



The image shows the front cover of the AAMDC 2019 Annual Report. The background is a solid blue color. In the center, the year "2019" is written in large, white, sans-serif numerals. Below the year, the words "annual report" are written in a smaller, white, lowercase sans-serif font. In the top right corner, there is a circular logo. The logo features a stylized yellow outline of the state of Alberta. Below the outline, the text "aamdc" is written in a bold, white, lowercase sans-serif font. Underneath "aamdc", the words "trade • jubilee" are written in a smaller, white, lowercase sans-serif font, separated by a small dot. The entire logo is enclosed within a white circular border.



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## President's Message Donald W. Johnson

During the 2009-10 fiscal year, the AAMDC charted several successes that reinforced our role as rural Alberta's voice. We also underwent a number of internal changes, particularly in our business services divisions.



Our Advocacy department kept busy with a variety of issues, shared updates on its completed and ongoing studies, and began research into new studies. Our successful draft recommendations on abandoned oil and gas wells were submitted to Alberta Municipal Affairs in 2009. These requested a mandatory step be added to the development permit process requiring that ERCB identify any abandoned wells in a request submission. This draft will be considered during the fall 2010 legislative session. In late spring, we released the results of our Rural Connectivity Gap Analysis Study, including online interactive maps. We encourage members to share updated information on an ongoing basis in order to keep the maps current. The Law Enforcement Framework Review, which we have consulted on since 2009, moved forward with seven government recommendations concerning service delivery and governance that we supported. However, changes to funding will remain an issue in 2010-11. The Model Process Pilot Project (septage), begun in 2009, is nearing completion. We anticipate member training sessions to begin in 2010-11. Another ongoing project is the review of Parts 9 and 17 of the Municipal Government Act (MGA). Our Standing Issues Committee on Governance, Infrastructure and the Economy is reviewing these parts; a position should be ready in late 2010.

New initiatives for 2009-10 include the Municipal Climate Change Action Centre (MCCAC), launched jointly by the AAMDC, AUMA and Alberta Environment. The MCCAC will provide technical assistance and expertise on increasing energy efficiency and conservation, with funding from a \$2 million government grant. The Municipal Sustainability Strategy Working Group (MSSWG) jointly presented its final report to the Minister of Municipal Affairs in June. We await approval and/or amendments in fall 2010. A fall 2009 resolution requested a study investigating the rural impacts of a high-speed rail line between Edmonton and Calgary. The study, identifying the impacts and possible solutions to mitigate issues prior to the rail line being built, will be available in late 2010.

In early 2010, Trade, Jubilee Insurance and Prairie Fuel Advisors were re-branded as the Aggregated Business Services unit. Trade Manager Duane Gladden took on the role of director of Aggregated Business Services and hired two new managers: Stephen Tamayo for client relations and Trade, and Tony Wadsworth for insurance. Trade did well, with \$39.2 million in overall sales. Jubilee Insurance hosted another successful Risk Pro training program, and PFA continued to grow, increasing its overall fuel volume to 49 million litres.

As always, the AAMDC is committed to meeting our members' needs and working as their voice in government. On a personal note, I thank our members for the extraordinary experience of working as your president. It has truly been an honour to serve you these past six years. Going forward, I will look back on my tenure here as one of the highlights of my public service career.

Donald W. Johnson

A handwritten signature in black ink, appearing to read 'Donald W. Johnson', written over a light blue horizontal line.

# Executive Director's Message Gerald Rhodes



The 2009-10 global economic downturn was a challenge for all Canadians, including Albertans. As such, our member municipalities also felt the effects. On the positive side, the federal government allotted unprecedented stimulus dollars to assist municipalities with infrastructure. This funding, combined with provincial supports, meant that significant municipal infrastructure was replaced or built—a good thing for our members, who face huge infrastructure requirements. On the negative side, operational dollars and the ability for the province to consider helping more were impacted.

Organizationally, we dealt with the near disappearance of provincial grants available to undertake research and projects on your behalf. This meant prioritizing our efforts, with advocacy staff finding new, creative ways of undertaking such projects. Advocacy Director Kim Heyman and her staff were busy working on issues and keeping the membership informed.

On the business side, the pressure was on for our services to provide more value for the dollar. To this end, we restructured: reviewing our service platform, reorganizing and staffing accordingly. Our new Director of Aggregated Business Services (ABS), Duane Gladden, was promoted from Manager of Trade. Expect to see more ABS staff in your municipality as we implement a new client-based service model. This has been the biggest change to our organization this year, and we look forward to seeing improved efficiencies and responsiveness to member needs.

To support all of our departments, our internal Finance department was restructured into Corporate Services. Several initiatives—changing accounting processes and improving cash flow, upgrading information technology and software, and changing roles—streamlined support operations. We also welcomed new Director of Corporate Services Janet Tomalty.

In an effort to increase efficiency and speak with a common voice, we stepped up our joint efforts with the Alberta Urban Municipalities Association (AUMA). Together, we have delivered the Alberta Municipal Compensation Survey, agreed to joint ownership of electronic voting equipment, and continued to deliver the Elected Officials Education Program (EOEP). In Advocacy, we are working towards helping communities with municipal sustainability and viability, lobbying for joint and several liability reform, and pursuing a planning degree in Alberta, just to name a few. Expect more developments as we continue to work together to serve Alberta's urban and rural municipalities.

Lastly, 2009-10 was noteworthy on the board governance side. Other than a few minor changes in the past several years, we have worked mostly with the same group under President Don Johnson. As some board members retire, including President Johnson, we look forward to the new team that will serve members in 2010-11. Thank you to the current board for its great work.

The following report offers a glimpse of AAMDC operations for 2009-10, with senior management and staff providing great updates. We look forward to a year of new opportunities.

Gerald Rhodes, MBA, CLGM

A handwritten signature in dark ink that reads "Gerald Rhodes". The signature is fluid and cursive, with the first name being more prominent.



# Mission, Vision and Values

## MISSION STATEMENT

Through the provision of advocacy, trade and insurance services, the AAMDC will assist rural municipalities in achieving strong and effective local government.

## VISION STATEMENT

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 challenging needs of its membership.

## VALUES

**Member-directed:** The work of the AAMDC reflects the interests and priorities of its members.

**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. It provides members with innovative, value-added services.

**Informed:** The AAMDC aims to be aware of and involved in issues that impact its members.

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

## Membership

The AAMDC's membership includes all of the province's rural municipalities: 65 incorporated municipal districts and counties, four incorporated Specialized Municipalities and the Special Areas Board. The AAMDC has also granted Associate Membership status to some 811 other local authorities, including cities, towns and villages, and other local authorities, such as school divisions and health authorities. Associate members may access the services offered through the AAMDC's Aggregated Business Services divisions, including Trade, Jubilee Insurance and Prairie Fuel Advisors. These associate members are not formally represented by the AAMDC and do not participate in its governance.





# Objectives

## **OBJECTIVE 1**

Maintain an organizational structure that is flexible and adaptable to the interests and priorities of members.

## **STRATEGIES**

- Continually review and adapt the AAMDC structure to meet the changing interests and priorities of members.
- Develop and implement processes to effectively determine the interests and priorities of the membership.
- Develop effective recruitment, retention and training strategies to further the internal expertise needed to support the needs of members.
- Provide board members with timely support and learning opportunities to assist in meeting the needs of members.

## **OBJECTIVE 2**

Provide timely, concise and relevant information to support the decision-making and effective operations of AAMDC members.

## **STRATEGIES**

- Facilitate the sharing of information between members both directly and through the association.
- Facilitate members in using different technologies to enhance communication among members and with the association.
- Provide and identify quality learning opportunities for members.
- Work with the Alberta Rural Municipal Administrators' Association to enhance communication with municipal staff.

## **OBJECTIVE 3**

Advocate the interests and priorities of rural municipalities to other orders of government—provincial and federal.

## **STRATEGIES**

- Establish partnerships outside of the AAMDC membership where support for rural interests and priorities can be gained.
- Determine advocacy priorities for provincial and federal officials.
- Work with the provincial and federal governments to provide an overall rural perspective on key issues and priorities as they develop policy.



## **OBJECTIVE 4**

Promote a broader understanding and awareness of rural interests and priorities within the membership, other forms of local government, industry, and the general public.

## **STRATEGIES**

- Provide tools to members to support their development and tracking of resolutions.
- Develop tools and best practices to assist members in communicating their issues and priorities within the membership as well as to their citizens.
- Provide an overall rural perspective on key issues.
- Work to broaden the awareness of rural interests and priorities among urban municipal governments and Aboriginal communities.
- Represent rural interests and priorities to industry and utility organizations impacting rural Alberta.
- Represent rural interests and priorities before regulatory bodies, including, but not limited to, the areas of telecommunications, transportation, utilities and natural resources.

## **OBJECTIVE 5**

Through the AAMDC Trade Division provide enhanced buying power of goods, and services to members.

## **STRATEGIES**

- Provide service offerings that meet the needs of the membership.
- Increase awareness of trade services to existing and potential members.
- Build and maintain effective relationships with suppliers.
- Investigate the establishment of new offerings and strategic partnerships to benefit members.

## **OBJECTIVE 6**

Through Jubilee Insurance Agencies Ltd., provide comprehensive and stable insurance services to members.

## **STRATEGIES**

- Work to improve the efficiency of administrative and cost management.
- Increase the awareness of the risk management program.
- Provide knowledgeable and timely service to members.

# Board of Directors

## **PRESIDENT—DONALD W. JOHNSON**



Elected as AAMDC president in November 2004, Don Johnson has been a councillor with the Municipal District of Taber since 1995. He has farmed near Barnwell, Alberta, since 1989. Don advocates for rural municipalities in his role as board president. He sits on numerous committees, including the National Board of Directors of the Federation of Canadian Municipalities (FCM) and the FCM Rural Forum, which he has chaired since 2006. As Director of Development for Mount Royal College in Calgary, he was a key liaison between the college, the Province and the business community. Don graduated from the University of Lethbridge with a Bachelor of Arts and Sciences degree in geography, resource development and planning in 1972.

In his role as municipal councillor, Don is chairman of the Taber and District Regional Waste Management Authority and the Town and MD of Taber Fringe Area Committee. He is also vice-chair of the Municipal Planning Commission. He is past president of the Family and Community Support Services Association of Alberta (FCSSAA). As co-chair of the FCSS Redesign Committee, Don played a key role in developing the 1997 legislation that governs the FCSS program.

### **COMMITTEES**

- Agricultural Operation Practices Act (AOPA)
- Alberta Law Enforcement Response Teams Ltd. (ALERT)
- Federation of Canadian Municipalities (FCM)—National Board of Directors
- Great West Life Councillor Pension Plan—Board of Trustees
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Minister's Advisory Committee on Health (MACH)
- Prairie Association of Rural Municipalities (PARM)
- Strategic Transportation Advisory Committee (STAC)

## **VICE PRESIDENT—GERALD SOROKA**



Gerald Soroka was elected vice president of the AAMDC at the 2008 Centennial Convention. He was first elected as a Yellowhead County councillor in 2004, and has served as mayor since 2007. During his time on council, Gerald has been involved in numerous committees: the Agricultural Service Board, Pembina Agricultural Recreation Society, Capital Health Municipal Advisory Council, Yellowhead Regional Communications Committee and the County Assessment Review Board, among others.

Gerald's background includes representation on many boards, including president of the West Central Forage Association, vice president of the Evansburg/Entwistle Chamber of Commerce and president of the Slovanic Cemetery Company. He has lived in Yellowhead County all his life, where he farms grain with his brother.



## COMMITTEES

- Alberta Communities Crime Prevention (ACCP) Grant Program
- AUMA-AAMDC Strategic Alliance—Operating Committee
- Government/Industry Joint Geophysical Steering Committee
- Great West Life Councillor Pension Plan Board of Trustees
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Prairie Association of Rural Municipalities (PARM)
- Agriculture Services Board (ASB)
- Welcoming and Inclusive Communities (WIC) Consultation Group

## DISTRICT 1 DIRECTOR—ROBERT (BOB) JONES



Bob Jones was first elected to municipal council in 1992 and served as Agriculture Service chairman, deputy reeve and reeve of the County of Warner. He was elected as Director of District 1—Foothills-Little Bow in November 2007.

Bob has served on the local hospital board, school board, FCSS and Chamber of Commerce. He is still an active volunteer firefighter, with 41 years of service.

Bob has farmed for most of his life, and has been in both the fertilizer and chemical industries. He and his wife have a daughter a son.

## COMMITTEES

- AAMDC Standing Issues Committee (SIC) on Infrastructure, Resources & Environment
- Alberta Fire Chiefs Task Force on Retention & Recruitment
- CASA Electricity Framework Review (EFR)
- Drought Advisory Group (DAG)
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Municipal Excellence Review Committee & Awards
- NAIT Emergency Management Program Advisory Committee

## DISTRICT 2 DIRECTOR—DWIGHT OLIVER



Dwight Oliver was elected to the AAMDC Board in November 2008, representing District 2—Central. He is a councillor for Clearwater County and has acted as chairman of the Counties Subdivision and Development Appeal Board and Caroline Ambulance Society. He acts as deputy chair of the Rocky Rural Electrification Association and is a member of the management board for the Central Alberta Economic Partnership.

Dwight has over 30 years experience on a variety of community boards and volunteer associations. He was chair of a private school board and a member of the Sundre RCMP Community Advisory Committee. He is a lifetime farmer.

## COMMITTEES

- AAMDC R.W. Hay Award Evaluation Committee
- Alberta Game Management Advisory Group (AGMAG)
- AUMA-AAMDC Strategic Alliance—Operating Committee
- Alberta Municipal Health and Safety Association (AMHSA) Board
- Alberta Water Council (AWC)
- AWC—Non-point Source Pollution Working Group
- AWC—Partnership Strategy Working Group
- Coalbed Methane Multi-Stakeholder Advisory Committee
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Municipal Excellence Review Committee & awards
- Resource Roads Application Committee
- Rural Integrated Community Clerkship (ICC) Stakeholders Committee
- Spatial Data Warehouse
- TRAVIS—Fees Committee
- TRAVIS—Standards & Conditions Committee

## DISTRICT 3 DIRECTOR—JOHN WHALEY



John Whaley was elected as director of District 3—Pembina, in November 2007. He is serving his fourth term as a Leduc County Councillor. He also served three consecutive terms as Reeve of Leduc County, from 2004 to 2007.

John is an agricultural producer and is actively involved with a variety of community organizations, such as the Nisku-Leduc Rotary Club and 4-H clubs. He was born in England, where he had a mixed farming operation for over 20 years. He moved to Canada in 1990, and now resides in Leduc County, east of Calmar, with his wife and two daughters.

## COMMITTEES

- AAMDC Standing Issues Committee on Governance, Finance & Economy
- Agricultural Operation Practices Act (AOPA)
- Alberta Safety Codes (ASC)—Coordinating Committee
- ASC—Technical Coordinating Committee
- AUMA Task Force on Assessment
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Local Authorities Pension Plan (LAPP)
- Septage & Onsite Wastewater Initiatives Strategic Advisory Committee

## DISTRICT 4 DIRECTOR—TOM BURTON



Tom Burton was elected as director for District 4—Northern, at the November 2008 Centennial Convention. Since then, Tom has been active on many committees, including the AAMDC Standing Issues Committee on Social Services, Forest Protection Advisory Committee, Fire Services Advisory Committee and Endangered Species Conservation.

Tom was first elected to the MD of Greenview council 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. He has been a registered EMR since 2001 and a director of the Grande Prairie Rural Crime Watch since 1993.

Tom has lived in the DeBolt area since 1976. He and his wife have two grown children.

## COMMITTEES

- AAMDC SIC on Social, Policy & Services
- Alberta Rural Utilities Association (ARUA)
- Clean Air Strategic Alliance (CASA) Board
- Endangered Species Conservation Committee (ESCC)
- Fire Services Advisory Committee (FSAC)
- Firesmart-Partners in Protection
- Foreign Animal Disease Emergency Support (FADES)
- Forest Protection Advisory Committee
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Justice Policy Advisory Committee (JPAC)
- Used Oil Management Association (UOMA)

## DISTRICT 5 DIRECTOR—BOB BARSS



Bob Barss is the director for District 5—East. He represents the AAMDC on the AEUB Advisory Committee, AEUB Alternate Dispute Resolutions Committee and the Alberta Utilities Commission Act Advisory Committee. He served two years on the Alberta Water Council from 2004 to 2006.

Bob is Councillor for Division 7 and Reeve of the MD of Wainwright. He was first elected as councillor in 1995. Bob became reeve in 1997.

Bob has sat on the following boards and committees for the MD of Wainwright: Insurance, Bylaws, Agreements and Regulations, Inter-municipal Development Committee, MD Safety Committee, Municipal Property Committee, Policy Committee and Public Relations to Camp Wainwright. Before being elected to council, Bob worked in the oil industry.

Bob was born and raised in the Irma area and has lived there his entire life. He and his wife have two daughters and operate a mixed farm.

## COMMITTEES

- AAMDC Resolutions Committee Chair
- Agri-Environmental Partnership (AEP) Board
- Alberta Energy & Utilities Board (AEUB) Appropriate Dispute Resolutions
- AEUB Advisory Committee
- AEUB Fracing of Shallow Gas or Coalbed methane Wells
- Alberta Environmental Farm Plan
- Alberta Game Management Advisory Group
- Alberta Recycling Management Authority (ARMA)
- Alberta Utilities Commission Act Stakeholder Advisory Committee (UAC-SAC)
- Clean Air Strategic Alliance (CASA) Flaring & Venting (FVPT)
- Drought Advisory Board
- Jubilee Reciprocal Insurance Exchange (JRIE), Genesis Reciprocal (GRIE), Jubilee Insurance Agency Board
- Land Agent Advisory Committee
- Local Authorities Pension Plan (LAPP) Stakeholder Consultation Group
- Transmission Facility Cost Monitoring Committee



# AAMDC Staff

## Executive

Gerald Rhodes, Executive Director  
Susan Valentine, Executive Administrative Coordinator

## Corporate Services

Janet Tomalty, Director of Corporate Services  
Debbie Miskiw, Manager of Human Resources & Facilities  
Julie Thibeault, Financial Analyst  
Barb Brazel, Accounts Payable  
Leona Munro, Accounts Receivable  
Loreto Nuñez, Receptionist

## Advocacy and Communications

Kim Heyman, Director of Advocacy & Communications  
Tasha Blumenthal, Advocacy & Convention  
Administrative Coordinator  
Candice Van Beers, Administrative & Convention  
Administrative Coordinator  
Kelly FitzGibbon, Communications & Web Coordinator  
Stephanie Betts, Policy Analyst  
Michelle Hay, Policy Analyst  
Kate Hovland, Policy Analyst

## Aggregated Business Services

Duane Gladden, Director of Aggregated Business Services  
Stephen Tamayo, Manager of Client Relations & Trade  
Kaala Johnson, Aggregated Business Services  
Administrative Coordinator

## Jubilee Insurance Agencies

Tony Wadsworth, Manager of Insurance  
Linda Simmons, Risk Management Advisor  
Lindsay Mickanuck, Risk Management Advisor  
Debbie Depeel, Senior Client Services Representative  
Christina Caskey, Client Services Representative  
Shenaz Manji, Client Services Representative  
Holly Neill, Client Services Representative

## Prairie Fuel Advisors

Lorraine Boake, Fuel Program Administrator  
& Operations Manager  
Randi Khatra, Invoicing & Member Services  
Jamie Nolan, Invoicing & Member Services

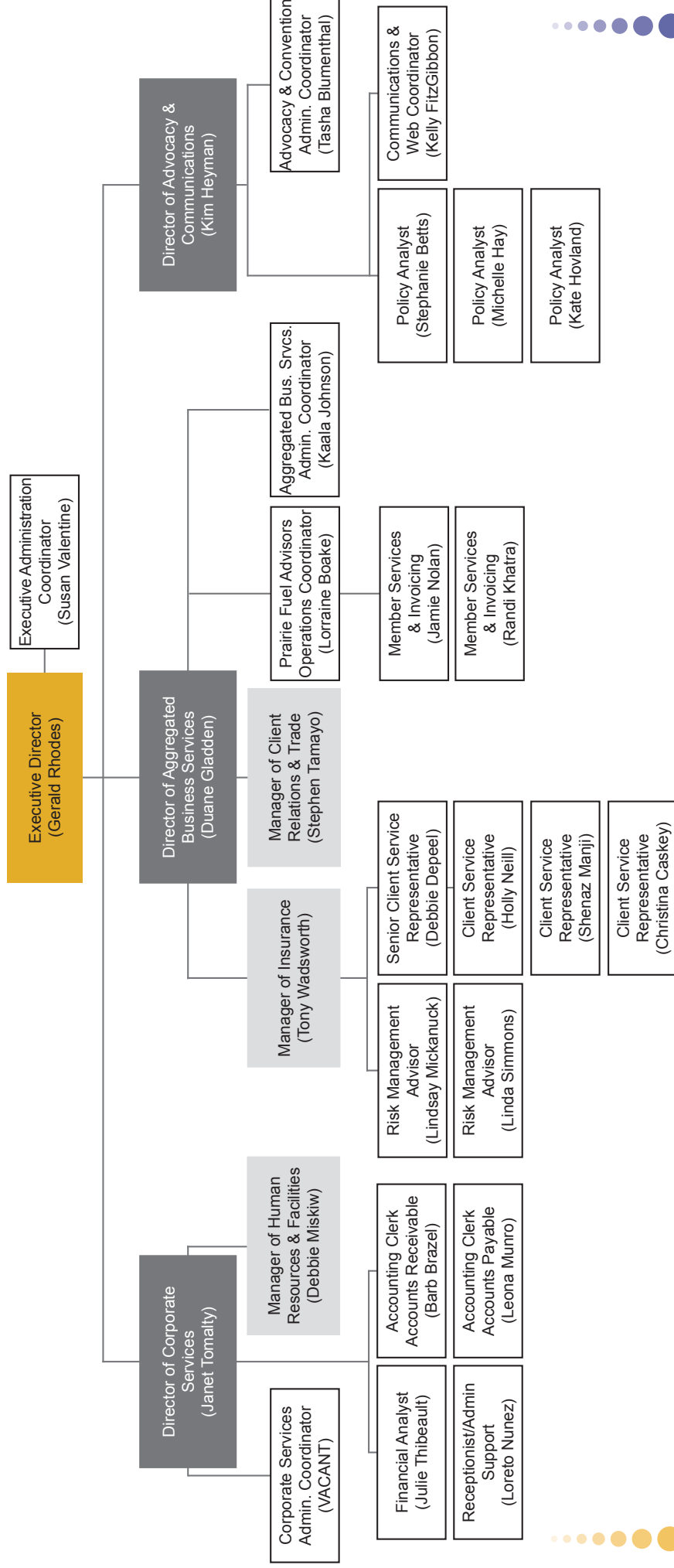


## We said goodbye to the following staff in 2009-10:

David Clarke, Lidia Cronin, Pamela Graham, Frank Johnson, Shari LaPerle, Peter Pellat, Julie Sorensen

# AAMDC Organizational Chart

## AAMDC Board of Directors (Jubilee Insurance Agencies Board) (Prairie Fuel Advisors (2008) Ltd. Board)





# Advocacy Update



With less legislation going through in 2009-10, Advocacy was able to focus on issues raised by the membership and Board.

Your Board of Directors authorized the Standing Issues Committee (SIC) on Governance, Infrastructure and the Economy to develop recommendations on changes to the *Municipal Government Act*. These recommendations, gleaned from relevant member resolutions and a member survey, will be used when developing the Board's position for Municipal Affairs.

The Law Enforcement Framework was tasked to the SIC on Social Services. In the spring, the AAMDC supported seven recommendations put forward by the Solicitor General's office concerning service delivery and governance. However, funding changes remain an issue into 2010-11. With members accepting Resolution 12-09F, the SIC on Resources and the Environment was assembled to examine the impact of a proposed high-speed rail line. CPCS Transcom Ltd. completed the study, which was presented at the October 2010 board meeting.

Advocacy also kept busy with the Municipal Sustainability Strategy Working Group (MSSWG). In late 2009, then-Minister of Municipal Affairs Ray Danyluk assembled the group to develop recommendations and a toolkit, which we look forward to presenting in the coming months.

We successfully concluded work on our Rural Connectivity Gap Analysis that provided interactive maps displaying the ability to access broadband in all corners of Alberta. The maps are available on the AAMDC website, and we hope to keep them current with member updates.

Our involvement in the Alberta Water Council continued through the Board's ongoing support of the Water for Life Strategy. Another project underway since early 2009, the Model Process Pilot Project, is nearing completion. Training sessions on the revised process will be available in 2010-11.

New in 2010 is the Municipal Climate Change Action Centre (MCCAC), created with the AUMA and Alberta Environment. The MCCAC will provide technical assistance and expertise on increasing energy-efficiency and improving community-wide conservation.

Advocacy continues to be member-directed through the resolution process, updated bi-annually in the *Advocacy Report Card*. We successfully advocated on a number of resolutions that can be found on the following pages or on our resolutions tool online.

Advocacy anticipates an exciting and challenging year ahead. We look forward to any comments and direction our members may have. See you at convention!

Kim Heyman  
Director of Advocacy and Communication





# Advocacy Major Initiatives

The AAMDC strives to remain flexible and adaptive to the ever-changing interests and priorities of its members. To that end, the AAMDC endeavours to be aware of and involved in issues impacting members. As issues and projects emerge, the Board of Directors determines how best to engage in the process. Drawing on various effective, long-standing and collaborative relationships, we undertook the following major advocacy initiatives in 2009-10:

## ALBERTA WATER COUNCIL (AWC)

The provincial Water for Life Strategy contains a key goal of ensuring a safe and secure water supply for Albertans. The AAMDC has supported the Water for Life Strategy as a positive step for sustainable domestic and agricultural water consumption. A safe and reliable water supply is essential to the sustainability of rural communities and economies. In support of the Water for Life goals, the AAMDC continues its involvement in the AWC. Involvement includes the appointment of board representatives to the AWC itself, and AAMDC representation on other project-specific teams, including:

- Moving from Words to Actions
- Non-Point Source Pollution
- Provincial Ecological Aquatic Criteria for Health
- Water Allocation Transfer System
- Water Conservation, Efficiency and Productivity

## HIGH-SPEED RAIL IMPACT STUDY

At the Fall 2009 Convention, Resolution 12-09F was passed requesting a study to investigate the rural impacts of a high-speed rail line between Edmonton and Calgary. By July 2010, the study was well underway, identifying the range of impacts and possible solutions to mitigate issues prior to the rail line being built. The final report should be available during the fall of 2010.


## LAW ENFORCEMENT FRAMEWORK

The Law Enforcement Framework Review moved forward in the spring/summer of 2010, though the AAMDC had been consulted on the subject since early 2009. In the spring, we supported seven recommendations put forward by the Solicitor General's department concerning service delivery and governance. However, changes to funding remain an outstanding issue. The membership clearly stated in a consultation that paying for policing was not a supported course of action. The AAMDC continues to communicate this message.

Draft funding formulas were presented to the Board of Directors and the SIC on Social Services. None of the five formulas presented were supported wholly as viable options for the membership. The association expects this to be a continuing issue into 2010-11.

## MODEL PROCESS

The Model Process Pilot Project has been underway since early 2009. The project is testing the Model Process Reference Document (2004) in three member municipalities to ensure it is applicable and relevant to municipal operations. This reference document assists municipalities in evaluating the suitability of sites for onsite septic during the subdivision and development



application process. The pilot project is nearing completion. Member municipalities can expect to receive an invitation to training sessions on the revised Model Process in late 2010 or early 2011.

### **MUNICIPAL CLIMATE CHANGE ACTION CENTRE (MCCAC)**

In February 2010, the AAMDC, AUMA and Alberta Environment announced the establishment of a Municipal Climate Change Action Centre. The MCCAC will provide technical assistance and expertise to municipalities on actions to increase the energy efficiency of operations and improve community-wide conservation. It will be established with the help of a \$2 million grant from the Government of Alberta. The MCCAC is an attempt to address the concerns outlined by AAMDC municipalities in the 2009 environmental scan report.

In announcing the MCCAC, the AAMDC acknowledges those Albertans who do not believe that climate change is a man-made phenomenon. While the degree of man's impact on the environment is debated, the MCCAC will still be helpful to municipalities. The centre is about managing risks, improving air quality, reducing pollution and becoming more energy efficient. These are goals that every municipality can work towards in good conscience. MCCAC updates will be distributed to members as they become available.

### **MUNICIPAL GOVERNMENT ACT (MGA) REVIEW**

The Board called together the SIC on Governance, Infrastructure and the Economy to review two parts of the Municipal Government Act (MGA). These are Part 9: Assessment and Part 17: Planning and Development.

This review is intended to provide the AAMDC with a proactive position that can be put forward when the government opens these parts for review. Parts 9 and 17 were given the least attention when the current MGA was completed in 1995. As such, the AAMDC expects them to be reviewed prior to the rest of the legislation. As the review concludes in the later half of 2010, the AAMDC will have recommendations for MGA amendments to forward to the Province.

### **MUNICIPAL SUSTAINABILITY STRATEGY WORKING GROUP (MSSWG)**

The first meeting of the Municipal Sustainability Strategy Working Group was held on January 8, 2010. This working group comprises representatives from Alberta Municipal Affairs, AAMDC, AUMA, Alberta Summer Villages Association, LGAA and ARMAA. The four questions for the working group's consideration were:

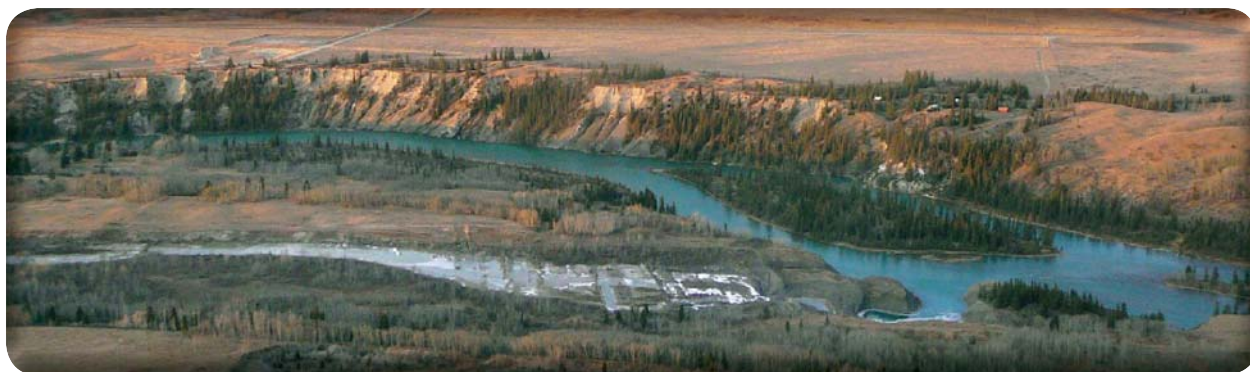
- What constitutes a viable and sustainable municipality and how can it be measured?
- What basic services should a municipality provide?
- What capacity building tools are required?
- What restructuring processes should be used?

It is anticipated that the outcomes of the MSSWG will be positive, as it will provide a more comprehensive approach to municipal sustainability. The AAMDC has been an active contributor, ensuring rural municipal interests are considered in the new process while respecting the needs of urban municipal interests.

In June, the AAMDC and AUMA jointly presented the Minister of Municipal Affairs with the MSSWG's final report. The report was well-received, and the MSSWG members continue to work with the department to move the suggested changes forward. The association will continue to update member municipalities as the project progresses.

## RURAL CONNECTIVITY

The AAMDC concluded work on the Rural Connectivity Gap Analysis over the past year. This analysis provided the membership with interactive maps that display the ability to access broadband in all corners of the province. The association encourages members to use these maps as a starting off point for any initiatives to increase rural connectivity in their areas. However, the maps should not be used as the sole source of information on which to base policy decisions. They are a snapshot in time of the data collected, and the AAMDC looks forward to updating the information on an ongoing basis. The maps are available for member viewing on the AAMDC website and are broken down by county.



## Successful Resolution Advocacy

### RESOLUTION

### SUCCESSFUL OUTCOME

#### **15-07F: Elimination of Liability for Firefighting Operations**

Bill 49 made several amendments to the *Municipal Government Act*, as advised by this resolution. These include the definition of fire department, firefighter and eliminating liability when acting in good faith.

#### **ER3-07F: Regional Cooperation and Municipal Autonomy**

The Capital Region Board put forward a growth plan accepted by the Province after a cross-ministry review of the contents. The process used to develop the four principal components of the plan—transit, land use, affordable housing and GIS—achieved the principles set out in this resolution. Rather than becoming an extra approval entity for municipalities, it was a collaborative joint planning initiative for the future.



## RESOLUTION

## SUCCESSFUL OUTCOME

### **10-08F: AAMDC Involvement in Member Legal Matters**

Through the implementation of the AAMDC's Policy for Involvement in Member Legal Matters, the court case was supported by the AAMDC and its members. Though the outcome was unfavorable, resulting in reduced control over where companies must register buried facilities, the AAMDC arranged for the financial support of Wheatland County's appeal. All member municipalities were called upon to support this effort and responded with their portion of the financial contribution. The AAMDC also acknowledges the large support of the FCM and a coalition established to support this case.

### **15-08F: Fuel Tax Rebate**

Inspired by this resolution, Alberta Finance and Enterprise developed a simplified process for municipalities claiming clear fuel for off-road vehicle use. The process is now in place, and the AAMDC is content with a less burdensome process for municipalities to receive their rebate.

### **12-08F: Review of Off-Highway Vehicle Enforcement on Public Lands**

The Solicitor General indicated that, as long as the statutes and locations are in accordance with peace officer appointments, there is no reason a peace officer would be unable to enforce provincial statutes on crown land.

### **11-09S: Elected Officials Education Program**

To increase the accessibility of courses as requested in this resolution, the EOEP commissioned the development of an online e-learning module.

### **12-09S: Member Involvement in Advocacy**

Beginning in 2009, municipalities sponsoring active resolutions were copied on correspondence related to their resolutions. Further, the AAMDC initiated a resolutions news component to the website to provide more real-time updates.

### **12-09F: Provincial High-speed Rail**

The Standing Issues Committee on Resources and Environment spent summer 2010 working with a consultant developing a study of the rural impacts of high-speed rail. The final report is scheduled to be delivered in fall 2010.

### **ER1-09F: Small Schools by Necessity Grant**

The Small Schools by Necessity Grant has been preserved.





# Advocacy Consultations

The AAMDC's history of supporting all its members, large and small, has bolstered its already strong relationship with the Government of Alberta. As a result, it continues to positively influence policy decisions through government-led consultation processes. In 2009-10, the AAMDC played a role in the following consultations. For more detailed information, consult our member bulletin archive online or contact advocacy staff.

## **AGRICULTURAL SAFETY AND HEALTH ORGANIZATION**

In follow up to the OH&S on Farms and Ranches consultation, the AAMDC was asked for input on a proposed agricultural safety and health organization. Based on a member survey over the summer of 2010, the association submitted a position to Alberta Agriculture and Rural Development. A bulletin summarizing this input was released in September 2010.

## **AGRICULTURAL SOCIETIES REVIEW**

After a request from Alberta Agriculture and Rural Development in September 2009, the AAMDC asked members to suggest improvements or changes to agricultural societies directly to the ministry.

## **ALBERTA HEALTH ACT**

More than 100 organizations, groups and stakeholders were asked to share their views on a new Alberta Health Act. This included the following four areas: principles, patient charter, legislation and consultation. In May 2010, the AAMDC distributed a member survey on the issue and, in June, provided a written submission to Alberta Health and Wellness.

## **COMMERCIAL VEHICLE DIMENSION AND WEIGHT REGULATIONS**

Alberta Transportation was investigating making changes to the Commercial Vehicle Dimension and Weight Regulations in November 2009. The AAMDC facilitated direct member input to the ministry.

## **COMMUNITY AGGREGATE PAYMENT LEVY REGULATION**

In spring 2010, the AAMDC was engaged by Alberta Municipal Affairs to review the Community Aggregate Payment Levy Regulation. A member survey informed the association's feedback on this resolution, summarized in a June 2010 member bulletin.

## **CRTC BASIC TELEPHONE SERVICE REVIEW**

The CRTC began the process of reviewing standards for the three policies that serve as the foundation of telephone service for all Canadians. Responses to a 2009 AAMDC-conducted survey, as well as past resolutions, were used to form the association's CRTC submissions.

## **DUST SUPPRESSION**

Alberta Environment requested the AAMDC's assistance in gathering information related to rural municipal use of dust suppressants in September 2009. Members were asked to respond directly to Alberta Environment.



## **ELECTORAL BOUNDARIES**

In 2009, the Electoral Boundary Review Commission began work on adding four new constituencies to Alberta's electoral map. The AAMDC consulted with members and brought forward a position.

## **LAW ENFORCEMENT FRAMEWORK**

In May 2010, the AAMDC surveyed members regarding changes to the funding structure for rural policing. These responses were sent to the government and continue to be used by the association while working on this issue. As well, the Board has used the SIC on Social Services to provide feedback throughout the process.

## **MANDATORY HELMET USE FOR OFF-HIGHWAY VEHICLES**

In May 2010, the AAMDC facilitated direct member input to Alberta Transportation regarding proposed mandatory helmet use for drivers and riders of off-highway vehicles (OHVs) when operated on public lands throughout the province.

## **MLA CASINO REVIEW**

In November 2009, the Government of Alberta began examining changes to the casino fundraising model. The AAMDC submitted a position in support of rural charitable organizations.

## **MUNICIPAL CLIMATE CHANGE ACTION CENTRE**

The AAMDC asked member CAOs to complete a short survey on their interest and knowledge related to energy efficiency and renewable energy. This survey was distributed in July 2010.

## **MUNICIPAL GOVERNMENT ACT**

In late 2009 and early 2010, members were asked to submit potential changes to Parts 9 and 17 of the MGA—Assessment, and Planning and Development. This input was brought forward to the SIC on Governance, Infrastructure and Economy, which developed recommendations for the government over the rest of 2010.

## **MUNICIPAL SAFETY PEER AUDITS**

In February 2010, Alberta Municipal Health and Safety Association (AMSHA) requested member feedback regarding changes to the peer audit system used for municipal health and safety. Feedback from members was submitted through the Board representative on AMHSA.

## **NAVIGABLE WATERS REPAIR AND MAINTENANCE OF BRIDGES AND CULVERTS**

The AAMDC was asked to comment on a draft policy put forward by Transport Canada in June 2010. Member comments were developed into a position and submitted to aid in the development of the policy.

## **OCCUPATIONAL HEALTH AND SAFETY (OH&S) ON FARMS AND RANCHES**

In 2009, Alberta Agriculture and Rural Development consulted with the AAMDC on occupational health and safety requirements on farms and ranches. A member survey assisted in formulating the AAMDC's position.

## PIT RECLAMATION SECURITY & ENVIRONMENTAL ASSESSMENTS

In July 2010, the AAMDC distributed a call for input regarding the potential duplication of reclamation security and environmental assessments for some pit operators on private lands. This call was the result of a committee struck between the AAMDC, Alberta Environment and the Alberta Sand and Gravel Association to address these issues. The committee continues its work.

## PROPOSED LEGISLATIVE FRAMEWORK FOR IN SITU COAL DEVELOPMENT

The AAMDC submitted a letter to the ERCB in November 2009 outlining concerns with the proposed legislative framework for in situ coal developments in Alberta. The position submitted is summarized in a member bulletin.

## RAIL FREIGHT SERVICE REVIEW

Transport Canada began a rail freight service review process in early 2010 regarding nation-wide rail service. Members were asked to submit issues affecting their community. This, along with comments from Alberta Transportation, was used to develop the final submission.

## REGULATORY ENHANCEMENT PROJECT

AAMDC staff were involved in the Regulatory Enhancement Project (REP) consultations in 2010. This project is intended to provide recommendations for a renewed and integrated policy assurance system for energy regulations. The AAMDC had representation at several consultation sessions, and distributed a survey to members in June.

## RURAL SCHOOL AND PLAYGROUND SIGNAGE REVIEW

Alberta Transportation consulted with the AAMDC membership in late 2009 to determine new best practices for rural school and playground zone signage. Municipalities were asked to respond directly to the ministry.

## STRATEGIC PLAN

In July 2010, the AAMDC distributed a member bulletin requesting feedback on the draft strategic plan that had been developed over several months.





# Advocacy Services and Supports

The AAMDC continues to support members through the provision of innovative, value-added services and supports. The following outlines the 2009-10 efforts in this area:

## AAMDC SCHOLARSHIP PROGRAM

The AAMDC awarded five \$1,000 scholarships to offset costs associated with higher education for outstanding students in rural communities. Due to an expansion of eligibility criteria for the 2009 scholarship program, there was a 90 per cent increase in the number of applications from 2008.

## ALBERTA MUNICIPAL COMPENSATION SURVEY

The AAMDC, in conjunction with the AUMA, delivered its annual survey to benchmark compensation across municipalities in order to assist with recruitment and retention strategies. The survey was conducted in June and July 2009, with results made available to participants in September. Customized reports were distributed throughout October and November 2009. The 2010 survey began in the summer.

## ALTERNATIVE DISPUTE RESOLUTION

The AAMDC assisted Municipal Affairs through a committee to establish and offer mediation services for municipalities. Further, the AAMDC continued to handle the receipt of funds and payment of bills related to the “Let’s Resolve” courses.

## ELECTED OFFICIALS EDUCATION PROGRAM (EOEP)

As the third year of the EOEP concludes, this joint effort between the AAMDC and AUMA benefited from renewed communications, marketing and delivery planning. An online e-learning module was initiated to increase accessibility.

## MUNICIPAL CAREER AWARENESS

The AAMDC furthered the recommendations outlined in *Workable Solutions: A Labour Force Strategy for Rural Municipalities* through participation in a multi-stakeholder committee. This committee’s intention is to develop a Municipal Careers Awareness Toolkit.

## 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. A preliminary program review was initiated to establish objectives and funding for the next year of delivery. The AAMDC continues to manage the grant funds for this program on behalf of the partnering organizations.

## R. W. HAY AWARD

In 2009, eight nominations were received for this award, which recognizes outstanding administrators in rural communities. The AAMDC was pleased to recognize the contributions of 2009’s winner, Duane Coleman of Lac La Biche County.



# Communications

The AAMDC had an active year in communications, making improvements to established newsletters and magazines, and expanding our online presence.

- Advocacy distributed 50 issues of **Contact!**



- Two issues of **Rural Routes** came out: Winter 2010 took a look at water issues throughout Alberta. The Summer 2010 issue covered elections, with great information for councillors and candidates alike. The magazine also got a facelift, with a new layout inside and out.

- The Aggregated Business Services divisions—Trade, Jubilee, PFA—merged communications into the monthly **Advantage** newsletter.



- Aggregated Business Services updated its brochures with a clean new look.



- In order to provide better event coverage, the AAMDC established a **Flickr** page to post the hundreds of images taken at convention, the spring trade show and Aggregated Business Services Golf Tournament.



- There were two **Advocacy Report Cards**, one in spring and one in fall 2010
- Advocacy wrote and distributed 147 **Member Bulletins!**
- In conjunction with the Saskatchewan and Manitoba municipal associations, the AAMDC submitted three articles to the **Western Producer** to increase the general awareness of issues affecting municipalities across the prairies.

- In time for the Fall 2009 Convention, the AAMDC started its own Twitter page ([twitter.com/aamdc](http://twitter.com/aamdc))



- in order to provide live updates from the convention and ministerial forum. Since then, Twitter has allowed the AAMDC to distribute its newsletters, publish news releases and comment on current events in an instant.

- After several years, **aamdc.com** was ready for a facelift. A request for proposals for redesign was distributed in June. The intended launch of the renovated site is fall 2010.



# Events

## FALL 2009 CONVENTION

- Clik-a-pads were introduced to the resolutions voting process, increasing accuracy and decreasing voting time.
- Keynote speakers were chuck wagon racer Mark Sutherland and WestJet co-founder Don Bell.
- Breakout sessions on water initiatives, transfer development credits, regional advisory councils and the Alberta Emergency Management Agency.
- Health talk with Ken Hughes and Dr. Stephen Duckett of Alberta Health Services, and a Q&A with then-Minister of Health and Wellness Ron Liepert.
- AAMDC Board elections: Gerald Soroka stayed on as vice president, Dwight Oliver was re-elected director of District 2, John Whaley was re-elected director of District 3 and Bob Barss was re-elected director of District 5.
- The first graduates from the Alberta Elected officials Education Program (AEOEP) received their certificates.



## SPRING 2010 CONVENTION

- Keynote speaker Dan Gardner, *Ottawa Citizen* journalist and author of *Nothing to Fear but Fear Itself*.
- Plenary sessions included information on the Capital Region Board, water CEP planning and nuclear energy.
- Breakout sessions on rural connectivity, joint assessment review boards and off-highway vehicle legislation.
- Sixty-seven members received Long Service Awards—our largest group ever!
- Aggregated Business Services Director Duane Gladden explained the 2010-11 membership fees and association trade billing charges.

## SPRING 2010 TRADE SHOW

- Viva fiesta! The caliente Mexican theme featured many sombrero and serape-clad vendors. Margarita machines and salsa were out in force.
- The largest trade show ever, with 108 exhibitors



## SECOND ANNUAL AGGREGATED BUSINESS SERVICES GOLF TOURNAMENT

Ninety-three golfers made up the 24 teams that enjoyed a beautiful day on the links at the Barrhead Golf Course in Barrhead, Alberta on June 16.



# Aggregated Business Services Update



The 2009-10 fiscal year has been a very exciting one for AAMDC business services.

First, we reorganized under one primary business group—the Aggregated Business Services Division (ABS). This reorganization has led to a more efficient use of resources and, from our perspective, an increased quality of service provision. We have also established a new focus within all of our ABS areas. In the past, we focused on providing services we believed our members wanted, then waited until our satisfaction survey to rate our success or failure. Now, ABS is taking a more proactive approach to working with our membership. Through the last portion of the fiscal year, we were able to have our staff actively out with the members, learning their needs and wants. This increased visibility will become more frequent in 2010-11. ABS plans to use member feedback to develop and direct our program offerings, and ensure that we are providing quality desired programs.

To accommodate these changes, we have created and filled several new roles within the business services divisions. Tony Wadsworth was hired as manager of insurance for Jubilee Insurance Agencies. He will direct Alberta's largest—and among Canada's largest—municipal insurance program. Tony successfully guided Jubilee through its most recent property renewal, and possesses a great deal of industry knowledge and experience, with a focus on risk management.

ABS also hired Stephen Tamayo as our manager of client relations and Trade. He is tasked with facilitating a great number of our member information-sharing opportunities. He is also responsible for managing the Trade program.

The business services divisions are also proud of several program upgrades we have implemented, which will position us to better serve members going forward. The Trade division implemented a new accounting procedure that has significantly improved the AAMDC's overall cash-flow position. Prairie Fuel Advisors completed a new website to provide more relevant and up-to-date information. Jubilee Insurance completed another round of Risk Pro sessions focused on property-related issues, which included the largest number of attendees of all our Risk Pro events.

Overall, we are very proud of Aggregated Business Services' successes and progress over the last year. The division is poised, based on our staff and systems, to better serve all our members in the coming year.

We look forward to seeing all of our members in the near future.

A handwritten signature in black ink, appearing to read 'Duane Gladden'.

Duane Gladden, MBA  
Director of Aggregated Business Services



# Trade Update



The AAMDC Trade Division continues to strengthen its efforts to achieve greater impact, contributing to the quality and availability of competitively-priced goods and services province-wide. The impetus of this effort remains grounded in member relations, following the mission and vision of the AAMDC.

As part of its effort to support coherence, Trade continued to administer programs in partnership with approved suppliers. Our portfolio, begun in 1936, has logged \$39.2 million this fiscal year. The portfolio features 135 suppliers, from heavy equipment to traffic supplies, stationery to janitorial, electrical products to water and sewage. These and many more products and services are delivered to over 811 members.

Significant increases were directly tied to:

- The success of the National Tire Program;
- Government grants related to procurement of water and sewage products, and;
- The procurement of construction products due to increased infrastructure projects throughout Alberta.

It has become particularly relevant that members face significant challenges from post-recession activity, including decreased budgets, delays in government grants and unfavorable weather. There are indications that, with these recent setbacks, many members have tapped into a very competitive marketplace, where suppliers are aggressively vying for business. Trade has recognized that it needs to bring its mandates and expertise to effectively respond to member priorities and challenges.

As the new manager in charge of Trade, I—and our approved suppliers—am fully committed to ensuring that our system works more coherently, enabling more responsive member relationships. This in turn will contribute to providing greater savings on relevant products and services.

2009 saw major developments that clarified both the roles and functions of Trade staff, and the review and finalization of standard agreements with approved suppliers. This effort is streamlining supplier and member interaction, which will save money and time, and increase procurement efficiency and results.

Trade recognizes that coherence and effectiveness must be underpinned by good member relations. This is a process of joint planning and programming, a transparent and inclusive process in line with member needs. This harmonized approach will reduce complexities within the Trade Division and increase procurement efficiencies.

The 2010-11 fiscal year will be focused on increased members visits, and easy access to needed products and services. I am excited and geared up for another successful year.

Stephen Tamayo  
Manager of Client Relations and Trade

# Jubilee Insurance Update



The fiscal year began in the aftermath of the most challenging property renewal Jubilee has faced in over 20 years. Since then, Jubilee has purposefully focused on the task at hand, ending the year on a much higher note with the promise of returning good fortunes.

The unfortunate loss events that precipitated increases in property premiums and deductibles were reminiscent of the early 1980s. At that time, with no ready reciprocal insurance mechanism, members faced few insurers willing to underwrite risks without tenfold premium increases and severe coverage restrictions.

We recognize our Board's foresight 25 years ago when it established JRIE—then the only municipally-owned reciprocal insurance exchange in Canada. The recent period of claims adversity in property reminds us that Jubilee's reciprocal mechanisms serve our membership through good times and bad. We continue operating these on a fully-funded, advanced payment basis.

A fairly recent adjunct to our two reciprocal exchanges (JRIE and GRIE) is the Risk Pro Program, introduced as formal local government risk management training. Members taking an active role in this initiative receive up-front premium credits. However, the real payoff comes as improved risks bring lower claims costs, premium stability and overall insurance cost reduction.

The Risk Pro initiative provides members with the type of education, tools and support they can use to make practical and effective decisions for mitigating their own risks. This is an improvement over relying upon an insurance policy to compensate members if/when a loss occurs. As such, Risk Pro has become a very powerful tool in our members' arsenal against claims adversity.

By focusing the 2009-10 Risk Pro format on addressing our property insurance area, we were able to stabilize property facility risks as quickly as possible. Between Risk Pro and renewed loss prevention, our property risk exposure appears to have stabilized. This is reflected in our ability to secure a modest premium reduction. These efforts to "claw back" premium increases will continue in 2010-11.

On a different note, we recognize that our liability insurance situation has remained stable throughout 2009-10. As this is a volatile area for municipal entities, recent results of our GRIE are encouraging, and a testament to earlier Risk Pro modules. We anticipate more good news in fall 2010 if our current favourable claims continue.

We commend our members for maintaining their support and belief in Jubilee Insurance. This commitment and loyalty have enabled us to return an annual dividend to the AAMDC. We are in the planning stages of introducing some new, exciting and progressive insurance and risk management programs for 2010-11. We look forward to the years ahead.

Tony Wadsworth, ACII, ACIB  
Manager of Insurance



# Prairie Fuel Advisors Update

Prairie Fuel Advisors (PFA) had another exciting year. In 2009-10, our overall volume increased to approximately 49 million litres, with Alberta accounting for approximately 36.6 million litres.

This year, PFA successfully complete a request for proposals that establishes the contracts the company will operate under for a three-year period. We have retained incumbent suppliers, however the resulting price reductions saw the cost of fuel through the program decrease.

PFA has upgraded staff throughout the year, adding very qualified individuals to the team to ensure the best possible member service. The team currently consists of Operations Coordinator Lorraine Boake, Aggregated Business Services and Administrative Coordinator Kaala Johnson, and Member Services and Invoicing staff Jamie Nolan and Randi Khatra. We have also added Client Relations and Trade Manager Stephen Tamayo, under Director of Aggregated Business Services Duane Gladden.

The PFA team has two focuses: a service delivery component headed by Lorraine Boake, and a client relations component headed by Stephen Tamayo. We are very proud that our member services are consistently rating high among current members. We will continue to make that our focus.

As a result of the successful RFP and a strong marketing campaign, PFA has increased its active member municipalities to 282. This includes 135 in Alberta, 78 in Saskatchewan and 69 in Manitoba. This increase in membership, coupled with the increase in overall volume, proved a need to upgrade portions of our technical systems, including a new website. [Prairiefueladvisors.ca](http://Prairiefueladvisors.ca) includes individual sections for members from each of the current provinces to be redirected. This ensures that all content is provincially-focused for each member municipal association.

PFA has had a great year, and with expansion plans in B.C. and Ontario underway, we are preparing for a successful 2010-11.



# Corporate Services Update



As your new director of Corporate Services, I am pleased to provide audited financial statements for the year ended July 31, 2010. I'd also like to recognize some accomplishments within our department, which works behind the scenes at the AAMDC.

Financial statements for the three companies—AAMDC, Jubilee Insurance and Prairie Fuel Advisors—have been updated with all of the changes in the generally accepted accounting principles (GAAP) for the past year as they relate to us. The statements show another busy year for both Aggregated Business Services and Advocacy projects. One noticeable and significant change is the completion of the Rural Matters! Symposium, which wrapped up in the 2009 fiscal year.

As for our accomplishments, the Corporate Services department achieved a milestone with its recent restructuring. This restructuring will enable us to secure efficiencies and better meet the needs of our public departments, Advocacy and Aggregated Business Services. Our restructuring has defined and coordinated: finance, budget and accounting services; information technology (IT) services; facilities, property and equipment management; human resources support; strategic planning and policy, and; administrative services. The new structure clarifies roles and contacts for our staff and municipal members. Other accomplishments this past year include the compilation of the budget for the 2010-11 year, the analysis of system requirements, the continued updating of organizational policies, the reinstatement of the social committee and events. Continuous upgrading and education are core strengths of our staff, and corporate services maintain a high level of continuous education programs for the staff.

The Corporate Services team has some of the longest-serving staff members at the AAMDC, with newer faces as well. The team includes Accounts Receivable Barb Brazel, who has been with the AAMDC for 21 years; our Human Resources and Facilities Manager Debbie Miskiw, who's been with us 14 years; Accounts Payable Leona Munro, who's been here for four years; Financial Analyst Julie Thibeault, who has been here for three years, and; Loreto Nuñez, who has been our receptionist for the past year.

As director, I am the newest member of the Corporate Services team, and have been in the role since April 2010.

We look forward to this next year, as it will be an exciting one! We encourage members to contact us with any questions—we are always happy to assist you.

A stylized, handwritten signature in black ink, appearing to read 'Janet Tomalty'.

Janet Tomalty, CMA  
Director of Corporate Services

# Financial Statements: Management's Responsibility

To the Members of The Alberta Association of Municipal Districts and 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.

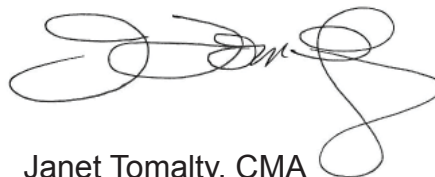
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records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

Meyers Norris Penny 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, 2010

## AAMDC

### AUDITOR'S REPORT

To the members of the Alberta Association of Municipal Districts and Counties.

We have audited the statement of financial position of the Alberta Association of Municipal Districts and Counties as at July 31, 2010, and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Meyers Norris Penny LLP  
Chartered Accountants  
Edmonton, Alberta  
September 10, 2010

### STATEMENT OF FINANCIAL POSITION JULY 31, 2010

ASSETS	2010	2009
Current		
Cash	\$ 2,065,224	\$ 1,021,084
Cash equivalents	-	738,917
Cash restricted (note 9)	449,836	452,141
Accounts receivable	2,458,368	4,221,914
Prepaid expenses	60,686	59,402
	5,034,114	6,493,458
Property and equipment (Note 7)	2,040,110	2,053,348
Computer software (Note 3)	673,039	625,038
Investment in Jubilee Insurance Agencies Ltd. (Note 4)	1,065,594	1,090,015
Investment in Prairie Fuel Advisors (2008) Ltd. (Note 5)	197,127	182,511
	<u>\$ 9,009,984</u>	<u>\$10,444,370</u>
Liabilities		
Current		
Accounts payable & accrued liabilities	\$ 2,939,618	\$ 4,170,016
Deferred income	851,000	808,022
Deficiency in Alberta Elected Officials Education Program Corporation (EOEP) (Note 6)	17,066	1,675
Deferred grant revenue (Note 9)	514,560	675,756
	<u>4,322,244</u>	<u>5,655,469</u>
Net Assets		
Net assets invested in property and equipment and computer software	2,713,149	2,671,092
Net assets restricted internally for dividend reserve	383,892	413,838
Unrestricted net assets	1,590,699	1,703,971
	<u>4,687,740</u>	<u>4,788,901</u>
	<u>\$ 9,009,984</u>	<u>\$ 10,444,370</u>

## STATEMENT OF OPERATIONS FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
<b>Revenues</b>		
Commissions	\$ 1,392,221	\$ 1,541,592
Convention registration and tickets	704,086	739,421
Grants	179,682	174,491
Interest	1,341	24,245
Legal expense recovery	-	5,710
Membership fees	808,922	754,071
Rent and licensing fees	93,000	100,249
Rural Matters! Symposium	-	1,199,216
Service charges	46,403	40,205
Sundry income (expense)	<u>14,234</u>	<u>(4,252)</u>
	<u>3,239,889</u>	<u>4,574,948</u>
<b>Expenses</b>		
Advertising and promotion	37,562	36,169
Amortization	94,989	79,130
Automobile	9,158	6,999
Board and Ad hoc committees	596,284	571,708
Building operations	75,700	78,846
Computer	54,399	36,146
Consulting	40,864	20,525
Convention	613,788	832,435
Grant expenses	180,293	174,491
Insurance	18,080	16,830
Interest	1,104	2,617
Memberships and subscriptions	5,332	5,879
Office supplies	25,498	26,250
Postage	22,977	18,085
Professional fees	49,653	54,655
Rural Matters! Symposium	-	1,070,706
Salaries and benefits	1,146,811	971,813
Telephone	<u>11,717</u>	<u>11,874</u>
	2,984,209	4,015,158
Surplus from operations	<u>255,680</u>	<u>559,790</u>
<b>Other income (expense)</b>		
Dividends	529,303	372,705
Increase (decrease) in equity in Jubilee Insurance Agencies Ltd.	56,839	190,226
Increase in equity in Prairie Fuel Advisors (2008) Ltd.	17,748	90,299
Increase (decrease) in equity in Alberta EOEP Corporation	<u>(15,391)</u>	<u>(11,180)</u>
	588,499	642,050
Excess of revenues over expenses	<u>\$ 844,179</u>	<u>\$ 1,201,840</u>

## STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
Cash was provided by (used in) operating activities:		
Excess of revenue over expenses	\$ 844,179	\$ 1,201,840
Add (deduct) non-cash items:		
Net income of Jubilee Insurance Agencies Ltd.	(586,142)	(562,931)
(Increase) decrease in equity of Prairie Fuel Advisors (2008) Ltd.	(17,748)	(90,300)
(Increase) decrease in equity of Alberta EOEP Corporation	15,391	11,175
Amortization	94,989	79,130
Loss on disposal of property and equipment	<u>(1,000)</u>	<u>3,418</u>
	349,669	642,332
Decrease (increase) in current assets:		
Accounts receivable	1,763,546	1,599,566
Prepaid expenses	(1,284)	(2,703)
Increase (decrease) in current liabilities:		
Accounts payable	(1,230,398)	408,922
Deferred income	<u>42,978</u>	<u>(96,233)</u>
	<u>924,511</u>	<u>2,551,884</u>
Cash was provided by (used in) financing activities:		
Dividends paid	<u>(945,340)</u>	<u>(802,427)</u>
Cash was provided by (used in) investing activities:		
Dividends received from Jubilee Insurance	529,303	372,705
Net transactions with Jubilee Insurance Ltd.	81,260	9,184
Net transactions with Prairie Fuel Advisors (2008) Ltd.	3,132	62,071
Advances from (to) Alberta EOEP Corporation	-	(9,500)
Purchase of property and equipment	(129,752)	(107,015)
Proceeds on disposal of property and equipment	1,000	3,236
Increase (decrease) in deferred grant revenue	(161,196)	117,367
(Increase) decrease in restricted cash	<u>2,305</u>	<u>(9,874)</u>
	<u>326,052</u>	<u>438,174</u>
Increase (decrease) in cash position	305,223	2,187,631
Cash position, at beginning of year	<u>1,760,001</u>	<u>(427,630)</u>
Cash position, at end of year	<u>\$ 2,065,224</u>	<u>\$1,760,001</u>
Cash position is represented by:		
Cash	\$ 2,065,224	\$ 1,021,084
Cash equivalents	=	<u>738,917</u>
	<u>\$ 2,065,224</u>	<u>\$1,760,001</u>



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JULY 31, 2010

	Net assets invested in property and equipment	Net assets restricted for dividend reserve	Unrestricted net assets	2010 total	2009 total
Balance, at beginning of year	\$ 2,671,092	\$ 413,838	\$ 1,703,971	\$ 4,788,901	\$ 4,389,488
Excess of revenues over expenses	(87,695)	-	931,874	844,179	1,201,840
Internally imposed restriction	-	(29,946)	29,946	-	-
Investment in property and equipment	129,752	-	(129,752)	-	-
Dividends paid	-	-	(945,340)	(945,340)	(802,427)
Balance, at end of year	\$ 2,713,149	\$ 383,892	\$ 1,590,699	\$ 4,687,740	\$ 4,788,901

## NOTES TO FINANCIAL STATEMENTS JULY 31, 2010

### 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.

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.

#### 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 income. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Automobile	33.3% straight line
Computer equipment	33.3% straight line
Building	2.5% 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 property and equipment and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### 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 subsid-

aries, 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 net income 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) Financial Instruments**

*Held for trading:*

The Association has classified the following financial assets and liabilities as held for trading: cash, cash equivalents, cash – restricted, and bank overdraft. 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 and accrued liabilities. 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.

#### **k) Future Accounting Pronouncements**

*Accounting standards for not-for-profit organizations*

In March, 2010, the Accounting Standards Board (AcSB) issued an exposure draft on "Accounting Standards for Not-for-Profit Organizations". The document outlines proposed accounting standards for NPOs that choose not to adopt International Financial Reporting Standards (IFRS). The standards propose using the existing standards in the "4400 series" of the current Handbook which provide guidance on specific NPO accounting issues, incorporating certain additional standards and amendments along with the base of accounting standards for private enterprises (PE GAAP). The standards are proposed to be required for fiscal years beginning on or after January 1, 2012, with earlier adoption permitted.

### **3. Change in Accounting Policies**

#### Goodwill and intangible assets

Effective August 1, 2009, the Association adopted the Canadian Institute of Chartered Accountants' new recommendations for goodwill and intangible assets under CICA 3064 Goodwill and Intangible

Assets. The new Section replaces CICA 3062 Goodwill and other Intangible Assets and CICA 3450 Research and Development Costs. In response to the release of the new section, AcG-11 Enterprises in the Development Stage was amended and EIC-27 Revenues and Expenditures During the Pre-Operating Period was withdrawn. The new recommendations establish standards for the recognition, measurement and disclosure of goodwill and intangible assets, including those that are internally generated. Specifically, the new standards help to clarify which costs meet the definition of an asset and thus, may be capitalized. Pursuant to the recommendation, the change was applied retrospectively.

The retrospective application of the new accounting recommendations resulted in a reclassification to a separate financial statement item of computer software in the amount of \$625,038 in the prior year.

#### Financial statement presentation by not-for-profit organizations

Effective August 1, 2009 the Association adopted amendments that were made to CICA Handbook Section 4400 Financial Statement Presentation by Not-for-profit Organizations. Amendments to the section included removal of the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations.

This amendment did not have material impact on the association's financial statements for the year ended July 31, 2010.

#### **4. Investment in Jubilee Insurance Agencies Ltd.**

	<u>2010</u>	<u>2009</u>
Net income of Jubilee Insurance Agencies Ltd.	\$ 586,142	\$ 562,931
Deduct dividends paid to AAMDC	<u>(529,303)</u>	<u>(372,705)</u>
Increase (decrease) in equity for the year	56,839	190,226
Equity, at beginning of year	<u>1,090,015</u>	<u>889,403</u>
Equity, at end of year	1,146,854	1,089,629
Shares, at cost	600	600
Advances to AAMDC	<u>(81,860)</u>	<u>(214)</u>
	<u>\$ 1,065,594</u>	<u>\$ 1,090,015</u>

A financial summary of Jubilee Insurance Agencies Ltd. as at July 31, 2010 and 2009 and for the years then ended is as follows:

	<u>2010</u>	<u>2009</u>
<u>Financial Position</u>		
Total assets	<u>\$ 9,548,545</u>	<u>\$ 10,814,921</u>
Total liabilities	\$ 8,401,477	\$ 9,724,692
Shareholders' equity	<u>1,147,068</u>	<u>1,090,229</u>
	<u>\$ 9,548,545</u>	<u>\$ 10,814,921</u>

#### Results of Operations

Total revenues	\$ 3,324,863	\$ 2,218,320
Total expenses	<u>2,738,721</u>	<u>1,655,389</u>
Net income	<u>\$ 586,142</u>	<u>\$ 562,931</u>

#### Cash Flows

Operating activities	\$ 429,118	\$ 321,343
Financing activities	(625,102)	(381,889)
Investing activities	<u>(3,955)</u>	<u>(9,641)</u>
Decrease in cash	(199,939)	(70,187)
Cash, at beginning of year	<u>996,778</u>	<u>1,066,965</u>
Cash, at end of year	<u>\$ 796,839</u>	<u>\$ 996,778</u>

#### **5. Investment in Prairie Fuel Advisors (2008) Ltd.**

	<u>2010</u>	<u>2009</u>
Net income of Prairie Fuels Association (2008) Ltd.	\$ 17,747	\$ 90,300
Deduct dividends paid to AAMDC	<u>nil</u>	<u>nil</u>
Increase in equity for the year	17,747	90,300
Equity, at beginning of year	<u>114,516</u>	<u>24,216</u>
Equity, at end of year	132,263	114,516
Shares, at cost	100	100
Advances from AAMDC	<u>64,764</u>	<u>67,895</u>
	<u>\$ 197,127</u>	<u>\$ 182,511</u>

A financial summary of Investment in Prairie Fuel Advisors (2008) Ltd. as at July 31, 2010 and 2009, and for the year ended July 31, 2010 and the period ended July 31, 2009 is as follows:

	<u>2010</u>	<u>2009</u>
<u>Financial Position</u>		
Total assets	<u>\$ 815,920</u>	<u>\$ 831,137</u>
Total liabilities	\$ 683,557	\$ 716,521
Shareholders' equity	<u>132,363</u>	<u>114,616</u>
	<u>\$ 815,920</u>	<u>\$ 831,137</u>

#### Results of Operations

Total revenues	\$ 450,929	\$ 446,929
Total expenses	<u>433,182</u>	<u>356,629</u>
Net income	<u>\$ 17,747</u>	<u>\$ 90,300</u>

#### Cash Flows

Operating activities	\$ 41,767	\$ 106,608
Financing activities	(64,908)	(129,111)
Investing activities	<u>(101,666)</u>	<u>(5,088)</u>
Increase (decrease) in cash	(124,807)	(27,591)
Cash at beginning of year	<u>102,779</u>	<u>130,370</u>
Cash at end of year	<u>\$ (22,028)</u>	<u>\$ 102,779</u>

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

	<u>2010</u>	<u>2009</u>
	50%	50%
Net Loss of EOEP	<u>\$ (15,391)</u>	<u>\$ (11,180)</u>
Decrease in equity for the year	(15,391)	(11,180)
Equity, at beginning of year	<u>(11,180)</u>	<u>0</u>
Equity, at end of year	(26,566)	(11,180)
Shares, at cost	5	5
Advances to EOEP	<u>9,500</u>	<u>9,500</u>
	<u>\$ (17,066)</u>	<u>\$ (1,675)</u>



## 7. Property and Equipment

			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 260,000	\$ -	\$ 260,000	\$ 260,000
Building	2,022,378	322,811	1,699,567	1,750,127
Automobile	12,960	12,960	-	2,600
Computer equipment	82,321	65,972	16,349	26,004
Office equipment	<u>318,614</u>	<u>254,420</u>	<u>64,194</u>	<u>14,617</u>
	<u>\$ 2,696,273</u>	<u>\$ 656,163</u>	<u>\$ 2,040,110</u>	<u>\$ 2,053,348</u>

## 8. Bank indebtedness

As at July 31, 2010, the Association has a line of credit with a limit of \$2,000,000 which has been drawn on throughout the year. The line of credit bears interest at prime plus 1% and is secured by the property.

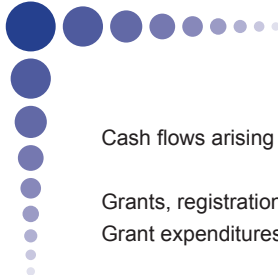
## 9. Deferred Grant Revenue

Deferred grant revenue as at July 31 is as follows:

	<u>Balance</u>	<u>Grant</u>	<u>Interest</u>	<u>Expenditures</u>	<u>Balance</u>
	<u>2009</u>	<u>Received</u>	<u>Earned</u>	<u>2010</u>	<u>2010</u>
Septage Management Study	\$ 9,708	\$ -	\$ -	\$ -	\$ 9,708
Assessment Shared Services Environment Project	437,717	-	1,309	-	439,026
Inter-municipal Issues Review Project	-	-	-	-	-
Dispute Resolution Peer Network Grant	28,251	17,780	8	35,193	10,846
Labour Force Strategy for Rural Municipalities	-	-	-	-	-
Muniversity Development Program	2,600	-	-	2,600	-
Website Redevelopment Grant	-	-	-	-	-
Land Use Planning Simulation Software Scoping	-	-	-	-	-
Model Process Sewage Treatment	99,980	-	-	45,000	54,980
Rural Connectivity Gap Analysis	97,500	-	-	97,500	-
	<u>\$ 675,756</u>	<u>\$ 17,780</u>	<u>\$ 1,317</u>	<u>\$ 180,293</u>	<u>\$ 514,560</u>

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

Cash in the amount of \$ 449,836 (2009 - \$ 452,141) 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:

	<u>2010</u>	<u>2009</u>
Grants, registrations and interest received	\$ 19,097	\$ 291,858
Grant expenditures	182,817	174,491

## 10. 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, 2010 were \$ 127,450 (2009 - \$109,340).

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, 2009 the Plan had an actuarial deficit of \$ 3,998,614,000 (2008 \$ 4,413,971,000) which is expected to be eliminated within the next 15 years from employer and employee contributions and investment earnings.

## 11. Commitments

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

2011	\$24,573
2012	24,573
2013	24,573

## 12. 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 bank overdraft, cash-restricted, cash equivalents, accounts receivable, 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 timelines to determine the fair value of the Association's investments in JIAL, PFA and AEOEP, 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.



### 13. Related Party Transactions

During the year the Association rented office space to Jubilee Insurance Agencies Ltd., its wholly owned subsidiary, for total consideration of \$ 42,000 plus GST (2009 - \$ 42,000 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 (2009 - \$37,000). The Association also sells a variety of goods and services from third party suppliers through its cooperative operations to Jubilee Insurance Agencies Ltd. These goods and services, as well as the rent and licensing fee are provided in the normal course of operations and are measured at fair value.

The Association also purchases insurance coverage from Jubilee Insurance Agencies Ltd. in the normal course of operations at fair value. Total premiums paid were \$ 52,903 (2009 - \$53,125).

During the year, the Association received \$ 7,800 plus GST (2009 - \$7,500 plus GST) in rent from Prairie Fuel Advisors (2008) Ltd.

### 14. Guarantee

As at July 31, 2010, the Association has guaranteed the demand credit facility of Prairie Fuels Association (2008) Ltd., a wholly-owned subsidiary, up to a maximum amount of \$ 548,027 (2009 - \$623,959). 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, 2008, 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.

### 15. 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:

	<u>2010</u>	<u>2009</u>
Interest received	\$ 1,341	\$ 25,178
Interest paid	\$ 6	\$ 617
Dividends received	\$ 529,303	\$ 372,705
Dividends paid	\$ 946,658	\$ 802,427



# Financial Statements July 31, 2010

## JUBILEE INSURANCE AGENCIES

### AUDITOR'S REPORT

To the Shareholder of Jubilee Insurance Agencies Ltd.

We have audited the balance sheet of Jubilee Insurance Agencies Ltd. as at July 31, 2010 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Meyers Norris Penny LLP  
Chartered Accountants  
Edmonton, Alberta  
September 10, 2010

### BALANCE SHEET JULY 31, 2010

	2010	2009
<b>ASSETS</b>		
Current		
Cash	\$ 330,151	\$ 540,449
Cash equivalents	466,688	456,329
Accounts receivable	8,572,800	9,718,170
Prepaid expenses	43,544	42,928
Due from Prairie		
Fuel Advisors (2008) Ltd.	14,155	-
Due from the AAMDC	<u>81,860</u>	<u>216</u>
	9,509,198	10,758,092
Property and equipment (Note 4)	<u>39,347</u>	<u>57,045</u>
	<u>\$ 9,548,545</u>	<u>\$ 10,815,137</u>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 8,401,477	\$ 9,724,908
Contingent liability (Note 5)		
<b>SHAREHOLDER'S EQUITY</b>		
Share capital		
Authorized: 200 common shares		
issued: 6 common shares	600	600
Retained earnings	<u>1,146,468</u>	<u>1,089,629</u>
	<u>1,147,068</u>	<u>1,090,229</u>
	<u>\$ 9,548,545</u>	<u>\$ 1,090,229</u>

### NOTES TO FINANCIAL STATEMENTS JULY 31, 2010

#### 1. Nature of Operations

Jubilee Insurance Agencies ("Jubilee") is a not-for-profit 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.

#### 2. 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.

## STATEMENT OF INCOME FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
<b>Revenue:</b>		
Commissions	\$ 2,249,672	\$ 1,428,382
Administration fees	662,458	740,871
Refund of premiums (Note 12)	402,054	-
Interest	10,579	24,067
Gain on disposal of assets	100	-
External contributions	-	<u>25,000</u>
	<u>3,324,863</u>	<u>2,218,320</u>
<b>Expenses:</b>		
Amortization	21,753	24,237
Automobile	7,571	11,764
Board and executive	5,164	18,090
Computer	79,139	78,861
Insurance	103,384	87,599
Loss prevention	6,319	6,741
Loss on disposal of capital assets	-	2,721
Office	51,116	39,190
Postage	11,827	12,304
Professional fees	44,109	23,748
Rent	44,288	42,000
Risk Pro premium credit	339,554	299,067
Salaries and benefits	711,696	771,441
Seminars and Risk Pro program	180,122	77,716
Service fee (Note 11)	1,125,000	150,000
Telephone	<u>7,679</u>	<u>9,910</u>
	<u>2,738,721</u>	<u>1,655,389</u>
Net income	<u>\$ 586,142</u>	<u>\$ 562,931</u>

Interest income is recognized as revenue when earned.

Seminar income is recognized when received.

### 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 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) 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

## STATEMENT OF RETAINED EARNINGS FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
Retained earnings, at beginning of year	\$ 1,089,629	\$ 899,403
Net income	<u>586,142</u>	<u>562,931</u>
	1,675,771	1,462,334
Dividends paid to the AAMDC	<u>(529,303)</u>	<u>(372,705)</u>
Retained earnings, at end of year	<u>\$ 1,146,468</u>	<u>\$ 1,089,629</u>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
Cash was provided by (used for)		
Operating activities:		
Net income	\$ 586,142	\$ 562,931
Add (deduct) items not requiring an outlay of cash		
Amortization	21,753	24,237
(Gain) Loss on disposal of capital assets	<u>(100)</u>	<u>2,721</u>
	607,795	589,889
Decrease (increase) in current assets		
Accounts receivable	1,145,370	(4,380,891)
Prepaid expenses	(616)	(8,114)
(Decrease) Increase in current liabilities		
Accounts payable and accrued liabilities	<u>(1,323,431)</u>	<u>4,120,459</u>
	<u>429,118</u>	<u>321,343</u>

Cash was provided by (used for)		
financing activities:		
Advances from (to) the AAMDC	(81,644)	(9,184)
Advances from (to) Prairie Fuel Advisors 2008 Ltd.	(14,155)	-
Dividends paid to the AAMDC	<u>(529,303)</u>	<u>(372,705)</u>
	<u>(625,102)</u>	<u>(381,889)</u>

Cash was provided by (used for)		
investing activities:		
Purchase of property and equipment	(4,055)	(10,741)
Proceeds from disposal of capital assets	<u>100</u>	<u>1,100</u>
	<u>(3,955)</u>	<u>(9,641)</u>
Decrease in cash	(199,939)	(70,187)
Cash, at beginning of year	<u>996,778</u>	<u>1,066,965</u>
Cash, at end of year	<u>\$ 796,839</u>	<u>\$ 996,778</u>

Cash is represented by:		
Cash	\$ 330,151	\$ 540,449
Cash equivalents (term deposits)	<u>466,688</u>	<u>456,329</u>
	<u>\$ 796,839</u>	<u>\$ 996,778</u>

wholly-owned subsidiary of a municipal association.

#### **d) Pension Benefits**

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

#### **e) 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, property and equipment, amortization and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### **f) Financial Instruments**

##### *Held for trading:*

The Company has classified the following financial assets as held for trading: cash and cash equivalents. 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 Company has classified the following financial assets as loans and receivables: accounts receivable and due from the Alberta Association of Municipal Districts and Counties. 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 Company has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities and due to the Alberta Association of Municipal Districts and Counties. 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.

#### **g) Recent accounting pronouncements – Private Entity accounting standards**

In December 2009, the Accounting Standards Board issued the final accounting standards for private enterprises in Canada. The new standards specifically address financial reporting needs of small and medium-sized Canadian private enterprises and simplify recognition, measurement, presentation and disclosure requirements significantly. Accounting standards for private enterprises will replace current Canadian GAAP for fiscal years beginning on or after January 1, 2011, however early adoption is permitted. The Company has not yet determined the impact of the adoption of the new standards on its financial statements.

### **3. Change in Accounting Policy**

#### Goodwill and intangible assets

Effective August 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants' new recommendations for goodwill and intangible assets under CICA 3064 Goodwill and Intangible Assets. The new Section replaces CICA 3062 Goodwill and other Intangible Assets and CICA 3450 Research and Development Costs. In response to the release of the new section, AcG-11 Enterprises in the Development Stage was amended and EIC-27 Revenues and Expenditures During the Pre-Operating Period was withdrawn. The new recommendations establish standards for the recognition, measurement and disclosure of goodwill and intangible assets, including those that are internally generated. Specifically, the new standards help to clarify which costs meet the definition of an asset and thus,





may be capitalized. Pursuant to the recommendation, the change was applied retrospectively.

The retrospective application of the new accounting recommendations did not have a material impact on the Company's financial statements.

#### 4. Property and Equipment

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automobile	\$ 62,508	\$ 62,508	\$ 0	\$ 12,502
Computer Equipment	105,842	66,495	39,347	44,543
Office Equipment	18,291	18,291	0	0
	<u>\$ 186,641</u>	<u>\$ 147,294</u>	<u>\$ 39,347</u>	<u>\$ 57,045</u>

#### 5. Contingent Liability

Certain portions of commission income recorded are potentially refundable to customers if an insurance policy is cancelled. At July 31, 2010 the maximum amount of commission income potentially refundable if all insurance policies were cancelled was approximately \$819,066 (2009 \$648,139).

#### 6. Future Employee 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, 2010 were \$104,277 (2009 - \$89,460).

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, 2009 the Plan had an actuarial deficit of \$3,998,614,000 (2008 - \$4,413,911,000) 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 \$42,000 plus GST (2009 - \$42,000 plus GST) in rent to The Alberta Association of Municipal Districts and Counties, and \$44,000 plus GST (2009 - \$37,000) for a licensing fee for the use of the enterprise business software.

During the year the Company collected insurance premiums of \$52,903 (2009 - \$53,125) 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. These goods and services are provided in the normal course of operations and are measured at fair value. In addition, the Company has a receivable from the Alberta Association of Municipal Districts and Counties for \$81,860 (2009 - \$216). Payments for purchases are made on a monthly basis.

#### 8. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Company 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 Company is not exposed to significant interest, currency, cash flow, price, or credit risk 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.

#### *Fair value disclosure*

The carrying amount of cash, term deposits, accounts receivable, and accounts payable and accrued liabilities and due to the Alberta Association of Municipal Districts and Counties approximate their fair value due to the short-term maturities of these items.

#### *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 term deposits, which are at fixed interest rates and mature within one year.

### **9. Capital Management**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for its shareholder.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital struc-

ture, the Company may adjust the amount of dividends paid to the shareholder.

### **10. Cash Flows**

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

	2010	2009
Interest received	\$10,579	\$ 24,453
Dividends paid	\$529,303	\$ 372,705

### **11. Service fee**

A contract with Aon Reed Stenhouse Inc. for brokerage services, excess insurance replacements, stand alone policies, claims handling services, reciprocal management, training, seminars and risk management has been drafted and accepted in principal as at July 31, 2010. This contract summarizes the fees and replaces previous commission sharing agreements.

### **12. Refund of premiums**

An amount of \$402,054 had been classified as a general accounts payable originating from insurance premiums paid from 1998 to 2000. These funds related to a number of changes in policies including the change in structure of school boards, counties and ownership of their properties. As a decision was made that the amounts are to be retained for use by all members, the amount has been recognized in revenue for the year.



# Financial Statements July 31, 2010

## PRAIRIE FUEL ADVISORS (2008) LTD.

### AUDITOR'S REPORT

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

We have audited the balance sheet of Prairie Fuel Advisors (2008) Ltd. as at July 31, 2010 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at July 31, 2010 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP  
Chartered Accountants  
Edmonton, Alberta  
September 10, 2010

### BALANCE SHEET JULY 31, 2010

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current		
Cash	\$ -	\$ 2,779
Term deposits (Note 7)	-	100,000
Accounts receivable	45,140	39,094
Prepaid expenses	<u>5,860</u>	<u>1,192</u>
	51,000	143,065
Property and equipment (Note 4)	32,232	55,384
Goodwill (Note 7)	<u>732,688</u>	<u>632,688</u>
	<u>\$ 815,920</u>	<u>\$ 831,137</u>
<b>LIABILITIES</b>		
Current		
Bank indebtedness	\$22,028	\$ -
Accounts payable and accrued liabilities	34,583	24,667
Demand installment loan (Note 5)	548,027	623,959
Due to the AAMDC	64,764	67,895
Due to Jubilee Insurance Agencies Ltd.	<u>14,155</u>	<u>-</u>
	<u>683,557</u>	<u>716,521</u>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (Note 6)	100	100
Retained earnings	<u>132,263</u>	<u>114,516</u>
	<u>132,363</u>	<u>114,616</u>
	<u>\$ 815,920</u>	<u>\$ 831,137</u>



## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
Revenue:		
Commissions	\$ 449,187	\$ 444,981
Interest	<u>1,742</u>	<u>1,948</u>
	<u>450,929</u>	<u>446,929</u>
Expenses:		
Advertising and promotion	17,057	13,694
Amortization	24,818	24,262
Computer	44,232	26,785
Contracted services	32,100	80,043
Insurance	252	-
Interest and bank charges	17,384	25,669
Office	19,509	8,010
Professional fees	13,516	21,134
Rent	7,800	7,500
Salaries and benefits	236,401	134,904
Travel	<u>20,113</u>	<u>14,628</u>
	433,182	356,629
Net income	<u>17,747</u>	<u>90,300</u>
Retained earnings, beginning of period	<u>114,516</u>	<u>24,216</u>
Retained earnings, end of period	<u>\$ 132,263</u>	<u>\$ 114,516</u>

## NOTES TO FINANCIAL STATEMENTS JULY 31, 2010

### 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. 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) 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.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JULY 31, 2010

	2010	2009
Cash was provided by (used for) operating activities:		
Net income	\$ 17,747	\$ 90,300
Add (deduct) items not requiring an outlay of cash		
Amortization	<u>24,818</u>	<u>24,262</u>
	42,565	114,562
Decrease (increase) in current assets		
Accounts receivable	(6,046)	6,166
Prepaid expenses	(4,668)	(1,192)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	<u>9,916</u>	<u>(12,928)</u>
	<u>41,767</u>	<u>106,608</u>
Cash was provided by (used for) financing activities:		
Repayment of advances from the AAMDC	(3,131)	(62,071)
Advances from the Jubilee Insurance Agencies	14,155	-
Advances of demand installment loan	-	-
Repayment of demand installment loan	(75,932)	(67,040)
Issue of share capital	-	-
	<u>(64,908)</u>	<u>(129,111)</u>
Cash was used for investing activities:		
Purchase of capital assets	(1,666)	(5,088)
Purchase of business	<u>(100,000)</u>	<u>-</u>
	<u>(101,666)</u>	<u>(5,088)</u>
Increase (decrease) in cash	(124,807)	(27,591)
Cash, at beginning of period	<u>102,779</u>	<u>130,370</u>
Cash, at end of period	<u>\$ (22,028)</u>	<u>\$ 102,779</u>
Cash is represented by:		
Cash	\$ (22,028)	\$ 2,779
Cash equivalents (term deposits)	-	<u>100,000</u>
	<u>\$ (22,028)</u>	<u>\$ 102,779</u>

Capital assets 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

#### **c) Goodwill**

Goodwill represents the excess of the purchase price over the proportionate share of the fair value of the identifiable net assets acquired in a business acquisition. In accordance with CICA 3064 Goodwill and Intangible Assets, goodwill is not amortized but is subject to an impairment test annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test consists of a comparison of the carrying value of the Company's reporting units with their fair value, and any excess is recorded as a charge to net earnings. Fair value of goodwill is determined through discounted cash flow analysis.

#### **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) 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 property and equipment, amortization and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

#### **g) Financial Instruments**

##### *Held for trading:*

The Company has classified the following financial assets and liabilities as held for trading: cash and term deposits. 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 Company 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: bank indebtedness, accounts payable and accrued liabilities, demand installment loan and due to the Alberta Association of Municipal Districts and Counties and due to the Jubilee Insurance Agencies. 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.

#### **h) Recent accounting pronouncements – Private Entity accounting standards**

In December 2009, the Accounting Standards Board issued the final accounting standards for private enterprises in Canada. The new standards specifically address financial reporting needs of small and medium-sized Canadian private enterprises and simplify recognition, measurement, presentation and disclosure requirements significantly. Accounting standards for private enterprises will replace current Canadian GAAP for fiscal years beginning on or after January 1, 2011, however early adoption is permitted. The Company has not yet determined the impact of the adoption of the new standards on its financial statements.

### **3. Change in accounting policies**

#### *Goodwill and intangible assets*

Effective August 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants' new recommendations for goodwill and intangible assets under CICA 3064 Goodwill and Intangible Assets. The new Section replaces CICA 3062 Goodwill and other Intangible Assets and CICA 3450 Research and Development Costs. In response to the release of the new section, AcG-11 Enterprises in the Development Stage was amended and EIC-27 Revenues and Expenditures During the Pre-Operating Period was withdrawn. The new recommendations establish standards for the recognition, measurement and disclosure of goodwill and intangible assets, including those that are internally generated. Specifically, the new standards



help to clarify which costs meet the definition of an asset and thus, may be capitalized. Pursuant to the recommendation, the change was applied retrospectively.

The retrospective application of the new accounting recommendations did not have a material impact on the Company's financial statements.

#### 4. Property and Equipment

	<u>2010</u>		<u>2009</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Equipment	\$ 64,164	\$ 42,221	\$ 21,943	\$ 41,665
Office Equipment	17,148	6,859	10,289	13,719
	<u>\$ 81,312</u>	<u>\$ 49,080</u>	<u>\$ 32,232</u>	<u>\$ 55,384</u>

#### 5. Demand Installment Loan

The Demand bank loan is payable due in monthly installments of \$7,700 principal and interest at Alberta Treasury Branches' prime plus 0.5%, due June 30, 2013. It is secured by a general security agreement covering all present and after acquired property, and by a 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, 2010, the Company is in violation of these conventions. It is management's opinion that the Company will be in compliance within one year.

Scheduled principal repayments over the next three years are as follows:

2011	\$ 75,287
2012	76,843
2013	<u>395,897</u>
	<u>\$ 548,027</u>

#### 6. Share Capital

Authorized:

Class "A" Common	Unlimited
Class "B" Common	Unlimited
Class "C" Preferred	Unlimited
Class "D" Preferred	Unlimited

Issued:

100 - Class "A" Common	\$100
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All shares of the Company are without nominal or par value and are non-assessable.

#### 7. Term Deposit

An agreement related to the purchase of the business in 2008 involved contingent consideration in the amount of \$100,000, which was payable upon a successful proposal process for supplier and customer contracts on or before May 1, 2011, and included specific measurable targets. The specific measurable targets have been met during this fiscal year and the agreement related to the purchase of the business has been completed with the final payment made of \$100,000 which resulted in a direct increase to Goodwill.

#### 8. Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the Company 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 Company is not exposed to significant interest, currency, cash flow, price, or credit risk 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.

##### *Fair value disclosure*

The carrying amount of cash, bank indebtedness, accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the short-term maturities of these items.

Due to Alberta Association of Municipal Districts and Counties and Jubilee Insurance Agencies Ltd. are carried at their cost. Fair value of the financial instrument cannot be reliably estimated because there are no set terms of repayment.

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 term deposits and demand installment loan. The term deposits are at variable interest rates and mature within one year, while 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 four customers including the Company's parent. Three (2009 – three) of these customers accounts

for 99% (2009 – 100%) 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.

## 9. Related Party Transactions

During the period, the Company charged its parent company, the Alberta Association of Municipal Districts and Counties \$ 335,838 (2009 - \$ 328,416) in fuel commissions, of which \$ 36,151 (2009 - \$ 32,340) remains in accounts receivable as at July 31, 2010. The parent also pays for and allocates various costs to the Company as part of normal operations.

During the year the Company paid \$ 7,800 (2009 – \$7,500) in rent to the Alberta Association of Municipal Districts and Counties.

In addition, the Company has a payable to its parent for \$ 64,764 (2009 - \$67,895), 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.

## 10. Capital Management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for its shareholder.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder.

## 11. Cash Flows

The Company uses the indirect method of reporting cash flows. During the period cash flows arising from interest were as follows:

	<u>2010</u>	<u>2009</u>
Interest paid	\$ 16,468	\$ 25,361



# Statement of Dividends Declared

	<b>Trade Division</b>	<b>AAMDC Insurance Patronage</b>
	<b>Dividends</b> declared for the year ending July 31, 2010	<b>Dividends</b> declared for the year ending July 31, 2010
	Dividends declared 2009-2010	Dividends declared 2009-2010
MD of Acadia	152.98	441.49
Athabasca County	1,895.99	2,294.48
County of Barrhead	1,277.69	1,095.65
Beaver County	2,067.54	1,640.50
MD of Big Lakes	2,043.35	1,553.11
MD of Bighorn	139.95	476.49
Birch Hills County	1,781.55	909.77
MD of Bonnyville	3,717.27	2,356.50
Brazeau County	1,484.50	1,616.17
Camrose County	1,099.89	1,726.48
Cardston County	1,513.88	1,077.90
Clear Hills County	586.36	943.45
Clearwater County	2,301.71	2,112.99
Municipality of Crowsnest Pass	467.13	245.42
Cypress County	2,306.68	1,980.97
MD of Fairview	1,278.00	728.84
Flagstaff County	2,306.13	1,286.50
MD of Foothills	4,882.73	2,785.10
County of Forty Mile	2,369.17	1,926.48
County of Grande Prairie	9,335.84	3,604.10
MD of Greenview	3,094.75	1,694.91
Kneehill County	1,859.23	1,548.84
Lac La Biche County	2,988.34	1,828.58
Lac Ste. Anne County	3,703.16	2,157.41
Lacombe County	4,276.51	2,016.39
Lamont County	2,311.73	1,061.43
Leduc County	4,364.22	2,783.41
MD of Lesser Slave River	1,955.70	1,145.67
County of Lethbridge	2,740.19	2,052.57
Mackenzie County	2,296.57	2,343.05
County of Minburn	2,803.99	1,059.44
Mountain View County	2,706.74	2,608.92
County of Newell	1,729.35	1,797.11
County of Northern Lights	1,283.43	1,023.44
Northern Sunrise County	2,002.24	1,159.09

# Statement of Dividends Declared

	Trade Division	AAMDC Insurance Patronage
	Dividends declared for the year ending July 31, 2010	Dividends declared for the year ending July 31, 2010
	Dividends declared 2009-2010	Dividends declared 2009-2010
MD of Opportunity	10,106.13	2,384.60
County of Paintearth	2,764.10	1,264.27
Parkland County	4,664.73	3,902.75
MD of Peace	369.85	572.01
MD of Pincher Creek	1,329.85	977.93
Ponoka County	1,973.31	1,349.58
MD of Provost	1,027.06	1,344.57
MD of Ranchland	186.51	173.33
Red Deer County	1,477.21	3,135.93
Rocky View County	4,439.24	4,098.46
Saddle Hills County	1,469.78	1,069.97
Smoky Lake County	2,268.45	1,882.29
MD of Smoky River	906.14	978.82
Special Areas Board	1,872.19	793.29
MD of Spirit River	934.31	443.08
County of St. Paul	4,218.14	2,288.37
Starland County	3,317.65	1,324.60
County of Stettler	2,489.55	1,910.96
Strathcona County	10,542.54	10,330.91
Sturgeon County	7,388.62	2,957.04
MD of Taber	1,508.44	1,902.54
County of Thorhild	1,118.51	1,303.00
County of Two Hills	2,307.60	1,421.80
County of Vermillion River	3,973.84	2,533.98
Vulcan County	6,265.09	1,382.68
MD of Wainwright	2,377.66	1,442.19
County of Warner	2,387.53	1,299.57
Westlock County	4,156.52	1,823.57
County of Wetaskiwin	2,808.39	2,415.27
Wheatland County	3,677.33	3,001.30
MD of Willow Creek	1,522.15	1,721.48
Woodlands County	1,786.24	1,311.02
Yellowhead County	1,892.99	2,519.99
AAMDC	1,109.90	361.46
Associate Members	<u>101,546.54</u>	<u>71,841.97</u>
	<u>\$ 285,308.58</u>	<u>\$ 196,547.23</u>



