	\$ 31,845,114	\$ 25,160,376

Investments consist of mutual funds that are managed by third parties. The Fund administrator is Standard Life Assurance Company of Canada. A summary of each of the four funds' investment objectives and composition is as follows:

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 conforms to a long-term investment horizon. The asset mix of the underlying fund consists of approximately 54% of North American equities, 18% of European equities, 17% of Asia and Pacific Equities and 11% of Short-term and other market equities.



APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

4. Investments (continued):

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. The Fund maintains a large capitalization bias and is diversified by sector, normally investing in at least 8 of the 10 sector categories of the S&P/TSX Capped Composite Index. The Fund will maintain a Canadian equity focus. However, due to increased global integration and cross-border corporate transactions, the Fund may invest up to 10% of its market value in individual foreign equities that have either significant business operations in Canada or are listed on the TSX.

Real Estate Fund (SLI)

Manager - Standard Life Investments Inc.

The fund's investment objective is to provide long-term returns based on income and capital growth by investing primarily in income producing real estate properties. The fund's strategy is to invest in a diversified portfolio of properties that have an income producing track-record, or properties which, through development or re-development, have the potential to achieve future positive returns. Such properties are located in urban centers across Canada and include office, multi and single tenant, and retail spaces. The fund's parcel limit is 10% of its total net assets, at market value.

5. Accrued pension liability:

An actuarial valuation of the Plan was carried out as at December 31, 2012 by the Plan's actuarial consultants, Aon Hewitt, and was extrapolated to December 31, 2013. The pension liabilities were determined using the projected accrued benefit cost method prorated on service.

FINANCIALS

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements
Year ended December 31, 2013

5. Accrued pension liability (continued):

The assumptions used in the extrapolation 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.

The actuarial liabilities reported in the Plan's December 31, 2012 financial statements are determined from an extrapolation of the valuation carried out as at December 31, 2010.

The major assumptions used in the extrapolation are as follows:

	2013 Extrapolation applied to 2012 Valuation data	2012 Extrapolation applied to 2010 Valuation data
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%	3.5%
Indexing of annual pensions*	60% of inflation	60% of inflation
Increase in the year's maximum pensionable earnings (YMPE)	3.0%	3.0%
Mortality**	CPM2014 Public with CPM Scale B	UP94 generational projection with Scale AA
Income Tax Act maximum pension:		
2010	\$ 2,494	\$ 2,494
2011	2,552	2,552
2012	2,647	2,647
2013	2,697	2,697
2014	2,770	2,770
Subsequent years	1/9 the money purchase limit	1/9 the money purchase limit
Retirement	100% at age 60	100% at age 60

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

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

**The mortality table used in the pension liability calculations was changed for the 2013 extrapolation to the more actuarially accepted Canadian Pensioners Mortality (CPM) table for Public Pension Plans.

The next actuarial valuation is required to be completed as at December 31, 2015.



FINANCIALS

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

5. 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	Accrued pension liability as at December 31, 2013	Adjusted actuarial assumptions	Adjusted accrued pension liability as at December 31, 2013	Percentage change
Investment return	6.5%	\$ 28,511,400	6.0%	\$ 30,963,242	8.60 %
			7.0%	26,449,593	(7.23)%
Salary increases	3.5%	28,511,400	3.0%	28,348,351	(0.57)%
			4.0%	28,671,459	0.56 %
Inflation rate	2.5%	28,511,400	2.0%	27,748,063	(2.68)%
			3.0%	29,359,912	2.98 %
Increase in YMPE	3.0%	28,511,400	2.5%	27,419,769	(3.83)%
			3.5%	29,735,597	4.29 %

6. Investment income:

	2013	2012
Interest income	\$ 4,893	\$ 3,889
Pooled investment income (loss):		
Global Equity Fund (Hexavest)	2,978,700	729,879
Long-term Bond Fund (SLI)	(517,477)	428,441
Canadian Equity Fund (Guardian)	937,677	537,410
Real Estate Fund (SLI)	191,007	181,444
	\$ 3,594,800	\$ 1,881,063

FINANCIALS

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements
Year ended December 31, 2013

7. Benefit payments and transfers:

	2013	2012
Transfers to other pension funds	\$ 980,939	\$ 716,726
Termination benefit payments	626,919	443,071
Retirement benefit payments	463,126	505,900
Death benefit payments	116,530	-
	\$ 2,187,514	\$ 1,665,697

8. Administrative expenses:

	2013	2012
Agency and administration fees (note 9)	\$ 467,724	\$ 348,144
Investment management fees	158,220	124,779
Actuary fees	72,467	74,790
Consulting	29,921	44,120
Board of directors	21,095	17,847
Audit fees	16,000	19,938
Memberships and administration	8,203	6,448
Pension filing fee	7,637	7,133
Travel expenses	7,033	8,264
Legal fees	7,013	-
Pension administration fees	6,883	5,397
Insurance	6,600	6,627
	\$ 808,796	\$ 663,487

9. 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.

During the year, AUMA paid \$132,011 (2012 - \$111,227) to the Plan for pension contributions. The employer portion was \$75,532 (2012 - \$62,482) and the employee portion was \$56,479 (2012 - \$48,745).

During the year, AUMA provided agency and administration services to the Plan in the amount of \$467,724 (2012 - \$348,144).



APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

9. Related party transactions (continued):

Included in accounts receivable is \$1,313 (2012 - \$22,702) due from AUMA and included in accounts payable and accrued liabilities is \$NIL (2012 - \$NIL) due to AUMA.

Alberta Municipal Services Corporation (AMSC) and AMSC Insurance Services Ltd. (AMSCIS) are under common management with APEX and are therefore related parties. Included in accounts receivable is \$1,464 (2012 - \$690) due from AMSCIS and included in accounts payable and accrued liabilities is \$NIL owing to AMSCIS (2012 - \$32,665). Included in accounts payable and accrued liabilities is \$32,574 (2012 - \$2,620) owing to AMSC.

10. Capital risk management:

The main objective of the Plan is to provide Plan members with supplemental retirement benefits. To achieve this objective and meet the pension obligations of the Plan, it must sustain a certain level of net assets.

The Plan seeks to fulfil its pension obligations by adhering to a funding policy which guides the actions of the Board of Governors based on the Plan's funding level. To ensure that the assets of the Plan are prudently invested, the Board of Governors also endeavours to economically design an investment structure whereby its assets are allocated to optimize the risk/reward relationship of the excess return over going concern liabilities. This investment structure is reflected in the Plan's Statement of Investment Policies and Procedures (the "SIPP") which is reviewed annually by the Plan's Board of Governors.

The Plan is required to file audited financial statements with the Government of Alberta, Ministry of Finance within 180 days after the Plan year-end.

11. Financial instruments:

(a) Fair values:

The fair values of investments are determined as described in note 3(e). The fair values of other financial assets and liabilities, being cash, accounts receivable, contributions receivable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these financial instruments.

FINANCIALS

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements
Year ended December 31, 2013

11. Financial instruments (continued):

(a) Fair values (continued):

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liabilities, either directly or indirectly; and
- Level 3 – inputs for assets and liabilities that are not based on observable market data.

The following table illustrates the classification of the Plan's financial instruments using the fair value hierarchy as at December 31:

2013	Level 1	Level 2	Level 3	Total
Global Equity Funds (Hexavest)	\$ –	\$ 11,262,637	\$ –	\$ 11,262,637
Long-term Bond Fund (SLI)	–	10,998,647	–	10,998,647
Canadian Equity Fund (Guardian)	–	6,418,902	–	6,418,902
Real Estate Fund (SLI)	–	3,164,928	–	3,164,928
	\$ –	\$ 31,845,114	\$ –	\$ 31,845,114
2012	Level 1	Level 2	Level 3	Total
Global Equity Funds (Hexavest)	\$ –	\$ 8,845,208	\$ –	\$ 8,845,208
Long-term Bond Fund (SLI)	–	8,593,565	–	8,593,565
Canadian Equity Fund (Guardian)	–	5,184,357	–	5,184,357
Real Estate Fund (SLI)	–	2,537,246	–	2,537,246
	\$ –	\$ 25,160,376	\$ –	\$ 25,160,376

There were no transfers of assets between levels in the current or prior year.



APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

11. Financial instruments (continued):

(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.

The Plan's investments in equity funds are sensitive to market fluctuations. A \$1 change in the unit price of the pooled equity funds would change the asset value by \$940,008 (2012 - \$955,725).

(ii) 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 investments are held in pooled funds and the underlying debt and equity instruments are in liquid securities traded in public markets. Although market events could lead to some investments becoming illiquid and affecting the unit values of the funds, the diversity of the Plan's portfolios should ensure that liquidity is available for benefit payments. The Plan also maintains cash for liquidity purposes and to pay accounts payable and accrued liabilities.

Accounts payable and accrued liabilities totaling \$61,090 as at December 31, 2013 (2012 - \$151,480) are due within 30 days or less. The Plan has cash as at December 31, 2013 in the amount of \$329,453 (2012 - \$470,533).

APEX SUPPLEMENTARY PENSION PLAN

Notes to Financial Statements

Year ended December 31, 2013

11. Financial instruments (continued):

(b) Associated risks (continued):

(iii) 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 the Canadian dollar. The Plan's overall currency positions and exposures are monitored on a regular basis.

(iv) Credit Risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. The underlying equity investments of the Canadian and Global Equity Funds are exchange traded, which reduces credit risk as counterparties are backed by an exchange clearing house. The underlying fixed income investments of the Plan's Long-term Bond Fund are primarily Canadian-issued instruments and are diversified among Government (76%) and Corporate (24%). The underlying properties of the Plan's Real Estate Fund are diversified by location and tenant-type; as well, investment in a single property is limited to 10% of overall holdings. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. There were no significant concentrations of credit risk in the portfolios in either 2013 or 2012. The maximum credit risk exposure as at December 31, 2013 is \$554,907 (2012 - \$476,851) and is comprised of contributions receivable and accounts receivable.

(v) Interest rate risk

Interest rate risk is the risk that the market value of the Plan's investments will fluctuate due to changes in market interest rates. To properly manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for the Long-term Bond Fund are set and monitored. The Plan's investment in the Long-term Bond Fund is sensitive to interest rate movements. An immediate hypothetical 100 basis point or 1% increase in interest rates, with all other variables held constant, would impact fixed income investments by an estimated loss of \$1,472,719 (2012 - estimated loss of \$1,240,911).



MEMBERS

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
Townsite of
Redwood
Meadows
Trochu
Turner Valley
Two Hills
Valleyview
Vauxhall
Vegreville
Vermilion
Viking
Vulcan
Wainwright
Wembley
Westlock
Whitcourt

VILLAGES

Acme
Alberta Beach
Alix
Alliance
Amisk
Andrew
Arrowwood
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
Dewberry
Donalda
Donnelly
Duchess
Edberg
Edgerton
Elнора
Empress
Ferintosh
Foremost
Forestburg
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
Minburn
Morrin
Munson
Myrnam
Nampa
Nobleford
Paradise Valley
Rockyford
Rosalind
Rosemary
Rycroft
Ryley
Spring Lake

Standard
Stirling
Strome
Thorsby
Veteran
Vilna
Wabamun
Warburg
Warner
Waskatenau
Willingdon
Youngstown

SUMMER VILLAGES

Argentia Beach
Betula Beach
Birch Cove
Birchcliff
Bondiss
Bonnyville Beach
Burnstick Lake
Castle Island
Crystal Springs
Ghost Lake
Golden Days
Grandview
Half Moon Bay
Horseshoe Bay
Island Lake
Island Lake South
Itaska Beach
Jarvis Bay
Kapasiiwin
Lakeview
Larkspur
Ma Me O Beach
Nakamun Park
Norglenwold
Norris Beach
Parkland Beach
Pelican Narrows
Point Allison
Poplar Bay
Rochon Sands
Ross Haven
Sandy Beach
Seba Beach
Silver Beach
Silver Sands
South Baptiste
South View

Sunbreaker Cove
Sundance Beach
Sunrise Beach
Sunset Beach
Sunset Point
Val Quentin
Waiparous
West Baptiste
West Cove
White Sands
Yellowstone

SPECIALIZED MUNICIPALITIES

Jasper
MD of Mackenzie
No.23
Municipality of
Crowsnest Pass
RM of Wood Buffalo
Strathcona County

MUNICIPAL DISTRICT OR COUNTY

Lac la Biche County

MEMBERS

ASSOCIATE

AAMDC

AB Association of Recreation Facility Personnel

Abee Community Association

Acadia Foundation

Acme & District Agricultural Society

Acme Community Centre Society

Acme Curling Club

Acme Golf Club

Acme Seniors Association

Airdrie Community Choir Association

Airdrie Parade Committee

Airdrie Regional Recreation

Enhancement Society

Akasu Palliative Care Society

Alberta Association of Police Governance

Alberta Capital Region Wastewater Commission

Alberta Colleges Athletic Conference

Alberta Council of Women's Shelters

Alberta Development Officers Association

Alberta Elevating Devices & Amusement

Ride Safety Association

Alberta Lacrosse Association

Alberta Local Authorities Pension Plan

Alberta Milk

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 Rhythmic Sportive

Gymnastics Federation

Alberta Senior Citizens' Housing

Association

Alice Melnyk Public Library

Alix Family & Community

Services Society

Amisk Agricultural Society

Aquatera Utilities Inc.

Argyll Velodrome Association

Aspen Reagional Water Services

Commission

Athabasca Heritage Society

Athabasca Municipal Library

Athletics Alberta

Banff Heritage Corporation

Banff Heritage Tourism Corporation

Banff Housing Corporation

Banff Public Library Board

Barnwell Public Library

Barons Eureka Warner, FCSS

Barrhead & District Chamber of Commerce

Barrhead & District Historical Society

Barrhead & District Social Housing

Barrhead Bowling Association

Barrhead Curling Club

Barrhead FCSS

Barrhead Public Library

Baseball Alberta

Bashaw Municipal Library

Bassano & District Centennial

Arena Society

Bassano Curling Club

Bassano Rural Fire Protection (1999)

Association

Battle River Historical Society

Battle River Watershed Alliance

Bawlf & District Recreation Association

Beaumont Curling Club

Beaumont Municipal Library Board

Beaver Foundation Management Agency

Beaver Meadow & District

Agricultural Society

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

BIO-ARCC Drayton Valley Ltd.

Birch Hills County

Blackfalds Firefighters Association

Blackfalds Public Library

Blue Heron Vocational Training Center

Association Athabasca 1987

Bon Accord District Community League

Bon Accord Gibbons Food Bank

Bon Accord Preschool Association

Bon Accord Public Library

Bonnyville & District Daycare Centre

Bonnyville Municipal Library

Bonnyville Regional Fire Authority

Bonnyville Senior Citizens Society

Bow Cliff Seniors

Bow Island Curling Club

Bow Valley Builders & Developers

Association

Bow Valley Regional Transit Services

Commission

Bow Valley Waste Management

Commission

Bowden Community Action Society

Bowden Public Library

Boyle School Parent Advisory Association

Boyle Youth Centre

Boys and Girls Club of Bonnyville

Boys and Girls Club of Leduc

Boys and Girls Club of Slave Lake

Brazeau County

Brazeau Seniors Foundation

Bruderheim Minor Sports Association

Calgary and District Labour Council

Calgary Centennial Arenas

Calgary Region Airshed Zone

Calgary Regional Partnership

Calgary Regional Transportation

Services Society

Camp Artaban Foundation

Camrose & District Senior Centre

Camrose & District Support Services

Camrose & District Centennial Museum

Camrose Arts Society

Camrose County

Camrose Performing Arts Centre

Management Council

Camrose Public Library

Camrose Regional Exhibition &

Agricultural Society

Camrose Ski Club

Canadian Badlands Foundation Inc.

Canadian Badlands Ltd.

Canadian Native Friendship Centre, The

Canmore Community Daycare Society

Canmore Community Housing

Corporation

Canmore Preschool Society

Canmore Public Library

Canmore Seniors Association

Canterbury Foundation

Capital Region Assessment Services

Commission

Capital Region Board

Capital Region Parkland Water Services

Capital Region Southwest Water

Services Commission

Carbon & Area Restoration Society

Carbon Community Centre

Carbon Lions Club

Carbon Municipal Library Board

Cardston & District Handibus Association

Cardston Agricultural Society

Cardston County

Cardston Senior Society

Caroline & District Chamber of

Commerce Association

Caroline Curling Club

Caroline Dance West Society



MEMBERS

Caroline Figure Skating Club
 Caroline Municipal Library
 Carstairs Public Library
 Castor & District Family & Community Support Services
 Castor & District Museum Society
 Castor Childcare Society
 Castor Curling Club Association
 Castor Golf Club Association
 Castor Minor Sports Council
 Castor Municipal Library
 Centra Cam Vocational Training Association
 Central Alberta Rural Manufacturers Association
 Centre 2000
 Centre for Creative Arts Society of Grande Prairie
 Champion Community Hall Board
 Champion Municipal Library
 Champion Pioneer Club
 Chestermere Utilities Incorporated (CUI)
 Children's World Child Care Society of Barrhead
 Chinook Arch Regional Library
 Chinook Lodge Foundation
 City Center Camrose
 City of Brooks Library Board
 City of Whitehorse
 Claresholm & District Museum
 Claresholm Community Centre Association
 Claresholm Meals on Wheels
 Claresholm Public Library
 Clear Hills County
 Clearwater County
 Club 60 Roses
 Cochrane Library Board
 Cold Lake Museum Society
 Cold Lake Public Library
 Cold Lake Regional Utility Services
 Cold Lake Senior's Society
 Coleman Community Society
 Collicut Siding Golf Club
 Community Garden Society of St. Paul
 Community Futures East Central Alberta
 Community Futures Lakeland
 Community Futures Tawatinaw Region
 Community Futures West Yellowhead
 Community Mediation Calgary Society
 Consort Municipal Library Board
 Coronation Community Center Society
 Coronation Town and Country Golden Age Club
 County of Lamont Foundation
 County of Athabasca, No.12

County of Barrhead, No.11
 County of Forty Mile, No. 8
 County of Grande Prairie, No. 1
 County of Lethbridge
 County of Minburn, No. 27
 County of Newell, No. 4
 County of Paintearth No.18
 County of St.Paul
 County of Stettler Housing Authority
 County of Thorhild, No. 7
 County of Two Hills, No. 21
 County of Vermilion River
 County of Vulcan No. 2
 County of Wetaskiwin, No. 10
 Creative Airdrie Society
 Cremona Municipal Library
 Crossfield & District Community Centre Association
 Crossfield Day Camp Society
 Crossfield Golden Key Club
 Crossfield Municipal Library
 Crowsnest Pass Ecomuseum Trust Society, Bellevue Underground Mine
 Crossfield Royal Canadian Legion # 113
 Crowsnest Museum & Archive
 Crowsnest Pass Allied Arts Association
 Crowsnest Pass Indoor Playground
 Crowsnest/Pincher Creek Landfill Association
 Cypress County
 Cypress View Foundation
 Czar Agricultural Society
 Czar Area (FCT) Society
 Czar Curling Club
 D Company Armouries Foundation
 Daycare Society of Banff
 Daysland & District Cultural Arts Society
 Daysland & District Handivan Society
 Daysland Agricultural Society
 Daysland Community Hall Society
 Daysland & District Aging In Place Foundation
 Daysland & District Memorial Arena Association
 Daysland Fitness Centre Society
 Delburne Community Hall Board
 Delburne Elks Lodge No. 206
 Devon Community Adult Learning Council
 Devon Golf & Curling Club
 Devon Lions Club
 Devon Public Library
 Didsbury Lifeline Society
 Didsbury Municipal Library
 Dinosaur Valley Heritage Society

Disabled Transportation Society of Grande Prairie
 Dixonville Community Library
 Drayton Valley & District Historical Society
 Drayton Valley Municipal Library Board
 Drumheller & District Solid Waste Management Association
 Eagle Hill Foundation
 East Central 911 Call Answer Society
 East Central Alberta Heritage Society
 East Coulee Community Association
 Eastern Irrigation District
 Eckville & Community Youth Foundation Society
 Eckville Agricultural Society
 Eckville Arena Operating Association
 Eckville Community Centre Society
 Eckville Curling Club
 Eckville FCSS
 Eckville Municipal Library
 Eckville Recreation Board
 Edmonton BMX Association
 Edmonton Police Commission
 Edson & District Chamber of Commerce
 Edson & District Historical Society
 Edson & District Public Library
 Edson & District Recreation Society
 Edson & District Old Timers Recreation Centre Society
 Edson Cultural Heritage Organization (ECHO)
 Edson Lions Club
 Edson Seniors Transportation Society
 Elnora & District Museum
 Elnora Neighborhood Place Society
 EnCharis Community Housing & Services
 End of Steel Heritage Society
 Evergreen Foundation
 Fairview Women's Hockey Arena Society
 Falher & Area Beautification & Leisure Activities Society
 Fallen 4 Marathon Society
 FASS - Fetal Alcohol Support Services
 Federation of Alberta Gas Co-ops
 Federation of Calgary Communities
 Flagstaff Family & Community Services
 Football Alberta
 Foothills Foundation
 Foothills Regional Emergency Medical Services
 Foremost Housing Authority
 Forestburg Fitness Institute
 Forestburg Swimming Pool Association
 Fort Macleod Aerodrome
 Fort Macleod Family & Community Support Services

MEMBERS

Fort MacLeod Provincial Historic Area Society
 Fort MacLeod Provincial Historical Association
 Fort McMurray Airport Authority
 Fort McMurray Public Library
 Fort Saskatchewan Public Library
 Friends of the Alexandra Pool Society
 Friends of the Beaumont Library
 Friends of the Forts FGBH Society
 Friends of the Viking Carena Society
 Galahad Health Care Centre Auxiliary Society
 Galahad Senior Citizens Friendship Club
 Gem of the West Museum Society
 Gibbons Curling Club
 Gibbons Seniors Twilight Club
 Goldsprings Park Society
 Government Studies
 Grande Cache Community Program Society
 Grande Cache Curling Club
 Grande Cache Golf and Country Club
 Grande Cache Municipal Library Board
 Grande Prairie Downtown Society (BRZ)
 Grande Prairie Piranhas Swim Club
 Grande Prairie Public Library
 Grande Prairie Tennis Club
 Grande Spirit Foundation
 Granum Drop-In Centre
 Greater Edmonton Foundation
 Greater North Foundation
 Green Acres Foundation
 Guy - Donnelly Sportex Society
 Hanna & District Ambulance & Medical Society
 Hanna & District Historical Society
 Hanna Curling Club
 Hardisty & District Handy Van Society
 Hardisty Agricultural Society
 Hardisty Curling Club
 Hardisty Lakeview Golf Association
 Hardisty Rodeo Association
 Hay Lakes & District Recreation Association
 Hay Lakes Senior Citizens Club
 Heart of the Peace
 Heisler Cozy Corner
 Henry Kroeger Regional Water Services Commission
 Hereditary Breast and Ovarian Cancer Society
 High Level Housing Authority
 High Level Municipal Library Board
 High Prairie Golden Age Club
 High Prairie Municipal Library Board
 High Prairie Museum & Historical Society
 High River Library
 Highway 28 and 63 Regional Water Services Commission
 Highwood Memorial Centre
 Hillside Lanes Bowling Society
 Hillspring Agricultural Society
 Hines Creek & District Arts & Crafts
 Hines Creek Curling Club
 Holden Agricultural Society
 Holden Community Hall Association
 Holden Historical Society Museum
 Holden Municipal Library Board
 homeEd
 Hussar & District Agricultural Society
 Hussar Lions Club
 Hussar Municipal Library
 Hythe & District Agricultural Society
 Hythe & District Recreational Society
 Hythe Heritage & Historical Society
 Hythe Municipal Library
 Improvement District #9 Banff National Park
 Innisfail Historical Society
 Innisfail Public Library
 Irma Agricultural Society
 Irricana Curling Club - 1978
 Irricana ECS Society
 Irricana Playschool Association
 Jasper Community Team Society
 Jet Stadium Society
 Kananaskis Improvement District
 Kiddie Oasis
 Killam & District Agricultural Society
 Killam Community Hall Development Society
 Kneehill County
 Kneehill Historical Society
 Kneehill Housing Corporation
 Kryla Ukrainian Dance Club
 Lac La Biche County
 Lacombe & District FCSS
 Lacombe County
 Lacombe Foundation
 Lake Bonavista Community Association
 Lakeland Lodge & Housing Foundation
 Lakeside Curling Club
 Lamont County
 Lamont Public Library
 Leduc & District Food Bank Association
 Leduc & District Regional Waste Management Authority
 Leduc & District Victim Assistance Society
 Leduc County
 Leduc Foundation
 Leduc Public Library
 Legal Curling Club
 Legal Fire Department & Ambulance Service Society
 Lethbridge Housing Authority
 Lifeline Society of Innisfail
 Linden Municipal Library Board
 Local Government Administration Association
 Lomond Community Library
 Lomond & District Fire Association
 Lomond Lions Club
 Lomond Sunshine Drop In Centre
 Lougheed & District Lion's Club
 Lougheed Community Hall Board Society
 MacDonald Island Park Corporation
 MacKenzie Municipal Services Agency
 MacKenzie Regional Waste Management Commission
 Maclab Centre for the Performing Arts Society
 Mannville & District Agricultural Society
 Mannville - Minburn - Innisfree Family and Community Support Services
 Mannville Preschool Society
 Marigold Library System
 Marquis Foundation
 Mayerthorpe & District Diamond Community Centre Society
 Mayerthorpe Arena Operating Committee
 Mayerthorpe Fallen Four Memorial Society
 Mayerthorpe Legion Branch No. 126
 MD of Acadia No. 34
 MD of Big Lakes
 MD of Fairview No. 136
 MD of Greenview No. 16
 MD of Northern Lights No. 22
 MD of Opportunity No.17
 MD of Peace No. 135
 MD of Ranchland No.66
 MD of Spirit River No. 133
 MD of St. Paul Foundation
 MD of Taber No. 14
 MD of Wainwright No.61
 MD of Willow Creek No.26
 Meridian Foundation
 Metro Kalyn Community Library
 Metropolitan Calgary Foundation
 Midlandvale Community Association
 Milo & District Fire Association
 Milo Municipal Library Board
 Modular Manufactured Housing Association of AB&SK
 Morinville Public Library
 Morinville Seniors Rendezvous Centre



MEMBERS

Mosquito Creek Foundation
 Mountain View County
 Mountain View Regional Waste Management Commission
 Mountain View Regional Water Service Commission
 Mountain View Seniors' Housing
 Mundare & District Agricultural Society
 Mundare Curling Club
 Mundare Fire Department Firefighters Association
 Mundare Municipal Public Library
 Mundare Parks Society
 Mundare Recreation Association
 Mundare Senior Citizens Club
 Museum Society of Stavelly & District
 Nacmine Community Center Association
 Nanton & District Handivan Society
 Nanton Community Memorial Centre Society
 Nanton Lancaster Society
 Neutral Hills Child Care Society o/a Stepping Stones Daycare
 Newcastle Recreational Association
 Newell Foundation
 Newell Regional Services Corporation
 Newell Regional Solid Waste Authority Ltd.
 Newthorpe Seniors Housing Foundation
 Northern Haven Support Society
 North Parkland Power REA
 North Peace Regional Landfill Commission
 Northern Lights Library System
 Northern Sunrise County
 Northlands Park
 Norwood Seniors Housing Association
 Okotoks Public Library
 Oldman River Regional Services Commission
 Olds & District Christmas Angel Society
 Olds & District Municipal Library
 Olds Fibre Ltd.
 Olds Historical Society
 Olds Institute for Community & Regional Development
 Oneway & District Heritage Society
 Oneway Facility Enhancement Association
 Oneway Public Library
 Oyen & District Historical Society
 Oyen Junior Sports Society
 Paddle Prairie Metis Settlement
 Palliser Regional Municipal Services
 Parkland Community Planning Services
 Parkland County

Parkland Potter's Guild
 Parkview Lodge Society
 Pass Pottery Club
 Peace Country Sports Club
 Peace Library System
 Peace River Municipal Library
 Picture Butte Firefighters Association
 Pincher Care Bears Society
 Pincher Creek & District Family Community Support Services (FCSS)
 Pincher Creek Emergency Services
 Pioneer 73 Club
 Pioneer House - Club 50
 Pioneer Housing Foundation
 Piper Creek Foundation
 Ponoka & District Chamber of Commerce
 Ponoka County
 Ponoka Family & Community Support Services
 Ponoka Jubilee Library
 Ponoka Lions Club
 Ponoka Seniors Drop In Centre
 Ponoka Stampede & Exhibition Association
 Porcupine Hills Seniors Foundation
 Provost & District Chamber of Commerce
 Raymond & District Agricultural Society
 Recreation for Life Foundation
 Recycling Council of Alberta
 Red Deer County
 Red Deer Regional Airport Authority
 Red Willow Curling Club
 Redcliff Curling Club
 Redcliff Cypress Regional Waste Management Authority
 Redcliff Historical & Museum Society
 Redcliff Public Library
 Redcliff Senior Citizens Society
 Redwater & District Pioneer Club
 Redwater & District Transportation Society
 Redwater Community Golf Club
 Redwater Royal Canadian Legion
 Redwood Meadows Community Association
 Ridge Water Services Commission
 Rimoka Foundation
 River Valley Riding Association
 Riverside Community Golf Society
 Rocky Mountain House Library Board
 Rocky Mountain House Pioneer Centre
 Rocky Senior Housing Council, Westview Lodge
 Rocky View County
 Rocky View Foundation
 Rockyford Agricultural Society

Rockyford Community Centre Association
 Rockyford Friendship Center
 Rosalind & District Recreation Association
 Rose City Handi-Van Society
 Rosedale Recreational Society
 Roseridge Waste Management Services Commission
 Rotary Club of Slave Lake Public Library
 Rural Alberta Development Fund
 Saddle Hills County
 Safety Codes Council
 Senior Citizen's Club of Drayton Valley
 Senior Citizen's Society of Stony Plain
 Seniors Outreach Program
 Sexsmith & District Agricultural Society
 Sexsmith & District Seniors' Association
 Sexsmith Civic Centre
 Sexsmith Curling Club
 Sexsmith Indoor Playground Society
 Sheppard Family Park Society
 Shortgrass Library System
 Slave Lake Airport Services Commission
 Smoky Lake County
 Smoky Lake FCSS
 Smoky Lake Foundation Management Body
 Smoky River Regional Water Management Commission
 Smoky River Tourist Association
 Society of Local Government Administrators
 Society of Friends and Family of Gibbons vol. Fire Department
 South Central FASD Committee
 Southern Alberta Energy from Waste Association
 SPAN St. Paul Abilities Network (Society)
 Special Areas Board
 Spray Lake Sawmills Recreation Park Society
 Springbank Park For All Seasons
 Spruce Grove Public Library
 St. Albert Library Board
 St. Paul Abilities Network
 St. Paul Municipal Library
 St. Vital Senior Club
 Standard Agricultural Society
 Standard Community Hall Association
 Standard Curling Club
 Standard Municipal Library
 Station Gallery & Art Centre Guild
 Stavelly FCSS
 Stavelly Golden Age Centre
 Stettler & District Handibus Society
 Stettler & District Minor Hockey



MEMBERS

- Association
- Stettler & District Senior Citizens Centre Association
- Stettler Health Emergency Line Program
- Stettler Regional Child Care Centre
- Stettler Town & Country Museum (STTCM)
- Stony Plain & Parkland Pioneer Museum Society
- Stony Plain BMX Association
- Stony Plain Public Library Board
- Stony Plain Royal Canadian Legion #256
- Strathmore District Curling Club
- Strathmore Municipal Library
- Sturgeon County
- Sturgeon Foundation
- Sturgeon River Agricultural Society
- Sturgeon River Historical Society
- Sturgeon River Pottery Guild
- Sunflower Community Resource Program
- Sun Valley Pioneers
- Sylvan Lake Foundation
- Taber & District Housing
- Taber Exhibition Association
- Taber Public Library Board
- Technical Search & Rescue Association
- The Bailey Theatre Society
- The Best Bingo Association
- The Business Link
- The City of Airdrie Library Board
o/a Airdrie Public Library
- The Crossfield Community Curling Club
- The Fort Saskatchewan Historical Society
- The Olds & District Evergreen Club
- The Society of Friends for the St. Albert Public Gardens
- The Three Hills Arts Academy Society
- The Town of Bassano Library Board
- The Town of Redwater Library Board
- The Village of Ryley Municipal Library Board
- Theodore Brandley Stirling Library
- Third Wave Workout & Fitness Club
- Thorhild Community Association
- Thorhild County
- Thorhild Regional Water Services Commission
- Three Hills Community Memorial Center
- Three Hills Curling Club
- Three Hills Early Childhood Society
- Three Hills Golf Club
- Three Hills Library
- Tilley & District Agricultural Society
- Tilley & District Fire Association
- Tilley Community Hall
- Tilley Curling Club
- Tofield Agricultural Society
- Tofield Curling Club (1988)
- Tofield Golden Club
- Tofield Handivan Society
- Tofield Historical Society
- Tofield Municipal Library
- Tofield-Ryley & Area Food Bank
- Town of Hardisty Public Library
- Town of Redwater Library Board
- TransAlta Tri Leisure Centre
- Trochu Golf & Country Club
- Two Hills & District Historical Association
- Two Hills Family & Community Support Services
- Universities Academic Pension Plan
- Urban Development Institute (UDI), AB Division
- Urban Development Institute (UDI), Calgary Chapter
- Valley Bus Society (Drumheller)
- Valleyview & District Chamber of Commerce
- Valley Riverside Golf Club
- Vauxhall Agricultural Society
- Vauxhall & District Curling Association
- Vauxhall Public Library
- Vegreville & District Chambers of Commerce
- Vegreville Fire Department Social Club
- Vegreville Transportation Services Society
- Vermilion & District Housing Foundation
- Vermilion Public Library
- Viking & District Agricultural Society
- Viking Historical Society
- Village of Clive Library Board
- Village of Elnora Management Body
- Village of Innisfree Library
- Village of Mannville Library
- Vista Ridge Recreational Association
- Vulcan District Waste Commission
- Wabamun & District Museum Society
- Wabamun Playschool
- Wabamun Public Library
- Wabamun & District Senior Centre Society
- Wainwright Frontier & Exhibition Agricultural 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 & District Memorial Hall Society
- Westlock Childcare Society
- Westlock Curling Club
- Westlock Municipal Library Board
- Wetaskiwin & District Museum Society
- Wetaskiwin Air Show Society
- Wetaskiwin Curling Association
- Wetaskiwin Public Library
- Wheatland Housing Management Body
- Whitecourt Library Board
- Whitecourt Regional Solid Waste Commission
- Whitecourt Seniors Circle
- Whitecourt Woodlands Winter Recreation Park Society
- Willow Creek Agricultural Society
- Woodlands County
- Yellowhead County
- Yellowhead Regional Library



MEMBERS

AFFILIATE MEMBERS

ACS Public Sector Solutions
AE Com
Alberta Electric System Operator
Alberta Municipal Enforcement Association
Alberta Snowmobile Association
Alberta Traffic Supply Ltd.
Alta Gas Utilities Inc.
Altalink
AMG Solutions
AON Consulting Inc.
APEGA
ASET - Association of Science and Engineering Techs
Associated Engineering Alberta Ltd.
ATB Financial
ATCO Group
Athabasca University
BFL Canada Insurance Services Inc.
Blue Imp Recreational Products of Canada
Brownlee LLP
BSEI - Municipal Consulting Engineers
C4i Consultants
Canada Mortgage and Housing Corporation
Canadian Home Builders Association-Alberta
Carillion
CIMCO Refrigeration

Claimspro Inc.
CLG Displays
Community Infrastructure Finance Fund
Consulting Engineers of Alberta
Cree Canada
Crestline Coach Ltd
Culzean Consulting Inc.
DataHive.ca
Davis LLP
Dean Duckett Carlson LLP
Edgewood Matting Ltd.
enCompassing Visions
Epcor
Falcon Equipment Ltd.
Field LLP
Firefox Fire Solutions Inc.
Fortis Alberta
Genivar Inc.
Global Sport Resources Ltd.
Habitat Systems Inc.
Honeywell Building Solutions
HR Group Management Consultants
IBI Group
IEC Group
Integrated Management & Realty Ltd
Interactions HR Solutions Inc.
ISL Engineering and Land Services Ltd.
LHAS Corp.
MacPherson, Leslie & Tyerman LLP
Mediaco The Presentation Company Inc.
Merge Systems Inc.
Miller Thomson LLP
Morneau Shepell
Neptune Technology Group

Nichols Applied Management
Opus Stewart Weir
Paradox Access Solutions Inc.
Parkland Nursery and Landscape Services Ltd.
Parlee McLaws LLP
Phoenix Fence Inc.
Playworks Inc.
RBC Financial Group
Reynolds Mirth Richards & Farmer LLP
Rite-way Fencing (2000) Inc.
Rubber Stone Alberta Inc.
SAP Canada
SCM Risk Management Services
Servus Credit Union
Sharek Logan Collingwood van Leenen LLP
Stantec Consulting Ltd.
Stuart Olson Dominion Construction Ltd.
Sun Life Financial
Sundance Road Maintenance Ltd.
Superior Safety Codes Inc.
Swamp Mats, A division of Horizon North Camp & Catering Partnership
T Two Industries
TAXervice
Tierra Geomatic Services Inc.
TransAlta Energy Marketing Corp.
Transitional Solutions Inc.
Urban Systems Ltd.
Vadim Software
Waste Management
Western Recreation & Development Inc.
Whish Enterprises Ltd.



Making All Matters Local

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