

2009



City of Medicine Hat
2009
Financial Report



Medicine Hat
The Gas City



Our Vision:

To be a Community of Choice

Our Mission:

***While Balancing Accessibility and
Affordability, to Exceed Expectations
In the Value of Our Services***

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City Council



(L to R) **Back Row:** Alderman Ted Clugston, Alderman Ty Schneider, Mayor Normand Boucher, Alderman Graham Kelly, Alderman Robert Dumanowski, Alderman Jeremy Thompson
(L to R) **Front Row:** Alderman Jamie White, Alderman Julie Friesen, Alderman John Hamill

STANDING COMMITTEES

Audit Committee

Alderman Ted Clugston, Chair
Alderman Robert Dumanowski, Vice Chair
Alderman Jeremy Thompson

Corporate Services Committee

Alderman Julie Friesen, Chair
Alderman Jeremy Thompson, Vice Chair
Alderman Ted Clugston

Development and Infrastructure Committee

Alderman Robert Dumanowski, Chair
Alderman Jamie White, Vice Chair
Alderman Ty Schneider

Energy Committee

Alderman John Hamill, Chair
Alderman Ted Clugston, Vice Chair
Alderman Jamie White

Public Services Committee

Alderman Graham Kelly, Chair
Alderman Ty Schneider, Vice Chair
Alderman Jeremy Thompson

Administrative Committee

Ray Barnard, Chief Administrative Officer - Municipal Services, Chair
Gerry Labas, Chief Operating Officer - Energy Services, Vice-Chair
Ron Webb, Public Services Commissioner
Albert Bizio, Corporate Services Commissioner
Abdul Khan, Development & Infrastructure Commissioner
John Hughes, City Solicitor
Larry Godin, City Clerk
Mayor Normand Boucher (ex-officio)

SPECIAL COMMITTEES

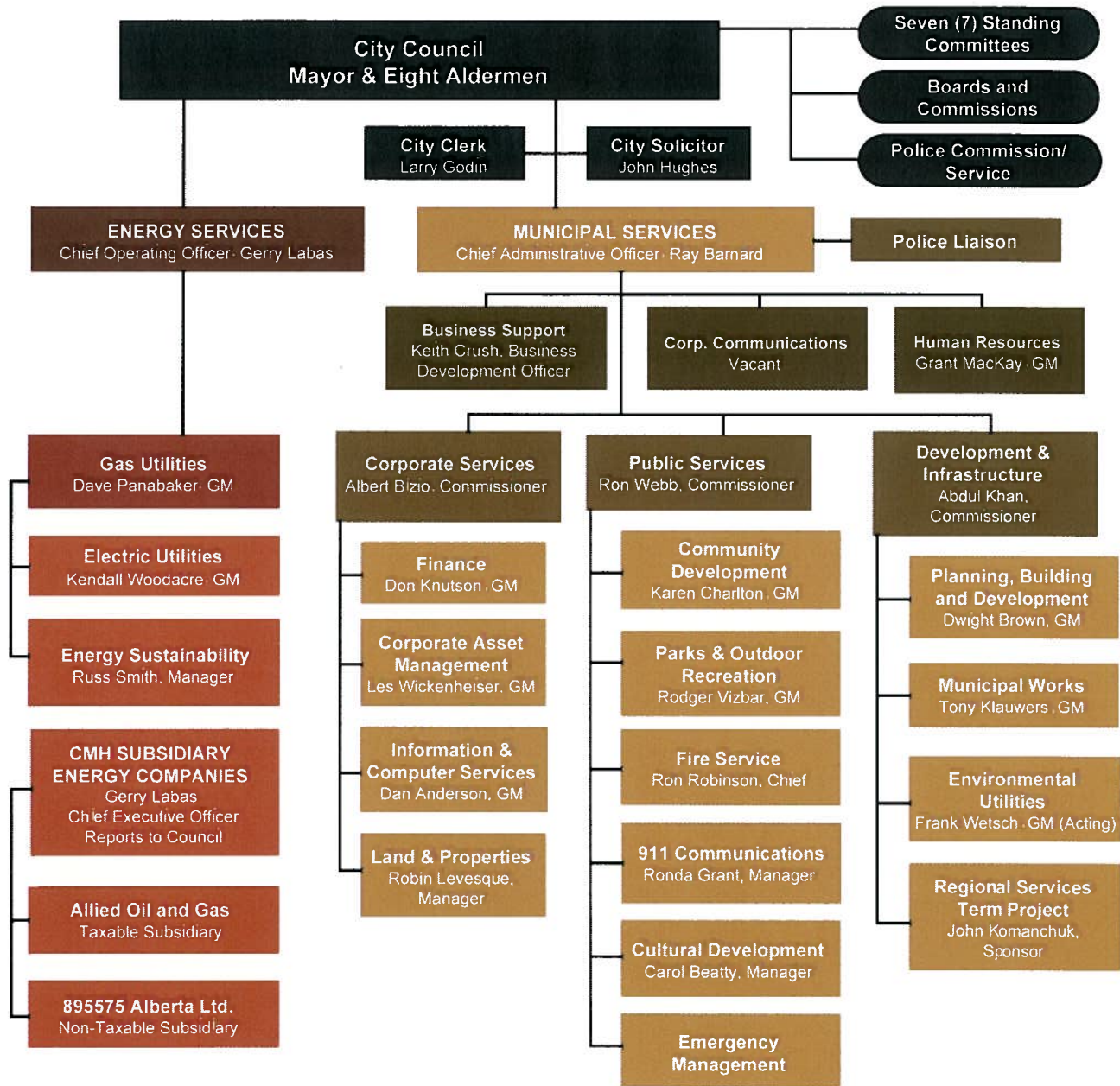
Event Centre

Alderman Jeremy Thompson, Chair
Alderman Graham Kelly, Vice Chair
Alderman Jamie White

CCDA Downtown Planning Committee

Alderman Ted Clugston, Chair

Organizational Structure



Treasurer's Report



Treasurer's Report

For the year ending December 31, 2009

INTRODUCTION

I am pleased to submit the City of Medicine Hat Consolidated Financial Statements for the fiscal year ended December 31, 2009. KPMG LLP has audited these financial statements and provided an unqualified audit opinion in their report dated March 25, 2010.

The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. This report provides users with an overview of the City of Medicine Hat's financial performance.

The purpose of the Financial Report is to present the users and readers with clear insight of the financial results for the City of Medicine Hat for the fiscal year ended December 31, 2009. Administration strives to ensure that this report presents fairly the financial position of the City of Medicine Hat. The report compares how financial resources were used against budgets and past financial performance. The report is divided into seven sections:

- Introduction – Provides an overview of the Treasurer's Report.
- GFOA Award for Financial Reporting.
- Risk Management - Discussion of Risks and Risk Management Strategies.
- Management Reporting and Control - Provides an explanation of the planning, budgeting, accounting, auditing and reporting process.
- Financial Statement Discussion and Analysis - Presents a review of the City of Medicine Hat's financial activities and position for the fiscal year ended December 31, 2009. The analysis is supplementary information to the financial statements and therefore, should be read in conjunction with the consolidated financial statements, accompanying notes and supporting schedules.
- Financial Statements - Presents the consolidated financial statements, supporting statements, notes and schedules and the independent external auditor's report. These statements and schedules contain comparative results for 2008 restated for changes in accounting policy, and budget comparisons for operations.
- Financial and Statistical Schedules (unaudited) - Presents a variety of statistical and financial information on a multi-year comparative basis.

Canadian Award for Financial Reporting

Presented to

City of Medicine Hat
Alberta

For its Annual
Financial Report
for the Year Ended
December 31, 2008

A Canadian Award for Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units whose annual financial reports achieve the highest program standards for Canadian Government accounting and financial reporting.




President


Executive Director



Albert Bizio,
Corporate Services
Commissioner

March 25, 2010



GFOA AWARD FOR FINANCIAL REPORTING

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Medicine Hat for its Annual Financial Report for the fiscal year ended December 31, 2008, the seventh year in a row. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government entity must publish an easily readable and efficiently organized annual financial report with contents conforming to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

RISK MANAGEMENT

This section of the report deals with the City's exposure to risk and uncertainty to enable the reader to make informed judgments about the implications of these risks on the City's financial position.

(a) Operational Risk Management

The City's operations are insured under a conventional municipal insurance program, which includes Property, Boiler and Machinery, Liability, Automobile and Oil and Gas Multi-Energy. The insurance program includes a self-retention component for those losses within the various deductible levels.

(b) Public Safety

Medicine Hat Police Service have kept pace with the growth in the community and the demand for services from residents. This has been accomplished through implementation of technology and equipment to more effectively utilize resources while maintaining officer and public safety. Continued training and development of the Police Service personnel maintains a sufficient level of expertise to enhance organizational strength. Funding to Police Service has continued to increase to ensure that the needs of the public are met.

The goal of Fire and Emergency Management Services is to provide effective life and property protection to the community through the delivery of community inspection, education and safety programs, preplanning for disasters and emergencies, and to rapid response to fire and rescue emergencies, as well as natural or man-made disasters. Fire and Emergency Management Services continues to monitor growth patterns and recommends changes or improvements that will provide efficient and effective protection to meet City Council's established response guidelines to all areas of the city.

The City operates a 9-1-1 Communications Centre, serving our community as a single point of contact for allocation of emergency and essential services to the residents of Medicine Hat and area. 9-1-1 serves a regional population of approximately 100,000 residents with immediate contact capability for language interpreters, poison control, emergency management, chemical spill information and call trace. The aim is to maintain a level of service that meets or exceeds industry standards with respect to call answer times and protocol compliance. In 2007, the 911 Communications Centre became the first Tri-Accredited (Fire, Police and Medical) center of excellence in the world, and in 2009 was one of only two Tri-Accredited centers in the world.

(c) Treasury Management

City funds are invested in accordance with Investment Policy #0110. The goal of this Policy is to ensure that the investment of City funds is made in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the City, as well as conforming to all provincial statutes and regulations governing the investment of municipal funds. Investment performance is benchmarked against the DEX (formerly ScotiaMcLeod) Universe Bond Index with an overall objective of sustaining a yield that exceeds 80 per cent of the index. The Treasury Team meets to review the investment portfolio and quarterly activity. A Treasury Report, complete with performance indicators, is compiled quarterly and distributed to the Audit Committee and City Council.

In addition, internal control procedures are designed to ensure that the daily handling of cash is managed in a secure methodology. Finally, each member of the Treasury Team must sign a disclosure statement to ensure their personal business activities do not conflict with the investment activities of the City.

(d) Environmental

The Planning, Building & Development department provides corporate support and ensures regulatory compliance with regard to environmental matters. The Department completes the regulatory activities including the administration of the environmental management policy, supports the operating departments in completing their due diligence with respect to environmental activities and provides current information on evolving and emerging environmental regulatory requirements. One of the goals is to keep City Council informed of the City's progress in striving for continual improvement in management systems and communication that focus on both compliance and proactive excellence in matters of environmental stewardship.

MANAGEMENT REPORTING AND CONTROL

The following section deals with the planning, reporting and audit process.

(a) Strategic Planning and Budgeting



City Council develops a Strategic Plan highlighting priorities, strategies and goals for the planning period. Based on the direction set out by the Strategic Plan, three-year departmental Business Plans are prepared. These Business Plans communicate each department's alignment with the Strategic Plan and identify:

- The core activities of the department and the aim of each activity.
- Departmental customers.
- Opportunities, trends and challenges faced by the department.
- Goals and objectives to be achieved by the department.

Budget guidelines and high level financial projections are developed. Based on these guidelines and departmental Business Plans, departments develop their budget requests. Effective for the 2009 – 2013 planning period, City Council has approved the adoption of a three year operating and capital budget with a two-year projection.

The Administrative Committee reviews departmental budgets and when satisfied that budgets are aligned with the Business Plans, the budget recommendation is presented for City Council approval.

Medicine Hat's Operating Budget lays out the revenues and expenses for the planning periods that will be required to deliver City services.

A five-year Capital Improvement Plan is developed for all departments. The Capital Improvement Plans identify proposed capital project expenses and their sources of financing.

For the 2009 - 2011 budget period, the City has employed a capital ranking process for the Tax Supported departments. This process is intended to ensure that capital funding is allocated to the

projects that will provide the highest value to the municipality.

(b) Accounting

The City of Medicine Hat manages the accounting function in five divisions: Corporate Services, Public Services, Development and Infrastructure, Police, and Energy Division. Each division is responsible for managing the delivery of services in accordance with the resources allocated. All divisions share a common accounting and reporting system, and financial and accounting services are administered under the direction of the Commissioner of Corporate Services and delivered to each division based on its requirements.

(c) Auditing

The "Municipal Government Act" requires municipal Councils to appoint an independent auditor. In 2003, Medicine Hat City Council appointed KPMG LLP, as the external auditor for a five-year term. This term was extended one year to 2009.

The role of the external auditor is to present an independent opinion on the fair presentation of the City's financial position and operating results as contained in the Financial Report, and to express an opinion that the financial statements are free from any material misstatements. The auditor advises management and the Audit Committee of any control or operational matters that may have been identified during the audit procedure.

The Audit Committee, comprised of three members of City Council, is a Standing Committee of City Council. The Audit Committee is responsible for recommending the appointment of the independent auditor, reviewing the terms of the engagement and overseeing management's responsibilities for financial reporting. The Audit Committee meets with management and the independent auditors to discuss the scope and timing of the audit, to review the auditor's findings and to ensure that management is carrying out its responsibilities.

(d) Financial Report

The financial report contains the audited financial statements consistent with principles and standards for financial reporting established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as required by the Alberta Municipal Government Act. In addition, it serves as an opportunity to communicate with taxpayers and other members of the public regarding the City's financial performance and significant financial events in 2009.

Financial statements in the public sector serve as a central feature of reporting and assessing the management of public financial affairs. They report the municipality's actual financial activities, in comparison to planned activities and the resulting financial condition of the municipality. They are only one factor in determining the financial condition of a government and do not replace a variety of other reports that are prepared. The financial statements serve as a means by which a municipality provides a report of its administration

of public funds and presents information that is useful in evaluating the municipality's financial condition at the end of a year and its financial performance through the year.

The information in this financial report is the responsibility of management. KPMG LLP, the City's independent auditors have audited the accompanying statements and their report accompanies the financial statements.

City Council carries out its responsibility for the Consolidated Financial Statements through the Audit Committee.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

(a) Overview

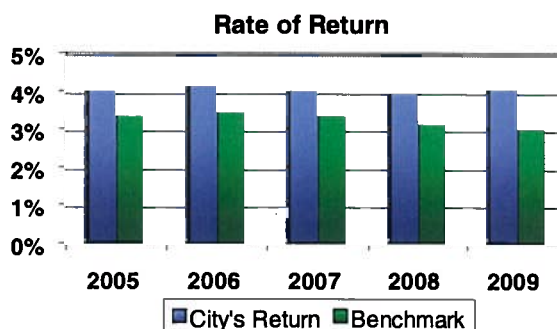
At the time the 2009 budget was approved, the City had not completed the work regarding the changes in accounting for Tangible Capital Assets, as prescribed by the Canadian Institute of Chartered Accountants (CICA). As a result at the time of budget preparation, a budget for amortization expense for general government assets could not be reasonably estimated and therefore was not included in the approved budget. Following guidance from our auditors and from the CICA public sector accounting handbook which states "planned (budgeted) results should be presented for the same scope of activities and on a basis consistent with that used for actual results", the City has chosen to increase budgeted amortization expense for comparison purposes on the statements by \$17.8 million over the originally approved budget amount for utilities, as this is the amount of actual 2009 amortization expense for general government. See note #27 to the financial statements for further detailed comparison.

Overall, the financial results for 2009 are:

- Total Financial Assets increased \$42.4 million from \$422.6 million in 2008 to \$465.0 million in 2009. This increase is primarily the result of an increase of \$45.8 million in cash and investments primarily due to a net increase of \$19.3 million of cash from financing, and cash from operating activities exceeding cash spent on capital by \$25.5 million primarily in the Gas Utility.
- Tangible Capital Assets increased \$28.5 million. This increase is primarily related to \$14.1 million for roads in new subdivisions and upgrades to existing roads, \$7.3 million for bridge rehabilitation, \$6.1 million for mobile equipment, an additional \$32.0 million for the substantial completion of construction of the LM6000 combustion turbine #15 at the power plant, and \$8.7 million for improvements to water and sewer systems. Additionally, the Natural Gas & Petroleum Resources capital program for 2009 was \$20.8 million. These increases were offset by amortization expense of \$87.5 million.
- Total Liabilities increased \$54.3 million in 2009. Other Long Term Liabilities increased \$30.3 million primarily due to the increase in

the Gas Asset Retirement Obligation due to increases in cost estimates. Deferred Revenue increased \$2.9 million primarily due to an increase in deferred grant revenue by \$6.7 million.

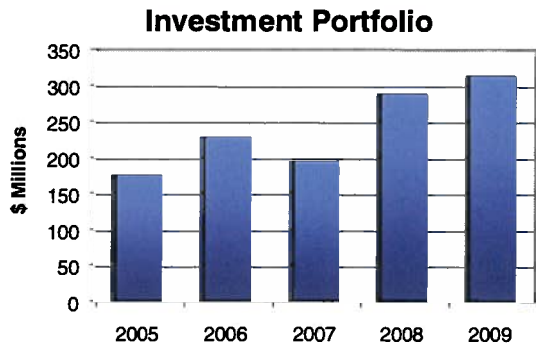
- Long Term Debt increased \$21.5 million in 2009. For tax supported activities, long term debt decreased \$1.7 million. During 2009 the City borrowed \$39.6 million, including \$25.0 million related to the LM6000 combustion turbine at the power plant. Principal in the amount of \$18.1 million was repaid. Of this repayment, \$3.3 million relates to tax supported debentures while the balance relates to utilities.
- During 2009 tax supported debt per capita decreased from \$515 to \$482, Utilities supported debt per capital increased from \$2,707 to \$3,057.
- Annual Surplus was \$39.9 million compared to a budget of \$97.7 million. Gas sales were \$39.8 million below budget as a result of the average sales price being 43 per cent below budget (\$3.87 / Gigajoule (GJ) actual vs. \$6.82 / GJ budget), offset by a 6.3 per cent sales volume improvement (26.8 Billion Cubic Feet (BCF) vs. 25.2 BCF budgeted) due to a more gradual decline in production rates than expected.
- The City of Medicine Hat's investment return for the year ended December 31, 2009 averaged 4.09 per cent outperforming the DEX (formerly ScotiaMcLeod) Universe Bond benchmark index of 3.04 per cent. The City's average portfolio return has outperformed the stated benchmark the last five years.



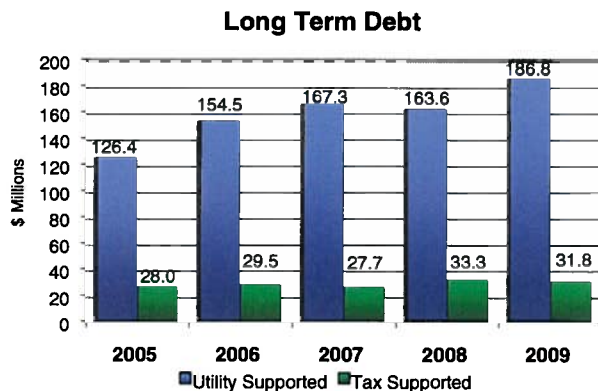
(b) Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position reports the financial and non-financial assets of the City. The difference between the total financial assets and total liabilities are the Net Financial Assets. This figure provides the reader with an indicator of financial flexibility and of the City's future revenue requirements to finance activities and meet financial commitments. The non-financial assets of the City are assets that are, by nature, normally used in service provision and include purchased, constructed or developed physical assets, inventories for consumption, prepaid expenses, and land held for future development.

In 2009 the Net Financial Asset position decreased \$11.9 million from \$52.9 million in 2008 to \$41.0 million in 2009. Investments, Loans and Advances increased \$33.9 million from 2008. These increases are primarily the result of net earnings and activities of the Energy Division.



Other Long Term Liabilities increased \$30.3 million. This increase is primarily due to the increase in the Gas Asset Retirement Obligation due to changes in cost estimates. The total liability for the Gas Asset Retirement Obligation at the end of 2009 is \$104.1 million. This obligation is related to liabilities associated with the future retirement of tangible long-lived petroleum and natural gas assets resulting from the acquisition, construction, development and normal use of petroleum and natural gas assets.



During 2009 total Long Term Debt increased \$21.5 million to \$216.2 million primarily as a result of \$25.0 million to finance the LM6000 combustion turbine, and \$9.5 million for improvements to environmental utility assets. Total debt principal repayments were \$18.2 million.

The Minister of Municipal Affairs has prescribed total debt and debt servicing limits for municipalities in the province. The debt limit is defined as two times revenue net of capital government transfers, and debt servicing limit is not to exceed 35 per cent of revenue. The City's 2009 debt levels are as follows:

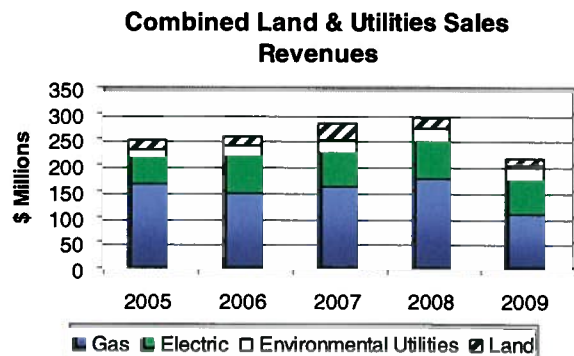
Debt Limit	\$582.0
Actual Debt (Long & Short Term)	218.5
Amount Under Limit	\$363.5 62%
Debt Servicing Limit	\$101.9
Actual Debt Servicing	28.0
Amount Under Limit	\$73.9 73%

Total Non-Financial Assets increased by \$51.7 million, primarily as a result of \$32.0 million spent on the LM6000 combustion turbine, \$20.8 million spent on the Natural Gas & Petroleum Resources capital program, \$8.7 million for improvements to water and sewer systems, \$8.6 million for land subdivision servicing work, \$14.1 million for roads in new subdivisions and upgrades to existing roads, \$7.3 million for bridge rehabilitation, and \$6.1 million for mobile equipment. These expenses are offset by \$87.5 million in amortization expense. Long Lived Assets increased by \$23.3 million primarily due to changes in estimated future abandonment expenses.

(c) Consolidated Statement of Operations

The Consolidated Statement of Operations reports the extent to which revenues raised in 2009 were sufficient to meet current year operating expenses.

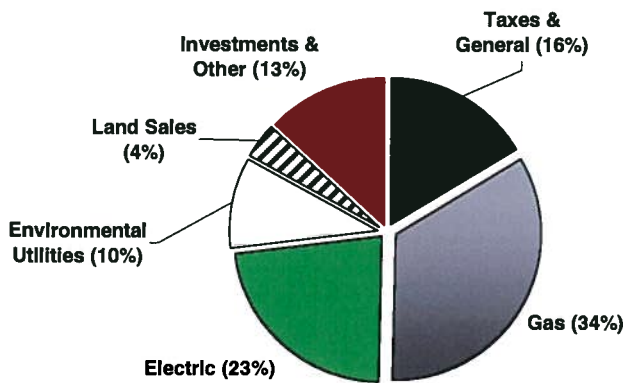
The annual surplus for 2009 was \$39.9 million compared to a budget of \$97.7 million. Of the total consolidated operating revenue of \$307.6 million, 71 per cent was derived from the sale of goods and services by Gas, Electric, Water, Sewer, Solid Waste and Land and Subdivision Development. Much of the revenue generated by Gas operations is achieved through sales of natural gas to external markets. Net municipal taxes provided \$41.8 million.



Prudent operations of the City's Utilities have allowed the City to maintain attractive rates for its customers. At the same time, the City has been able to direct dividends from the Utilities to offset annual requirements for property taxes. During 2007, City Council approved an Energy Division Dividend Policy. The City of Medicine Hat expects a dividend from its Energy Division business units that is fair and equitable. The Dividend Policy enables the energy utilities the opportunity to ensure long term financial sustainability and guarantees an annual fixed cash flow to the tax side of the corporation to offset property taxes.

(i) Revenues

**2009 Consolidated Operating Revenue
\$307.6 Million**



Revenues from taxes and general government operations of \$50.0 million, were in line with the budget of \$50.4 million.

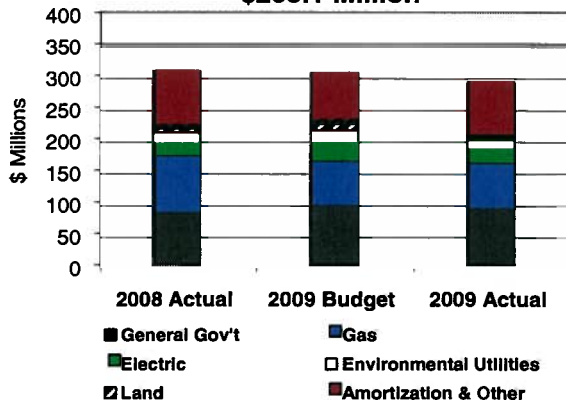
The Gas Utility sales revenue was \$104.7 million against a budget of \$144.5 million. The average natural gas sales price was \$3.87 / GJ compared to a budget of \$6.82 / GJ, a decrease of 43 per cent. Sales volume was 6.3% above budget at 26.8 million GJ's due to a more gradual decline in production rates than expected.

The Electric Utility reported sales of \$70.0 million, against a budget of \$95.2 million as electric commodity prices in the market were 20 per cent lower than budgeted, and total volume was 6.6 per cent lower than budget.

Environmental Utilities (Water, Sewer, Solid Waste) considered as a whole, reported sales revenues of \$30.8 million against a budget of \$31.0 million as rates and volumes were similar to expectations. Land and Subdivision Development reported \$11.5 million in sales revenue compared to a budget of \$14.5 million primarily due to a decrease in residential lot sales.

(ii) Expenses

**Operating Expenses
\$295.1 Million**



Expenses for General Government operations increased by \$8.5 million over 2008, however were \$4.5 million lower than budget. Wages and

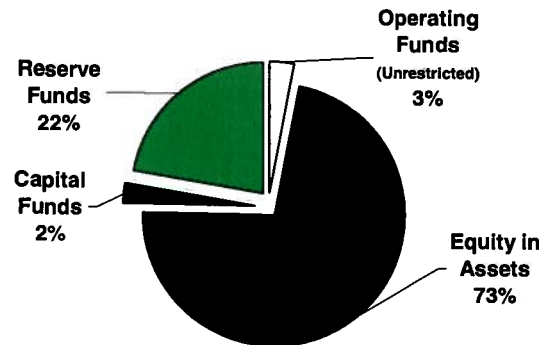
Benefits increased by \$7.1 million over 2008 due to new positions required to meet growth demands in the community and contract settlements. Expenses for the Gas Utility were \$3.9 million higher than budget as a result of increased amortization costs. However expenses were \$25.0 million lower than 2008 as a result of a reduction in operating costs due to lower contracted services and materials costs in the industry (\$5.2 million) and a reduction in royalties paid due to the drop in commodity prices (\$11.5 million).

Expenses for Land and Subdivision Development were less than the budget by \$7.8 million due to lower than expected costs of goods sold.

(iii) Accumulated Surplus

The Accumulated Surplus on the Consolidated Statement of Operations represents the total change in all fund and equity balances for the City of Medicine Hat. During 2009 the consolidated fund and equity balances increased by \$39.9 million to \$1,229.2 million. The increase is primarily a result of the earnings and activities of the Energy Division. Of the total \$1,229.2 million in accumulated surplus, only \$39.0 million is unrestricted.

**Accumulated Surplus 2009
\$1,229.2 million**



\$30.6 million is set aside for previously approved capital expenses that were incomplete at year end. \$273.9 million is set aside for future capital expenses in various reserves. There are six major reserves: the Gas Depletion Reserve (\$189.3 million), which is intended for future acquiring, exploring for and developing natural gas reserves; the Electric Facility and Equipment Reserve (\$17.5 million), which is to provide funding for replacement of depreciated assets and investment in new Electric Utility assets; the Natures Best Reserve (\$5.6 million), for investment in alternative energy and education; the Community Capital Reserve (\$27.7 million), for funding of tax side expenses on community facilities and equipment; the Fleet Replacement Reserve (\$6.1 million), and the Infrastructure Reserve (\$21.9 million). The last two reserves are used to fund fleet purchases and future municipal infrastructure improvements, thereby reducing debenture-borrowing requirements.

The remaining \$885.7 million of accumulated surplus is the City's equity in its physical assets.

(d) Consolidated Statement of Change in Net Financial Assets

The Consolidated Statement of Change in Net Financial Assets provides a summary of the sources, allocation and consumption of the resources administered by the City in the period. This information is useful in gaining an understanding of and assessing the City's financial resource requirements. The statement informs users about the extent to which financial assets were required from current operations to pay for non financial assets such as acquisition of tangible capital assets and activities related to inventories, pre-pays and land held for future development.

The decrease in Net Financial Assets for 2009 was \$11.9 million, compared to a budgeted increase of \$25.4 million. Annual surplus for 2009 was \$39.9 million compared to a budget of \$97.7 million. During the year the City acquired \$116.7 million of tangible capital assets compared to a budget of \$152.2 million. Amortization expense for 2009 is \$87.5 million, an increase of \$7.5 million over budget primarily due to increased natural gas production volume compared to budget, and the LM6000 combustion turbine being capitalized a year ahead of original expectations. Although there was no approved budget for amortization of general government assets, we have included an amount of \$17.8 million (equal to the actual 2009 expense amount) in the total budget amount of \$79.9 million for comparison purposes – see note #27 for further explanation.

(e) Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows provides information of the sources and uses of cash during the period. In 2009, operating activities generated \$159.2 million in cash flow, compared to \$204.3 million in 2008. The reduction from 2008 is primarily a result of lower natural gas prices in the gas utility.

Cash used by capital activities was \$133.7 million compared to \$97.2 million in 2008. The significant capital expenses in 2009: \$14.1 million for roads in new subdivisions and upgrades to existing roads; \$7.3 million for bridge rehabilitation; \$6.1 million for mobile equipment; an additional \$32.0 million for the substantial completion of construction of the LM6000 combustion turbine #15 at the power plant; and \$8.7 million for improvements to water and sewer systems. Additionally, the Natural Gas & Petroleum Resources capital program for 2009 was \$20.8 million.

Cash used by investing activities was \$39.4 million during the year compared to \$101.4 million in 2008. This is a result of the cash left for investing after operating, capital, and financing activities during the year.

Cash provided by financing activities was \$19.3 million in 2009 compared to a reduction of \$6.3 million in 2008. Debt issued in 2009 was \$39.6 million including \$25 million for the LM6000 combustion turbine, and \$9.5 million for the acquisition of funds for water, sewer, and solid waste capital improvements. Debt principal repaid

in 2009 totaled \$20.4 million compared to \$22.7 million in 2008.

As a result, cash at the end of the year increased by \$5.4 million from 2008.

(f) Consolidated Schedule of Tangible Capital Assets Schedule 1

The Consolidated Schedule of Tangible Capital Assets details the changes in cost, accumulated amortization, and net book value of the capital assets for 2009. Net book value of Property Plant and Equipment increased \$28.5 million in 2009.

The total cost at the beginning of the year of all Tangible Capital Assets was \$1,998.5 million. During 2009, there were net capital acquisitions of \$111.1 million resulting in total cost at the end of 2009 of \$2,109.6 million.

Of the additions during 2009, \$4.9 million was spent on Land and Land Improvements, \$12.2 million was spent on buildings, \$68.1 million was spent on engineered structures, \$4.3 million was spent on machinery and equipment, \$6.5 million was spent on vehicles, and \$20.8 million was spent on Oil and Gas capital projects. The gross value of assets disposed or written down during the year was \$5.6 million.

Accumulated amortization at the beginning of the year was \$925.1 million. The City follows a policy whereby tangible capital assets are amortized based on their approximate remaining useful lives. During the year, total amortization expense was \$87.5 million and accumulated amortization on assets disposed was \$4.8 million resulting in accumulated amortization at the end of 2009 of \$1,007.7 million.

Over the next several years, City Council's priorities regarding sustainable utilities and sound infrastructure will require continued investment. The 2009 – 2013 Capital Improvement Plan calls for several major expenses. The energy division has budgeted \$12.4 million in capital expenses in 2010, not including \$37.6 million budgeted for Natural Gas and Petroleum Resources. The environmental utilities departments have budgeted to spend \$11.7 million in 2010 on improvements to the water, sewer, and solid waste systems. The Land department has budgeted to spend \$10.0 million on subdivision development. Also included in the capital budget for 2010 is \$6.0 million in fleet upgrades, \$18.3 million in building and equipment upgrades, \$4.3 million for road infrastructure, \$2.6 million for parks and trails and \$3.3 million on cemetery expansion.

(g) Consolidated Taxes Levied Schedule 2

The Consolidated Taxes Levied schedule details total taxes received from all sources and the amount of requisitions collected on behalf of the School Districts, Cypress View Foundation and Business Exchange Levies. Net taxes for 2009 were \$41.8 million as compared to a budget of \$41.9 million.

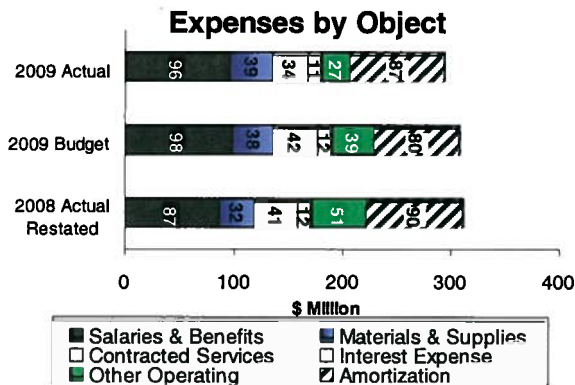
(h) Consolidated Schedule of Government Transfers Schedule 3

The Consolidated Schedule Government Transfers details the total government transfers received for operating and capital activities.

In 2009, the City received \$26.1 million in Government Grants. Of this amount, \$4.7 million was for operating activities and \$21.4 million was designated for capital activities. Some of the notable conditional transfers were the New Deal for Cities and Communities, \$7.5 million; Alberta Municipal Infrastructure Program, \$6.6 million; the Canada – Alberta Municipal Rural Infrastructure Fund, \$3.7 million; the Basic Capital Grant for Transportation, \$3.1 million; Family and Community Support Services, \$1.3 million; the Police Assistance and Enforcement Grants, \$1.2 million; and the Municipal Assistance Grant, \$0.9 million.

(i) Consolidated Expenses by Object Schedule 4

The Consolidated Expenses by Object schedule details 2009 actual (\$295.1 million) and budgeted (\$309.2 million) expenses by type and reconciles to the total expenses shown on the Consolidated Statement of Operations.



Audited Financial Statements



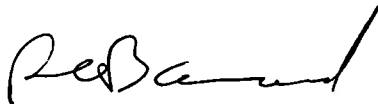
The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of Management.

The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgments of Management. Financial data elsewhere in the report is consistent with that in the financial statements.

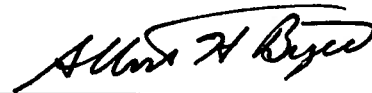
Management has developed and maintains an extensive system of internal controls that provide reasonable assurance that all transactions are appropriately authorized, that assets are properly accounted for and safeguarded, that all transactions are accurately recorded and that financial records are reliable for preparation of financial statements. As well, it is the policy of the City to maintain the highest standard of ethics in all its activities.

KPMG LLP, our independent auditors have been appointed to express a professional opinion on the consolidated financial statements. Their report follows.

City Council, through its Audit Committee, comprised of three aldermen, oversees management's responsibilities for financial reporting. The Audit Committee meets regularly with management and independent auditors to discuss auditing and reporting on financial matters and to assure that management is carrying out its responsibilities. The auditors have full and free access to the Audit Committee and management.



Chief Administrative Officer



Commissioner of Corporate Services



AUDITORS' REPORT

To His Worship The Mayor and Members of Council of the City of Medicine Hat

We have audited the consolidated statement of financial position of the City of Medicine Hat as at December 31, 2009 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City'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 consolidated financial statements present fairly, in all material respects, the financial position of the City of Medicine Hat as at December 31, 2009 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Lethbridge, Canada
March 25, 2010

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009
(In thousands of dollars)

	2009	2008 Restated (Note 2)
FINANCIAL ASSETS		
Cash and Temporary Investments (Note 3)	\$ 38,447	\$ 26,582
Accounts Receivable (Net of Allowances) (Note 4)	45,659	48,085
Advances to Subsidiary (Note 5)	14,911	15,945
Investments, Loans & Advances (Note 6)	343,547	309,604
Land Held for Resale	13,823	14,225
Inventories for Resale (Note 7)	160	4,646
Deposits (Note 8)	8,445	3,461
TOTAL FINANCIAL ASSETS	464,992	422,548
LIABILITIES		
Bank Indebtedness	-	2,188
Trade Accounts Payable	24,042	19,888
Accrued Liabilities (Note 9)	20,344	21,898
Liability in Subsidiary (Note 10)	4,113	4,853
Deferred Revenue (Note 11)	37,694	34,786
Long Term Debt - Alberta Capital Finance Authority (Note 13)	215,920	194,443
Other Long Term Debt (Note 13, 14)	269	270
Other Long Term Liabilities (Note 15)	121,617	91,348
TOTAL LIABILITIES	423,999	369,674
NET FINANCIAL ASSETS	40,993	52,874
NON-FINANCIAL ASSETS		
Inventories	16,558	17,069
Prepaid Expenses	1,614	1,388
Land Held for Future Development (Note 16)	8,070	7,837
Long Lived Assets	60,085	36,804
Tangible Capital Assets (Note 17)	1,101,874	1,073,369
TOTAL NON-FINANCIAL ASSETS	1,188,201	1,136,467
ACCUMULATED SURPLUS (Note 18)	\$ 1,229,194	\$ 1,189,341

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)

	2009 BUDGET (Unaudited)	2009	2008 Restated (Note 2)
REVENUE			
NET MUNICIPAL TAXES (Schedule 2)	\$ 41,893	\$ 41,769	\$ 38,853
SALE OF SERVICES			
General Government	8,548	8,240	7,932
Gas	144,488	104,662	171,152
Electric	95,165	69,993	77,978
Water	13,349	13,205	11,587
Sewer	10,360	10,080	9,964
Solid Waste	7,260	7,557	6,760
Land and Subdivision Development	14,506	11,480	18,286
OTHER INCOME			
Investment Income	13,158	13,365	11,426
Investment in Subsidiary (Note 10)	100	740	1,352
Licenses, Fines and Penalties	6,301	5,905	6,842
Insurance Recovery	82	189	248
Development Levies	3,410	1,966	3,194
Charitable Gifts (Note 10)	-	2,000	4,000
Government Transfers for Operating (Schedule 3)	4,917	4,749	14,273
Other	5,934	11,680	20,566
TOTAL REVENUE	369,471	307,580	404,413
EXPENSES (Schedule 4)			
General Government (Note 27)	111,391	107,079	98,893
Gas	118,896	122,940	147,933
Electric	45,350	41,289	36,224
Energy Sustainability	220	921	659
Water	9,962	8,410	8,941
Sewer	7,862	8,257	8,538
Solid Waste	5,545	3,993	5,190
Land and Subdivision Development	9,928	2,254	5,945
TOTAL EXPENSES	309,154	295,143	312,323
EXCESS OF REVENUE OVER EXPENSES			
- BEFORE OTHER	60,317	12,437	92,090
OTHER			
Contributed Assets	13,307	6,019	9,868
Government Transfers for Capital (Schedule 3)	24,095	21,397	12,681
TOTAL OTHER	37,402	27,416	22,549
ANNUAL SURPLUS	97,719	39,853	114,639
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,189,341	1,189,341	1,074,702
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,287,060	\$ 1,229,194	\$ 1,189,341

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)

	2009 BUDGET (Unaudited)	2009	2008 Restated (Note 2)
ANNUAL SURPLUS	\$ 97,719	\$ 39,853	\$ 114,639
Acquisition of Tangible Capital Assets	(138,911)	(110,697)	(104,657)
Contributed Tangible Capital Assets	(13,307)	(6,019)	(9,868)
Amortization of Tangible Capital Assets (Note 27)	79,910	87,454	89,695
Loss on Sale of Tangible Capital Assets	-	442	613
Proceeds from Sale of Tangible Capital Assets	-	314	720
	<hr/> 25,411	<hr/> 11,347	<hr/> 91,142
Acquisition of Inventories and Supplies	-	(6,159)	(8,997)
Acquisition of Land Held for Future Development	-	(233)	(336)
Acquisition of Prepaid Expenses	-	(2,802)	(2,966)
Decrease (Increase) in Long Lived Assets	-	(23,281)	6,718
Consumption of Inventories and Supplies	-	6,671	7,425
Use of Prepaid Expenses	-	2,576	2,609
	<hr/> -	<hr/> (23,228)	<hr/> 4,453
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	25,411	(11,881)	95,595
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<hr/> 52,874	<hr/> 52,874	<hr/> (42,721)
NET FINANCIAL ASSETS, END OF YEAR	<hr/> \$ 78,285	<hr/> \$ 40,993	<hr/> \$ 52,874

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands of dollars)

	2009	2008 Restated (Note 2)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Annual Surplus	\$ 39,853	\$ 114,639
Non-cash items included in annual surplus:		
Amortization	87,454	89,695
Loss on Sale of Tangible Capital Assets	442	613
Developers Contribution of Tangible Capital Assets	(6,019)	(9,868)
Income from Subsidiary	(740)	(1,352)
Change in Non-cash Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	2,426	(544)
Decrease (Increase) in Inventories for Resale	4,486	(2,058)
Decrease (Increase) in Land for Resale	402	(2,549)
Decrease (Increase) in Land Held for Future Development	(233)	(336)
Decrease (Increase) in Inventories for Consumption	511	(1,572)
Decrease (Increase) in Deposits	(4,984)	(1,541)
Decrease (Increase) in Prepaid Expenses	(226)	(357)
Increase (Decrease) in Accounts Payable, Accrued Liabilities	2,600	(2,218)
Increase (Decrease) in Deferred Revenue	2,908	15,166
Increase (Decrease) in Other Long Term Liabilities	30,270	6,564
NET CASH PROVIDED BY OPERATING ACTIVITIES	159,150	204,282
CAPITAL ACTIVITIES		
Acquisition of Assets	(110,697)	(104,657)
Proceeds from Sale of Tangible Capital Assets	314	720
Decrease (Increase) in Long Lived Assets	(23,282)	6,718
NET CASH PROVIDED BY (USED BY) CAPITAL ACTIVITIES	(133,665)	(97,219)
INVESTING ACTIVITIES		
Increase in Restricted Cash & Temporary Investments	(6,496)	(12,652)
Increase in Long Term Investments	(33,943)	(90,861)
Decrease in Advances to Subsidiary	1,034	2,071
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	(39,405)	(101,442)
FINANCING ACTIVITIES		
Debt Issued and Assumed	39,639	16,373
Short Term Debt Repaid	(2,188)	(5,740)
Long Term Debt Repaid	(18,162)	(16,912)
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	19,289	(6,279)
CHANGE IN CASH DURING THE YEAR	5,369	(658)
CASH, BEGINNING OF YEAR	119	777
CASH, END OF YEAR	\$ 5,488	\$ 119
Cash consists of the following:		
Cash	\$ 38,447	\$ 26,582
Less: Restricted portion of Cash and Temporary Investments	(32,959)	(24,275)
Temporary Bank Indebtedness	-	(2,188)
Total	\$ 5,488	\$ 119

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED

Schedule 1

TANGIBLE CAPITAL ASSETS

AS AT DECEMBER 31, 2009

(In thousands of dollars)

	Land	Land Improvements	Buildings	Engineered Structures	Gas Oil & Properties	Machinery & Equipment	Vehicles	2009	2008 Restated (Note 2)
COST:									
BALANCE, BEGINNING OF YEAR	\$ 40,507	\$ 45,611	\$ 144,557	\$ 890,349	\$ 794,452	\$ 46,614	\$ 36,362	\$ 1,998,452	\$ 1,888,186
Acquisition of tangible capital assets	577	2,231	10,937	54,742	15,675	3,453	6,309	93,924	58,821
Construction-in-progress	-	2,103	1,242	13,375	5,081	817	216	22,834	56,529
Disposal of tangible capital assets	(1)	(202)	(250)	(1,538)	(33)	(1,995)	(1,493)	(5,512)	(5,084)
Write down of tangible capital assets	-	-	-	-	-	(107)	-	(107)	-
BALANCE, END OF YEAR	41,083	49,743	156,486	956,928	815,175	48,782	41,394	2,109,591	1,998,452
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	-	24,585	45,456	336,336	466,149	28,836	23,721	925,083	839,486
Annual amortization	-	1,521	4,476	26,327	49,306	3,099	2,725	87,454	89,695
Accumulated amortization on disposals	-	(202)	(196)	(1,259)	-	(1,720)	(1,443)	(4,820)	(4,098)
BALANCE, END OF YEAR	-	25,904	49,736	361,404	515,455	30,215	25,003	1,007,717	925,083
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 41,083	\$ 23,839	\$ 106,750	\$ 595,524	\$ 299,720	\$ 18,567	\$ 16,391	\$ 1,101,874	\$ 1,073,369
2008 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS (Restated - Note 2)	\$ 40,507	\$ 21,026	\$ 99,101	\$ 554,013	\$ 328,303	\$ 17,778	\$ 12,641	\$ 1,073,369	\$ 1,073,369

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED
TAXES LEVIED
AS AT DECEMBER 31, 2009
(In thousands of dollars)

Schedule 2

	2009 BUDGET (Unaudited)	2009	2008 Restated (Note 2)
TAXATION			
Real Property Taxes	\$ 61,690	\$ 61,562	\$ 59,071
Linear Property Taxes	722	722	553
Government Grants in Lieu of Property Taxes	1,259	1,259	1,295
Special Assessments and Local Improvements	366	381	348
	64,037	63,924	61,267
REQUISITIONS			
Alberta School Foundation	16,482	16,480	17,116
Catholic Board of Education	3,060	3,070	3,158
Cypress View Foundation	836	839	482
Medicine Hat Public Library	1,656	1,656	1,558
Business Exchange Levies	110	110	100
	22,144	22,155	22,414
NET MUNICIPAL TAXES	\$ 41,893	\$ 41,769	\$ 38,853

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED
SCHEDULE OF GOVERNMENT TRANSFERS
FOR THE YEAR ENDING DECEMBER 31, 2009
(In thousands of dollars)

Schedule 3

	2009 BUDGET (Unaudited)	2009	2008 Restated (Note 2)
TRANSFERS FOR OPERATING:			
Provincial Government			
Municipal Assistance Grant	\$ 875	\$ 875	\$ 875
Police Enforcement Grant	912	967	912
Shared-Cost Agreements and Grants	3,130	2,907	12,486
	<hr/> 4,917	<hr/> 4,749	<hr/> 14,273
TRANSFERS FOR CAPITAL:			
Federal Government	-	1,864	1,053
Provincial Government	24,095	19,533	11,628
	<hr/> 24,095	<hr/> 21,397	<hr/> 12,681
TOTAL GOVERNMENT TRANSFERS	<hr/> \$ 29,012	<hr/> \$ 26,146	<hr/> \$ 26,954

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED
EXPENSES BY OBJECT (Unaudited)
AS AT DECEMBER 31, 2009
(In thousands of dollars)

Schedule 4

EXPENSES	2009 BUDGET (Unaudited)	2009	2008 Restated (Note 2)
Salaries, Wages and Benefits	\$ 97,924	\$ 95,948	\$ 86,800
Contracted and General Services	41,972	34,250	40,972
Materials, Goods and Utilities	37,790	38,887	31,711
Provisions for Allowances	333	311	8,567
Bank Charges and Short Term Interest	106	186	177
Interest on Long Term Debt	11,877	10,887	11,106
Total Grants and Other Transfers	705	799	793
Other Operating Expenses	37,627	25,979	41,889
Amortization of Tangible Capital Assets (Note 2, 27)	80,820	87,454	89,695
Loss on Disposal of Tangible Capital Assets	-	442	613
TOTAL EXPENSES	\$ 309,154	\$ 295,143	\$ 312,323

The accompanying notes are an integral part of these financial statements.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements of the City of Medicine Hat (the "City") are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City of Medicine Hat are as follows:

(A) BASIS OF CONSOLIDATION

The Consolidated Financial Statements reflect the assets, liabilities, revenues and expenses, changes in financial position and changes in net financial assets of the reporting entity. This entity, except for government business enterprises which are accounted for by the modified equity basis of accounting, includes all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to City Council for the administration of their financial affairs and resources. They include the following:

1. City General - activities associated with the provision of conventional municipal services including General Administrative Services, Corporate Services (Finance, Information and Computer Services, Corporate Asset Management), Public Services (Fire and Emergency Management, 911 Communications, Community Development, Cultural Development, Parks and Outdoor Recreation), Infrastructure and Development Services (Municipal Works, Planning, Building & Development and Environmental Utilities) and Police Service (Police Service and Bylaw Enforcement). Land and Properties operations are treated as a business entity for financial statement purposes.
2. Energy Division - self supporting activities which provide Electricity (Generation, Distribution and Retail) and Natural Gas (Production, Distribution, and Marketing) and Environment (energy sustainability and alternative energy, and environmental education and outreach).

School administration is completely independent of City Council and is subject to control by the Provincial Government pursuant to the provisions of the *School Act*. The only relationship between the School Boards and the City is that the City is obligated to provide funds raised by taxes deemed necessary by the Province.

The schedule of taxes levied includes operating requisitions for the Alberta School Foundation, Catholic Board of Education, Cypress View Foundation, and amounts collected for the City Centre Development Agency that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. A schedule of these trust assets is included in Note 19.

Interdepartmental and organizational transactions and balances are eliminated.

Allied Oil & Gas Corp., a wholly-owned subsidiary of the City, is accounted for using the modified equity basis, consistent with generally accepted accounting principles for government business enterprises.

(B) BASIS OF ACCOUNTING

The consolidated financial statements are prepared using the accrual basis of accounting.

1. Revenues

The accrual basis of accounting records revenue as it is earned and measurable. Sales and user fees are accounted for in the period in which the events occurred that gave rise to the revenues.

Revenue from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for a specific purpose.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

Government transfers from senior levels of government are recognized in the financial statements in the period that gives rise to the transfer occurring, providing the transfers are authorized, the City has met any eligible criteria and a reasonable estimate of the amounts can be made.

2. Expenses

Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay with the exception of pension expenses as disclosed in Note 1(F).

(C) INVESTMENTS

Portfolio investments are comprised of investments in qualifying instruments as defined in the City's Investment Policy #0110. Portfolio investments purchased by the City of Medicine Hat are recorded at cost. The cost of investments includes the applicable amortization of premiums and discounts using the present value amortization method. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Investments in government business enterprises are accounted for using the modified equity basis of accounting. Under this basis, the accounting principles of the government business enterprises are not adjusted to conform to the City's accounting policies and inter-organizational transactions and balances are not eliminated.

(D) INVENTORIES FOR RESALE

Inventories for resale and gas in storage are valued at the lower of cost or net realizable value with cost determined by the average cost method.

(E) LAND HELD FOR RESALE

Land held for resale is recorded at the lower of cost or net realizable value. The cost of land held for resale includes costs related to land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water, sewer, gas, electric, roads, sidewalks and street lighting are recorded as capital assets under their respective function.

(F) PENSION EXPENSES

The City participates in a multi-employer defined benefit pension plan, wherein contributions for current and past service pension benefits are recorded as expenses in the year in which they become due. The plan is accounted for as a defined contribution plan.

(G) PREPAID LOCAL IMPROVEMENT CHARGES

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

(H) JOINT VENTURE ACCOUNTING

Some of the City's production activities related to oil and gas are contracted jointly with other companies. These statements reflect only the City's proportionate interest in such activities.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

(I) OVER-LEVIES AND UNDER-LEVIES

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(J) ASSET RETIREMENT OBLIGATION

The City records the fair value of its petroleum and natural gas asset retirement obligation as a liability in the period in which it incurs an obligation associated with the retirement of tangible long-lived petroleum and natural gas assets that result from the acquisition, construction, development, and normal use of petroleum and natural gas assets. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived assets and depleted and depreciated using the unit-of-production method over estimated gross proven reserves. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

(K) LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Pursuant to the Alberta Environmental Protection and Enhancement Act, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover and landscaping, as well as surface and ground water monitoring, leachate control and visual inspection. This requirement is being provided for over the estimated remaining life of the landfill site based on usage.

(L) NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

(M) TANGIBLE CAPITAL ASSETS

1. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset.

Government contributions for the acquisition of capital assets are recorded as a revenue source in the Consolidated Statement of Operations and do not reduce the related capital assets costs.

Tangible capital assets cost less residual value, in Municipal Services, the Electric Utility, Water Utility, Sewer Utility, Solid Waste Utility, Land, and non-resource plant, property and equipment in the Gas Utility are amortized on a straight line basis over their estimated useful lives as follows:

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

Engineered Structures	7 to 75 years
Buildings	15 to 50 years
Machinery & Equipment	5 to 25 years
Vehicles	7 to 20 years
Land Improvements	4 to 25 years

Carrying costs directly attributable to the acquisition, construction or development, excluding interest costs, are capitalized to the point in time the asset is substantially complete and ready for use. Assets under construction are not amortized until the asset is in use.

The City follows the full cost method of accounting for its petroleum and natural gas properties, whereby all costs associated with acquisition and development of petroleum and natural gas reserves are capitalized. Such costs include those related to lease acquisition, geological and geophysical activities, cost of drilling both productive and non-productive wells, equipment cost and technical consulting costs directly related to development. The City does not capitalize interest or administrative costs.

Oil and gas properties are depleted following the CICA Accounting Guideline AcG-16 "Oil and Gas Accounting – Full Cost". Capitalized costs are depreciated on the unit-of-production method based on estimated proven reserves as determined by external engineers. For purposes of this calculation, oil is converted to gas on an energy equivalent basis (1 Bbl: 6.29 Mcf). The costs of unproven properties are excluded from this calculation until proven reserves are established or until impairment occurs.

Proceeds from the disposition of petroleum and natural gas properties are accounted for as adjustments to the net book value of resource properties, with no gain or loss recognized, unless the disposition would significantly alter the rate of depletion.

This guideline requires the cost centres be tested for recoverability using discounted future cash flows from proven reserves which are determined by using forward indexed prices. When the carrying amount of a cost centre is not recoverable, the cost centre would be written down to its fair value. Fair values are estimated using accepted present value techniques which incorporate risks and other uncertainties when determining expected cash flows. No write down was required for 2009.

2. Contribution of Tangible Capital Assets

Contributions of tangible capital assets are recorded at estimated fair market value at the date of contribution and are recorded as revenue.

3. Historical Assets

The City of Medicine Hat has works of art, museum collections, archives and various cultural and historic treasures that have aesthetic and historic value that are worth preserving perpetually. These items are not recognized in the tangible capital asset records because a reasonable estimate of the future economic benefit associated with these items cannot be made.

4. Inventories for Consumption

Inventories held for consumption are recorded at the lower of cost and replacement cost.

5. Land Held for Future Development

Land held for future development is recorded at the lower of cost and net realizable value.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

(N) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts, provision for contingencies and prior year tangible capital asset historical costs and related amortization. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Amounts recorded for depletion and amounts used for the ceiling test calculations, are based on estimates of oil and natural gas reserves and future costs required to develop those reserves. The City's reserve estimates are reviewed a minimum of every three years by independent engineering firms. The last reserve analysis was carried out as of September 1, 2008. By their nature, these estimates of reserves and the related future cash flows are subject to measurement uncertainty, and the impact on the financial statements of future periods may be material.

NOTE 2: CHANGE IN ACCOUNTING POLICY

Effective January 1, 2009, the City of Medicine Hat changed its method of recording tangible capital assets to accept the recommendations of the CICA Public Sector Accounting Handbook. The handbook requires the accrual of these assets that were previously expensed. These assets are now on the statement of financial position as non-financial assets. The changes have been applied retroactively.

The change in reporting has resulted in the following changes to the 2008 comparative values:

Change in Operating Surplus, ending December 31, 2008

Operating Surplus, as previously reported	\$ 91,142
Effect of change due to Tangible Capital Assets	23,497
Operating Surplus, as restated	\$ 114,639

	Reported in 2009 for 2008	Reported in 2008 for 2008	Change
Statement of Operations			
Impact on Revenues:			
Proceeds from Sale of Tangible Capital Assets	\$ -	\$ 720	\$ (720)
Developer Contributions for Tangible Capital Assets	9,868	-	9,868
Subtotal	9,868	720	9,148
Impact on Expenses:			
Capital Expenditures	-	105,040	105,040
Operating Expenses	223,700	223,317	(383)
Amortization	89,695	-	(89,695)
Loss on Sale of Tangible Capital Assets	613	-	(613)
Subtotal	314,008	328,357	(14,349)
Changes in Statement of Operations, Surplus increased by:			23,497

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

Change in Accumulated Surplus, December 31, 2008

Accumulated Surplus, as previously reported	\$ 1,268,975
Effect of change due to Tangible Capital Assets	<u>(79,634)</u>
Accumulated Surplus, as restated	<u>\$ 1,189,341</u>

Statement of Financial Position

	Reported in 2009 for 2008	Reported in 2008 for 2008	Change
Tangible Capital Assets	\$ 1,073,369	\$1,156,355	\$ (82,986)
Inventory for Consumption	17,069	13,717	3,352
Changes in Statement of Financial Position decreased Accumulated Surplus by:			<u>(79,634)</u>

The opening balance for Accumulated Surplus changed as follows:

Accumulated Surplus, January 1, 2008, previously reported	1,148,994
Change in accounting for Tangible Capital Assets	<u>(74,292)</u>
Accumulated Surplus, January 1, 2008, restated	<u>1,074,702</u>

NOTE 3: CASH AND TEMPORARY INVESTMENTS

	2009	2008
Cash	\$ 5,488	\$ 119
Temporary Investments	32,959	26,463
TOTAL CASH & TEMPORARY INVESTMENTS	<u>\$ 38,447</u>	<u>\$ 26,582</u>

The temporary investments represent a restricted amount for the Alberta Cities Transportation Program, Alberta Municipal Infrastructure Program, Municipal Sustainability Initiative Capital Fund Program, New Deal for Cities and Communities, New Deal for Public Transit, Major Community Facility Program and Public Housing Grant, which are held exclusively for eligible capital projects, and Municipal Sustainability Initiative Operating Grant Program funding for operating activities.

These investments have an average yield of 0.65 per cent and an average term of 56 days to maturity.

NOTE 4: ACCOUNTS RECEIVABLE

(A) TAXES AND BUSINESS IMPROVEMENTS LEVIES RECEIVABLE

	2009	2008
Current Taxes Receivable	\$ 2,025	\$ 1,380
City Centre Development Agency	11	15
Less: Allowance for Tax Adjustments	-	(1)
SUB-TOTAL	<u>\$ 2,036</u>	<u>\$ 1,394</u>

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

(B) ACCOUNTS RECEIVABLE

	2009	2008
Trade Accounts Receivable	\$ 52,666	\$ 55,812
Less: Allowance for Doubtful Accounts	(9,043)	(9,121)
SUB-TOTAL	\$ 43,623	\$ 46,691
TOTAL	\$ 45,659	\$ 48,085

NOTE 5: ADVANCES TO SUBSIDIARY

	2009	2008
Unsecured, non-interest bearing advances with no fixed terms of repayment	\$ 64	\$ 98
Unsecured note, bearing interest at prime plus 1% due on demand	14,847	15,847
TOTAL	\$ 14,911	\$ 15,945

NOTE 6: INVESTMENTS, LOANS AND ADVANCES

	2009		2008	
	Cost	Market Value	Cost	Market Value
Federal Government & Agencies	\$ 16,454	\$ 18,076	\$ 20,718	\$ 21,896
Provincial Government & Agencies	49,605	51,381	74,871	77,667
Canadian Banks	168,705	176,480	128,447	125,174
Others	108,783	110,092	85,568	85,242
TOTAL	\$ 343,547	\$ 356,029	\$ 309,604	\$ 309,979

These investments yield interest rates from 0.55 per cent to 7.12 per cent and mature in periods 2010 through 2105. The investments have an average expected yield of 4.09 per cent and an average term of 5.69 years to maturity.

NOTE 7: INVENTORIES FOR RESALE

	2009	Restated 2008
Concessions	\$ 160	\$ 137
Gas in Storage	-	4,509
TOTAL	\$ 160	\$ 4,646

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

NOTE 8: DEPOSITS AND OTHER ASSETS

	2009	Restated 2008
Tax Requisition Over Levies	\$ 57	\$ 197
Postage	3	18
Refundable Containers	48	48
Operating Deposits	47	296
Gas Commodity Purchase Deposits	7,488	1,991
Gas Royalty Deposits	802	911
TOTAL	\$ 8,445	\$ 3,461

NOTE 9: ACCRUED LIABILITIES

	2009	Restated 2008
Accrued Wages and Salaries	\$ 2,418	\$ 1,604
Vacation Pay	4,382	4,178
Accrued Interest on Long-Term Debt	2,415	2,724
Deferred Charges	6,031	7,381
Accrued Royalties	506	793
Other Payables	4,592	5,218
TOTAL	\$ 20,344	\$ 21,898

NOTE 10: SUBSIDIARY OPERATIONS

The following table provides condensed supplementary financial information reported separately by Allied Oil & Gas Corp. (Allied) at December 31.

	2009	2008
Financial Position		
Current Assets	\$ 9,413	\$ 9,180
Future Income Tax Asset	972	996
Resource Properties	5,202	5,689
Total Assets	15,587	15,865
Current Liabilities	938	1,108
Advances from City of Medicine Hat	14,847	15,847
Asset Retirement Obligation	861	710
Total Liabilities	16,646	17,665
Net Assets (Liabilities)	\$ (1,059)	\$ (1,800)

Net Liabilities are comprised of a deficit of \$4,290, share capital of \$6, and contributed surplus of \$3,224 (2008– a deficit of \$5,030, share capital of \$6, contributed surplus of \$3,224).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

Results of Operations	2009	2008
Revenues	\$ 8,946	\$ 13,199
Operating Expenses	4,521	6,105
Cash Flow from Operations	4,425	7,094
Charitable Gift	2,000	4,000
Depletions and Accretion	1,351	1,253
Net Income before Income Tax	1,074	1,841
Income Tax Expense	(334)	(489)
Net Income	740	1,352
Deficit, Beginning of Year	(4,859)	(6,211)
Deficit, End of Year	(4,119)	(4,859)
Share Capital	6	6
Loss In Subsidiary	\$ (4,113)	\$ (4,853)

The operation of this government business enterprise has been accounted for using the modified equity method of accounting. These financial statements include the net earnings of Allied since the acquisition date.

During the year the City received \$2,000 from Allied as a gift as described under section 110.1 of the Income Tax Act. During the year the City, by agreement, received management fees from Allied in the amount of \$251 (2008 – \$242). During the year the City bought solution gas from Allied in the amount of \$51 (2008 - \$72).

NOTE 11: DEFERRED REVENUE

	2009	Restated 2008
Deposits	\$ 606	5,214
Deferred Revenue	4,129	3,338
Alberta Municipal Infrastructure Program	10,248	6,686
Alberta Cities Transportation Program	5,392	4,874
Municipal Sustainability Initiative	10,020	5,203
New Deal for Cities and Communities	905	3,896
New Deal for Public Transit	613	1,777
Public Housing Grant	309	3,798
New Deal for Public Transit Trust	623	-
Major Community Facilities Program	3,288	-
Affordable Housing Grant	1,561	-
TOTAL	\$ 37,694	\$ 34,786

Funds from Alberta Municipal Infrastructure Program, Alberta Cities Transportation Program, Municipal Sustainability Initiative, New Deals for Cities and Communities, New Deals for Public Transit, Public Housing Grant, New Deal for Public Transit Trust, Major Community Facilities Program and the Affordable Housing Grant are restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advances are supported by temporary investments of \$32,959 held exclusively for these projects.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

NOTE 12: SHORT-TERM DEBT

A combined Municipal Operating Loan Facility (Revolving) and Letter of Credit Facility are available to the City up to a maximum of \$10 million, by way of prime rate based loans and/or Letters of Credit (in Canadian dollars). This facility is secured by Bylaw No. 3914.

At December 31, 2009, there were Letters of Credit issued in the amount of \$1,772 (2008 - \$1,727).

NOTE 13: LONG-TERM DEBT

(A)

	2009	2008
Tax Supported	\$ 29,439	\$ 31,133
Utilities		
- Electric	93,782	72,565
- Gas	4,297	7,240
- Water	49,725	51,329
- Sewer	35,551	31,011
- Solid Waste	3,395	1,435
Total Utilities	186,750	163,580
TOTAL	\$ 216,189	\$ 194,713

	2009	2008
Comprised of:		
- Alberta Capital Finance Authority	\$ 215,920	\$ 194,443
- Other Long Term-Debt	269	270
TOTAL	\$ 216,189	\$ 194,713

(B) Expected future interest and principal payments are as follows:

	Principal	Interest
2010	16,699	11,513
2011	17,347	10,456
2012	17,654	9,431
2013	18,175	8,389
2014	18,009	7,314
2015-2029	128,305	34,581
TOTAL	\$ 216,189	\$ 81,684

The debentures have interest payable at rates ranging from 3.344 per cent to 10.875 per cent per annum before Provincial Subsidy, and mature in periods 2010 through 2029. The average annual interest rate is 5.32 per cent for 2009 (5.36 per cent for 2008). For qualifying debentures, the Province of Alberta rebates 60 per cent of interest in excess of 8 percent, 9 percent and 11 percent to a maximum annual rate of 12.5 per cent depending on the date borrowed. Debenture debt is issued on the credit and security of The City of Medicine Hat.

Interest on long-term debt paid in 2009 was \$10,887 (2008 - \$11,106).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

(C) DEBT PER CAPITA
(not in thousands of dollars)

	2009	2008
Tax Supported Debentures	\$ 482	\$ 515
Utilities	3,057	2,707
TOTAL	\$ 3,538	\$ 3,222

Debt per capita is based on the official census of 61,097 (2008 - 60,429) by The City of Medicine Hat.

(D) The Minister of Municipal Affairs has prescribed total debt and debt servicing limits for municipalities in the province. The debt limit is calculated based upon 2 times revenue, and the debt servicing limit is based upon 0.35 times revenue. Included in the Actual Debt calculation are loans outstanding as well as Loan Guarantees.

	2009	2008
Total Debt Limit	\$582,031	\$809,430
Actual Debt (Long and Short-Term Debt)	218,539	196,863
AMOUNT UNDER LIMIT	\$363,492	\$612,567
Debt Servicing Limit	\$101,855	\$141,650
Actual Debt Servicing (Long and Short-Term Debt)	27,997	28,937
AMOUNT UNDER LIMIT	\$ 73,858	\$112,713

NOTE 14: OTHER LONG-TERM DEBT

The City of Medicine Hat has recorded an obligation to Alberta Health Services of \$269 for the construction of ambulance facilities at the Medicine Hat Regional Hospital as at December 31, 2009. The City and Alberta Health Services have since negotiated an outcome to this obligation which arose as a result of take over of ambulance services by the Provincial Health Authority.

NOTE 15: OTHER LONG-TERM LIABILITIES

(A)

	2009	2008
Offsite Contributions	\$ 11,025	\$ 11,688
Asset Retirement Obligation - Gas	104,121	73,520
Employee Retirement Benefits Liability (Note 22)	3,717	3,543
Sanitary Landfill - Site Abandonment and Restoration	2,754	2,597
TOTAL OTHER LONG-TERM LIABILITIES	\$121,617	\$ 91,348

(B) The accrued liability for closure and post closure costs of the City's Landfill is recognized over the life of the cells, using the net present value of the total estimated costs of closure and post closure care, prorated on the basis of the current air space utilized (in cubic meters), over the total estimated air space of the site. The net present value of the estimated closure and post closure costs was calculated using a rate of return equal to 4.78 per cent assuming inflation of 3.17 per cent.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

- (C) The following summarizes the total net present value for the estimated costs of Sanitary Landfill closure and post closure care:

	2009	2008
Estimated Closure Costs	\$ 7,055	\$ 6,855
Estimated Post Closure Costs	1,326	1,289
Estimated Total Costs	\$ 8,381	\$ 8,144
Estimated Capacity remaining %	54.8%	59.2%
Portion of Total Liability remaining to be recognized	\$ 5,627	\$ 5,547
Estimated Capacity used %	45.2%	40.8%
ACCRUED LIABILITY PORTION	\$ 2,754	\$ 2,597

The total capacity of the site is estimated at 4,525,000 cubic meters. The estimated remaining capacity of the landfill site is 2,481,434 (2008 – 2,656,000) cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2030. The City has not designated assets for settling closure or post closure liabilities.

- (D) At December 31, 2009 the estimated undiscounted cash flows required to settle the asset retirement obligations with respect to the Gas Utility were \$206,886 (2008 - \$176,768), calculated using an inflation rate of 2.72 per cent (2008 – 4.20 per cent) per annum. The estimated fair value of this liability was \$104,122 (2008 – \$73,520) after discounting the estimated cash flows at a rate of 7.10 per cent (2008 – 6.48 per cent). At December 31, 2009, the expected timing of payment for settlement of the obligations ranges from 6 to 30 years.

NOTE 16: LAND HELD FOR FUTURE DEVELOPMENT

Land held for future development consists of costs relating to the acquisition and development of land the City plans to subdivide and sell in future years. Land included in this category is still in the planning and development stage and is not expected to be sold in the short-term.

NOTE 17: TANGIBLE CAPITAL ASSETS

	2009 Net Book Value	Restated 2008 Net Book Value
Land	\$ 41,083	\$ 40,507
Land Improvements	23,839	21,026
Buildings	106,750	99,101
Engineering Structures	595,524	554,013
Gas and Oil Properties	299,720	328,303
Machinery, Equipment and Furnishings	18,567	17,778
Vehicles	16,391	12,641
TOTAL	\$ 1,101,874	\$ 1,073,369

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

The net book value of capital assets not being amortized and under construction is \$16,091 (2008 - \$97,418). Contributed capital; assets received and recognized in the year from developers, for various infrastructure works and related land and parks, and recorded on the consolidated financial statements is \$6,019 (2008 \$9,868).

NOTE 18: ACCUMULATED SURPLUS

Accumulated surplus consist of restricted and unrestricted amounts and equity in tangible capital assets as follows:

ACCUMULATED SURPLUS	Unrestricted Net Assets	Equity In Tangible Capital Assets	Restricted For Capital Purchases	Restricted For Future Use	Total 2009	Total 2008
Beginning of year (as restated)	\$ 37,423	\$ 878,656	\$ 21,818	\$ 251,444	\$ 1,189,341	\$ 1,074,702
Deficiency of revenues over expenses	39,853	-	-	-	39,853	114,639
Tangible Capital Assets Acquired with internal funds	(70,302)	70,302	-	-	-	-
Contributed Assets	(6,019)	6,019	-	-	-	-
Amortization of Capital Assets	87,454	(87,454)	-	-	-	-
Repayment of long-term debt used to fund Tangible Capital Assets	(18,162)	18,162	-	-	-	-
Transfers	(31,268)	-	8,783	22,485	-	-
Balance, End of Year	\$ 38,979	\$ 885,685	\$ 30,601	\$ 273,929	\$ 1,229,194	\$ 1,189,341

1. Unrestricted Surplus

The unrestricted surplus represents accumulated surpluses (deficits) from operations, which have not been designated by City Council for any specific use.

The General Fund Policy directs that special one-time grants and any surplus not required in order to maintain the unrestricted target balance of seven per cent of prior year's budgeted gross expenses be designated a restricted amount. In 2009 excess surplus funds in the amount of \$1,247 were designated restricted.

The Electric Operating Fund policy directs that surplus in excess of seven per cent of prior years budgeted gross expenses will be designated a restricted amount. In 2009, the Electric Utility reported an excess surplus of \$8,938, which was designated a restricted amount.

With respect to the Gas Utility, policy directs that surplus in excess of seven per cent of prior years budgeted gross expenses be designated a restricted amount. at the end of the current year. In 2009, the Gas Utility reported an excess surplus of \$19,951, which was designated a restricted amount.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

UNRESTRICTED SURPLUS	2009	2008
General Government	\$ 8,766	\$ 7,964
Gas	7,250	6,844
Electric	6,682	6,934
Water	1,301	1,137
Sewer	2,096	1,573
Solid Waste	587	(328)
Environmental Management	(10)	10
Land	12,307	13,289
TOTAL	\$ 38,979	\$ 37,423

2. Restricted Surplus - Capital

This restricted surplus is specifically held for financial activities related to capital assets.

RESTRICTED SURPLUS - CAPITAL	2009	2008
General Government	\$ 1,122	\$ 2,113
Environmental Management	-	30
Gas	28,548	16,437
Electric	1,152	5,679
Water	(1,301)	(725)
Sewer	(1,270)	(2,767)
Solid Waste	2,350	1,051
TOTAL	\$ 30,601	\$ 21,818

3. Restricted Surplus - Reserves

These amounts are used to report on and manage monies that have a specific restriction regarding their intended uses.

RESTRICTED SURPLUS - RESERVES	Balance 2008	2009 Additions	2009 Reductions	Balance 2009
Employee Development	\$ 861	\$ -	\$ 24	\$ 837
Victim Assistance	17	1	-	18
Second Street Properties	84	-	-	84
Fleet Replacement	6,479	3,680	4,062	6,097
Art Acquisitions	66	24	14	76
Infrastructure	18,485	9,706	6,291	21,900
Employee Benefits	7,092	2,782	174	9,700
Community Capital	9,819	19,549	1,700	27,668
Nature's Best	4,875	1,440	696	5,619
Electric Facility & Equipment	10,617	8,938	2,091	17,464
Gas Depletion	199,294	19,210	29,255	189,249
SUB TOTAL	257,689	65,330	44,307	278,712
Equity (Deficit) in Subsidiary	(4,859)	740	-	(4,119)
Internal Loan Contra Account	(1,386)	-	(722)	(664)
TOTAL	\$ 251,444	\$ 66,070	\$ 43,585	\$ 273,929

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

4. Equity in Tangible Capital Assets

EQUITY IN TANGIBLE CAPITAL ASSETS	2009	Restated 2008
Tangible capital assets (Schedule 1)	\$ 2,109,591	\$ 1,998,450
Accumulated amortization (Schedule 1)	(1,007,717)	(925,081)
Long-term debt (Note 12)	(216,189)	(194,713)
Equity in Tangible Capital Assets	\$ 885,685	\$ 878,656

NOTE 19: TRUST FUNDS

The City of Medicine Hat records as Funds Held in Trust all monies received on behalf of third parties. These monies are controlled, invested and accounted for in accordance with the terms of the trust arrangements. Trust investments are in temporary investments in money market instruments such as term deposits, treasury bills, and commercial paper. Investments are recorded at the lower of original cost or market value. The cost of these investments at December 31, 2009 is \$1,887 (2008 - \$1,849). Trust investments and liabilities are not included in the City's statements.

A summary of Trust fund activities by the City of Medicine Hat are as follows:

	Balance 2008	Additions	Interest Earnings	Reductions	Balance 2009
Cemetery - Perpetual Care	\$ 1,329	\$ 154	\$ 68	\$ 183	\$ 1,368
Seniors Foundation	50	19	1	18	52
Police Department Exhibit Recovery	20	-	-	20	-
Art Gallery Acquisition	10	-	-	-	10
Donna MacLean Museum Trusts	5	1	-	-	6
Pitch Trust	2	1	-	2	1
Arts & Heritage Centre Donations	-	249	-	249	-
Medicine Hat Sport Culture	1	-	-	1	-
Bell West	225	-	4	-	229
Saamis Heights Town Center Park	133	60	3	44	152
Centennial Grant	6	-	-	6	-
A B Clark Development Agreement	11	-	-	-	11
Northlands Waterline Warranty	57	-	1	-	58
TOTAL TRUST FUNDS	\$ 1,849	\$ 484	\$ 77	\$ 523	\$ 1,887

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

NOTE 20: SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the Chief Administrative Officer (CAO) – Municipal Services, Chief Operating Officer (COO) – Energy Services and designated officers as required by provincial regulation 313/2000 is as follows:

	Salary ¹	Benefits & Allowances ²	Total 2009	2008
Mayor Normand Boucher	\$ 61	\$ 47	\$ 108	\$ 112
Alderman:				
Clugston, K	20	21	41	43
Dumanowski, R	20	20	40	40
Friesen, J	20	19	39	40
Hamill, J	20	26	46	43
Kelly, G	20	16	36	34
Schneider, T	20	19	39	48
Thompson, J	20	24	44	50
White, J	20	24	44	41
CAO - Municipal Services	204	49	253	-
COO - Energy Services	374	80	454	-
CAO (January 1- May 5, 2008)	-	-	-	100
CAO/COO (May 6 - December 31, 2008) ³	-	-	-	339
Designated Officers (6)	856	160	1,016	1,086

- (1) Salary includes regular base pay and vacation pay-outs.
- (2) Benefits and Allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees (where applicable) including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, expense allowances, car allowances, per diem payments, gross honoraria, travel allowances and professional memberships and tuitions.
- (3) On May 6, 2008 City Council approved a new position, the Chief Operating Officer (COO) of Energy Services. The powers, duties and functions of the Chief Administrative Officer (CAO) position were divided between the positions of CAO Municipal Services and COO Energy Services.

NOTE 21: LOCAL AUTHORITIES PENSION PLAN

Employees of the City of Medicine Hat, with the exception of Police Officers, participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. LAPP serves about 189,000 people and 411 employers. The Police Officers are members of the Special Forces Pension Plan (SFPP) and serves about 5,800 members and 7 employers. The Plans are financed by employer and employee contributions and investment earnings of the LAPP and SFPP Fund.

During 2009 the City of Medicine Hat was required to make current service contributions to the Local Authorities Pension Plan of 8.46 per cent of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 11.66 per cent for the excess. With regard to the Special Forces Pension Plan, the City of Medicine Hat is required to make current service contributions of 11.11 per cent.

Total current service contributions by the City of Medicine Hat to LAPP and SFPP in 2009 were \$6,479 (2008 – \$5,552). Total current service contributions by the employees for 2009 were \$5,810 (2008 – \$4,931).

At December 31, 2008 LAPP disclosed an actuarial deficit of \$4,413,971 (2007 – \$1,183,334 deficit).

At December 31, 2008 SFPP disclosed an actuarial deficit of \$429,966 (2007 – \$78,651 deficit).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

NOTE 22: EMPLOYEE BENEFIT OBLIGATIONS

The City has a defined benefit life insurance plan covering substantially all of its employees. The plan is unfunded. The most recent actuarial accounting valuation for the plan was performed for the year ended December 31, 2008. Information about the plan is as follows:

	2009	2008
Accrued Benefit Obligation		
Balance, Beginning of Year	\$ 3,543	\$ 3,362
Current Service Cost	105	102
Interest Cost	193	193
Benefits Paid	(124)	(100)
Unrecognized Actuarial Losses	-	(14)
Balance, End of Year, Benefit Plan Deficit	\$ 3,717	\$ 3,543

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligation are as follows:

	2009	2008
Discount Rate	5.45%	5.75%
Rate of Compensation Increases	3%	3%
Expected Average Remaining Service Life	8.11 Years	9.07 Years

NOTE 23: OPERATING COMMITMENTS

The City of Medicine Hat is committed to purchase natural gas and electrical energy under existing purchase contracts. The commitment for 2009 is \$116 (Gas) and \$8,133 (Electric).

NOTE 24: CAPITAL COMMITMENTS

(A) 2009 CAPITAL BUDGET

Following guidelines set out by the Public Sector Accounting Board, the budget reported on the Statement of Change in Net Financial Assets is the 2009 approved Capital Budget, except for amortization expense – see Note 2. The actual expenses reported includes incomplete capital projects in the amount of \$72,019 carried forward from previous budget years, as well as costs related to the 2009 Budget.

(B) INCOMPLETE CAPITAL PROJECTS

As at December 31, 2009 a number of capital projects were in progress and will be completed in 2010 or subsequent years. The unexpensed appropriation related to these projects is \$175,701. Significant projects are:

- **Gas Utility**

Gas Well Drilling (\$15,115), Gas Well Facilities (\$5,909), Gas Well Gathering (\$2,565), Facility and Pipeline Repair and Abandonment (\$2,009).

- **Electric Utility**

Backup Boiler (\$2,868), Substation Transformers (\$1,046).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

- **Municipal Works**

P&H Bridge Replacement (\$1,489), Holsom Road Upgrades (\$1,000), Connaught Subdivision Roadway Upgrades (\$1,400), Southridge Drive Road Rehabilitation (\$5,000), Redcliff, Box Springs Road City Storm Water Management (\$1,166).

- **Corporate Asset Management**

Fleet Services 2008 & 2009 Mobile Equipment Replacement Programs (\$8,336), Environmental Utilities / Municipal Works Building (\$20,031), Transit Bus Storage (\$3,000).

- **Water Utility**

Aberdeen Water Main (\$1,546), South West Sector Water System (\$11,985), North Feeder River Crossing (\$1,246), Water Plant Expansion (\$1,537).

- **Sewer Utility**

North Flat Trunk (\$2,049), South West Trunk (\$1,400), Waste Water Treatment Plant P2 Upgrade (\$1,897).

(C) CAPITAL IMPROVEMENT PLAN

In November 2008, City Council approved the Gas Distribution 2009 – 2013 Capital Improvement Plan. During December 2008 City Council approved the Environmental Utilities 2009 – 2013 Capital Improvement Plans. Subsequent to December 31, 2008, City Council approved the 2009 - 2011 Electric Utility Capital Improvement Plan and the 2009 Natural Gas & Petroleum Resources Capital Improvement Plan. On March 16, 2009 City Council approved the 2009 - 2011 General Government and the Land and Properties Capital Improvement Plans.

The total for all projects is as follows:

2009	\$ 96,782
2010	47,695
2011	32,610
2012-2013 Projection	60,637
TOTAL	\$ 237,724

Financing sources identified:

	2009	2010	2011
Government Grants	\$ 24,095	\$ 26,025	\$ 12,236
Current Revenues	8,188	1,506	1,265
Debentures			
Tax Supported	1,370	396	965
Utilities	10,010	9,151	9,149
Reserves	41,678	4,535	3,239
Direct Charges and Other	11,441	6,082	5,756
TOTAL	\$ 96,782	\$ 47,695	\$ 32,610

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

NOTE 25: CONTINGENT LIABILITIES

Various claims have been made against the City as at December 31, 2009. If proven, it is possible that these claims may have a materially adverse effect on the financial position of the City. The City is disputing the claims and as the outcome is not determinable at this time, no amount has been accrued in the financial statements.

The City has not recognized a liability for certain legal obligations, primarily environmental and other liabilities related to facilities, equipment, and land. The liabilities are not recognized as the dates of the remediation are unknown and as such the fair value of these liabilities can not be reasonably determined.

NOTE 26: FINANCIAL INSTRUMENTS

The City, as part of its operations, carries a number of financial instruments. It is management's opinion the City is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

NOTE 27: BUDGET

The budget amounts presented throughout these financial statements are based upon the approved 2009 Operating and Capital budgets approved by City Council in November 2008 (Energy Division), December 2008 (Environmental Utilities) March 2009 (Tax Supported and Land and Properties), and February 2009 (Gas Production Capital budget).

As set out in Note 1(M) the City of Medicine Hat has adopted the new Public Sector Accounting Board Tangible Capital Asset accounting rules in the current year. At the time of budget preparation the tangible capital assets related budgets could not reasonably be budgeted for as the City was in the process of completing its tangible capital asset inventory and valuation.

The budget amounts presented throughout these financial statements for the tangible capital asset related budgets are a combination of the approved budget amounts and the actual value of amortization expense for general government tangible capital assets as determined at the completion of the City's tangible capital assets accounting process. These values have been added to the budgets approved by Council in order to improve the comparability of the 2009 budget and actual values in the Financial Statements.

The table below shows the adjustments to the budgets approved by Council after adjusting the budget values by the actual amortization expense incurred on general government related tangible capital assets that were not included in the approved budget.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2009

(In thousands of dollars)

	2009 Budget Council Approved	Tangible Capital Asset Related Adjustments	Restated 2009 Budget Financial Statements
Statement of Operations			
Revenues	\$ 369,471	-	369,471
Expenses	291,388	17,766	309,154
Other Contributions	37,402	-	37,402
Surplus	\$ 115,485	\$ (17,766)	\$ 97,719

	2009 Budget Council Approved	Tangible Capital Asset Related Adjustments	Restated 2009 Budget Financial Statements
Statement of Changes in Net Financial Assets			
Surplus	\$ 115,485	\$ (17,766)	\$ 97,719
TCA Acquired	(138,911)	-	(138,911)
TCA Contributed	(13,307)	-	(13,307)
Amortization	62,144	17,766	79,910
	25,411	-	25,411
Opening Balance	52,874	-	52,874
Closing Balance	\$ 78,285	\$ -	\$ 78,285

NOTE 28: COMPARATIVE FIGURES

Comparative figures have been restated, where necessary, to conform to the current year presentation.

Financial and Statistical Schedules

(unaudited)



FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

CONSOLIDATED EXPENSES BY OBJECT

	2009	2008 (restated)	2007	2006	2005
Salaries, Wages & Benefits	\$ 95,948	\$ 86,800	\$ 79,255	\$ 73,963	\$ 69,906
Contracted & General Services	34,250	40,972	41,987	35,769	31,199
Materials, Goods & Utilites	38,887	31,711	42,067	37,193	32,370
Provisions for Allowances	311	8,567	222	219	23
Bank Charges & Short-Term Interest	186	177	1,577	81	74
Interest on Long-Term Debt	10,887	11,106	11,149	9,969	10,435
Other Operating Expenses	25,979	41,889	31,662	30,044	30,561
Grants and Other Transfers	799	793	823	585	578
Amortization of Tangible Capital Assets	87,454	89,695	67,519	48,242	48,632
Loss on Disposal of Tangible Capital Assets	442	613	4,315	13,310	13,392
TOTAL EXPENSES	\$ 295,143	\$ 312,323	\$ 448,491	\$ 312,259	\$ 276,561

Effective 2009, the City adopted the new Canadian Institute of Chartered Accountant standards and guidelines for tangible capital assets, and restated 2008 accordingly. Therefore, the expenses for 2007 and prior do not include amortization expense for general municipal government capital assets.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

LONG TERM DEBT

	2009	2008	2007	2006	2005
LONG TERM DEBT					
Debt Supported by Taxes	\$ 29,439	\$ 31,133	\$ 27,947	\$ 29,450	\$ 28,324
Debt Supported by Utilities	186,750	163,580	167,305	154,521	126,427
TOTAL DEBT	\$ 216,189	\$ 194,713	\$ 195,252	\$ 183,971	\$ 154,751
DEBT PER CAPITA <i>(not in thousands of dollars)</i>					
Tax Supported	\$ 482	\$ 515	\$ 490	\$ 517	\$ 505
Utility Supported	3,057	2,707	2,935	2,711	2,256
TOTAL DEBT PER CAPITA	\$ 3,539	\$ 3,222	\$ 3,425	\$ 3,228	\$ 2,761

2009 Population 61,097 Municipal Census

2008 Population 60,429 Municipal Census

2006-2007 Population 56,997 Statistics Canada Census

2005 Population 56,048 Municipal Census

LONG & SHORT-TERM DEBT CHARGES AS A % OF TOTAL EXPENSES

	2009	2008 (restated)	2007	2006	2005
Debt Charges	\$ 27,997	\$ 28,937	\$ 28,311	\$ 26,259	\$ 23,694
Total Operating Expenses	295,143	312,323	448,491	312,259	276,561
PERCENTAGE	9.49%	9.27%	6.31%	8.41%	8.57%

LEGAL DEBT LIMIT

	2009	2008	2007	2006	2005
Total Debt Limit	\$ 582,031	\$ 809,430	\$ 757,224	\$ 691,629	\$ 659,156
Actual Debt and Loan Guarantees	218,539	196,863	202,402	184,819	155,602
AMOUNT UNDER LIMIT	\$ 363,492	\$ 612,567	\$ 554,822	\$ 506,810	\$ 503,554
Percentage Used	37.55%	24.32%	26.73%	26.72%	23.61%

DEBT SERVICING LIMIT

	2009	2008	2007	2006	2005
Debt Servicing Limit	\$ 101,855	\$ 141,650	\$ 132,514	\$ 121,035	\$ 115,352
Actual Debt Servicing	27,997	28,937	28,311	26,259	23,694
AMOUNT UNDER LIMIT	\$ 73,858	\$ 112,713	\$ 104,203	\$ 94,776	\$ 91,658
Percentage Used	27.49%	20.43%	21.36%	21.70%	20.54%

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SUMMARY OF OPERATING AND RESERVE FUND BALANCES

OPERATING FUNDS	2009	2008	2007	2006	2005
General	\$ 8,766	\$ 7,964	\$ 6,814	\$ 6,649	\$ 6,301
Environmental Management	(10)	10	-	-	-
Gas	7,250	6,844	6,928	5,756	5,253
Electric	6,682	6,934	7,243	5,058	4,795
Water	1,301	1,137	1,472	112	(1,680)
Sewer	2,096	1,573	63	(3,057)	(3,169)
Solid Waste	587	(328)	(698)	426	836
Land & Subdivision Development	12,307	13,289	14,978	9,371	15,743
TOTAL OPERATING FUNDS	38,979	37,423	36,800	24,315	28,079
RESERVE FUNDS					
Employee Development	837	861	742	534	515
Victim Assistance	18	17	17	17	13
Second Street Properties	84	84	84	84	84
Fleet Replacement	6,097	6,479	5,484	4,196	5,055
Art Acquisitions	76	66	57	33	-
Infrastructure	21,900	18,485	15,919	12,894	8,575
Employee Benefits	9,700	7,092	4,703	1,561	-
Community Capital Reserve	27,668	9,819	747	-	-
Natures Best Reserve	5,619	4,875	3,263	1,402	941
Electric Facilities and Equipment	17,464	10,617	10,969	16,487	16,856
Gas Depletion	189,249	199,294	123,295	180,275	151,848
Equity in Subsidiary Company	(4,119)	(4,859)	(6,211)	(7,316)	(8,092)
SUB-TOTAL RESERVES	274,593	252,830	152,742	205,336	170,128
Internal Loans Contra	(664)	(1,386)	(2,509)	(3,968)	(18,876)
TOTAL RESERVES	273,929	251,444	150,233	201,368	151,252
TOTAL RESERVES & SURPLUS	\$ 312,908	\$ 288,867	\$ 187,033	\$ 225,683	\$ 179,331

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

TAXATION & ASSESSMENT

MILL RATES

	2009	2008	2007	2006	2005
MUNICIPAL					
Single Family	4.4322	4.3942	4.7025	5.1498	5.147
Apartments	5.3421	5.5132	6.0786	7.3945	6.779
Farmland	18.5674	17.5278	14.7060	17.8493	14.599
Commercial & Industrial	12.9789	13.8957	13.9737	14.2262	14.066
EDUCATION					
Single Family	2.4167	2.6073	3.1289	3.6984	4.063
Apartments	2.4167	2.6073	3.1289	3.6984	4.063
Farmland	2.4167	2.6073	3.1289	3.6984	4.063
Commercial & Industrial	3.4214	4.3781	5.1587	5.8889	5.922
OTHER					
Single Family	0.1090	0.0678	0.0705	0.085	0.093
Apartments	0.1090	0.0678	0.0705	0.085	0.093
Farmland	0.1090	0.0678	0.0705	0.085	0.093
Commercial & Industrial	0.1090	0.0678	0.0705	0.085	0.093

PROPERTY TAXES LEVIED (In Thousands of Dollars)

PROPERTY TAX LEVY	2009	2008	2007	2006	2005
Municipal	\$ 39,407	\$ 36,657	\$ 31,371	\$ 27,321	\$ 23,792
Education	19,550	20,274	20,123	19,258	18,520
Other	2,495	2,040	2,069	2,025	1,954
TOTAL REAL PROPERTY	61,452	58,971	53,563	48,604	44,266
Business Taxes (BRZ)	110	100	100	100	100
TOTAL TAXES LEVIED	\$ 61,562	\$ 59,071	\$ 53,663	\$ 48,704	\$ 44,366
Current Taxes Collected	60,266	58,229	53,733	48,377	44,097
%of Current Taxes Collected	96.76%	97.66%	98.31%	98.33%	98.72%
OTHER MAJOR TAXES LEVIED					
Linear Property Taxes	\$ 722	\$ 553	\$ 995	\$ 494	\$ 302
Special Assessments and Local Improvements	381	348	348	369	362
Government Grants in Lieu of Property Taxes	1,259	1,295	1,251	1,219	1,187
TOTAL MAJOR TAX LEVIED	\$ 2,362	\$ 2,196	\$ 2,594	\$ 2,082	\$ 1,851

ASSESSED VALUE FOR GENERAL MUNICIPAL PURPOSES

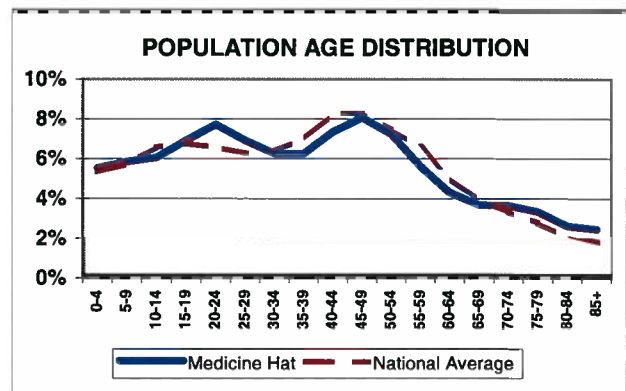
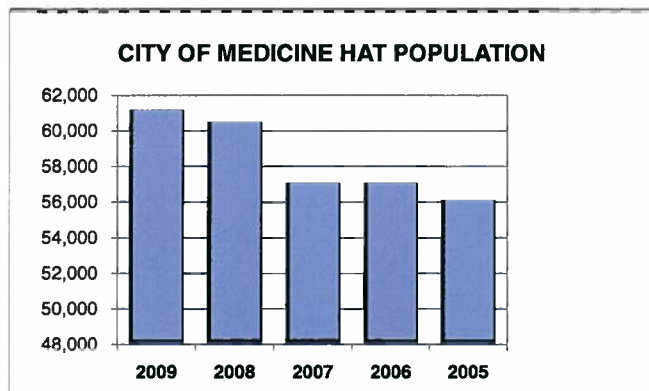
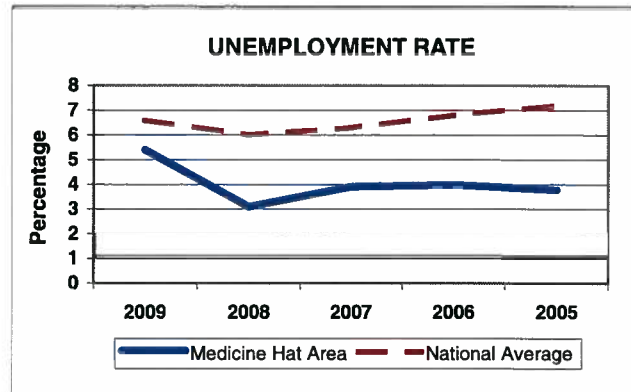
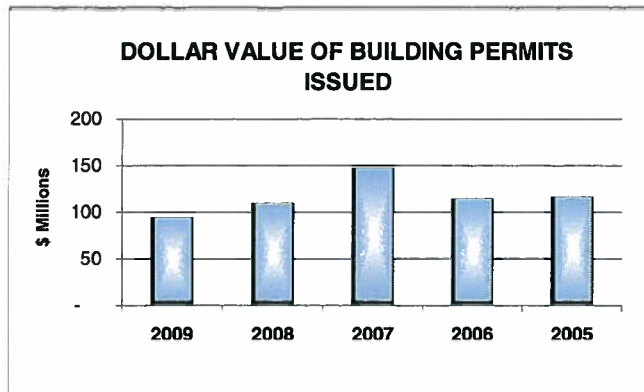
	2009	2008	2007	2006	2005
Residential	\$ 5,970,035,800	\$ 5,627,759,697	\$ 4,624,882,819	\$ 3,711,323,182	\$ 3,267,598,850
Multi-Family	274,249,115	244,983,746	195,412,522	158,534,513	154,684,483
Farmland	2,276,144	2,237,134	2,344,954	4,140,114	5,049,459
Commercial & Industrial	1,463,126,680	1,255,738,907	1,098,206,629	951,303,478	860,239,981
TOTAL TAXABLE ASSESSMENT	\$ 7,709,687,739	\$ 7,130,719,484	\$ 5,920,846,924	\$ 4,825,301,287	\$ 4,287,572,773

The accompanying notes are an integral part of these financial statements.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

DEMOGRAPHICS & OTHER INFORMATION



OTHER	2009	2008	2007	2006	2005
Area, Square Kilometers	112	112	112	112	112
Km of Wastewater Mains	394	391	386	387	379
Km of Water Mains	430	428	424	417	408
KM of Storm Drainage Mains	236	235	232	225	217

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GENERAL MUNICIPAL REVENUES

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Investment Income	\$ 2,181	\$ 3,677	\$ 3,470	\$ 1,364	\$ 1,282	\$ 1,460
Licences, Fines and Penalties	245	257	251	182	129	114
Other Revenue	425	861	896	448	855	613
Contributions from Utilities and Land	25,316	42,865	30,388	27,973	26,010	25,430
Charitable Gift	-	2,000	4,000	-	-	-
Government Transfers						
Municipal Assistance Grant	875	875	875	875	875	875
TOTAL REVENUE	29,042	50,535	39,880	30,842	29,151	28,492
EXPENSES						
Salaries, Wages & Benefits	228	266	164	143	178	208
Contracted & General Services	289	324	269	245	177	239
Materials and Supplies	-	75	38	19	25	26
Other	1	-	1	1	2	17
Contingency	100	-	-	-	-	1,169
Interdepartmental Charges	-	-	1,792	9	21	-
TOTAL EXPENSES	618	665	2,264	417	403	1,659
NET OPERATING COST (REVENUE)	\$ (28,424)	\$ (49,870)	\$ (37,616)	\$ (30,425)	\$ (28,748)	\$ (26,833)

The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

LEGISLATIVE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Internal Recovery	\$ 458	\$ 466	\$ 419	\$ 385	\$ 366	\$ 321
Other Revenue	2	-	4	2	2	2
Government Transfers						
Grants - Federal and Provincial	-	-	171	-	-	-
TOTAL REVENUE	460	466	594	387	368	323
EXPENSES						
Salaries, Wages & Benefits	\$ 864	\$ 834	\$ 786	\$ 751	\$ 688	\$ 667
Other Personnel Costs	105	84	98	63	73	53
Contracted & General Services	165	127	162	68	123	83
Materials and Supplies	29	50	102	31	20	25
Interest on Long-Term Debt - Infrastructure	-	-	-	2	-	-
Amortization	-	5	3	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	46	38	43	37	36	23
TOTAL EXPENSES	1,209	1,138	1,194	952	940	851
NET OPERATING COST (REVENUE)	\$ 749	\$ 672	\$ 600	\$ 565	\$ 572	\$ 528

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GENERAL GOVERNMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Internal Recovery	\$ 1,206	\$ 1,207	\$ 894	\$ 2,030	\$ 1,890	\$ 1,855
Other Revenue	4	2	10	22	159	167
Government Transfers						
Grants - Federal and Provincial	-	-	-	27	6	-
TOTAL REVENUE	1,210	1,209	904	2,079	2,055	2,022
EXPENSES						
Salaries, Wages & Benefits	2,379	2,208	1,998	2,812	2,537	2,557
Other Personnel Costs	81	44	78	67	60	71
Contracted & General Services	1,020	1,002	714	1,380	1,435	1,135
Materials and Supplies	64	53	89	112	83	76
Interest on Long-Term Debt - Internal	-	-	1	4	2	3
Other Transfers	6	11	-	-	-	-
Amortization	-	14	13	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	277	214	195	179	143	81
TOTAL EXPENSES	3,827	3,546	3,088	4,554	4,260	3,923
NET OPERATING COST (REVENUE)	\$ 2,617	\$ 2,337	\$ 2,184	\$ 2,475	\$ 2,205	\$ 1,901

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

HUMAN RESOURCES

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Internal Recovery	\$ 1,466	\$ 1,453	\$ 1,216	\$ 1,115	\$ 1,011	\$ 937
Other Revenue	18	22	28	17	18	21
Government Transfers						
Grants - Federal and Provincial	-	3	4	1	-	(1)
Flood Assistance	-	-	-	-	-	1
TOTAL REVENUE	1,484	1,478	1,248	1,133	1,029	958
EXPENSES						
Salaries, Wages & Benefits	2,150	2,228	1,892	1,728	1,606	1,366
Other Personnel Costs	40	35	32	26	29	25
Contracted & General Services	441	338	293	250	254	240
Materials and Supplies	75	75	127	55	67	48
Provisions for Allowances	-	-	-	37	-	-
Interest on Long-Term Debt - ACFA	5	5	6	8	-	-
Interest on Long-Term Debt - Infrastructure	39	46	24	4	2	3
Interest on Long-Term Debt - Internal	3	-	4	-	-	-
Amortization	-	113	69	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	239	351	187	174	179	223
TOTAL EXPENSES	2,992	3,191	2,634	2,282	2,137	1,905
NET OPERATING COST (REVENUE)	\$ 1,507	\$ 1,713	\$ 1,386	\$ 1,149	\$ 1,108	\$ 947

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

FINANCE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Internal Recovery	\$ 4,345	\$ 4,228	\$ 3,763	\$ 3,468	\$ 3,143	\$ 2,900
Other Revenue	461	608	591	538	490	282
Government Transfers						
Grants - Federal and Provincial	-	40	38	33	-	32
Flood Assistance	-	-	-	-	52	-
TOTAL REVENUE	4,806	4,876	4,392	4,039	3,685	3,214
EXPENSES						
Salaries, Wages & Benefits	5,500	5,491	4,722	3,987	3,676	3,349
Other Personnel Costs	102	91	92	70	71	62
Contracted & General Services	509	478	540	367	393	282
Materials and Supplies	203	219	205	176	187	198
Provisions for Allowances	25	-	-	-	21	20
Bank Charges	64	76	64	57	39	24
Other Expenses	1	15	1	1	5	-
Interest on Long-Term Debt - Infrastructure	76	54	61	65	32	3
Interest on Long-Term Debt - Internal	11	12	30	51	71	90
Amortization	-	232	209	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	958	910	802	793	767	840
TOTAL EXPENSES	7,449	7,578	6,726	5,567	5,262	4,868
NET OPERATING COST (REVENUE)	\$ 2,644	\$ 2,702	\$ 2,334	\$ 1,528	\$ 1,577	\$ 1,654

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

INFORMATION & COMPUTER SERVICES

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Internal Recovery	\$ 2,609	\$ 2,529	\$ 2,303	\$ 2,210	\$ 2,029	\$ 2,040
Other Revenue	7	3	15	20	28	11
TOTAL REVENUE	2,616	2,532	2,318	2,230	2,057	2,051
EXPENSES						
Salaries, Wages & Benefits	2,099	2,165	1,994	1,825	1,626	1,606
Other Personnel Costs	79	40	47	47	43	52
Contracted & General Services	681	605	581	396	356	423
Materials and Supplies	94	84	80	66	79	51
Other Expenses	19	20	-	-	-	-
Interest on Long-Term Debt - Infrastructure	3	4	8	6	-	-
Amortization	-	116	95	-	-	-
Gain \ Loss on Sale of Assets	-	4	-	-	-	-
Interdepartmental Charges	76	71	68	67	192	145
TOTAL EXPENSES	3,051	3,109	2,873	2,407	2,296	2,277
NET OPERATING COST (REVENUE)	\$ 435	\$ 577	\$ 555	\$ 177	\$ 239	\$ 226

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

CORPORATE ASSET MANAGEMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 130	\$ 101	\$ 15	\$ 92	\$ 90	\$ 129
Other Income						
Internal Recovery	11,223	10,498	10,342	9,415	8,865	8,270
Other Revenue	115	130	238	512	307	169
Government Transfers						
Grants - Federal and Provincial	-	3	-	-	-	-
Flood Assistance	-	-	-	-	-	67
TOTAL REVENUE	11,468	10,732	10,595	10,019	9,262	8,635
EXPENSES						
Salaries, Wages & Benefits	3,749	3,343	3,136	2,900	2,735	2,423
Other Personnel Costs	49	49	38	40	35	34
Contracted & General Services	3,083	3,171	3,460	3,046	2,464	2,339
Materials and Supplies	472	446	504	384	334	397
Other Expenses	-	9	-	-	-	-
Interest on Long-Term Debt - ACFA	439	404	142	133	149	174
Interest on Long-Term Debt - Infrastructure	228	197	84	29	4	2
Interest on Long-Term Debt - Internal	6	4	-	23	29	35
Amortization	-	6,414	5,985	-	-	-
Gain \ Loss on Sale of Assets	-	44	594	-	-	-
Interdepartmental Charges	1,158	1,176	1,285	1,076	1,025	815
TOTAL EXPENSES	9,184	15,257	15,228	7,631	6,775	6,219
NET OPERATING COST (REVENUE)	\$ (2,284)	\$ 4,525	\$ 4,633	\$ (2,388)	\$ (2,487)	\$ (2,416)

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

FIRE AND EMERGENCY MANAGEMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 309	\$ 325	\$ 304	\$ 309	\$ 293	\$ 173
Other Income						
Internal Recovery	70	10	67	67	61	44
Other Revenue	22	38	36	49	30	22
Government Transfers						
Flood Assistance	-	-	-	-	-	13
TOTAL REVENUE	401	373	407	425	384	252
EXPENSES						
Salaries, Wages & Benefits	9,576	9,675	8,688	7,860	7,297	6,638
Other Personnel Costs	160	172	208	98	112	106
Contracted & General Services	138	77	76	76	82	244
Materials and Supplies	253	248	331	231	186	296
Other Expenses	-	3	-	-	-	-
Interest on Long-Term Debt - ACFA	1	16	154	183	162	156
Interest on Long-Term Debt - Infrastructure	17	9	18	12	6	6
Interest on Long-Term Debt - Internal	-	-	1	1	1	1
Amortization	-	141	122	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	895	781	738	715	655	572
TOTAL EXPENSES	11,040	11,122	10,336	9,176	8,501	8,019
NET OPERATING COST (REVENUE)	\$ 10,640	\$ 10,749	\$ 9,929	\$ 8,751	\$ 8,117	\$ 7,767

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

911 COMMUNICATIONS

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 669	\$ 617	\$ 526	\$ 478	\$ 474	\$ 359
Other Income						
Internal Recovery	143	97	83	84	81	77
Other Revenue	3	8	14	11	10	9
Government Transfers						
Flood Assistance	-	-	-	-	-	7
TOTAL REVENUE	815	722	623	573	565	452
EXPENSES						
Salaries, Wages & Benefits	1,987	1,772	1,745	1,691	1,561	1,452
Other Personnel Costs	22	14	13	21	20	9
Contracted & General Services	147	178	144	132	142	80
Materials and Supplies	50	52	30	40	53	32
Interest on Long-Term Debt - ACFA	-	-	1	1	2	3
Interest on Long-Term Debt - Infrastructure	7	6	9	11	2	1
Interest on Long-Term Debt - Internal	-	-	1	1	3	6
Amortization	-	62	59	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	76	76	77	74	88	44
TOTAL EXPENSES	2,289	2,160	2,079	1,971	1,871	1,627
NET OPERATING COST (REVENUE)	\$ 1,474	\$ 1,438	\$ 1,456	\$ 1,398	\$ 1,306	\$ 1,175

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

COMMUNITY DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 5,051	\$ 4,932	\$ 4,680	\$ 4,958	\$ 4,093	\$ 3,797
Other Income						
Internal Recovery	9	2	2	9	8	15
Other Revenue	162	389	364	350	270	256
Government Transfers						
Grants - Federal and Provincial	1,495	1,649	1,455	1,278	1,228	1,183
Flood Assistance	-	-	-	-	121	23
TOTAL REVENUE	6,717	6,972	6,501	6,595	5,720	5,274
EXPENSES						
Salaries, Wages & Benefits	8,469	8,864	8,054	7,700	7,253	6,741
Other Personnel Costs	133	147	129	85	84	90
Contracted & General Services	1,143	1,709	1,218	1,130	763	760
Materials and Supplies	3,175	2,764	2,681	2,444	2,217	2,932
Other Expenses	23	52	17	17	13	-
Bank Charges	10	21	11	19	10	10
Interest on Long-Term Debt - ACFA	131	128	209	227	239	282
Interest on Long-Term Debt - Infrastructure	16	6	26	23	34	30
Interest on Long-Term Debt - Internal	23	-	2	4	6	72
Grants and Other Transfers	342	347	193	196	176	135
Amortization	-	340	332	-	-	-
Gain \ Loss on Sale of Assets	-	-	10	-	-	-
Interdepartmental Charges	3,523	3,067	3,071	2,958	2,643	1,606
TOTAL EXPENSES	16,988	17,445	15,953	14,803	13,438	12,658
NET OPERATING COST (REVENUE)	\$ 10,271	\$ 10,473	\$ 9,452	\$ 8,208	\$ 7,718	\$ 7,384

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

CULTURAL DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 1,099	\$ 1,098	\$ 1,367	\$ 1,236	\$ 932	\$ 522
Other Income						
Other Revenue	427	512	480	401	241	115
Government Transfers						
Grants - Federal and Provincial	453	449	266	141	207	139
TOTAL REVENUE	1,979	2,059	2,113	1,778	1,380	776
EXPENSES						
Salaries, Wages & Benefits	1,958	1,970	1,687	1,503	1,393	1,075
Other Personnel Costs	25	14	17	15	10	11
Contracted & General Services	1,730	1,800	1,852	1,506	1,191	696
Materials and Supplies	370	427	370	321	285	295
Bank Charges	29	28	34	32	21	32
Interest on Long-Term Debt - ACFA	67	52	49	44	34	92
Interest on Long-Term Debt - Infrastructure	4	5	28	2	2	-
Interest on Long-Term Debt - Internal	23	23	30	36	42	-
Grants and Other Transfers	456	452	430	403	401	413
Amortization	-	88	83	-	-	-
Interdepartmental Charges	887	828	859	728	671	265
TOTAL EXPENSES	5,549	5,687	5,439	4,590	4,050	2,879
NET OPERATING COST (REVENUE)	\$ 3,570	\$ 3,628	\$ 3,326	\$ 2,812	\$ 2,670	\$ 2,103

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

PARKS & OUTDOOR RECREATION

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 801	\$ 820	\$ 707	\$ 738	\$ 659	\$ 638
Other Income						
Internal Recovery	1,046	986	967	904	912	969
Other Revenue	231	255	263	418	284	291
Government Transfers						
Grants - Federal and Provincial	58	60	181	77	165	177
Debenture Interest Subsidy	-	-	-	-	1	1
Flood Assistance	-	-	(10)	71	1,427	658
TOTAL REVENUE	2,136	2,121	2,108	2,208	3,448	2,734
EXPENSES						
Salaries, Wages & Benefits	3,477	3,471	3,348	3,230	2,963	3,013
Other Personnel Costs	38	33	37	35	24	27
Contracted & General Services	1,094	1,180	1,085	897	2,167	1,520
Materials and Supplies	748	764	619	647	736	710
Bank Charges	8	11	8	10	10	8
Other Expenses	6	18	15	-	-	-
Interest on Long-Term Debt - ACFA	111	111	118	128	142	133
Interest on Long-Term Debt - Infrastructure	150	96	114	38	7	2
Interest on Long-Term Debt - Internal	3	3	6	10	10	17
Grants and Other Transfers	12	14	126	220	5	22
Amortization	-	1,285	1,299	-	-	-
Gain \ Loss on Sale of Assets	-	-	1,118	-	-	-
Interdepartmental Charges	2,663	2,560	2,406	2,352	2,292	2,214
TOTAL EXPENSES	8,310	9,546	10,299	7,567	8,356	7,666
NET OPERATING COST (REVENUE)	\$ 6,174	\$ 7,425	\$ 8,191	\$ 5,359	\$ 4,908	\$ 4,932

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

POLICE SERVICE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1
Other Income						
Licences, Fines and Penalties	3,893	3,790	3,797	3,708	3,478	3,414
Internal Recovery	78	91	79	71	65	62
Other Revenue	1,707	1,765	1,183	824	746	374
Government Transfers						
Grants - Federal and Provincial	1,343	1,388	1,185	982	961	883
Flood Assistance	-	-	-	-	-	2
TOTAL REVENUE	7,021	7,034	6,244	5,585	5,250	4,736
EXPENSES						
Salaries, Wages & Benefits	15,391	15,075	13,812	12,680	11,709	10,692
Other Personnel Costs	602	541	652	616	472	387
Contracted & General Services	1,462	1,286	991	1,003	1,090	1,178
Materials and Supplies	1,093	1,253	1,161	933	865	827
Other Expenses	74	91	62	-	-	-
Interest on Long-Term Debt - ACFA	28	26	95	164	221	277
Interest on Long-Term Debt - Infrastructure	21	5	8	6	4	3
Interest on Long-Term Debt - Internal	-	-	1	6	12	19
Amortization	-	253	288	-	-	-
Gain \ Loss on Sale of Assets	-	170	-	-	-	-
Interdepartmental Charges	1,196	1,166	1,122	979	900	764
TOTAL EXPENSES	19,867	19,866	18,192	16,387	15,273	14,147
NET OPERATING COST (REVENUE)	\$ 12,846	\$ 12,832	\$ 11,948	\$ 10,802	\$ 10,023	\$ 9,411

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

PLANNING BUILDING & DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Other Income						
Licences, Fines and Penalties	\$ 2,113	\$ 1,326	\$ 1,911	\$ 2,177	\$ 1,892	\$ 1,847
Internal Recovery	358	351	168	156	161	146
Other Revenue	373	229	326	333	363	663
Government Transfers						
Grants - Federal and Provincial	151	151	45	-	6	-
Flood Assistance	-	-	-	-	-	5
TOTAL REVENUE	2,995	2,057	2,450	2,666	2,422	2,661
EXPENSES						
Salaries, Wages & Benefits	3,668	3,553	3,178	2,686	2,292	2,248
Other Personnel Costs	127	79	87	66	44	45
Contracted & General Services	809	324	163	101	63	114
Materials and Supplies	149	73	129	160	71	98
Other Expenses	-	-	11	-	-	-
Interest on Long-Term Debt - ACFA	-	-	2	6	11	16
Interest on Long-Term Debt - Infrastructure	26	-	6	1	1	1
Amortization	-	70	74	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Interdepartmental Charges	327	307	263	257	236	220
TOTAL EXPENSES	5,106	4,406	3,913	3,277	2,718	2,742
NET OPERATING COST (REVENUE)	\$ 2,111	\$ 2,349	\$ 1,463	\$ 611	\$ 296	\$ 81

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

MUNICIPAL WORKS

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 836	\$ 813	\$ 826	\$ 868	\$ 716	\$ 681
Other Income						
Internal Recovery	2,906	2,606	2,107	1,859	1,753	1,549
Other Revenue	5	36	94	96	64	68
Government Transfers						
Grants - Federal and Provincial	304	284	891	679	749	718
Flood Assistance	-	-	(24)	78	384	321
TOTAL REVENUE	4,051	3,739	3,894	3,580	3,666	3,337
EXPENSES						
Salaries, Wages & Benefits	3,997	3,676	3,529	3,189	2,938	2,854
Other Personnel Costs	62	30	24	35	48	58
Contracted & General Services	1,922	1,909	1,112	1,050	1,699	1,053
Materials and Supplies	1,906	2,025	2,195	1,864	1,695	1,656
Interest on Long-Term Debt - ACFA	797	843	645	646	604	612
Interest on Long-Term Debt - Infrastructure	142	57	82	67	28	12
Interest on Long-Term Debt - Internal	15	13	37	36	50	76
Amortization	-	8,632	7,401	-	-	-
Gain \ Loss on Sale of Assets	-	(72)	1,281	-	-	-
Interdepartmental Charges	4,132	3,910	3,921	3,878	3,455	2,980
TOTAL EXPENSES	12,973	21,023	20,227	10,765	10,517	9,301
NET OPERATING COST (REVENUE)	\$ 8,922	\$ 17,284	\$ 16,333	\$ 7,185	\$ 6,851	\$ 5,964

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

LAND & SUBDIVISION DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 14,354	\$ 8,299	\$ 19,543	\$ 33,894	\$ 20,035	\$ 17,161
Other Income						
Internal Recovery	-	2	-	-	-	-
Investment Income	4	-	-	3	3	4
Licences Fines and Penalties	5	66	276	33	195	64
Other Revenue	192	359	171	42	16	43
Government Transfers						
Flood Assistance	-	-	-	-	10	116
TOTAL REVENUE	14,555	8,726	19,990	33,972	20,259	17,388
EXPENSES						
Salaries, Wages & Benefits	611	487	465	402	410	388
Other Personnel Costs	31	11	2	3	5	7
Contracted & General Services	98	52	323	57	48	164
Materials and Supplies	9,135	5,624	10,054	27,149	16,975	13,471
Other Expenses	50		-	-	-	-
Provisions for Allowances	3	5	3	2	2	2
Amortization	-	4	4	-	-	-
Gain \ Loss on Sale of Assets	-	-	-	-	-	-
Transfer to General	-	907	4,311	21	852	241
Interdepartmental Charges	772	729	591	545	538	456
TOTAL EXPENSES	10,700	7,819	15,753	28,179	18,830	14,729
NET OPERATING COST (REVENUE)	\$ (3,855)	\$ (907)	\$ (4,237)	\$ (5,793)	\$ (1,429)	\$ (2,659)

*The above represents actual transactions before consolidation eliminations.
2007 and prior years do not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

WATER

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Taxes	\$ 118	\$ 110	\$ 114	\$ 118	\$ 113	\$ 113
Sale of Services	13,349	13,345	11,719	11,283	9,886	7,968
Other Income						
Internal Recovery	798	837	701	674	594	576
Other Revenue	819	1,133	911	962	1,172	965
Government Transfers						
Debenture Interest Subsidy	-	-	-	-	1	7
Flood Assistance	-	-	-	-	-	3
TOTAL REVENUE	15,084	15,425	13,445	13,037	11,766	9,632
EXPENSES						
Salaries, Wages & Benefits	3,620	3,371	3,044	3,044	2,618	2,295
Contracted & General Services	593	655	420	418	374	378
Materials and Supplies	1,115	1,210	1,443	1,062	948	960
Provisions for Allowances	44	44	44	42	34	-
Interest on Long-Term Debt - ACFA	2,830	2,738	2,624	2,018	1,393	1,433
Interest on Long-Term Debt - Internal	12	12	17	27	37	41
Other Expenses	-	1	1	-	-	-
Amortization	1,748	1,350	1,385	1,250	1,101	1,094
Amortization of Contributed Assets	-	592	769	719	666	623
Gain \ Loss on Sale of Assets	-	20	-	-	-	-
Interdepartmental Charges	3,329	2,714	2,980	2,498	2,270	2,314
Contribution to General Fund	546	546	546	546	546	546
TOTAL EXPENSES	13,837	13,253	13,273	11,624	9,987	9,684
NET OPERATING COST (REVENUE)	\$ (1,247)	\$ (2,172)	\$ (172)	\$ (1,413)	\$ (1,779)	\$ 52

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

SEWER

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Taxes	\$ 118	\$ 110	\$ 114	\$ 118	\$ 113	\$ 113
Sale of Services	10,360	10,160	10,049	9,623	8,132	7,244
Other Income						
Internal Recovery	240	231	241	218	211	207
Other Revenue	548	1,069	1,235	674	1,055	960
Government Transfers						
Debenture Interest Subsidy	-	-	-	-	1	8
Flood Assistance	-	-	-	-	-	850
TOTAL REVENUE	11,266	11,570	11,639	10,633	9,512	9,382
EXPENSES						
Salaries, Wages & Benefits	3,491	2,865	2,663	2,646	2,366	2,151
Contracted & General Services	485	346	390	254	275	1,065
Materials and Supplies	1,127	1,155	1,025	934	1,010	840
Provisions for Allowances	40	40	37	32	27	-
Interest on Long-Term Debt - ACFA	1,828	1,846	1,850	1,712	1,698	1,693
Interest on Long-Term Debt - Internal	2	2	3	4	10	15
Amortization	889	1,690	1,298	1,261	1,203	1,239
Amortization of Contributed Assets	-	663	981	627	574	545
Gain \ Loss on Sale of Assets	-	2	-	-	-	-
Interdepartmental Charges	2,205	2,006	1,947	1,679	1,552	1,542
Contribution to General Fund	190	190	190	190	190	190
TOTAL EXPENSES	10,257	10,805	10,384	9,339	8,905	9,280
NET OPERATING COST (REVENUE)	\$ (1,010)	\$ (765)	\$ (1,255)	\$ (1,294)	\$ (607)	\$ (102)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

SOLID WASTE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 7,260	\$ 7,660	\$ 6,865	\$ 5,805	\$ 5,191	\$ 5,246
Other Income						
Internal Recovery	338	441	367	288	280	84
Other Revenue	57	73	89	545	365	39
TOTAL REVENUE	7,655	8,174	7,321	6,638	5,836	5,369
EXPENSES						
Salaries, Wages & Benefits	2,564	2,299	2,312	2,276	2,120	1,823
Contracted & General Services	1,373	963	1,055	942	1,074	851
Materials and Supplies	1,021	787	680	595	870	664
Provisions for Allowances	15	15	15	13	11	-
Interest on Long-Term Debt - ACFA	88	118	84	98	105	114
Interest on Long-Term Debt - Internal	7	7	9	12	12	10
Other Expenses	10	7	11	-	-	-
Amortization	335	388	297	295	293	259
Amortization of Contributed Assets	-	7	7	9	10	10
Gain \ Loss on Sale of Assets	-	2	-	-	-	-
Site Abandonment	132	157	478	315	268	1,455
Interdepartmental Charges	1,875	1,762	1,542	1,293	1,234	1,358
Contribution to General Fund	80	80	80	80	80	80
TOTAL EXPENSES	7,500	6,592	6,570	5,928	6,077	6,624
NET OPERATING COST (REVENUE)	\$ (155)	\$ (1,582)	\$ (751)	\$ (710)	\$ 241	\$ 1,255

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

ENERGY SUSTAINABILITY

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Investment Income	\$ -	\$ 92	\$ 116	\$ -	\$ -	\$ -
Internal Recovery	345	287	358	-	-	-
Environmental Conservation Charge	-	348	327	-	-	-
Other Revenue	-	-	2	-	-	-
Government Transfers						
Grants - Federal and Provincial	-	44	11	-	-	-
TOTAL REVENUE	345	771	814	-	-	-
EXPENSES						
Salaries, Wages & Benefits	150	154	255	-	-	-
Other Personnel Costs	4	5	14	-	-	-
Contracted & General Services	58	48	147	-	-	-
Materials and Supplies	8	691	244	-	-	-
Amortization	-	1	-	-	-	-
Interdepartmental Charges	125	119	32	-	-	-
TOTAL EXPENSES	345	1,018	692	-	-	-
NET OPERATING COST (REVENUE)	\$ -	\$ 247	\$ (122)	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

ELECTRIC

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 92,205	\$ 73,993	\$ 82,550	\$ 72,208	\$ 74,589	\$ 58,263
Other Income						
Investment Income	528	488	795	715	707	597
Internal Recovery	4,242	3,870	4,349	3,934	3,700	3,007
Transfer from Gas	-	-	2,982	3,504	12,101	10,282
Transfer from CMH Dividend	-	-	8,941	8,153	-	-
Other Revenue	5,117	2,357	4,335	2,271	7,084	9,309
Government Transfers						
Grants - Federal and Provincial	-	3	-	-	3	-
Flood Assistance	-	-	(8)	-	66	38
TOTAL REVENUE	102,092	80,711	103,944	90,785	98,250	81,496
EXPENSES						
Salaries, Wages & Benefits	10,595	9,839	9,453	9,214	8,682	7,851
Other Personnel Costs	245	177	163	199	151	129
Contracted & General Services	3,852	3,703	2,925	4,322	1,927	1,837
Materials and Supplies	15,402	8,966	5,900	11,097	16,213	15,596
Provisions for Allowances	125	125	88	86	85	-
Interest on Long-Term Debt - ACFA	4,499	4,370	4,638	4,854	4,418	4,482
Interest on Long-Term Debt - Internal	-	6	-	-	641	976
Amortization	10,829	13,203	10,542	10,491	9,435	8,324
Amortization of Contributed Assets	-	1,166	1,079	980	889	820
Gain/Loss on Disposal of Asset	-	143	43	1,809	8,735	750
Interdepartmental Charges	49,860	31,266	57,835	39,944	41,635	34,772
Contribution to General Fund	5,663	5,893	5,455	5,303	5,342	4,879
TOTAL EXPENSES	101,070	78,857	98,121	88,299	98,154	80,416
NET OPERATING COST (REVENUE)	\$ (1,022)	\$ (1,854)	\$ (5,823)	\$ (2,486)	\$ (96)	\$ (1,080)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GAS

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
REVENUE						
Sale of Services	\$ 187,242	\$ 130,254	\$ 223,824	\$ 194,009	\$ 177,853	\$ 185,553
Surplus (Loss) from Subsidiary	100	740	1,352	1,105	776	1,712
Other Income						
Investment Income	10,449	10,205	8,036	9,250	9,304	6,140
Internal Recovery	382	27	1,271	848	725	1,253
Other Revenue	1,152	2,237	2,538	3,186	1,107	1,244
Government Transfers						
Flood Assistance	-	-	(3)	-	-	6
TOTAL REVENUE	199,325	143,463	237,018	208,398	189,765	195,908
EXPENSES						
Salaries, Wages & Benefits	9,177	13,072	11,672	9,779	8,532	7,622
Other Personnel Costs	305	314	314	230	265	255
Contracted & General Services	21,187	14,289	21,252	23,109	18,688	15,595
Materials and Supplies	13,609	14,361	9,205	14,880	12,599	8,770
Royalties	15,388	5,886	17,453	13,825	12,292	17,474
Provisions for Allowances	76	84	8,380	46	38	-
Bank Charges	-	48	60	1,458	-	1
Interest on Long-Term Debt - ACFA	211	214	446	550	713	887
Other Operating Expenses	9,840	16,484	15,279	12,491	15,266	10,923
Interdepartmental Charges	8,424	6,128	7,647	7,643	9,332	10,937
Amortization & Accretion	49,253	58,412	66,215	58,385	39,110	40,123
Amortization of Contributed Assets	-	318	416	276	251	222
Contribution to General Fund	38,197	35,421	30,004	29,955	19,585	19,585
TOTAL EXPENSES	165,667	165,031	188,343	172,628	136,671	132,394
NET OPERATING COST (REVENUE)	\$ (33,658)	\$ 21,568	\$ (48,675)	\$ (35,770)	\$ (53,094)	\$ (63,514)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

GENERAL GOVERNMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ -	\$ -	\$ -	\$ 14	\$ 136	\$ 59
Reserves	-	-	(35)	14	86	244
Debt - Infrastructure	-	-	-	73	-	-
TOTAL FINANCING	-	-	(35)	101	222	303
EXPENSES						
Machinery & Equipment	-	-	25	-	42	47
Major Operating Expenses (MOE's)	-	-	11	119	297	298
TOTAL EXPENSES	-	-	36	119	339	345
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ (71)	\$ (18)	\$ (117)	\$ (42)

FINANCE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Other	\$ -	\$ 1	\$ 550	\$ -	\$ -	\$ -
Reserves	-	(87)	52	-	728	983
Debt - Infrastructure	-	94	22	46	-	-
TOTAL FINANCING		8	624	46	728	983
EXPENSES						
Machinery & Equipment	-	131	456	1	728	917
Major Operating Expenses (MOE's)	-	-	22	46	12	26
TOTAL EXPENSES		131	478	47	740	943
CHANGE IN CAPITAL FUND	\$ -	\$ (123)	\$ 146	\$ (1)	\$ (12)	\$ 40

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

HUMAN RESOURCES

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Reserves	\$ -	\$ -	\$ (6)	\$ -	\$ (30)	\$ 19
Debt - ACFA	-	-	-	-	200	-
Debt - Infrastructure	500	79	636	485	-	-
TOTAL FINANCING	500	79	630	485	170	19
EXPENSES						
Machinery & Equipment	500	79	636	608	149	-
Major Operating Expenses (MOE's)	-	-	3	9	4	72
TOTAL EXPENSES	500	79	639	617	153	72
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ (9)	\$ (132)	\$ 17	\$ (53)

INFORMATION & COMPUTER SERVICES

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Other	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -
Reserves	-	(6)	(112)	-	115	547
Debt - Infrastructure	433	267	24	50	-	-
TOTAL FINANCING	433	261	(88)	50	125	547
EXPENSES						
Machinery & Equipment	433	272	-	-	-	16
Major Operating Expenses (MOE's)	-	-	144	283	204	461
TOTAL EXPENSES	433	272	144	283	204	477
CHANGE IN CAPITAL FUND	\$ -	\$ (11)	\$ (232)	\$ (233)	\$ (79)	\$ 70

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CORPORATE ASSET MANAGEMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ 19,750	\$ -	\$ -	\$ -	\$ -	\$ 1,664
Proceeds from Sale of Assets	-	-	13	-	189	-
Land Sales	-	6	-	-	-	-
Other	2,048	-	354	-	-	598
Reserves	3,021	650	2,562	96	3,991	1,877
Debt - ACFA	4,470	-	380	-	370	-
Debt - Infrastructure	600	536	1,631	1,192	539	-
TOTAL FINANCING	29,889	1,192	4,940	1,288	5,089	4,139
EXPENSES						
Engineering Structures	-	-	-	-	-	77
Buildings	25,350	570	235	464	52	26
Machinery & Equipment	-	-	1,596	82	62	134
Mobile Equipment	4,539	-	2,978	-	3,673	4,984
Major Operating Expenses (MOE's)	-	9	309	781	975	95
TOTAL EXPENSES	29,889	579	5,118	1,327	4,762	5,316
CHANGE IN CAPITAL FUND	\$ -	\$ 613	\$ (178)	\$ (39)	\$ 327	\$ (1,177)

FIRE & EMERGENCY MANAGEMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
Other	-	-	-	-	-	-
Reserves	-	2	-	-	(30)	56
Debt - ACFA	-	-	-	-	825	-
Debt - Internal	-	-	-	-	11	-
Debt - Infrastructure	275	133	39	169	151	-
TOTAL FINANCING	275	135	39	169	957	59
EXPENSES						
Buildings	-	-	4	17	37	469
Machinery & Equipment	275	133	6	142	556	19
Major Operating Expenses (MOE's)	-	2	38	64	20	44
TOTAL EXPENSES	275	135	48	223	613	532
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ (9)	\$ (54)	\$ 344	\$ (473)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

9-1-1 COMMUNICATIONS

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Reserves	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 65
Debt - ACFA	-	-	-	-	-	-
Debt - Infrastructure	-	-	70	-	208	-
TOTAL FINANCING	-	-	70	-	210	65
EXPENSES						
Buildings	-	-	-	-	103	-
Machinery & Equipment	-	-	70	-	13	4
Major Operating Expenses (MOE's)	-	-	-	-	94	68
TOTAL EXPENSES	-	-	70	-	210	72
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7)

COMMUNITY DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ 105	\$ 23	\$ -	\$ 43	\$ 14	\$ -
Other	30	67	304	35	184	1
Operating Fund	-	-	-	43	-	-
Reserves	-	-	-	(3)	-	439
Debt - ACFA	-	-	-	-	-	570
Debt - Internal	-	-	-	-	-	-
Debt - Infrastructure	188	117	601	211	(124)	-
TOTAL FINANCING	323	207	905	329	74	1,010
EXPENSES						
Engineering Structures	-	63	-	-	-	-
Buildings	210	-	75	24	354	446
Machinery & Equipment	113	149	713	86	56	35
Mobile Equipment	-	-	60	-	-	-
Major Operating Expenses (MOE's)	-	-	127	203	123	111
TOTAL EXPENSES	323	212	975	313	533	592
CHANGE IN CAPITAL FUND	\$ -	\$ (5)	\$ (70)	\$ 16	\$ (459)	\$ 418

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CULTURAL DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ -	\$ -	\$ -	\$ 60	\$ 323	\$ 487
Land Sales	-	-	-	-	258	-
Other	-	249	259	461	313	3,134
Reserves	-	-	197	-	144	11,472
Debt - ACFA	-	-	-	775	-	750
Debt - Internal	-	-	-	-	-	-
Debt - Infrastructure	-	63	311	537	16	-
TOTAL FINANCING	-	312	767	1,833	1,054	15,843
EXPENSES						
Engineering Structures	-	-	-	-	258	-
Buildings	-	63	295	831	1,372	15,467
Machinery & Equipment	-	-	14	40	16	128
Major Operating Expenses (MOE's)	-	-	(65)	750	775	-
TOTAL EXPENSES	-	63	244	1,621	2,421	15,595
CHANGE IN CAPITAL FUND	\$ -	\$ 249	\$ 523	\$ 212	\$ (1,367)	\$ 248

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PARKS & OUTDOOR RECREATION

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ 1,990	\$ 139	\$ 4	\$ 41	\$ 7	\$ 189
Developers Levies	-	-	174	90	65	-
Land Sales	-	1,769	2,107	3,791	633	1,370
Reserves	-	-	-	28	(19)	72
Other	37	198	-	-	98	-
Debt - ACFA	-	145	-	-	-	574
Debt - Internal	-	-	-	2	67	-
Debt - Infrastructure	1,005	704	463	1,703	678	179
TOTAL FINANCING	3,032	2,955	2,748	5,655	1,529	2,384
EXPENSES						
Engineering Structures	-	-	2,625	5,886	1,334	1,906
Buildings	-	39	-	(270)	1	251
Machinery & Equipment	-	-	-	-	-	-
Land Improvements	3,032	2,889	-	-	-	-
Major Operating Expenses (MOE's)+A	-	-	89	19	469	62
TOTAL EXPENSES	3,032	2,928	2,714	5,635	1,804	2,219
CHANGE IN CAPITAL FUND	\$ -	\$ 27	\$ 34	\$ 20	\$ (275)	\$ 165

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

POLICE SERVICE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Reserves	\$ -	\$ -	\$ (18)	\$ -	\$ -	\$ 325
Operating Fund	-	234			-	-
Debt - ACFA	-	-	-	-	220	200
Debt - Internal	-	-	-	-	-	-
Debt - Infrastructure	-	59	800	69	54	-
TOTAL FINANCING	-	293	782	69	274	525
EXPENSES						
Buildings	-	-	701	-	-	71
Machinery & Equipment	-	299	105	55	14	178
Major Operating Expenses (MOE's)	-	-	23	87	190	270
TOTAL EXPENSES	-	299	829	142	204	519
CHANGE IN CAPITAL FUND	\$ -	\$ (6)	\$ (47)	\$ (73)	\$ 70	\$ 6

PLANNING, BUILDING & DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Land Sales	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -
Operating Fund	-	-	-	79	-	-
Reserves	-	-	-	-	(32)	16
Debt - Infrastructure	-	30	226	111	-	-
TOTAL FINANCING	-	60	226	190	(32)	16
EXPENSES						
Machinery & Equipment	-	30	-	101	-	-
Major Operating Expenses (MOE's)	-	-	224	106	5	27
TOTAL EXPENSES	-	30	224	207	5	27
CHANGE IN CAPITAL FUND	\$ -	\$ 30	\$ 2	\$ (17)	\$ (37)	\$ (11)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

MUNICIPAL WORKS

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ 2,250	\$ 18,706	\$ 22,589	\$ 28,964	\$ 2,974	\$ 2,803
Developers Levies	1,000	161	521	1,540	433	201
Land Sales	-	4,569	7,168	8,145	9,607	6,315
Other	200	1,943	-	-	-	-
Reserves	-	-	7	(104)	(19)	40
Operating Fund	-	179	235	-	-	24
Debt - ACFA	-	980	5,862	-	2,351	1,755
Debt - Internal	-	-	-	22	14	-
Debt - Infrastructure	65	842	799	582	928	592
TOTAL FINANCING	3,515	27,380	37,181	39,149	16,288	11,730
EXPENSES						
Engineering Structures	3515	27,781	31,854	37,583	15,982	10,030
Buildings	-	-	7	106	2	8
Machinery & Equipment	-	-	210	182	761	34
Land	-	268	3,043	999	51	-
Mobile Equipment	-	-	-	-	-	-
Major Operating Expenses (MOE's)	-	-	853	396	176	396
TOTAL EXPENSES	3,515	28,049	35,967	39,266	16,972	10,468
CHANGE IN CAPITAL FUND	\$ -	\$ (669)	\$ 1,214	\$ (117)	\$ (684)	\$ 1,262

LAND & SUBDIVISION DEVELOPMENT

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Operations	\$ -	\$ -	\$ -	\$ -	\$ 97	\$ 172
TOTAL FINANCING	-	-	-	-	97	172
EXPENSES						
Land	-	-	-	-	97	172
TOTAL EXPENSES	-	-	-	-	97	172
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

WATER

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ -	\$ -	\$ 2,200	\$ -	\$ -	\$ -
Developers Levies	-	183	-	-	-	-
Land Sales	-	721	1,463	2,012	2,329	1,228
Other	-	2,100	1,345	-	-	-
Operations	1,325	1,292	499	252	329	455
Debt - ACFA	1,425	1,000	6,610	17,150	14,750	215
Debt - Internal	-	63	-	-	-	172
TOTAL FINANCING	2,750	5,359	12,117	19,414	17,408	2,070
EXPENSES						
Engineering Structures	1,550	5,718	14,865	15,614	17,332	3,103
Buildings	1,000	-	228	-	-	-
Machinery & Equipment	200	81	95	114	112	146
Land Improvement	-	135	-	-	-	-
Major Operating Expenses (MOE's)	-	-	-	5	9	-
TOTAL EXPENSES	2,750	5,934	15,188	15,733	17,453	3,249
CHANGE IN CAPITAL FUND	\$ -	\$ (575)	\$ (3,071)	\$ 3,681	\$ (45)	\$ (1,179)

SEWER

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Government Transfers	\$ -	\$ -	\$ 6,194	\$ -	\$ -	\$ -
Land Sales	-	645	2,710	1,653	2,615	667
Other	-	1,790	2,518	-	-	-
Operations	1,000	824	408	158	795	310
Debt - ACFA	3,049	6,325	568	4,761	2,307	3,500
TOTAL FINANCING	4,049	9,584	12,398	6,572	5,717	4,477
EXPENSES						
Engineering Structures	2,899	8,067	15,070	5,389	7,164	1,458
Buildings	1,150	-	228	-	-	-
Machinery & Equipment	-	-	-	-	-	7
Major Operating Expenses (MOE's)	-	-	-	-	3	-
TOTAL EXPENSES	4,049	8,067	15,298	5,389	7,167	1,465
CHANGE IN CAPITAL FUND	\$ -	\$ 1,517	\$ (2,900)	\$ 1,183	\$ (1,450)	\$ 3,012

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

SOLID WASTE

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Operations	\$ 1,100	\$ 817	\$ 523	\$ 435	\$ 646	\$ 663
Other	-	3	-	-	-	-
Debt - ACFA	3,470	2,150	-	-	-	250
Debt - Internal	-	-	-	-	112	124
TOTAL FINANCING	4,570	2,970	523	435	758	1,037
EXPENSES						
Engineering Structures	900	32	39	8	14	410
Buildings	1,400	157	313	6	44	-
Machinery & Equipment	2,270	1,482	101	47	151	17
Major Operating Expenses (MOE's)	-	-	-	-	-	-
TOTAL EXPENSES	4,570	1,671	453	61	209	427
CHANGE IN CAPITAL FUND	\$ -	\$ 1,299	\$ 70	\$ 374	\$ 549	\$ 610

ENERGY SUSTAINABILITY

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Operations	\$ -	\$ -	\$ 32	\$ -	\$ -	\$ -
TOTAL FINANCING	-	-	32	-	-	-
EXPENSES						
Engineering Structures	-	30	2	-	-	-
TOTAL EXPENSES	-	30	2	-	-	-
CHANGE IN CAPITAL FUND	\$ -	\$ (30)	\$ 30	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2009

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

ELECTRIC

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Developers Levies	\$ 1,384	\$ 1,029	\$ 1,861	\$ 2,900	\$ 1,412	\$ 2,062
Other	900	673	539	543	1,243	319
Reserves	395	2,092	12,926	13,126	1,604	-
Operations	6,990	7,679	5,222	5,973	17,658	6,366
Debt - ACFA	2,512	21,217	(3,823)	(3,145)	16,200	(1,936)
Debt - Internal	-	282	137	-	(13,453)	(3,182)
TOTAL FINANCING	12,181	32,972	16,862	19,397	24,664	3,629
EXPENSES						
Engineering Structures	10,436	36,284	24,153	6,566	23,456	2,825
Buildings	200	1,003	1,752	352	177	1,229
Machinery & Equipment	1,545	213	391	291	312	142
TOTAL EXPENSES	12,181	37,500	26,297	7,209	23,945	4,196
CHANGE IN CAPITAL FUND	\$ -	\$ (4,528)	\$ (9,434)	\$ 12,188	\$ 719	\$ (567)

GAS

	2009 Budget	2009 Actual	2008 Restated	2007	2006	2005
Developers Levies	\$ 959	\$ 318	\$ 563	\$ 1,168	\$ 882	\$ 1,456
Proceeds from Sale of Assets	-	33	424	335	1,785	55
Other	245	850	646	262	929	206
Reserves	-	29,257	13,622	142,897	44,290	34,851
Operations	5,474	8,294	13,864	943	12,923	7,524
Debt - ACFA	(2,943)	(2,943)	(7,956)	2,154	(2,488)	(3,400)
TOTAL FINANCING	3,735	35,809	21,163	147,759	58,321	40,692
EXPENSES						
Engineering Structures	3,250	22,842	17,345	157,021	45,095	54,165
Buildings	-	-	-	-	-	-
Machinery & Equipment	485	309	487	255	582	344
Major Operating Expenses (MOE's)	-	605	(439)	819	929	206
TOTAL EXPENSES	3,735	23,756	17,393	158,095	46,606	54,715
CHANGE IN CAPITAL FUND	\$ -	\$ 12,053	\$ 3,770	\$ (10,336)	\$ 11,715	\$ (14,023)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 2000 - 2009

(In thousands of dollars)

CONSOLIDATED BALANCE SHEET

	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
ASSETS										
Cash and Investments	\$ 381,994	\$ 336,186	\$ 233,331	\$ 254,671	\$ 195,815	\$ 141,717	\$ 101,079	\$ 62,909	\$ 81,849	\$ 89,808
Investment In Subsidiary	-	-	-	-	-	-	-	-	47,360	-
Advances to Subsidiary	14,911	15,945	18,016	17,958	18,978	20,448	21,270	31,009	11,515	-
Accounts Receivable (Net of Allowances)	45,659	48,085	47,541	46,308	39,449	33,192	26,630	31,748	21,536	35,059
Inventory for Consumption	16,558	17,069	12,145	9,881	8,422	9,275	8,739	8,889	8,296	10,097
Inventories for Resale	22,053	26,708	21,765	27,696	22,177	20,022	17,800	18,545	18,433	14,541
Deposits and Other Assets	8,445	3,461	1,920	1,761	3,222	2,308	1,291	1,164	959	538
Prepaid Expenses	1,614	1,388	1,031	1,152	1,068	934	615	771	6,688	1,205
Long Lived Asset - Retirement Obligation	60,085	36,804	43,522	21,795	19,403	19,828	13,760	5,875	-	-
Tangible Capital Assets	1,101,874	1,073,369	1,127,516	963,304	904,689	867,318	820,226	774,640	653,145	629,889
	\$1,653,193	\$1,559,015	\$1,506,787	\$1,344,526	\$1,213,223	\$1,115,042	\$1,011,410	\$ 935,550	\$ 849,781	\$ 781,137
LIABILITIES										
Trade Accounts Payable	\$ 24,042	\$ 19,888	\$ 17,919	\$ 20,935	\$ 12,998	\$ 17,908	\$ 11,563	\$ 16,786	\$ 9,981	\$ 12,077
Accrued Liabilities & Deferred Revenue	58,038	56,684	45,705	42,474	43,654	29,108	28,501	25,266	15,024	19,179
Short-Term Debt	-	2,188	7,928	2,248	-	-	-	9,984	19,809	-
Long-Term Debt	216,189	194,713	195,252	183,971	154,751	158,203	156,249	144,166	136,195	165,469
Loss In Subsidiary	4,113	4,853	6,205	7,310	8,086	9,798	9,978	8,092	-	-
Other Long-Term Liabilities	121,617	91,348	84,784	55,507	45,914	39,285	29,604	19,093	15,664	13,657
	423,999	369,674	357,793	312,445	265,403	254,302	235,895	223,387	196,673	210,382
EQUITY										
Equity In Capital Assets	885,685	878,656	927,320	779,333	749,938	709,114	663,975	630,148	516,950	468,252
Fund Balances	343,509	310,685	221,674	252,748	197,882	151,626	111,540	82,015	136,158	102,503
	1,229,194	1,189,341	1,148,994	1,032,081	947,820	860,740	775,515	712,163	653,108	570,755
	\$1,653,193	\$1,559,015	\$1,506,787	\$1,344,526	\$1,213,223	\$1,115,042	\$1,011,410	\$ 935,550	\$ 849,781	\$ 781,137

NOTES:

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- Effective 2009, the City adopted the new Canadian Institute of Chartered Accountants standards for Tangible Capital Assets. These policies were adopted retroactive to 2008. Information for 2000 - 2007 does not reflect these changes.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 2000 - 2009

(In thousands of dollars)

OPERATING REVENUES AND EXPENSES

REVENUE FROM:	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
Taxes	\$ 63,924	\$ 61,267	\$ 56,257	\$ 50,786	\$ 46,217	\$ 42,741	\$ 41,270	\$ 38,040	\$ 35,370	\$ 38,088
Less - Requisitions	(22,155)	(22,414)	(22,292)	(21,383)	(20,574)	(19,973)	(18,733)	(17,650)	(16,006)	(18,831)
	41,769	38,853	33,965	29,403	25,643	22,768	22,537	20,390	19,364	19,257
Sale of Services										
General Government	8,240	7,932	8,101	6,998	6,029	5,632	5,220	5,177	4,674	4,194
Gas	104,662	171,152	157,875	143,133	161,387	129,817	129,178	96,188	112,707	101,268
Electric	69,993	77,978	69,327	72,057	55,856	58,399	53,687	47,778	74,475	93,036
Environmental Utilities	30,842	28,311	25,633	22,262	19,498	18,379	18,625	16,705	16,351	15,397
Land	11,480	18,286	33,873	19,184	17,165	22,081	16,203	15,050	11,183	5,748
Medicine Hat Public Library	-	-	-	-	-	-	-	-	87	94
Other Income										
Investment Income	13,365	11,426	12,169	10,286	6,875	5,496	4,654	5,338	5,292	3,690
Investment (Loss) in Subsidiary	740	1,352	1,105	776	1,712	180	(1,886)	(8,485)	256	-
Licenses, Fines & Penalties	5,905	6,842	6,145	5,714	5,482	4,804	3,713	3,570	3,186	2,742
Other	13,835	24,008	10,762	10,875	8,695	6,357	4,908	4,939	3,503	7,977
Government Transfers for Operating	4,749	14,273	4,243	6,260	6,114	3,754	3,398	3,194	3,593	3,264
Government Transfers for Capital	21,397	12,681	-	-	-	-	-	-	-	-
Charitable Gift	2,000	4,000	-	-	-	-	-	-	-	-
Contributed Assets	6,019	9,868	-	-	-	-	-	-	-	-
	\$ 334,996	\$ 426,962	\$ 363,198	\$ 326,948	\$ 314,456	\$ 277,667	\$ 260,237	\$ 209,844	\$ 254,671	\$ 256,667

EXPENSES:	2009	2008 (restated)	2007	2006	2005	2004	2003	2002	2001	2000
General Government	\$ 107,079	\$ 98,893	\$ 74,571	\$ 71,161	\$ 67,471	\$ 62,737	\$ 57,289	\$ 54,182	\$ 50,058	\$ 45,977
Gas	122,940	147,933	79,396	65,356	48,623	52,284	51,691	39,566	49,501	52,159
Electric	41,289	36,224	30,022	31,080	30,089	27,051	29,458	22,807	24,734	21,553
Energy Sustainability	921	659	-	-	-	-	-	-	-	-
Environmental Utilities	20,660	22,669	13,849	12,448	15,739	12,124	11,264	10,056	10,270	9,766
Land	2,254	5,945	8,640	6,317	14,075	5,197	5,355	3,926	2,758	951
Medicine Hat Public Library	-	-	-	-	-	-	-	-	1,201	1,180
Capital Purchase & Debt	-	-	33,195	57,278	33,649	41,589	32,469	27,208	36,454	51,573
To (from) Surplus / Reserves	39,853	114,639	123,525	83,308	104,810	76,685	72,711	52,099	79,695	73,508
	\$ 334,996	\$ 426,962	\$ 363,198	\$ 326,948	\$ 314,456	\$ 277,667	\$ 260,237	\$ 209,844	\$ 254,671	\$ 256,667

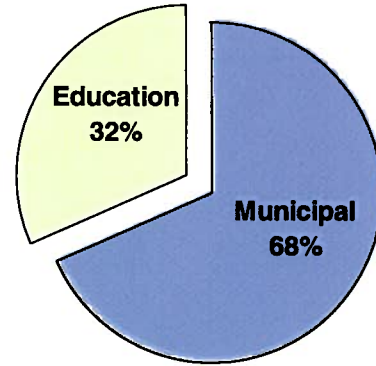
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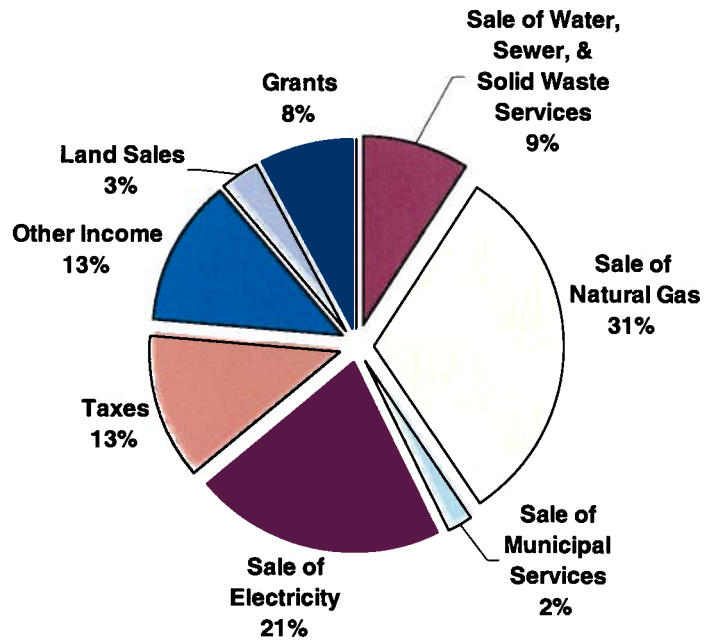
FINANCIAL SYNOPSIS 2009

Operating Activities

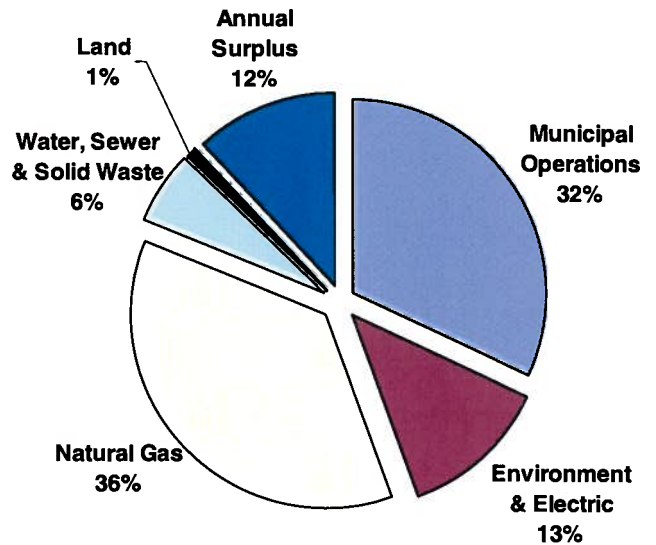
Where our Tax Dollars Went in 2009
Education / Municipal
Property Tax



Where the Money Comes From
\$335 Million



Where the Money Goes
\$335 Million



*The City of Medicine Hat
acknowledges City staff for their
contributions to this report.*

**This Financial report has been prepared
and compiled by the City of Medicine Hat
Finance Department.**

**Information on the City of Medicine Hat
is available through the internet:**

www.medicinehat.ca



Medicine Hat
The Gas City