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Partners in Advocacy & Business

Annual Report

2011-2012

Contents

President's Message

The theme of this past year at AAMDC has been adaptation. With the 2012 provincial election, and a shift in political strategies, we have continued to represent our members through the significant changes our province has experienced in recent months.

The prelude to the 28th general election of Alberta was a time of quiet strategizing within our Advocacy department. With an impending shift on its way, we created tailored communication materials to cultivate relationships with the soon-to-be elected MLAs. All candidates with listed mailing addresses were sent a letter introducing them to our organization, along with a memorable marketing keepsake that represents the values and initiatives behind AAMDC.

Once the excitement around the election had settled and the newly-elected had been appointed to their respective ministries, our primary focus was to reach out to provincial ministers and connect with the refreshed government, which now features the Wildrose party as the official opposition. Our directors and staff have participated in 10 meetings with ministers over the 2011-12 fiscal year. We strive to liaise between our members and government; ensuring the concerns of rural Albertans are highlighted is our paramount priority.

AAMDC is thankful for the reception we have received from provincial ministers and their willingness to take into account the issues that matter to rural Albertans. The Honourable Doug Griffiths, Minister of Municipal Affairs, has been an effective and accommodating partner since he was sworn into the position in October 2011. He has proven to be sensitive to many of the issues we have brought forward to him for discussion and we look forward to building on this relationship as Municipal Affairs celebrates its 100th year of serving Alberta communities.

There have also been significant changes on the federal front. Fisheries and Oceans Canada announced positive amendments to laws that will ensure municipalities have less red-tape to go through while also protecting fish and fish habitat. The new changes will allow municipalities to build and maintain bridges and culverts more efficiently and we look forward to giving input as regulations are developed.

The Government of Canada's commitment to long term infrastructure has also been on our radar this year. The Minister of State for Transport, Steven Fletcher, hosted a roundtable consultation, which featured representatives from both industry and government. The intent was for attendees to share and generate ideas on what a new infrastructure funding framework should offer. The Government of Alberta was well-represented at the this discussion and I was pleased to have the opportunity to speak on behalf of the AAMDC membership and present the Association's four principle requests for a long-term infrastructure plan. These principles are: free flowing, non-competitive funding; a commitment to at least a 10-year funding cycle; funding that is indexed; and flexible funding that will support local needs. Our position was well received.

All in all, the past year has set us on track to keep the lines of communication open with all levels of government. We will continue to act as a liaison based on the feedback we hear directly from our member municipalities.

Lastly, I would like to take this opportunity to formally thank our members, my fellow Board Directors and the AAMDC staff for their support and unwavering commitment to ensuring that AAMDC remains the voice of rural Alberta.

Bob Barss
President, AAMDC Board of Directors

Executive Director's Message

The 2011-2012 year was another successful year for the AAMDC. It was an exciting year with interesting changes and developments, as we pursued the strategic plan's four priorities (Relationships and Relationship Building, Advocacy Efforts, Aggregated Business Services, and Internal Support Systems). The Board and staff pursued these priorities and objectives with the goal of fulfilling the association's mission–assisting rural municipalities in achieving strong and effective local government.

Under the strategic plan priority of Relationships and Relationship-Building, the association had much work to do in an election year, cultivating and confirming relationships with MLAs, Deputy Ministers and Ministers with so many being new. Building on the AAMDC's past strong relationship with the government, this was important work to ensure your association continues to be seen as a credible advocate for members. Relationship Building also meant interacting face-to-face with you, the members. We visited a third of you via direct member visits and presenting at the dozen zone meetings held by all the districts over the year. AAMDC also entered into some exciting partnerships on the business side. We have partnered with associations throughout the country, in addition to several new business firms, to offer our membership new services with better prices and products.

Advocacy Efforts, the second strategic plan priority, were similarly pursued with vigor. Even though there may have been a pause in legislative activity with the provincial election, the association never stopped advocating on behalf of members. In the Advocacy Update, Director Kim Heyman highlights numerous efforts undertaken to represent your interests and keep you informed – including major initiatives, consultations and successful resolutions. While, President Barss outlines the successes on the federal front.

On the service delivery side, Aggregated Business Services (ABS) was also a priority for the association. In the ABS Update, Director Duane Gladden summarizes operational changes and introduces the business managers' reports, which identify business functions and highlights for the year. An organizational milestone for 2012 was the launch of three new business services – AAMDC Investments, AAMDC Energy Program, and AAMDC Wireless Program.

Bringing the management and administration of the association's self-insurance reciprocals in-house is also a significant change. This will help the association to better plan, sustain and grow the insurance program for the long term benefit of the subscribers.

The other priorities could not have been effectively undertaken without attention to the association's Internal Support Systems, the strategic plan's fourth priority. Taking over financial administration of the Insurance Reciprocals and launching new services could not be done without strong accounting, IT and other office support. Corporate Services Director Janet Tomalty speaks to the backroom activities her department undertook to regroup, re-tool and continually improve to support the rest of the organization in delivering existing and new services.

To conclude, I must share my pride in the professionalism of the association and the quality of its practices. I had the opportunity to continue my education over the last two years and obtained my Certified Association Executive (CAE) professional designation. The curriculum provided me the opportunity to research best practices and benchmark the AAMDC against associations across Canada. I learned that the AAMDC is a leader amongst associations in how it delivers programs, facilitates two-way communications with members, how it advocates and partners with government, and even how it facilitates conventions – which received national recognition in the Canadian Association Trade magazine. I share this revelation to advise with confidence that you have great governance, staff and membership support to carry AAMDC forward for years to come in continuing to meet its mission.

Gerald Rhodes CAE, MBA, CLGM
Executive Director

Mission, Vision and Values

MISSION

Through advocacy, communication, education and the provision of aggregated business services, the AAMDC assists rural municipalities in achieving strong and effective local government.

VISION

The AAMDC is a progressive association of elected rural councils, representing the interests of rural Albertans, and committed to excellence in meeting the diverse and changing needs of its membership.

VALUES

Member Directed – Based on direction from the membership, the work of the AAMDC reflects the interests and priorities of its members. The primary source of this direction is from resolutions that are passed at conventions.

Accountable – The AAMDC preserves member direction in its business and advocacy efforts.

Transparent – The AAMDC conducts its business through open, honest and ethical practices.

Responsive – The AAMDC is flexible and adaptive to the ever-changing interests and priorities of its members. The AAMDC provides members with innovative, value-added services.

Informed – The AAMDC endeavours to be aware of and involved in issues impacting its members.

Credible – The AAMDC maintains a strong reputation with its external stakeholders through effective, long-standing and collaborative relationships.

Membership

The AAMDC membership includes all of the province's rural municipalities: 64 incorporated municipal districts and counties, four incorporated specialized municipalities and the Special Areas Board. The AAMDC has also granted associate membership status to over 870 other local authorities, including cities, towns, villages, and other local authorities like school divisions and health authorities. Associate members may access services offered through the Aggregated Business Services divisions: Trade, Jubilee Insurance and Prairie Fuel Advisors. Associate members are not formally represented by the AAMDC and do not participate in its governance.

Strategic Priorities & Objectives

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The AAMDC released Mapping Success in 2010. This strategic plan reaffirms and updates the AAMDC's mandate, vision, mission and values. Further, it guides the development of corporate-level operational planning and ensures that on-the-ground activities of the organization contribute to the overall achievement of our mission and fulfillment of our mandate. With a clear picture of organizational expectations in serving its members and clients, Mapping Success identified four strategic priorities and 18 objectives.

RELATIONSHIPS AND RELATIONSHIP-BUILDING

OBJECTIVES

- Communicate effectively with clients
- Proactively solicit and respond to client needs
- Aim to operate functions on cost-neutral basis
- Protect current revenue streams
- Update written organizational policies and procedures
- Recruit and retain skilled workforce
- Develop corporate education program
- Undertake regular organizational team building

AGGREGATED BUSINESS SERVICES

OBJECTIVES

- Proactively solicit and respond to client needs
- Communicate effectively with clients
- Deliver business services at competitive prices
- Investigate new revenue streams
- Improve cash flow management
- Aim to operate functions on cost-neutral basis
- Protect current revenue streams
- Recruit and retain skilled workforce

ADVOCACY EFFORTS

OBJECTIVES

- Communicate effectively with clients
- Proactively solicit and respond to client needs
- Aim to operate functions on cost-neutral basis
- Investigate new revenue streams
- Reduce advocacy scope creep
- Recruit and retain skilled workforce

INTERNAL SUPPORT SYSTEMS

OBJECTIVES

- Improve cash-flow management
- Investigate banking and investing services
- Improve technology cost-effectiveness
- Create process efficiencies in Trade/PFA billing
- Update electronic systems and software
- Improve internal reporting systems
- Update written organizational policies and procedures
- Achieve best use of human resources/ contractors
- Recruit and retain skilled workforce
- Develop corporate education program
- Undertake regular organizational team building

Board of Directors

BOB BARSS, PRESIDENT

Bob was elected president at the Fall 2010 Convention. He previously served as director of the AAMDC's District 5 from 2001 to 2010.

Bob serves as reeve in the MD of Wainwright, where he was first elected as councillor for Division 7 in October 1995. Bob became reeve in 1997 and has served in this role ever since. He sits on a number of boards and committees for the MD of Wainwright, including insurance and bylaws, and agreements and regulations. He is a member of the Wainwright seed plant, the MD safety committee, municipal property committee, policy committee and public relations to Camp Wainwright. Before being elected to the MD, Bob worked in the oil industry.

Bob was born and raised in the Irma area. He and his wife, Susan, have two children and operate a grain farm.

CAROLYN KOLEBABA, VICE PRESIDENT

Carolyn was elected as the AAMDC vice president at the Fall 2010 Convention. She previously served as the association's first female vice president from 2005-2008.

Carolyn has served as reeve of Northern Sunrise County since 2000. She first entered municipal politics in 1998.
In her role as a municipal councillor and reeve, Carolyn is the chair of the Peace River Airport Society and the North West Corridor Development Committee joint committee. She is also co-chair of the Mackenzie Rail Working Group, and is on the executive of the Peace Regional Library, Mackenzie Municipal Planning Association and Peace Synergy Group.

Carolyn is an active volunteer in her community and previously worked in education as a certified teaching assistant with a structure of intellect background.

Carolyn was born in Peace River and raised in the MD of Peace. She and her husband, Mike, along with their sons, operate a trucking company in Northern Sunrise County. They operated a mixed farm for over 30 years, retiring in the spring of 2010.

Board of Directors

BOB JONES, DIRECTOR, DISTRICT 1

Bob was elected to the AAMDC board in November 2007. He has been on council in the County of Warner since 1992. He has served as agriculture services chairman, reeve and deputy reeve.

Bob has served on the local hospital board, school board, FCSS, Chamber of Commerce, flying club and Warner ambulance. He is still an active volunteer firefighter with over 44 years of service. He has farmed for most of his life and has worked in the fertilizer and chemical industries.
Bob was raised on a farm east of Warner. He and his wife, Dixie, have two children.

AL KEMMERE, DIRECTOR, DISTRICT 2

Al Kemmere was elected to the AAMDC board at the Fall 2010 Convention. He is serving his third term as a councillor for Mountain View County, where he served as reeve from 2004–2010. In his six years on council, Al has been involved in numerous committees, such as the Central Alberta Economic Partnership, the Municipal Area Partnership, the Mountain View Waste Commission, the AAMDC Mayors'/Reeves' committee, and the AAMDC Standing Issues Committee on Social Issues
He has always tried to take a leadership approach when it comes to municipal partnerships and collaborations. He has been involved in many local and provincial organizations.

Al and his wife, Kathy, have raised three children on their farm north of Olds. Their farm includes mixed farming and custom farming.

JOHN WHALEY, DIRECTOR, DISTRICT 3

John Whaley was first elected to the AAMDC Board of Directors in November 2007. He is serving his fourth term as a Leduc County councillor. He served three years as reeve from 2004-07and in 2010 he was re-elected as mayor.
John and his wife, Fiona, are agricultural producers and ran a mixed farming operation in England for more than 20 years. They have two daughters. He is actively involved with a variety of community organizations, such as the Nisku-Leduc Rotary Club and 4-H clubs.

Board of Directors

TOM BURTON, DIRECTOR, DISTRICT 4

Tom was elected as director at the AAMDC Fall 2008 Centennial Convention. He was first elected to council for the MD of Greenview in 2001. He became a member of the DeBolt Fire and Rescue in 1993 and has held the position of chief for the past 13 years. Tom has been a registered Emergency Medical Responder (EMR) since 2001 and a director of the Grande Prairie Rural Crime Watch since 1993.

Tom has lived in the DeBolt area since 1976. His former occupations include surveyor, owner/operator of a trucking company, owner/operator of a service station and restaurant, general manager for the local agricultural society and is currently a heavy equipment operator.

Tom and his wife, Alisa, live in the hamlet of DeBolt. They have two children.

SOREN ODEGARD, DIRECTOR, DISTRICT 5

Soren Odegard was elected to the AAMDC board at the Fall 2010 Convention. He was first elected in the 2007 municipal elections as councillor for the County of Two Hills. He presently sits as the chairman of the Agriculture Service Board, chairman of the Alberta HUB at REDA.

Previous to his public service, Soren ran a small mobile catering business, building it into a top-five grossing business in the Edmonton area. In 1997, Soren moved to the Two Hills area, where he farmed commercial beef cattle and mixed grains until 2007.

Soren is extensively involved in the community through local organizations such as the Willingdon Agriculture Society, the Hairy Hill Elks 304 and the Willingdon and District Recreational Center.

Soren was born in Cold Lake and raised in Edmonton. He has two daughters.

Committees

- AAMDC Resolutions Committee
- AAMDC R.W. Hay Award Committee
- AAMDC Standing Issues Committees (SICs):
  - Social Issues & Concerns
  - Infrastructure, Transportation & Municipal Affairs
  - Intergovernmental Relations, Finance & Justice
  - Resources, Agriculture & the Environment
- Agricultural Operation Practices Act (AOPA)
- Agri-Environmental Partnership (AEP) Board
- Alberta Fire Chiefs Task Force on Retention and Recruitment
- Alberta Fusarium Graminearum Action Committee
- Alberta Game Management Advisory Group (AGMAG)
- Alberta Municipal Health and Safety Association Board (AMHSA)
- Alberta Recycling Management Authority (ARMA)
- Alberta Rural Utilities Association (ARUA)
- Alberta Utilities Commission Act Stakeholder Advisory Committee
- Alberta Water Council (AWC) Board
- Alberta Urban Municipalities Association (AUMA) and AAMDC Strategic Alliance: Operating Committee
- Clean Air Strategic Alliance (CASA) Electricity Framework Review (EFR)
- Clean Air Strategic Alliance Board (CASA)
- Drought and Excessive Moisture Advisory Group
- Endangered Species Conservation Committee (ESCC)
- Energy Resource Conservation Board (ERCB) Chairman's Advisory Committee
- Federation of Canadian Municipalities (FCM) National Board of Directors
- Fire Services Advisory Committee (FSAC)
- Firesmart–Partners in Protection
- Foreign Animal Disease Emergency Support (FADES)
- Forest Protection Advisory Committee
- Government/Industry Joint Geophysical Steering Committee
- Great West Life Councillor Pension Plan Board of Trustees
- Justice Policy Advisory Committee (JPAC)
- Land Agent Program, Industry Advisory Committee
- Local Authorities Pension Plan (LAPP) Board
- Local Authorities Pension Plan (LAPP) Stakeholder Consultation Group
- Medical First Responder Advisory Panel
- Municipal Excellence Awards Review Committee
- NAIT Emergency Management Program Advisory Committee
- Provincial Agriculture Service Board (ASB)
- Resource Roads Application Committee
- Rural Integrated Community Clerkship (ICC) Stakeholders Committee
- Safety Codes Council–Coordinating Committee
- Septage and Onsite Wastewater Strategic Advisory Committee (SOWSAC)
- Spatial Data Warehouse
- Strategic Transportation Advisory Committee
- Transportation Routing and Vehicle Information System (TRAVIS)
- Used Oil Management Association (UOMA)
- Utilities Consumer Advocate (UCA) Advisory Board
- Western Canada Municipal Associations

Staff

EXECUTIVE

Gerald Rhodes, Executive Director
Susan Valentine, Executive Administrative Coordinator

CORPORATE SERVICES

Janet Tomalty, Director of Corporate Services
Kaala Brown, Corporate Services Administrative Coordinator
Julie Thibeault, Financial Analyst
Barb Brazel, Accounting Clerk–Accounts Receivable
Leona Munro, Accounting Clerk–Accounts Payable
Loreto Nuñez, Receptionist

ADVOCACY & COMMUNICATIONS

Kim Heyman, Director of Advocacy & Communications
Cindy Carstairs, Advocacy & Convention Administrative Coordinator
Isha Thompson, Communications & Web Coordinator
Michelle Hay, Policy Analyst
Tasha Blumenthal, Policy Analyst
Stephanie Williston, Policy Analyst
Darren Reedy, Policy Analyst

AGGREGATED BUSINESS SERVICES

Duane Gladden, Director of Aggregated Business Services
Stephen Tamayo, Manager of Client Relations & Trade
Denise Giles, Manager of Client Relations
Vacant, Aggregated Business Services Administrative Coordinator

JUBILEE INSURANCE AGENCY

Tony Wadsworth, Manager of Insurance
Josie Saruk, Risk Management Advisor
John Hackwell, Risk Management Advisor
Lindsay Mickanuck, Claims Manager
Tom Hirst, Claims Examiner
Christina Caskey, Insurance & Risk Advisor
Debbie Depeel, Insurance & Risk Advisor
Holly Neill, Insurance & Risk Advisor

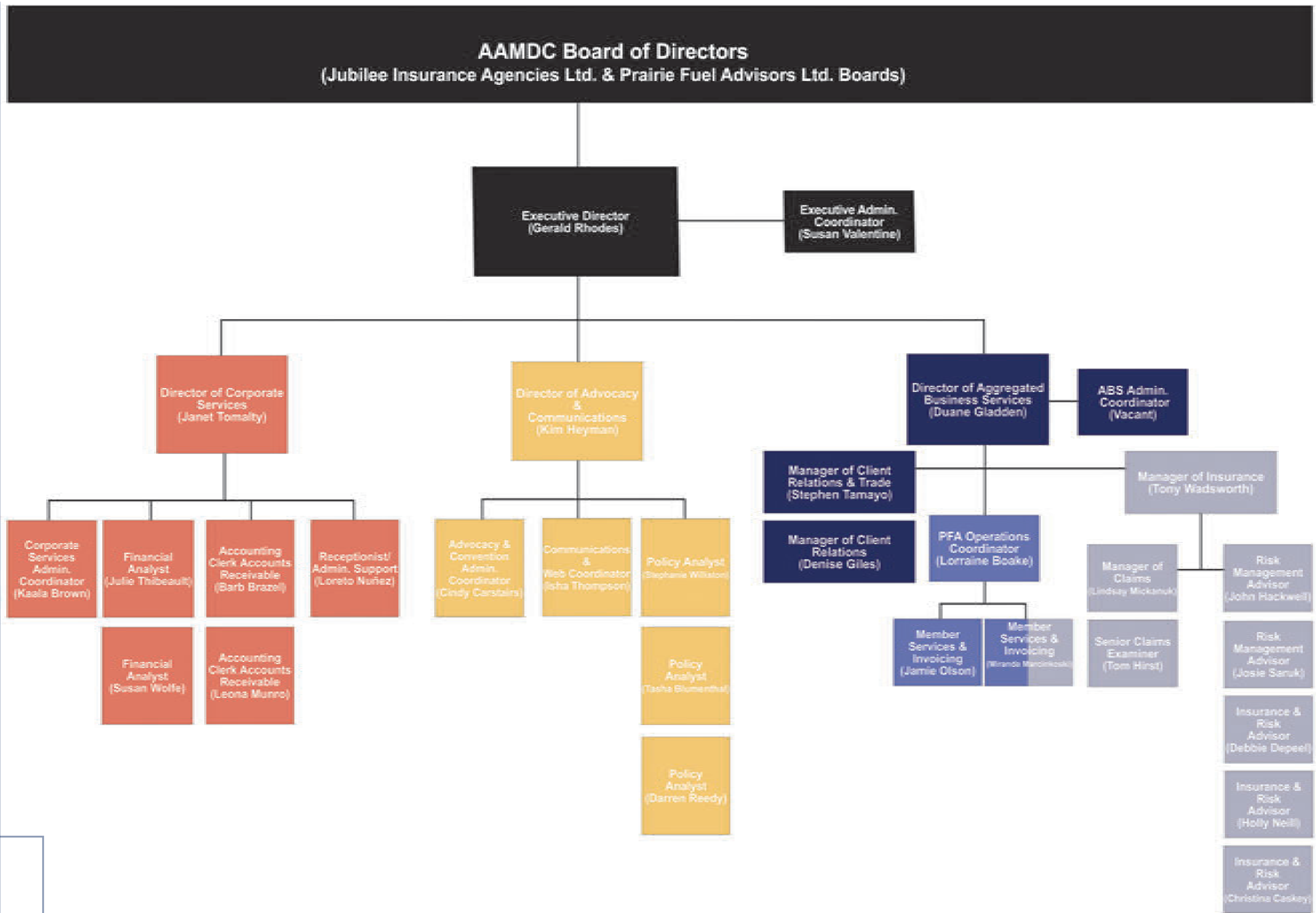
PRAIRIE FUEL ADVISORS (PFA)

Lorraine Boake, Operations Coordinator
Heather Clark, Member Services & Invoicing
Jamie Olson, Member Services & Invoicing
Miranda Marcinkoski, Member Services & Invoicing

We said goodbye to the following staff in 2011–12: Heather Clark, Kate Hovland, Karen Mercer and Debbie Miskiw.

On February 29, 2012, Linda Simmons passed away. Her passion and warm spirit will be missed by all.

Organizational Chart



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Advocacy Update

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This past year has been a year of many changes for the provincial government. For the AAMDC Advocacy and Communication department, this translated to a year of hurry up and wait. With a new Premier elected last October and a new cabinet following the provincial election in April 2012, for a short time our advocacy efforts were stymied as the new government settled in.

We took advantage of this time and maintained our presence as your rural advocate by meeting with decision makers and distributing promotional materials. In an effort to create awareness of AAMDC's mandate, we sent information to all elected MLAs highlighting the importance of rural Alberta. During the election we sent nominees of all parties a letter wishing them luck and an AAMDC branded cowbell with a key message etched on the side.

As the government returns to normal, things are getting back to a customary communication flow and we are once again back at the Legislature bringing your issues to the attention of provincial decision makers.

During the year, your Board of Directors and staff participated in several Government of Alberta committees, some of which are still active. AAMDC is sitting on The Local Road Bridge Program review committee ensuring the rural perspective is front and centre. Also, our members were able to participate through feedback to the Local Authority Elections Act Review. In June, the Health Quality Council of Alberta interviewed our staff to identify issues that have developed during the transition of ambulance services to the province. After receiving feedback from members, we were able to make a substantive contribution to their review on rural health issues.

We were pleased when the Legislative Assembly accepted the Municipal Sustainability Strategy earlier this year and we are hopeful that the required changes to the Municipal Government Act will be available for consultation by next spring. We are also prepared for consultations on the Well Drilling Equipment Tax Regulation that expires on December 31, 2012. Municipal Affairs has assured us that we will be consulted during their process to find a replacement revenue source for rural municipalities to offset the damage done to rural roads by the movement of heavy equipment. We will keep you posted as this issue comes to light.

In closing, I would like to thank my staff—Michelle, Stephanie, Tasha, Darren, Cindy and Isha—whose hard work and creativity are the backbone of what we do here in the Advocacy and Communication department.

Kim Heyman
Director of Advocacy and Communications

MUNICIPAL CLIMATE CHANGE ACTION CENTRE (MCCAC)

The Municipal Climate Change Action Centre (MCCAC) is a partnership between the AAMDC, the Alberta Urban Municipalities Association (AUMA), Alberta Environment and Alberta Municipal Affairs. In May 2011, MCCAC introduced the Taking Action to Manage Energy (TAME) Buildings Initiative. This initiative encourages municipalities to submit an expression of interest for municipally-owned buildings. In turn, municipalities are provided with a dashboard report of a building's energy consumption and possible savings. They then have the option of proceeding through the TAME program to full energy assessments. The TAME building Initiative offers financial incentives to municipalities that take concrete steps towards improving the efficiency of their facilities. The initiative aims to spur the retrofit of municipally-owned facilities to improve energy performance and to save operating costs. More information is available at www.mccac.ca.

RURAL CONNECTIVITY

The AAMDC finalized the follow-up to its original gap analysis: the Rural Broadband Coverage Analysis. This time, the association worked closely with Alberta Agriculture and Rural Development, Service Alberta and the AUMA to collect high quality information from the study. Broadband coverage analysis was complete early in 2012 and is available for municipalities and the public to utilise. The Government of Alberta is also using the data to as a basis to determine pre-existing coverage when awarding the Rural Connections: Final Mile Rural Community Program that may increase the broadband access even further into rural areas.

SEPTAGE/MODEL PROCESS

The revised Model Process for Subdivision Approval and Private Sewage was announced in early 2011 and provides a guide for the evaluation of a proposed subdivision that will rely on private sewage. To assist municipalities in becoming familiar with these documents and integrating them into their approval processes, the AAMDC offered five free training sessions across Alberta in 2010-11 and to meet demand, additional training sessions carried over into 2011-12. The AAMDC also offered a condensed training session at the Fall 2011 Convention which was well received and attended by municipal staff and elected officials. The Model Process project is now complete and consists of three documents available online under advocacy reports.

LAW ENFORCEMENT FRAMEWORK

In 2012, the AAMDC chose to complete a paper that examined current levels of funding and various types of formulas to fund policing. This paper continues to be under review, though will be finalized prior to the Solicitor General discussing this issue in the future.

For further context, in the latter half of 2010, the association was consulted on potential funding formulas for rural municipalities, and urban municipalities under 5,000 population to begin paying for policing. The AAMDC was adamantly against rural municipalities paying directly for policing. As well, the formulas that were brought forward were reflective of neither the service levels nor the governance required in rural settings. With political uncertainty looming in 2011, the Solicitor General's office did not force the issue of funding any further, though we expect it to return to the discussion table in the future. Hence, the study was undertaken in order to better understand current and potential scenarios.

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RURAL STILL MATTERS/ELECTION PLANNING

The 2011-12 year was filled with exciting politics. With leadership races, new political parties in play, a new premier and plenty of new faces elected to the legislature, this year provided the AAMDC with opportunities to build relationships and increase awareness with decision makers.

The kick-off to the year was the Cultivating Rural Relationships event held in August 2011 to allow the membership to discuss issues with Progressive Conservative Leadership Candidates. At this event, the Rural Still Matters campaign was launched. At the heart of this campaign was a set of messages for the association and members to use in promoting the importance and uniqueness of rural. These messages have been used continuously throughout the year and continue to adapt as issues evolve.

The Rural Still Matters messaging was also used as a cornerstone to the efforts the association undertook during the 2012 provincial election. During the campaign, the AAMDC made an effort to increase awareness of the organization to all types of provincial decision makers. To all nominees with an accessible address, an AAMDC branded cowbell was sent with a note wishing them luck on the campaign trail and urging them to keep us in mind once the election was over. Moving forward, the AAMDC is working to translate awareness into relationship building.

FORCED REGIONALIZATION

In spring 2011, AAMDC members approved resolution ER1-11S which directed the AAMDC to develop a position paper on forced regionalization in regards to its impact on rural municipalities. In November 2011, the AAMDC released Finding Local Solutions: Examining the Impacts of Forced Regionalization. This paper analyzes the pros and cons of forced municipal regionalization and concludes that under normal circumstances, forcing regionalization does not work. The AAMDC membership approved the paper at the Fall 2011 Convention.

MUNICIPAL CAREERS AWARENESS TOOLKIT IMPLEMENTATION GRANT

In November 2010, the AAMDC released the Municipal Careers Awareness Toolkit (MCAT) to assist with municipal recruitment and retention strategies. The toolkit is the culmination of a multi-organizational partnership with the AAMDC, the Alberta Rural Municipal Administrators' Association (ARMAA), the Alberta Urban Municipalities Association (AUMA), the Local Government Administration Association (LGAA), the Society of Local Government Managers (SLGM) and Alberta Municipal Affairs.

In researching the toolkit, it became clear that Albertans' awareness of the breadth, diversity and benefits of municipal careers is lower than it should be. Without an effort to raise the general public's awareness about municipal careers, municipalities will continue to face challenges in attracting and retaining employees.

In 2012, the AAMDC endeavoured to further promote the MCAT by offering one $5,000 grant to each of the five districts for AAMDC members who were interested in carrying out a municipal careers awareness campaign using the Toolkit. There were three successful applications and grants were distributed to Lac La Biche County, the Municipal District of Smoky River, and the Municipal District of Willow Creek. In 2013, the AAMDC will evaluate the success of this program and will attempt to share key learnings from the campaigns.

Also during the election, the association made a concerted effort to meet with high ranking provincial administration to increase the understanding of how the work of various ministries directly affects municipalities. The board also met with a number of non-political organizations in an effort to achieve positive results through common issue sharing.

RURAL CONNECTS

An opportunity that was identified in 2011 was increased communication with all MLAs. To improve on this, a new newsletter was developed: Rural Connects. This newsletter is set to be released bi-monthly focusing on the rural municipal perspective toward current issues.

WATER IN THE PROVINCE

Access to water has been a growing issue in the province and members continue to bring forward water related resolutions. The AAMDC understands the diverse needs for the resource and has met with the Minister of Environment and Sustainable Resource Development to address areas of concern. In addition, the AAMDC is involved with the Alberta Water Council to ensure rural municipal water issues are identified and understood.The AAMDC looks forward to water consultations that are anticipated to be held across the province in 2012-13.

ELECTRICITY PRICING AND TRANSMISSION

Electricity was a hot topic during 2011-2012. Resolutions on transmission and involvement with the Critical Transmission Review Committee were highlights where the association brought forward member concerns on transmission concerns. In 2012, the province formed the retail Market Review Committee to review the pricing of electricity for consumers and how the structure of the market affects the final price. The AAMDC presented to this committee, highlighting the unique needs and challenges of rural power consumers.

EMERGENCY SERVICES

As the ambulance and dispatch transition continues in Alberta, the AAMDC is there to represent member interests. The AAMDC is proud to be an active member of the Rural Community First Responders group that has drafted the RED Document, outlining the many challenges facing the industry in rural Alberta. As well, the AAMDC presented to the Health Quality Council of Alberta during their review of ambulance transition. The association was able to bring forward all member concerns for the HQCA's consideration as recommendations for change.

Resolution "Wins"

Being member-directed is one of the AAMDC's key values, which the association actively works to uphold. The primary source by which members express their needs is through the resolution process. This direction comprises a significant portion of our advocacy strategy and the following identifies where this advocacy found specific successes in 2011-12.

7-12S: Public Notification Requirements for Oil and Gas Development

The Energy Resources Conservation Board (ERCB) is undertaking a review regarding notification and consultation practices in order to ensure that they meet the mandate of the organization. In light of this review, the AAMDC finds these steps promising and will follow-up with the ERCB to ensure the intent of this resolution is met during the review.

4-11F: Remote Location Emergency Response

The Occupational Health and Safety Code requires employers to have emergency response plans in place that include procedures for rescue, evacuation and transport. The work of the Energy Resources Conservation Board towards increasing the scope of Directive 071 - Emergency Preparedness and Response Requirements for the Petroleum Industry is promising and the AAMDC sees value in these efforts. Proposed enhancements to the directive include goal-based and prescriptive requirements, increased use of Emergency Management Programs and an increased emphasis on planning with local and aboriginal authorities.

9-11F: Transportation for our Aging Population Residing in Rural and Remote Areas

The AAMDC is pleased with positive steps taken to address senior initiatives, including the Medically-at-Risk Driver Centre (MARD) initiative. MARD has issued a report on the availability of alternate transportation services for seniors across regional, urban and rural settings and launched a searchable database of organizations that provide alternative transportation.

10-11F: Sustaining Schools in Rural Communities

The 2012 provincial budget included the Small Schools by Necessity Grant (SSNG) being preserved and also established three-year funding cycles for education. The AAMDC met with the Alberta School Boards Association and learned that they have the maximum flexibility in determining where funds are spent, including funding received through the SSNG. Addressing the sustainability of rural schools may find the most success through discussions with local school boards and the development of budgets that demonstrate the commitment the Government of Alberta has in sustaining rural schools.

14-11F: Disaster Prevention Funding

The Alberta Emergency Management Agency has identified mitigation efforts as a key component that needs to be reviewed and improved upon in the overall provincial emergency response plan. As such, the AAMDC looks forward to contributing to this initiative going forward.

3-11S: Development of Assessors in Rural Alberta

The AAMDC has begun meeting with representatives from the Alberta Assessors Association and Alberta Municipal Affairs to identify strategies for how to address the both the current and future shortages of Rural Assessors.

Resolution “Wins”

6-11S: Municipal Sustainability Initative Approval Process

Municipal Affairs announced changes to the 2012 MSI program last March. Recognizing that any grant program will always involve some level of administrative costs, the new program changes will help to reduce the administrative burden on municipalities. Notable changes to the program include the application deadline and minimum project thresholds being eliminated, the list of eligible expenses has been expanded and each operating project application form has been replaced by one form that summarizes spending estimates based on functional categories.

12-11S: Review of Duplication Between Safety Legislation

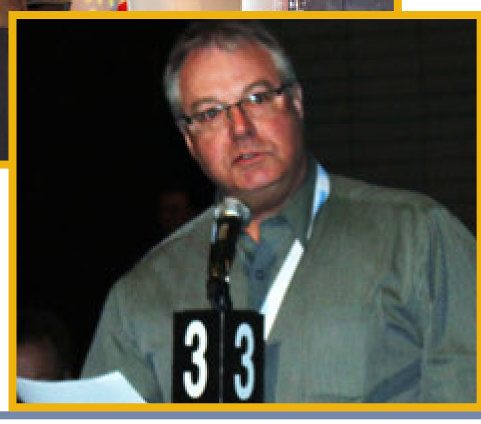
Alberta Transportation’s Vehicle Safety and Carrier Services Branch collaborated with Alberta Employment and Immigration in March 2011 to review Occupational Health and Safety and Transportation Fleet Safety legislation–as requested by thus resolution–and found no duplication. The Vehicle Safety and Carrier Services Branch expressed interest in working with municipalities to identify gaps and make improvements in order to meet the National Safety Code audit requirements, before being audited.

2-10F: Doctor Recruitment

While meeting with the Minister of Health in 2012, the AAMDC was advised that up to $10,000 in moving expense funding is available for doctors moving to Alberta from out-of-province, though applications for funding must be made in advance of the expenses being incurred. In 2012, the federal government announced further incentives to attract doctors to rural Canada. Both doctors and nurses will have access of up to $40,000 or $20,000 respectively, for working for five years in a rural area.

11-10F: Presumptive Cancer Coverage

In May 2011, the Government of Alberta passed legislation to update the Workers’ Compensation Board list of cancers presumed to be work-related. This means coverage now extends to Alberta’s 10,000 volunteer, part-time and casual firefighters along with the province’s 2,500 full-time firefighters.



Consultations

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Water for Life Strategy
The AAMDC surveyed members on the implementation of the Water for Life strategy to assess how key goals and directions from the strategy will affect rural municipalities.

Department of Fisheries and Oceans
In order to improve relations with municipalities, the Department of Fisheries and Oceans consulted the AAMDC on member concerns regarding project delays and application processes.

Provincial Bussing
The AAMDC encouraged members to attend consultation sessions hosted by Alberta Transportation to address changes stemming from the deregulation of the provincial bussing system.

Medical First Response Advisory Panel
The AAMDC provided representation on the Medical First Response Advisory Panel sponsored by Alberta Health and Wellness and Alberta Health Services to deliver input, feedback and advise on key decisions for a future model of medical response within Alberta.

Alberta's Opposition Parties
With a new initiative to host the leaders of Alberta's opposition parties at the Fall Convention, the AAMDC consulted members on the types of issues and topics that should be presented during the moderated panel.

Local Authorities Election Act
The AAMDC submitted input to the Government of Alberta on the Local Authorities Election Act (LAEA) based on input from a member survey and review by the Standing Issue Committee on Infrastructure, Transportation and Municipal Affairs. Following this, the AAMDC encouraged members to respond directly to the online consultation hosted by Municipal Affairs to gain input on proposed changes to the LAEA.

Well Drilling Equipment Tax Regulation
The AAMDC surveyed members on how well the current Well Drilling Equipment Tax Regulation satisfied municipal needs in compensating for roadway maintenance and repair linked to oil and gas well drilling activities.

Municipal Support of Seniors' Housing Foundations
The AAMDC sought member input on a variety of topics related to Seniors' Housing Foundations such as: governance and representation, legislation, municipal requisitions, provincial oversight and coordination, and partnerships.

Railway Crossings
In response to Transport Canada's release of new draft Railway-Roadway Grade Crossings Regulations, the AAMDC encouraged members to respond to the federal government during its written consultation period as well as participate in its subsequent consultation meeting.

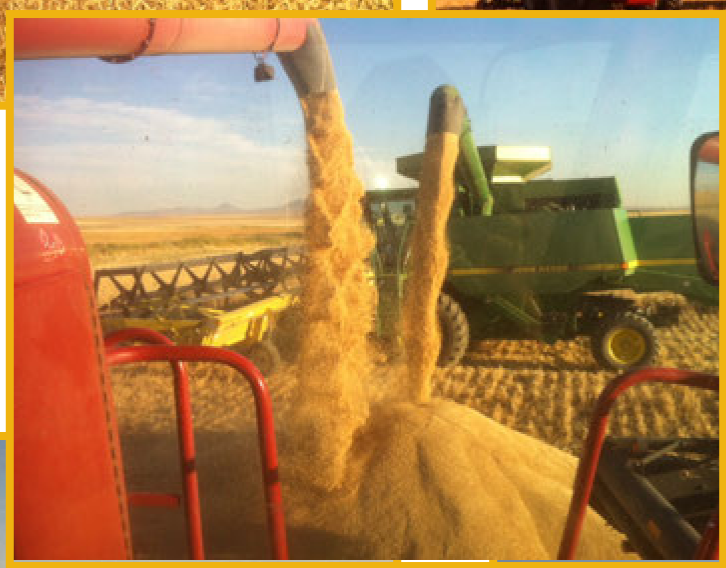
Consultations

Emergency Medical Service Operations
In response to the AAMDC's participation in the Health Quality Council of Alberta's (HQCA) review of emergency medical services, the AAMDC invited members to provide examples of issues of concern regarding the provision of emergency medical services in local communities.

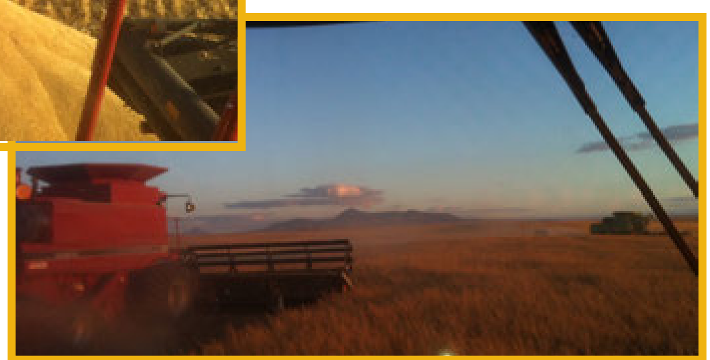
Federal Long Term Infrastructure Plan
The AAMDC participated in a roundtable discussion hosted by the federal government to discuss the framework for a new long term infrastructure plan for Canada.

Wind Farm Noise
The AAMDC encouraged members to participate in consultations held by the Alberta Utilities Commission regarding wind farm noise.

Alberta's Social Policy Framework
The AAMDC encouraged members to respond directly to the Government of Alberta's online consultation on the development of a social policy framework that would support the diverse growing needs of Albertans.



Harvest at Director Bob Jones's family farm.



Services & Supports

The AAMDC continues to support members through the provision of innovative, value-added services and supports. The following outlines the association's 2011-12 efforts:

AAMDC Scholarship Program	The AAMDC awarded five $1,000 scholarships to offset costs associated with higher education for outstanding students in rural communities.
Alberta Municipal Compensation Survey	The AAMDC, in conjunction with the Alberta Urban Municipalities Association (AUMA), delivers this annual survey, which benchmarks compensation across municipalities in order to assist with recruitment and retention strategies. The survey was conducted over the summer of 2011.
Alternative Dispute Resolution	The AAMDC assists Municipal Affairs through a committee to establish and offer mediation services for municipalities. Further, the AAMDC continues to handle the receipt of funds and payment of bills related to the "Let's Resolve" courses.
Alberta Elected Officials Education Program (EOEP)	The EOEP – a joint effort between the AAMDC and AUMA – continued to support professional development for elected officials and municipal staff across the province. The 2011-12 year offered continued expansion in the number of e-learning modules to improve learning accessibility for students.
Peer Network	A select group of administrators and officials from across Alberta are called upon by their peers to provide advice and support in resolving local conflicts. The AAMDC continues to manage the grant funds for this program on behalf of the partnering organizations.
R.W. Hay Award	This award recognizes outstanding administrators in rural communities and is handed out at the AAMDC's fall convention. The AAMDC was pleased to recognize the contributions of 2011's winner, Cynthia Vizzutti of the MD of Willow Creek.
Standing Issue Committees	The board called together the Standing Issue Committee (SIC) on Infrastructure, Transportation and Municipal Affairs to review member input and formulate a draft set of recommendations for changes to the Local Authorities Election Act. The Standing Issue Committee on Social Issues was also called together to explore opportunities for action with regards to the communication challenges first responders were facing under the new Alberta Health Services platform.

Communications

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HIGHLIGHTS

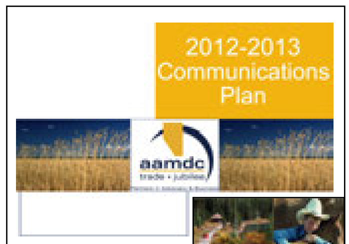
E-Newsletters
Advocacy has made the decision to transition Rural Connects into an HTML electronic newsletter, similar to Contact! and The Advantage. The publication designed to keep MLAs informed on issues relevant to rural Alberta will now be easier to access and distributed every two months.

By the Numbers
Between August 2011 and July 2012, the AAMDC published:

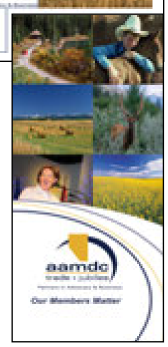
- 49 issues of Contact!
- 10 issues of The Advantage
- 104 member bulletins
- 3 issues of Rural Connects

Rural Routes
The final issue of Rural Routes was printed in September 2012.
Although there is undeniable value in the stories published in this longstanding publication, AAMDC has decided to publish similar content on www.aamdc.com and through the appropriate e-newsletter.

Twitter
AAMDC continues to be active on social media through our Twitter account. Tweets linking to both Contact! and the Advantage are consistent and staff members make an effort to tweet and link to @aamdc while taking part at events. We continue to try and acquire more followers and engage community members



Communications Plan
Prior to year-end, a 2011-2012 communications plan was drafted to coordinate the goals of all AAMDC departments.



AAMDC Brochure
A revised tri-fold brochure was created in July 2012 and mailed out with the AAMDC Member Kits.

Elections Communications
The 2012 Provincial Election inspired AAMDC to reinforce key messaging surrounding the organization and the values of rural Alberta. Approximately 300 cow bells were mailed out to party candidates along with a custom card that encouraged candidates to contact us for a rural perspective.

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FALL 2011 CONVENTION

- The Fall 2011 Convention featured keynote speaker Preston Manning, the former leader of the Opposition and founder of the Canadian Alliance who entertained and informed delegates.
- Breakout sessions included Out of Sight, Out of Mind: Private Sewage, Keep Calm and Carry On! Emergency Planning and Municipal Resources for First Nations Interaction, plus many other noteworthy workshops.
- A touching tribute to Slave Lake captured the attention of the audience on the second day of Convention. Triumph Over Tragedy: Sharing Our Stories from Slave Lave, featured Reeve Denny Garratt and Mayor Karina Pilay-Kinnee.

4TH ANNUAL ABS GOLF TOURNAMENT

Another fantastic game of golf was played with plenty of familiar faces. AAMDC members, associate members and trade suppliers enjoyed a friendly game of golf at the Stewart Creek Golf Course in Canmore, AB on June 5, 2012.

RISKPRO SESSION 5

Be Smart – Go Beyond the Basics

RiskPro 5, the fifth workshop in the series, was offered this spring at five locations throughout the province. Overall, attendance was excellent. There were 141 attendees representing 68 members, which was up from RiskPro 4 by 19 per cent. All attendees were asked to complete a workshop evaluation and the responses were overwhelmingly positive for all portions of the workshop. The combined approval rating for the session was over 90 per cent.

The one-day workshops were broken down into two major segments. The first segment delved into liability risks not covered in the previous RiskPro. The second segment covered the FireSmart program, explaining how it can be applied to municipal facilities.

As in years past, municipalities that attend the RiskPro workshops and complete the required audit requirements, receive a 2 per cent premium credit. Since its inception in 2007, participating municipalities have received over $1,150,000 in premium credits. The premium credit for RiskPro 4 totaled over $277,000 and averaged out to $4,338 per participating municipality.

We would once again like to express our thanks to all municipalities that hosted sessions, and to all those who attended the workshops. The shared knowledge from these workshops is invaluable in protecting our programs.

Events

SPRING 2012 CONVENTION

- The Spring 2012 Convention started off with three addresses from the Minisers of Municipal Affairs, Sustainable Resource Development and Transportation. This was a perfect introduction to a lively ministerial forum.
- Political pundit and former speechwriter for Prime Minister Paul Martin, Scott Feschuk, was featured as the keynote speaker for the event, along with Olympic gold medalist Joan McCusker. The world champion curler entertained delegates as she recounted her past as a world class athlete that never strayed from her Saskatchewan roots. Other speakers included plenary addresses from Alberta Health and Wellness and the Canada West Foundation.
- Breakout sessions included What's up with Fracking?, Mounties in your Counties and How do you Handle Your Extra Weight? TRAVIS Can Help.

Scott Feschuk at the Spring 2012 Convention

Government of Alberta ministers at the Ministerail Forum.

Spring 2012 Trade Show booth.

SPRING 2012 TRADE SHOW

- The 2012 edition of the annual trade show welcomed 130 vendors that featured fantastic giveaways and informative presentations.
- AAMDC's booth was buzzing with visitors that were anxious to participate in a trivia game that challenged members to answer questions about our organization and its activities. Winners walked away with a Tim Hortons gift card.
- Immediately after the trade show, Aggregated Business Services hosted an open house for AAMDC member delegates and trade division suppliers.

Aggregated Business Services Update

The 2011-2012 fiscal year saw growth in several areas and restructuring of organizational plans. The Aggregated Business Services division (ABS) began a process in 2010 that focused on updating software, improving our customer service, and putting in place the building blocks for growth. As a result, Jubilee Insurance Agencies has implemented the proprietary ACE underwriting software in the July 1, 2012 property renewal. Prairie Fuel Advisors has upgraded its proprietary software–building in more automation and upgrading the operating platform. Lastly, the Trade Division has implemented the Sage Suite accounting software. These technical upgrades will enable us to provide better reporting to both internal and external stakeholders, while contributing to a modernized foundation for ABS units to build on.

To enhance our customer service model, ABS conducted several focused surveys over the last few years. Based on what we discovered, ABS addressed many of the issues that were mentioned. Jubilee created an in-house claims department and took over the roles of Principal Attorney's for both the JRIE and GRIE reciprocals. The goal is to improve the total claims timeline. In two years we will cut the average processing time in half. The Trade Division refined its accounting practice to include weekly billing and reduce paper consumption. Finally, we added an additional Client Relations Manager position to assist ABS in better understanding our membership.

While ABS incorporated the above changes our growth became apparent. We gained volume from existing members utilizing additional services, but also by new members joining ABS programs. This is a trend that we expect to continue throughout the 2012-2013 fiscal year. This additional growth adds to the overall bulk of the ABS programs and in turn improves the costs and/or terms of purchase, which benefits the entire membership.

ABS has also added three new programs that we are very excited about. The AAMDC partnered with a third party provider to create the AAMDC Energy Program and the AAMDC Cellular Program. The energy program is currently conducting its tendering process and is set to provide initial services to members. While the cellular program, a Telus offering, is fully operational and growing on a weekly basis. The third new program is the AAMDC Investment Program. This program is offered in conjunction with a municipal association in Ontario. As with all of our programs, these new additions will harness the purchase power represented in our membership, to achieve better pricing and terms.

I believe that we have the best staff and best program offering the ABS division has ever had, and as a result, our level of service is improved and we are developing new offerings that will distinguish ABS for years to come.

Duane Gladden, MBA
Director of Aggregated Business Services

Trade Update

In 2011-12 members saw the Trade Division successfully implement its operations plans. Within the constraints of a weaker economy and tight budgets, we demonstrated that group procurement has its place in providing significant savings and optimal service. As such, we focused on launching several focused programs that target residual expenses and high dollar value products. We added staff to improve our client relation coverage throughout Alberta and to ensure swift response to member needs. Lastly, we hosted Total Cost of Ownership education programs for the membership. These activities have logged a total trade volume of $41.8 million–our strongest year since 2009.

The membership should be proud, as it collectively owns a buying group that is ranked as one of the best in Canada. With that, the Trade Division has much to celebrate, such as the largest government account for tires and office supplies, the only aggregate cellphone program of its kind in the nation, and the addition of an investment program that is on its way to become the largest in Alberta–just to name a few. As a recognized organization under the national supply chain, we will continue to live up to our mission to provide quality, competitively priced goods at the best price.

The Trade Division has developed a formula for success that will yield continual growth for years to come. We understand that we cannot truly empower the membership if our strategic processes do not allow for input from our market. Therefore, we will apply a simple three-step approach where market opportunities precede financial planning. This involves discussion on growth opportunities between member organizations and the Approved Suppliers, allocating funds to priority opportunities, and empowering member organizations to act within the overall framework–eliminating complex procedures. With this process in place, we will be in a better position to increase aggregates within several product categories.

The focus of 2012-13 is to continue our mandate of exceptional customer service. The Trade Division is committed to customer service and will continue to solicit member participation to help increase trade volumes. We will develop and enhance product categories, such as lighting, waterworks, investments, cellular and energy. The Trade Division will continue to work closely with suppliers to develop educational programs. We are excited to continue the success, and look forward to another fantastic year.

Stephen Tamayo
Manager of Client Relations and Trade

Jubilee Insurance Update

I am pleased to be able to report upon another favourable year of operations for the Jubilee Insurance Program. Perhaps the most pleasing aspect of this past year has been that, after the traumatic fire loss results of 2008/09, our members collectively rebounded with three successive years in which their program has returned favourable results for them.

This kind of solid, consistent performance over a multiple period of years augurs well for our members and their insurance environment. Specifically, we can see that stability has returned to our insurance marketplace and with members' coverage levels and premium rates being at their most competitive levels in years, we are optimistically looking forward to more of the same in the ensuing years ahead.

Operating in a stable environment enables our Board of Directors to prepare confident, diligent and strengthening plans for the continued health and wellbeing of our program into the future. Indeed, the 2011-12 year saw a new wave of forward steps begin in which Jubilee took on direct roles for our Reciprocal Insurance Exchanges in two areas that until recently had been contracted out, at cost, to third party professionals, namely:

a) assuming the management function for our members' Property and Liability Insurance claims, and
b) performing the Principal Attorney duties.

Following hiring experienced claims management professionals in 2011-12, the Board appointed Director of Aggregated Business Services Duane Gladden as Principle Attorney for the Jubilee Reciprocal Insurance Exchange (JRIE) and, Executive Director Gerald Rhodes as Principal Attorney for the Genesis Reciprocal Insurance Exchange (GRIE). The calibre of Jubilee Insurance personnel combined with the commitment of the new Principle Attorneys has enabled us to assume direct responsibility in these two areas. As a result, we are confident that our members will see improved and faster claims service settlements and lower operating costs for both reciprocals. The Board is resolved to looking at further initiatives intended to strengthen and enhance our reciprocals' self-insurance capabilities on our members' behalf over the next five years.

As I report to you upon these successes in the past year, I must emphasize that none of these would have been possible without our members' continuing and solid support for the RiskPro Program that was introduced five years ago. There is no doubt that these Annual Workshop Sessions with our members facilitate our ability to bring developing issues of concern forward. It is important that members are alerted to adverse trends emerging and are empowered with the knowledge to take appropriate action to mitigate their own risks.

The Jubilee team of insurance professionals is very cognizant of their role to be of service to our members. I invite all of our members to contact us on any issue of concern that might arise and in which they feel we might help. I must also add my gratitude for our members' continued loyalty, support and belief in their Insurance Program which serves to motivate all of us at Jubilee to work even harder for you!

Lastly, I could not end this year-end report without paying tribute to a colleague who had great passion and heart for wanting the best for our members. Linda Simmons, Risk Management Advisor, passed away on February 29, 2012. We do, and will forever, miss her.

Tony Wadsworth
Manager of Jubilee Insurance Agencies

Prairie Fuel Advisors Update

Prairie Fuel Advisors (PFA) had a very productive year in 2011-12. Our overall volume was 50.1 million litres of fuel, with Alberta accounting for approximately 38.0 million litres. Two of our smaller volume categories, Retail Fleet and Lubes, saw an increase of 11.0 and 4.4 per cent respectively.

Twelve new municipal members from the Association of Municipalities of Ontario (AMO) and the Union of British Columbia Municipalities (UBCM) have become regular purchasers. This additional volume within our new provincial markets will serve to enhance the overall buying power for all PFA members.

PFA continues its mandate of providing stable and inexpensive access to petroleum products. This year, PFA welcomed new members and saw an increase in fuel volumes purchased. Included in these members is an expanding health authority that provides ambulance services across Alberta.

PFA also entered into a new pricing agreement with a national supplier in June 2012 and we are confident we will successfully secure new tenders and additional members in the upcoming year.

The PFA pricing model continues to employ a wholesale rack-plus-margin system, which levels out the pricing conditions for PFA members during fuel fluctuations.

PFA automated price forecasts and upgraded invoicing procedures to ensure timely and accurate service. These revised processes will ensure accuracy and timeliness of information reaching members.

We will continue to focus on improving all services, with a particular focus on timely invoicing and improving communication with our revised public website. We look forward to connect with our members in 2012-13.

Lorraine Boake
Prairie Fuel Advisors Operations Coordinator

Corporate Services Update

This past year was one of change. The AAMDC saw many milestones including renovations to the AAMDC building, finalizing of system hardware upgrades, continued software upgrades, internal policy reviews and taking on the financial management of the two self-insurance reciprocals: Jubilee and Genesis Reciprocal Insurance Exchanges. A simple thank you to my team does not seem sufficient recognition of the many hours of preparation, data gathering, analysis, organizing, reconciling, training, purging and general hard work this year. The changes we experienced this past fiscal year brings new meaning to the words teamwork, collaboration and patience.

The association maintains a strong, up-to-date internal system in order to stay competitive, serve our members and remain cutting edge in this province. The renovations provided better use of existing space, enabled the association to comfortably bring in the claims management staff, efficiently group departments together and upgrade the meeting facilities. The systems software upgrade included the implementation of an association-wide financial software system, which meant retiring outdated systems–some of which were over 25 years old. Hardware, backup and peripheral upgrades provide necessary technology, efficiency, safety and security to the technical side of our organization. This is imperative; we are constantly under attack from hackers all over the world. Moving the financial records of the two insurance reciprocals mean the building now houses five entities. Processes and policies continue to evolve and we are pleased to say that claim payments are reaching the members much sooner than before.

The audited financial statements are presented here in this report in compliance with the new financial reporting standards - Accounting Standards for Not-for-Profit Organizations (NFPO) and Accounting Standards for Private Enterprise (ASPE). The three companies– AAMDC, Jubilee Insurance Agency Ltd. and Prairie Fuel Advisors Ltd.–have again maintained their positive bottom lines. However, our increasing size of combined business operations noted above and the subsequent related amoritization have taxed the cash position of the organization. Time is needed to regain our strong cash position for Aggregated Business Services program transactions as large as ours. We will be working to improve this over the next couple of years. We sincerely thank all of you that use our Aggregated Business Services. Lastly, as the association has now taken over responsibility for financial administration of the insurance reciprocals, please be advised that next year's report will include financial statements for the Reciprocals.

In conclusion, I would like to thank Gerald Rhodes for his strong leadership throughout this past year. He offers encouragement when needed and praise when deserved. The association continues to meet the ever changing needs of its members through a strong and capable staff that corporate services is proud to serve.

Janet Tomalty, CMA
Director of Corporate Services

Financial Statements: Management's Responsibility

To the Members of the Alberta Association of Municipal Districts & Counties:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Association. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

Gerald Rhodes, MBA
Executive Director

Janet Tomalty, CMA
Director of Corporate Services

Financial Statements July 31, 2012

AUDITORS' REPORT: AAMDC

To the Members of the Alberta Association of Municipal Districts & Counties:

We have audited the accompanying financial statements of the Alberta Association of Municipal Districts & Counties, which comprise the statement of financial position as at July 31, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 qualified audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Alberta Association of Municipal Districts & Counties. As at July 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

September 20, 2012
Edmonton, Alberta
MNP LLP
Chartered Accountants

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Financial Statements July 31, 2012

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STATEMENT OF FINANCIAL POSITION JULY 31, 2012

	2012	2011
ASSETS		
Current		
Cash	$165,931	$602,029
Cash - restricted (Note 8)	368,791	458,464
Accounts receivable	5,685,041	3,591,804
Prepaid expenses	151,053	97,239
	6,370,816	4,749,536
Property and equipment (Note 6)	2,055,725	2,016,897
Computer software	942,397	884,820
Investment in Jubilee Insurance Agencies Ltd. (Note 3)	1,569,971	1,246,837
Investment in Prairie Fuel Advisors (2008) Ltd. (Note 4)	179,673	297,585
	$11,118,582	$9,195,675
LIABILITIES		
Current		
Operating loan (Note 7)	$1,454,437	$ -
Accounts payable & accrued liabilities	3,743,713	3,199,649
Deferred income	840,221	867,359
Deficiency in Alberta Elected Officials Education Program Corporation (Note 5)	23,901	1,971
Deferred grant revenue (Note 8)	391,323	549,831
	6,453,595	4,618,810
NET ASSETS		
Net assets invested in property and equipment and computer software	2,998,122	2,901,717
Net assets restricted internally for dividend reserve	326,760	326,760
Unrestricted net assets	1,340,105	1,348,388
	4,664,987	4,576,865
	$ 11,118,582	$ 9,195,675

Financial Statements July 31, 2012

STATEMENT OF OPERATIONS JULY 31, 2012

	2012	2011
Revenues:		
Commissions	$ 1,420,067	$ 1,350,847
Convention registration and tickets	912,126	817,615
Grants (Note 8)	172,287	250,980
Interest	4,311	9,790
Membership fees	868,519	850,280
Rent and licensing fees	93,000	93,000
Service charges	26,239	52,935
Sundry income (expense)	34,879	27,719
	3,531,428	3,453,166
Expenses:		
Advertising and promotion	78,222	69,809
Amortization	116,644	113,952
Automobile	13,752	19,773
Board and Ad hoc committees	518,636	568,443
Building operations	88,976	92,988
Computer	45,519	33,534
Consulting	16,535	22,200
Convention	841,123	739,992
Grant expenses	227,287	251,051
Insurance	48,012	53,815
Interest	5,819	1,388
Memberships and subscriptions	4,342	3,830
Office supplies	23,103	21,169
Postage	11,439	12,833
Professional fees	61,112	100,912
Salaries and benefits	1,359,054	1,208,285
Telephone	12,540	11,886
	3,472,115	3,325,860
Surplus from operations	59,313	127,306
Other income (expense):		
Dividends	202,617	181,846
Increase (decrease) in equity in Jubilee Insurance Agencies Ltd. (Note 3)	197,345	29,053
Increase in equity in Prairie Fuel Advisors (2008) Ltd. (Note 4)	22,801	5,702
Increase (decrease) in equity in Alberta Elected Officials Education Program Corporation (Note 5)	(21,935)	15,090
	400,828	231,691
Excess of revenues over expenses	$ 460,141	$ 358,997

1. Nature of Operations

The Association was incorporated under the Alberta Association of Municipal Districts and Counties Act by chapter 67 of the Statutes of Alberta, 1923, which was amended by chapters 116 and 69 of the Statutes of Alberta, 1971 and 1984 respectively.

The purpose of the Alberta Association of Municipal Districts and Counties is to assist rural municipalities in their endeavours to achieve strong and effective local government.

As a not-for-profit municipal association under the Income Tax Act, the Association is not subject to either federal or provincial income taxes.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used in the preparation of these financial statements are as follows:

a) Revenue Recognition

The Association follows the deferral method of accounting for membership fee income and government grants. Under this method, income is recognized as revenue in the year in which the related expenses are incurred.

Membership fee income is recognized in the year to which it applies. Fees collected prior to July 31, in respect of the next fiscal period, are recorded on the statement of financial position as deferred income.

Convention registration and tickets income is recognized in the year to which the convention occurs. Registration fees collected prior to July 31, in respect of the next fiscal period, are recorded on the statement of financial position as deferred income.

Government grant revenue is recognized in income as related expenses are incurred. Grant revenues which have not been expended at July 31 are deferred and recorded on the balance sheet as deferred grant revenue until the related expenses are incurred.

Commission income is recognized as earned at the time a customer is invoiced, and collection is reasonably assured.

Dividend income is recognized at the time it is received. Interest income is recognized when earned.

Rent and licensing fees are recognized evenly over the term of the agreement.

b) Property and Equipment

Property and equipment are stated at cost less accumulated amortization. In the year of acquisition, amortization is calculated at the annual rate. No amortization is taken in the year of disposal. Major renewals and betterments are capitalized, maintenance and repairs are expensed as incurred. Amortization on computer software under development is deferred until the software development is complete and put into use. Cost of property sold or otherwise disposed of or permanently impaired and the related accumulated amortization are removed from the accounts at the time of disposal or recognition of impairment and any gain or loss is included in excess of revenue over expenses. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Building	2.5% straight line
Automobile	33.3% straight line
Computer equipment	33.3% straight line
Office equipment	20.0% straight line

c) Computer software

Computer software is under development and is not subject to amortization until it is ready for use.

d) Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of accounts receivable and accrued liabilities. Amortization expense is based on management's estimates of the useful lives and residual values of the related property and equipment. Management has estimated the net realizable value of investments and determined there has been no loss in value.

e) Investment in Jubilee Insurance Agencies Ltd., Prairie Fuel Advisors (2008) Ltd. and Alberta Elected Officials Education Program Corporation

The Association records its investment in its wholly-owned subsidiaries, Jubilee Insurance Agencies Ltd. and Prairie Fuel Advisors (2008) Ltd., using the equity method.

Under the equity method, the Association's share of its subsidiaries' earnings is recorded as income and added to the carrying value of the investment shown on the statement of financial position. Dividends received are considered a return of capital and are accordingly deducted from the carrying value of the investment.

Jubilee Insurance Agencies Ltd. is a non-taxable corporation, wholly owned by the Alberta Association of Municipal Districts and Counties. The business of the corporation is to provide comprehensive and affordable insurance coverage to Alberta local authorities.

Prairie Fuel Advisors (2008) Ltd. is also a non-taxable corporation, and became a wholly owned subsidiary of the Alberta Association of Municipal Districts and Counties in 2008. The business of the corporation is to assist municipalities, school divisions and related organizations in managing their fuel costs.

The Association also records its investment in Alberta Elected Officials Education Program Corporation using the equity method. The Corporation was formed in 2008 and is equally owned by the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association. It is also a non-taxable corporation. The business of the corporation is to provide an education training program for municipal elected officials in Alberta.

f) Dividend Reserve

Approximately 20% of the previous year's excess of revenue over expenses from trading operations is appropriated for a reserve for the future payment of dividends. Each year's reserve appropriation is held for five years and paid out to the then existing members of the Association.

g) Pension Benefits

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

h) Restrictions on Net Assets

Internally restricted net assets are not available for other purposes without the approval of the Board of Directors.

i) Cash Equivalents

Cash equivalents includes term deposits and other short-term securities with terms to maturity of less than 90 days.

j) A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on the declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

k) Financial Instruments

Held for trading:
The Association has classified the following financial assets and liabilities as held for trading: cash, cash – restricted and its investments in Jubilee Insurance Agencies Ltd., Prairie Fuel Advisors (2008) Ltd., and Alberta Elected Officials Education Program Corporation. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date and transaction costs are immediately recognized as expenses.

Held for trading financial instruments are subsequently measured at their fair value without any deduction for transactions costs incurred on sale or other disposal. Net gains and losses arising from changes in fair value are recognized immediately in excess of revenue over expenses.

Loans and receivables:
The Association has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized as expenses.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in excess of revenue over expenses upon derecognition or impairment.

Other financial liabilities:
The Association has classified the following financial liability as other financial liabilities: accounts payable, accrued liabilities, and operating loan. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized as expenses.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in excess of revenue over expenses upon derecognition or impairment.

L) Future Accounting Pronouncements

Accounting standards for not-for-profit organizations
In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- he new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012 private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Association expects to adopt Part III of the Handbook as its new financial reporting standards. The Association has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

3. Investment in Jubilee Insurance Agencies Ltd.

	2012	2011
Net income of Jubilee Insurance Agencies Ltd.	$ 399,960	$ 210,899
Deduct dividends paid to AAMDC	(202,617)	(181,846)
Increase (decrease) in equity for the year	197,343	29,053
Equity, at beginning of year	1,175,521	1,146,468
Equity, at end of year	1,372,864	1,175,521
Shares, at cost	600	600
Advances (to) from AAMDC	196,505	70,716
	$1,569,971	$1,246,837

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A financial summary of Jubilee Insurance Agencies Ltd. as at July 31, 2012 and 2011 and for the years then ended is as follows:

	2012	2011
Financial Position		
Total assets	$ 10,164,710	$ 9,567,952
Total liabilities	$ 8,791,244	$ 8,391,831
Shareholders' equity	1,373,466	1,176,121
	$ 10,164,710	$ 9,567,952
Results of Operations		
Total revenues	$ 3,061,812	$ 2,938,041
Total expenses	2,661,850	2,727,142
Net income	$ 399,962	$ 210,899
Cash Flows		
Operating activities	$ 712,191	$ (212,307)
Financing activities	(70,829)	(21,116)
Investing activities	-	33,063
Increase (decrease) in cash	647,362	(200,360)
Cash, at beginning of year	596,479	796,839
Cash, at end of year	$ 1,243,841	$ 596,479

4. Investment in Prairie Fuel Advisors (2008) Ltd.

	2012	2011
Net income of Prairie Fuels Association (2008) Ltd.	$ 22,801	$ 5,702
Deduct dividends paid to AAMDC	nil	nil
Increase in equity for the year	22,801	5,702
Equity, at beginning of year	137,966	132,263
Equity, at end of year	160,767	137,965
Shares, at cost	100	100
Advances from AAMDC	18,806	159,520
	$ 179,673	$ 297,585

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A financial summary of Investment in Prairie Fuel Advisors (2008) Ltd. as at July 31, 2012 and 2011, and for the years then ended is as follows:

	2012	2011
Financial Position		
Total assets	$ 4,974,843	$ 802,715
Total liabilities	$ 4,813,976	$ 664,650
Shareholders' equity	160,867	138,065
	$ 4,974,843	$ 802,715
Results of Operations		
Total revenues	$ 484,972	$ 491,702
Total expenses	462,171	485,999
Net income	$ 22,801	$ 5,702
Cash Flows		
Operating activities	$ 1,136,272	$ 19,304
Financing activities	(232,725)	12,040
Increase (decrease) in cash	1,102,547	31,346
Cash at beginning of year	9,318	(22,028)
Cash at end of year	$ 1,111,865	$ 9,318

5. Deficiency in Alberta Elected Officials Education Program Corporation ("EOEP")

	2012	2011
	50%	50%
Net Income (Loss) of EOEP	$ (21,935)	$ 15,090
Increase (Decrease) in equity for the year	(21,935)	15,090
Equity, at beginning of year	(11,471)	(26,566)
Shares, at cost	5	5
Equity, at end of year	(33,401)	(11,471)
Advances to EOEP	9,500	9,500
	$ (23,901)	$ (1,971)

6. Property and Equipment

	2012			2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 260,000	$ -	$ 260,000	$ 260,000
Building	2,122,001	426,465	1,695,536	1,650,763
Automobile	26,360	17,574	8,786	17,573
Computer equipment	145,888	105,879	40,009	45,424
Office equipment	347,539	296,145	51,394	43,137
	$ 2,901,788	$ 846,063	$ 2,055,725	$ 2,016,897

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7. Operating loan

As at July 31, 2012, the Association has a line of credit with a limit of $2,000,000 of which $1,454,437 (2011 - $nil) had been drawn at year-end. The line of credit bears interest at prime plus 1% and is secured by the land and building with a net book value of $1,955,536 (2011 - $1,910,763).

The loan agreement requires certain financial covenants to be maintained. These covenants include a required working capital ratio, total debt to equity ratio, and a debt service coverage ratio. As at July 31, 2012, the Company is in violation of these covenants.

8. Deferred Grant Revenue

Deferred grant revenue as at July 31 is as follows:

	Balance 2011	Grant received 2012	Interest Earned 2012	Expenditures 2012	Balance 2012
Septage Management Study	$ 9,708	$ -	$ -	$ -	$ 9,708
Assessment Shared Services Environment Project	443,282	-	3,675	89,221	357,736
PEER Network	12,166	-	-	7,487	4,679
Dispute Resolution Peer Network Grant (ADR)	15,182	10,000	104	14,232	11,054
Rural Broadband Gap Analysis	69,493	-	-	61,347	8,146
	$ 549,831	$ 10,000	$ 3,779	$ 172,287	$ 391,323

The grants received on the Dispute Resolution Peer Network Grant are comprised of seminar registrations received.

Cash in the amount of $368,791 (2011 - $458,464) is restricted for expenditures on the above programs. As a result, these funds have been disclosed separately.

Cash flows arising from the above grants (held in trust) are as follows:

	2012	**2011**
Grants, registrations and interest received	$13,779	$286,251
Grant expenditures	172,287	250,980

9. Employee Future Benefits

The Association participates in the Local Authorities Pension Plan, a multi-employer pension plan, with other local authorities and approved bodies. The plan is a contributory defined benefit plan administered by the Local Authorities Pension Plan Corporation, which pays pension and other benefits on behalf of the employer.

Current and prior service costs, included in these financial statements, are funded by the Association and its employees at rates which are expected to provide for all benefits payable under the Plan. The rates for the Association are 1.0% higher than for the employees. Both employer and employee current and prior services paid to July 31, 2012 were $184,188 (2011 - $137,876).

As the Plan is a multi-employer plan, it is not possible to determine, on an individual basis, each employer's potential unfunded liability or surplus. At December 31, 2011 the Plan had an actuarial deficit of $4.6 billion (2010 - $4.6 billion) which is expected to be eliminated within the next 15 years from employer and employee contributions and investment earnings.

10. Commitments

The Association's total obligations under various operating leases for office equipment are as follows:

2013	29,980
2014	29,980
2015	29,980
2016	29,980
2017	7,495

11. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Association are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. It is management's opinion that the Association is not exposed to significant interest, currency, cash flow, price, or credit risk except as otherwise disclosed.

Risk management policy
The Association, as part of operations, has established a policy of closely aligning expenditures to the budget and keeping unrestricted funds secure for future use as risk management objectives. In seeking to meet these objectives, the Association follows a risk management policy approved by its Board of Directors. This policy includes keeping excess unrestricted funds in secure, fixed income investments as well as using strict budgets to monitor its expenditures.

Fair value disclosure
The carrying amount of cash, cash - restricted, accounts receivable, operating loan, and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these items.

It is impractical within the constraints of cost and timeliness to determine the fair value of the Association's investments in Jubilee Insurance Agencies Ltd., Prairie Fuel Advisors (2008) Ltd. and the Alberta Elected Officials Education Program Corporation, as these investments are not traded in an organized financial market.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through purchasing securities with fixed interest rates and short term maturities. The Association is exposed to interest rate risk primarily relating to its term deposits, which are at fixed interest rates and mature within one year, and its bank indebtedness which bears interest at a variable rate as described in Note 7.

12. Related Party Transactions

During the year the Association rented office space to Jubilee Insurance Agencies Ltd., its wholly owned subsidiary, for total consideration of $41,200 plus GST (2011 - $41,200 plus GST). In addition, the Association charged a licensing fee to Jubilee Insurance Agencies Ltd. for the use of the enterprise business software, for a total consideration of $44,000 plus GST (2011 - $44,000 plus GST). The Association also sells a variety of goods and services from third party suppliers through its co-operative operations to Jubilee Insurance Agencies Ltd.

The Association also purchases insurance coverage from Jubilee Insurance Agencies Ltd. Total premiums paid were $47,780 (2011 - $53,610).

During the year, the Company received $374,798 (2011 - $374,978) in fuel commissions from Prairie Fuel Advisors (2008) Ltd.

During the year the Association received $7,800 plus GST (2011 - $7,800 plus GST) in rent from Prairie Fuel Advisors (2008) Ltd.

In addition, the Association has a payable to Prairie Fuel Advisors (2008) Ltd. of $18,806 (2011 - $159,519), which includes various expenses paid for on behalf of Prairie Fuel Advisors (2008) Ltd., including transaction costs related to the purchase of the business in 2008. The amount is unsecured and has no specified terms of repayment.

These items were incurred in the normal course of operations and are measure at the exchange amount which equals fair value.

13. Guarantee

As at July 31, 2012, the Association has guaranteed the demand credit facility of Prairie Fuels Association (2008) Ltd., a wholly-owned subsidiary, up to a maximum amount of $396,455 (2011 - $473,468). Payment under this guarantee, which will remain in place until June 30, 2013, is required in the event of default by Prairie Fuels Association (2008) Ltd. As at July 31, 2012, no liability has been recorded associated with this guarantee.
The guarantee is secured by a Land Mortgage Amending Agreement increasing the principal sum to $2,755,000.

14. Cash Flows

The Association uses the indirect method of reporting cash flows. During the year cash flows arising from interest and dividends were as follows:

	2012	2011
Interest received	$ 4,311	$ 9,790
Interest paid	$ 4,819	$ 388
Dividends received	$ 202,617	$ 181,846
Dividends paid	$ 372,024	$ 469,635

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STATEMENT OF CHANGES IN NET ASSETS JULY 31, 2012

	Net assets invested in property and equipment and computer software	Net assets internally restricted for dividend reserve	Unrestricted net assets	2012 Total	2011 Total
Balance, at beginning of year	$ 2,901,717	$ 326,760	$ 1,348,388	$ 4,576,865	$ 4,687,740
Excess of revenues over expenses	(116,644)	-	576,785	460,141	358,997
Internally imposed restriction	-	-	-	-	-
Investment in property and equipment and computer software	213,049	-	(213,049)	-	-
Dividends paid & Adjustment	-	-	(372,019)	(372,019)	(469,872)
Balance, at end of year	$ 2,998,122	$ 326,760	$ 1,340,105	$ 4,664,987	$ 4,576,865

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STATEMENT OF CASH FLOWS JULY 31, 2012

	2012	2011
Cash was provided by (used in) operating activities:		
Excess of revenue over expenses	$ 460,141	$ 358,997
Add (deduct) non-cash items:		
Net income of Jubilee Insurance Agencies Ltd. (Note 3)	(399,960)	(210,899)
(Increase) decrease in equity of Prairie Fuel Advisors (2008) Ltd. (Note 4)	(22,801)	(5,702)
(Increase) decrease in equity of Alberta Elected Officials Education Program Corporation (Note 5)	21,935	(15,090)
Amortization	116,644	113,952
Loss (Gain) on disposal of property and equipment	(1,020)	(800)
	174,939	240,458
Decrease (increase) in current assets		
Accounts receivable	(2,093,237)	(1,133,436)
Prepaid expenses	(53,814)	(36,553)
Increase (decrease) in current liabilities		
Accounts payable	544,056	260,027
Deferred income	(27,138)	16,359
	(1,455,194)	(653,145)
Cash was provided by (used in) financing activities:		
Dividends paid	(372,019)	(469,872)
Cash was provided by (used in) investing activities:		
Dividends received from Jubilee Insurance	202,617	181,846
Net transactions with Jubilee Insurance Ltd.	(125,789)	(152,190)
Net transactions with Prairie Fuel Advisors (2008) Ltd.	140,714	(94,757)
"Purchase of property and equipment and computer software"	(213,049)	(302,520)
Proceeds on disposal of property and equipment	1,020	800
Increase (decrease) in deferred grant revenue	(158,508)	35,271
	(152,995)	(331,550)
Increase (decrease) in cash position	(1,980,208)	(1,454,567)
Cash position, at beginning of year	1,060,493	2,515,060
Cash position, at end of year	$ (919,715)	$ 1,060,493
Cash is represented by:		
Cash	$ 165,931	$ 602,029
Cash - restricted	368,791	458,464
Operating loan	(1,454,437)	-
	$ (919,715)	$ 1,060,493

AUDITORS' REPORT: JUBILEE INSURANCE AGENCIES LTD.

To the Shareholder of Jubilee Insurance Agencies Ltd.:

We have audited the accompanying financial statements of Jubilee Insurance Agencies Ltd., which comprise the balance sheet as at July 31, 2012, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private entities, 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Jubilee Insurance Agencies Ltd. as at July 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private entities.

Comparative figures
Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes that Jubilee Insurance Agencies Ltd. adopted Canadian accounting standards for private enterprises on August 1, 2011 with a transition date of August 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at July 31, 2011, August 1, 2010, and the statements of income and retained earnings and cash flows for the year ended July 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it has not been audited.

September 20, 2012
Edmonton, Alberta
MNP LLP
Chartered Accountants

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BALANCE SHEET JULY 31, 2012

	2012	2011	August 1, 2010
ASSETS			
Current			
Cash	$ 756,298	$ 119,737	$ 330,151
Cash equivalents	487,543	476,742	466,688
Accounts receivable	8,920,869	8,964,122	8,572,800
Prepaid expenses	-	-	43,544
Due from Prairie Fuel Advisors (2008) Ltd.	-	5,999	14,155
Due from the Alberta Association of Municipal Districts and Counties	-	-	81,860
	10,164,710	9,566,600	9,509,198
Property and equipment (Note 4)	-	1,352	39,347
	$ 10,164,710	$ 9,567,952	$ 9,548,545
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 8,594,743	$ 8,321,117	$ 8,401,477
Due to the Alberta Association of Municipal Districts and Counties (Note 7)	196,503	70,714	-
	8,791,246	8,391,831	8,401,477
SHAREHOLDER'S EQUITY			
Share capital			
Common shares (Note 8)	600	600	600
Retained earnings	1,372,864	1,175,521	1,146,468
	1,373,464	1,176,121	1,147,068
	$ 10,164,710	$ 9,567,952	$ 9,548,545

STATEMENT OF RETAINED EARNINGS JULY 31, 2012

	2012	2011
Retained earnings, at beginning of year	$ 1,175,521	$ 1,146,468
Net income	399,960	210,899
	1,575,481	1,357,367
Dividends paid to The Alberta Association of Municipal Districts and Counties	(202,617)	(181,846)
Retained earnings, at end of year	$ 1,372,864	$ 1,175,521

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STATEMENT OF INCOME JULY 31, 2012

	2012	2011
Revenue:		
Administration fees	$ 677,708	$ 680,252
Commissions	2,354,194	2,235,296
Interest	29,910	22,493
	3,061,812	2,938,041
Expenses:		
Amortization	1,352	4,932
Automobile and travel	53,360	9,834
Board and executive	20,746	4,824
Computer and equipment	94,526	98,501
Insurance	100,282	105,314
Loss prevention	4,253	3,058
Office	27,133	24,369
Postage	11,173	11,131
Professional fees	23,861	103,606
Rent	43,260	43,260
Risk Pro premium credit	280,336	211,564
Salaries and benefits	1,181,808	870,450
Seminars, Promotion and Risk Pro program	100,205	94,471
Service fee	700,000	1,125,000
Staff education	7,402	5,903
Telephone	12,155	10,925
	2,661,852	2,727,142
Net income	$ 399,960	$ 210,899

1. Nature of Operations

Jubilee Insurance Agencies Ltd. ("the Company") is a non-taxable corporation, wholly-owned by the Alberta Association of Municipal Districts and Counties. The business of the Company is to provide comprehensive and affordable insurance coverage to Alberta local authorities.

2. First-time adoption of Canadian accounting standards for private enterprises

These are the Company's first financial statements prepared in accordance with Canadian accounting standards for private enterprises (ASPE). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended July 31, 2012, the comparative information for the year ended July 31, 2011, and the opening ASPE balance sheet as at August 1, 2010 (the Company's date of transition to ASPE).

The transition to ASPE has not affected the balance sheet, statements of income, retained earnings or cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

3. Accounting Policies

a) Revenue Recognition

Commission and administration fee income is recognized as revenue when an insurance policy contract is renewed or executed, and collection is reasonably assured.

Interest income is recognized as revenue when earned.

b) Property and Equipment

Property and equipment are stated at cost less accumulated amortization. In the year of acquisition, amortization is calculated at the annual rate. No amortization is taken in the year of disposal. Major renewals and betterments are capitalized; maintenance and repairs are expensed as incurred. Cost of property sold or otherwise disposed of or permanently impaired and the related accumulated amortization are removed from the accounts at the time of disposal or recognition of impairment and any gain or loss is included in income. Property and equipment are amortized over their estimated useful

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STATEMENT OF CASH FLOWS JULY 31, 2012

	2012	2011
Cash was provided by (used for) operating activities:		
Net income	$ 399,960	$ 210,899
Add items not requiring an outlay of cash		
Amortization	1,352	4,932
	401,312	215,831
Decrease (increase) in current assets		
Accounts receivable	43,253	(391,322)
Prepaid expenses		43,544
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	273,626	(80,360)
	718,191	(212,307)
Cash was provided by (used for) financing activities:		
Advances from (to) the Alberta Association of		
Municipal Districts and Counties	125,789	152,574
Advances from (to) Prairie Fuel Advisors (2008) Ltd.	5,999	8,156
Dividends paid to The Alberta Association of		
Municipal Districts and Counties	(202,617)	(181,846)
	(70,829)	(21,116)
Cash was provided by (used for) investing activities:		
Proceeds from transfer/disposal of capital assets	-	33,063
	-	33,063
Increase (decrease) in cash	647,362	(200,360)
Cash, at beginning of year	596,479	796,839
Cash, at end of year	$ 1,243,841	$ 596,479
Cash is represented by:		
Cash	$ 756,298	$ 119,737
Cash equivalents (term deposits)	487,543	476,742
	$ 1,243,841	$ 596,479

lives at the following rates and methods:

Automobile	33.3% straight line
Computer equipment	33.3% straight line
Office equipment	20.0% straight line

c) Long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from their use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in earnings for the year.

d) Income Taxes

The Company is exempt from the payment of federal and provincial income taxes under the Canadian Income Tax Act because it is a wholly-owned subsidiary of a municipal association.

e) Pension Benefits

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

f) Measurement uncertainty (use of estimates)

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

For example, amortization expense is based on management's estimates of the useful lives and residual values of the related property and equipment. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

g) Financial Instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions (refer to Note 7).

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net income. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment:
The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings.

g) Financial Instruments (continued)

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net income in the year the reversal occurs.

h) Cash Equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

4. Property and Equipment

	2012			2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automobile	$ 48,991	$ 48,991	$ -	$ -
Computer equipment	66,421	66,421	-	1,352
Office equipment	18,291	18,291	-	-
	$ 133,703	$ 133,703	$ -	$ 1,352

5.Contingent Liability

Certain portions of commission income recorded are potentially refundable to customers if an insurance policy is cancelled. At July 31, 2012 the maximum amount of commission income potentially refundable if all insurance policies were cancelled was approximately $870,249 (2011 $929,122).

6. Employee Future Benefits

The Company participates in the Local Authorities Pension Plan, a multi-employer pension plan, with other local authorities and approved bodies. The plan is a contributory defined benefit plan administered by the Local Authorities Pension Plan Corporation, which pays pension and other benefits on behalf of the employer.

Current and prior service costs, included in these financial statements, are funded by the Company and its employees at rates which are expected to provide for all benefits payable under the Plan. The rates for the Company are 1.0% higher than for the employees. Both employer and employee current and prior services paid to July 31, 2012 were $162,192 (2011 $95,904).

As the Plan is a multi-employer plan, it is not possible to determine, on an individual basis, each employer's potential unfunded liability or surplus. At December 31, 2011 the Plan had an actuarial deficit of $4.6 billion (2010 - $4.6 billion) which is expected to be eliminated within the next 15 years from employer and employee contributions and investment earnings.

7. Related Party Transactions

The majority of the customers of Jubilee Insurance Agencies Ltd. are members of the Alberta Association of Municipal Districts and Counties. The Alberta Association of Municipal Districts and Counties owns 100% of the shares of Jubilee Insurance Agencies Ltd.

During the year the Company paid $41,200 plus GST (2011 - $41,200 plus GST) in rent to the Alberta Association of Municipal Districts and Counties, and $44,000 plus GST (2011 - $44,000) for a licensing fee for the use of the enterprise business software.

During the year the Company collected insurance premiums of $47,780 (2011 - $53,610) from the Alberta Association of Municipal Districts and Counties.

The Company also purchases a variety of goods and services from third party suppliers through the co-operative operations of the Alberta Association of Municipal Districts and Counties. In addition, the Company has a payable to the Alberta Association of Municipal Districts and Counties for $196,503 (2011 $70,714), which is non-interest bearing and has no set terms of repayment.

These items were incurred in the normal course of operations and are measure at the exchange amount which equals fair value.

8. Share Capital

Issued:

600 - Class "A" Common	$600

All shares of the Company are without nominal or par value and are non-assessable.

9. Financial Instruments

The Company, as part of its operations, carries a number of financial instruments. it is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Risk management policy
The Company, as part of operations, has established a policy of closely aligning expenditures to the budget and keeping funds secure for future use as risk management objectives. In seeking to meet these objectives, the Company follows a risk management policy approved by its Board of Directors. This policy includes keeping excess funds in secure, fixed income investments as well as using strict budgets to monitor its expenditures.

Financial Statements July 31, 2012

AUDITORS' REPORT: PRAIRIE FUEL ADVISORS (2008) LTD.

To the Shareholder of Prairie Fuel Advisors (2008) Ltd.:

We have audited the accompanying financial statements of Prairie Fuel Advisors (2008) Ltd., which comprise the balance sheet as at July 31, 2012, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private entities, 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Prairie Fuel Advisors (2008) Ltd. as at July 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private entities.

Comparative information
Without modifying our opinion, we draw attention to Note 2 of the financial statements which describes that Prairie Fuel Advisors (2008) Ltd. adopted Canadian accounting standards for private enterprises on August 1, 2011 with a transition date of August 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the balance sheets as at July 31, 2011 and August 1, 2010, and the statements of income and retained earnings and cash flows for the year ended July 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it has not been audited.

September 20, 2012
Edmonton, Alberta
MNP LLP
Chartered Accountants

Financial Statements July 31, 2012

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BALANCE SHEET JULY 31, 2012

	2012	2011	August 1, 2010
ASSETS			
Current			
Cash	$ 1,111,865	$ 9,318	$ -
Accounts receivable	3,126,366	46,713	45,140
Prepaid expenses	496	6,583	5,860
	4,238,727	62,614	51,000
Property and equipment (Note 4)	3,429	7,414	32,232
Goodwill	732,687	732,688	732,688
	$ 4,974,843	$ 802,716	$ 815,920
LIABILITIES			
Current			
Bank indebtedness	$ -	$ -	$ 22,028
Accounts payable and accrued liabilities	4,398,715	25,664	34,583
Demand installment loan (Note 5)	396,455	473,468	548,027
Due to the Alberta Association of Municipal Districts and Counties (Note 8)	18,806	159,519	64,764
Due to Jubilee Insurance Agencies Ltd.	-	5,999	14,155
	4,813,976	664,650	683,557
SHAREHOLDER'S EQUITY			
Share capital (Note 6)	100	100	100
Retained earnings	160,767	137,966	132,263
	160,867	138,066	132,363
	$ 4,974,843	$ 802,716	$ 815,920

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED JULY 31, 2012

	2012	2011
Revenue:		
Commissions	$ 484,972	$ 491,702
Expenses:		
Advertising and promotion	2,594	11,976
Amortization	3,985	24,818
Computer	38,363	25,837
Consulting	-	8,000
Insurance	6,500	256
Interest and bank charges	16,283	18,767
Office	26,046	26,278
Professional fees	13,932	21,186
Rent	7,800	7,800
Salaries and benefits	332,632	313,052
Travel	14,036	28,029
	462,171	485,999
Net income	22,801	5,703
Retained earnings, beginning of period	137,966	132,263
Retained earnings, end of period	$ 160,767	$ 137,966

Financial Statements July 31, 2012

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2012

	2012	2011
Cash was provided by (used for) operating activities:		
Net income	$ 22,801	$ 5,703
Add (deduct) items not requiring		
an outlay of cash		
Amortization	3,985	24,818
	26,786	30,521
Decrease (increase) in current assets		
Accounts receivable	(3,079,653)	(1,573)
Prepaid expenses	6,087	(723)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	4,373,052	(8,919)
	1,326,272	19,306
Cash was provided by (used for) financing activities:		
Repayment of advances from (to) the Alberta		
Association of Municipal Districts and Counties	(140,713)	94,755
Repayment of advances from the Jubilee	(5,999)	(8,156)
Insurance Agencies Ltd.		
Repayments of demand installment loan	(77,013)	(74,559)
	(223,725)	12,040
Increase in cash	1,102,547	31,346
Cash (bank indebtedness), at beginning of period	9,318	(22,028)
Cash, at end of period	$ 1,111,865	$ 9,318

1. Nature of Operations

Prairie Fuel Advisors (2008) Ltd. (the “Company”) was incorporated in 2008 under the Alberta Business Corporations Act. It is a non-taxable corporation, wholly-owned by the Alberta Association of Municipal Districts and Counties.

The business of the Company is to assist municipalities, school districts and related organizations in managing their fuel costs.

2. First-time adoption of Canadian accounting standards for private enterprises

These are the Company’s first financial statements prepared in accordance with Canadian accounting standards for private enterprises (ASPE). The accounting policies in Note 3 have been applied in preparing the financial statements for the year ended July 31, 2012, the comparative information for the year ended July 31, 2011, and the opening ASPE balance sheet as at August 1, 2010 (the Company’s date of transition to ASPE).

The transition to ASPE has not affected the balance sheet, statements of income and retained earnings or cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

3. Accounting Policies

a) Revenue Recognition

Commission income is recognized as revenue when the related fuel purchase is made, and collectability is reasonably assured.

Interest income is recognized as revenue when earned.

b) Cash and cash equivalents

Cash and cash equivalents includes balances with banks and short-term investments with maturities of three months or less.

c) Property and equipment

Property and equipment are stated at cost less accumulated amortization. The policy of the Company is to calculate amortization at the annual rate in the year of acquisition. No amortization is taken in the year of disposal. Major renewals and betterments are capitalized, maintenance and repairs are expensed as incurred. Cost of property sold or otherwise disposed of or permanently impaired and the related accumulated amortization are removed from the accounts at the time of disposal or recognition of impairment and any gain or loss is included in income. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	33.3% straight line
Office equipment	20.0% straight line

d) Long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from their use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in earnings for the year.

e) Goodwill

Goodwill arising in a business combination is recognized as an asset at the date of control (acquisition date). Goodwill is measured as the excess of the cost of the acquisition over the Company's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree recognized at the date of acquisition. Goodwill is not amortized but is tested for impairment if events or changes in circumstances indicate that the asset might be impaired.

The impairment test is carried out by comparing, the carrying amount of the reporting unit with its fair value. When the carrying amount of a reporting unit, including goodwill, exceeds its fair value, an impairment loss is recognized in an amount equal to the excess. Fair value of the reporting unit is determined through discounted cash flow analysis.

f) Income Taxes

The Company is exempt from the payment of federal and provincial income taxes under the Canadian Income Tax Act because it is a wholly-owned subsidiary of a municipal association.

g) Pension Benefits

Contributions for current and past service pension benefits are recorded as expenditures in the year in which they become due.

h) Measurement uncertainty (use of estimates)

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include providing for amortization of property and equipment, collectability of accounts receivable, fair value of assets for purchase price allocations, and impairment of goodwill.

At each reporting date, the Company assesses whether there are any indicators of impairment for all non-financial assets. Other non-financial assets are tested for impairment if there are indicators that their carrying amounts may not be recoverable.

i) Financial Instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions (refer to Note 6).

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

i) Financial Instruments (continued)

Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net income. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment:
The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when no asset is individually significant. Management considers whether the issuer is having significant financial difficulty or whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net income in the year the reversal occurs.

4. Property and equipment

	2012			2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 64,164	$ 64,164	$ -	$ 555
Office equipment	17,148	13,718	3,430	6,859
	$ 81,312	$ 77,882	$ 3,430	$ 7,414

5. Demand Installment Loan

Demand bank loan payable due in monthly installments of $7,700 principal and interest at Alberta Treasury Branches' prime plus 1/2%, due June 30, 2013; secured by a general security agreement covering all present and after acquired property, and by guarantee from the parent company, Alberta Association of Municipal Districts and Counties.

The loan agreement requires certain financial covenants to be maintained. These covenants include a required working capital ratio, total debt to equity ratio, and a debt service coverage ratio. As at July 31, 2012, the Company is in violation of these covenants.

Scheduled principal repayment over the next year is as follows:

2013 $ 396,455

6. Share Capital

Issued:
100 - Class "A" Common $100

All shares of the Company are without nominal or par value and are non-assessable.

7. Financial Instruments

The Company, as part of its operations, carries a number of financial instruments. it is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Risk management policy
The Company, as part of operations, has established a policy of closely aligning expenditures to the budget and keeping funds secure for future use as risk management objectives. In seeking to meet these objectives, the Company follows a risk management policy approved by its Board of Directors. This policy includes keeping excess funds in secure, fixed income investments as well as using strict budgets to monitor its expenditures.

The demand installment loan is carried at cost which approximates fair value due to the demand feature of the loan.

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through purchasing securities with fixed interest rates and short term maturities. The Company is exposed to interest rate risk primarily relating to its demand installment loan. The demand installment loan interest fluctuates with the Alberta Treasury Branches' prime lending rate as described in Note 5.

Credit Concentration and Economic Dependence
The Company transacts with six customers including the Company's parent. Four (2011 – three) of these customers account for 99% (2011 – 99%) of revenues, and these customers account for all of accounts receivable. In addition, the Company transacts with two major fuel suppliers to provide the purchasing discount to its customers.

The Company manages this risk exposure through long-term contracts with both customers and suppliers.

8. Related Party Transactions

During the year, the Company paid $374,798 (2011 - $374,978) in fuel commissions to the Alberta Association of Municipal Districts and Counties.

During the year the Company paid $7,800 (2011 – $7,800) in rent to the Alberta Association of Municipal Districts and Counties.

In addition, the Company has a payable to the Alberta Association of Municipal Districts and Counties $18,806 (2011 - $159,519), which includes various expenses paid for on behalf of the Company, including transaction costs related to the purchase of the business in 2008. The amount is unsecured and has no specified terms of repayment.

These items were incurred in the normal course of operations and are measure at the exchange amount which equals fair value.

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