

City of Medicine Hat
Financial Report 2008



a Community of Choice



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

Corporate Services Committee

Alderman Robert Dumanowski, Chair

Public Services Committee

Alderman Julie Friesen, Chair

Energy Committee

Alderman Graham Kelly, Chair

Audit Committee

Alderman Ty Schneider, Chair

Development and Infrastructure Committee

Alderman John Hamill, Chair

Administrative and Legislative Review Committee

Alderman Julie Friesen, Chair

Administrative Committee

G. Labas, Chief Operating Officer, Chair
R. Webb, Acting Chief Administrative Officer, Vice Chair

Administrative Committees

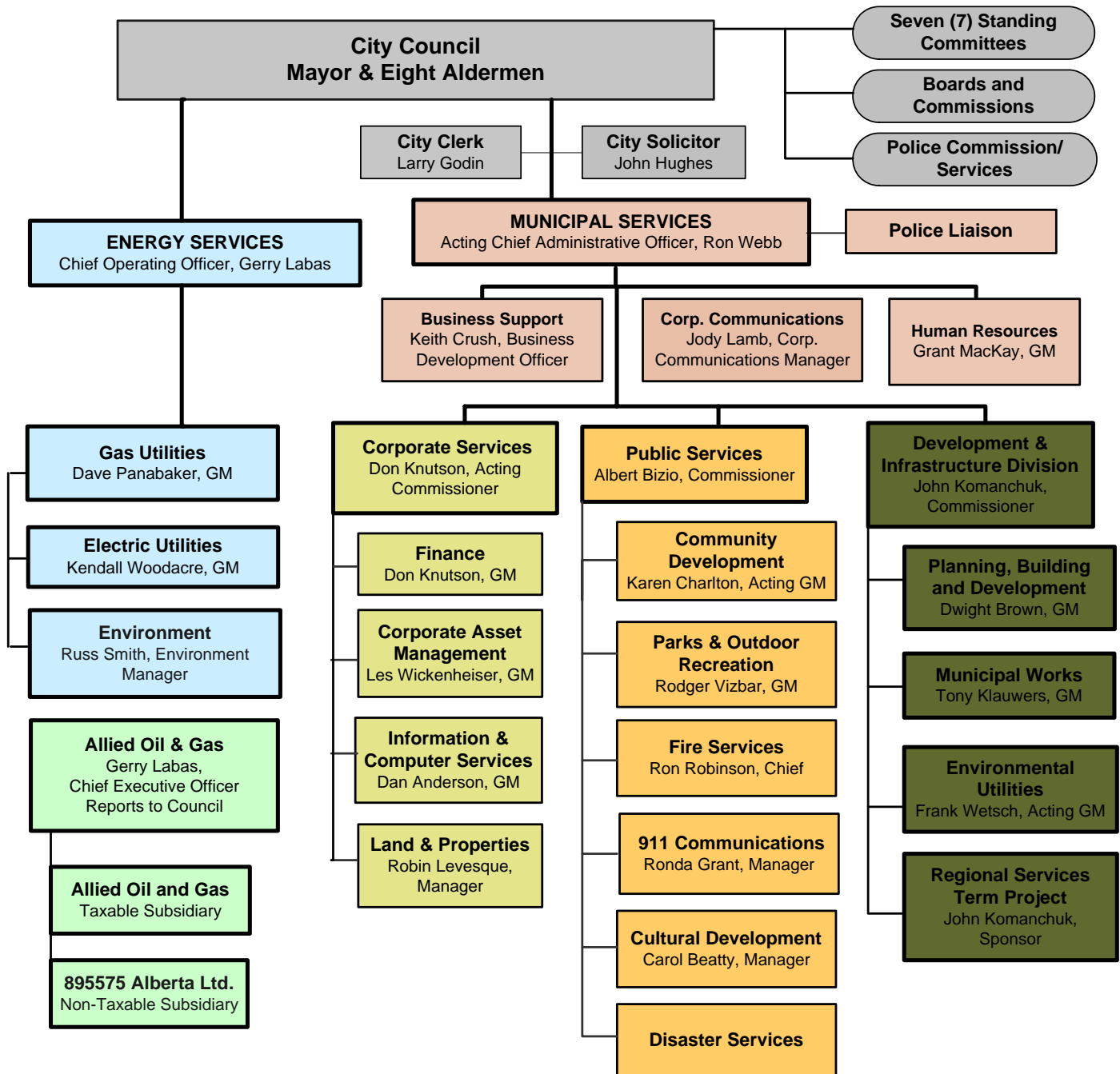
CCDA Downtown Planning Committee

Alderman Jeremy Thompson, Chair

Event Centre Committee

Alderman Jamie White, Chair

Organizational Structure



Treasurer's Report



Treasurer's Report

For the year ending December 31, 2008

INTRODUCTION

I am pleased to submit the City of Medicine Hat 2008 Consolidated Financial Statements for the fiscal year ended December 31, 2008. KPMG LLP has audited these financial statements and provided an unqualified audit opinion in their report dated March 13, 2009.

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 a clear insight of the financial results for the City of Medicine Hat for the fiscal year ended December 31, 2008. 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, 2008. 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 two prior years, current year results and the approved budget for the operating, capital and reserve funds.
- 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, 2007

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



Michael R. ...
President

Jeffrey L. Esser
Executive Director

Don Knutson
Acting Corporate
Services Commissioner



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, 2007, the sixth 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 Services 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 Services has continued to increase to ensure that the needs of the public are met.

The goal of Fire and Disaster Services is to provide quality life and property protection to the community through the delivery of community safety and education programs, preparing for disasters and emergencies, and to rapidly respond to fire and rescue emergencies, as well as natural or man-made disasters. The Department 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, disaster services, 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.

(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 Environment Management Department serves as the focal point on matters relating to environmental stewardship and compliance. The Department supports operating departments in maintaining appropriate levels of environmental due diligence by providing assistance in interpreting and complying with evolving and emerging environmental regulatory requirements and industry standards. One of the goals is to keep City Council informed of the City's progress in striving for continual improvement in management systems that focus on both compliance and proactive excellence in matters of environmental stewardship. Another goal is to support City Council's environmental stewardship priority by ensuring that the City is in compliance with relevant laws, regulations and approvals, by informing key stakeholders within the municipality of current and emerging environmental issues that could impact upon the quality of life in Medicine Hat and by striving to encourage a corporate culture that considers environmental protection during the normal course of business.

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 expenditures 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 expenditures 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.

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 2008.

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

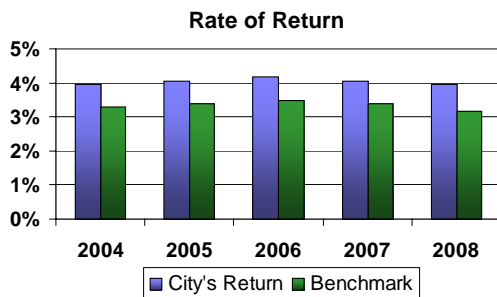
(a) Overview

Overall, the financial results for 2008 are favourable as compared to budget and prior years.

- Total Financial Assets increased \$101.5 million from \$367.1 million in 2007 to \$468.6 million in 2008. This increase is primarily the result of an increase of \$90.9 million in investments primarily due to the strong net earnings and activities of the Gas Utility.
- Capital Assets increased \$28.8 million. This increase is primarily related to \$31.1 million for roads in new subdivisions and upgrades to existing roads, \$19.0 million for the ongoing construction of the LM6000 combustion turbine #15 at the electric power plant, and \$12.0 million for improvements to water and sewer systems. Additionally, the Natural Gas & Petroleum Resources capital program for 2008 was \$14.8 million which was offset by depletion and amortization expense of \$55.5 million.
- Total Liabilities increased \$11.9 million in 2008. Other Long Term Liabilities increased \$6.6 million. This increase is due primarily to the increase in the Gas Asset Retirement Obligation due to increases in cost estimates.

Accrued Liabilities increased \$11.0 million primarily due to unexpended grant monies received during the year.

- Long Term Debt decreased \$0.5 million in 2008. For tax supported activities, long term debt increased \$3.1 million. During 2008 the City borrowed \$16.4 million, including \$6.6 million related to Water infrastructure. Principal in the amount of \$16.9 million was repaid. Of this repayment, \$3.1 million relates to tax supported debentures while the balance relates to utilities.
- Net Consolidated Revenues were \$89.6 million compared to a budget of \$52.5 million. Gas sales were \$61.1 million over budget as a result of a sales volume improvement of 10.6 per cent (29.0 Billion Cubic Feet (BCF) vs. 25.9 million BCF budgeted) due to a more gradual decline in production rates than expected. In addition, the average spot gas price was 17.5 per cent above budget at \$7.72 per Gigajoule (GJ) compared to \$6.57 budgeted.
- The City of Medicine Hat's investment return for the year ended December 31, 2008 and averaged 3.94 per cent outperforming the DEX (formerly ScotiaMcLeod) Universe Bond benchmark index of 3.18 per cent. The City's average portfolio return has outperformed the stated benchmark the last five years.



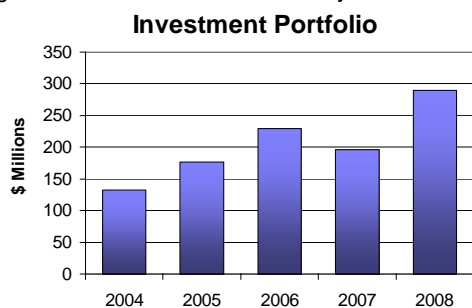
- Tax Supported debt per capita increased from \$490 to \$515, Utilities supported debt per capital decreased from \$2,935 to \$2,707.

(b) Statement of Consolidated Financial Position

The Statement of Consolidated Financial Position reports the financial and capital 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.

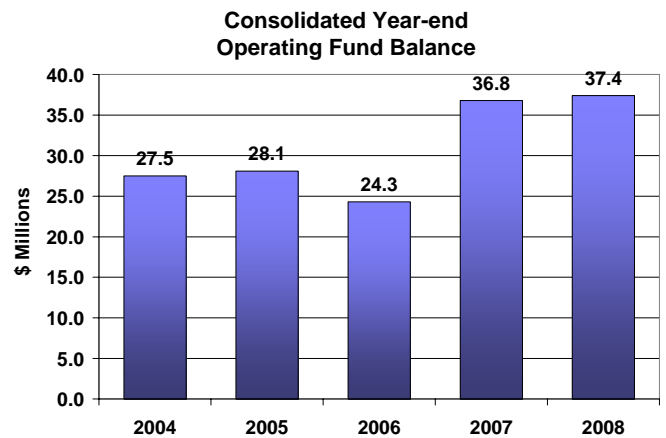
The non-financial assets of the City are assets that are, by nature, normally used in service provision and include purchased, constructed or developed physical assets.

In 2008 the Net Financial Asset position increased \$89.6 million from \$9.3 million in 2007 to \$98.9 million in 2008. Investments, Loans and Advances increased \$90.9 million from 2007. These increases are primarily the result of net earnings and activities of the Gas Utility.



Other Long Term Liabilities increased \$6.6 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 2008 is \$74.0 million. This legal 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.

Operating Fund balances increased \$0.6 million to \$37.4 million. City policy directs that any surplus in Operating Funds not required to maintain the operating fund target balance of seven per cent of prior year's budgeted gross expenditures, be transferred to the departmental reserves for Electric, Gas and General Government. In 2008, surplus funds in the amount of \$18.0 million for General Government, \$4.9 million in Environment, \$12.5 million in Electric and \$91.0 million in Gas were transferred to reserves. In 2008, City Council approved a motion such that all surplus funds remaining as at December 31, 2008 from the 2005-2008 operating budget cycle be distributed equally to the 2009-2011 three year operating budget cycle.



The Capital Fund decreased from \$28.3 million to \$18.5 million during the year. This change is the result of a decrease in the funds set aside for the completion of Electric Generation and various Environment Utility capital projects. If the projects intended for completion by December 31, 2008 would have been completed, these projects would have been funded from the Capital Fund and debt. Completion of these projects would have decreased cash and therefore the Net Financial Asset Position would have decreased.

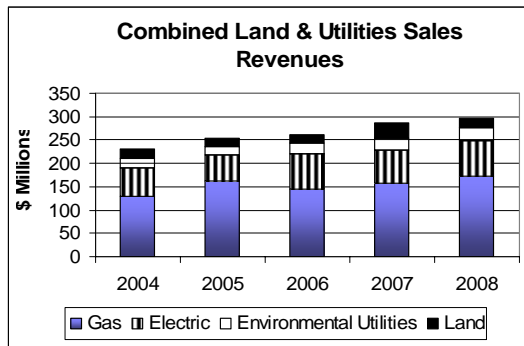
Reserve Fund balances have increased from \$156.6 million to \$251.4 million (an increase of \$94.8 million). Transfers to reserves were \$126.4 million compared to a budget of \$50.9 million. Expenditures funded by reserves totaled \$31.5 million. The Gas Utility and Electric Utility capital projects were the major uses of reserves at \$13.6 million and \$12.9 million respectively. The notable increase in transfers to reserves relates to the transfer to the Gas Depletion Reserve which was \$91.0 million (including Equity in Subsidiary).

(c) Consolidated Statement of Financial Activities

The Consolidated Statement of Financial Activities reports the extent to which revenues raised in 2008 were sufficient to meet expenditures. It shows whether the City has met its expenditures with revenues, by incurring liabilities or by drawing on existing financial assets.

The increase in net financial assets was \$89.6 million compared to a budget increase in net financial assets of \$52.5 million.

Of the total consolidated operating revenue of \$417.9 million, 64 per cent was derived from the sale of goods and services by the Electric, Gas 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 \$38.9 million.



The Change in Fund Balance on the Consolidated Statement of Financial Activities represents the total change in all fund balances for the City of Medicine Hat. During 2008 the consolidated fund balances increased by \$85.7 million. This increase is primarily a result of the strong earnings and activities of the Gas Utility.

(d) Consolidated Statement of Changes in Financial Position

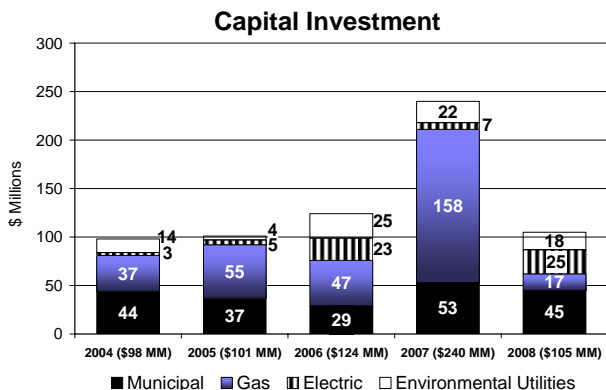
The Consolidated Statement of Changes in Financial Position provides a summary of the sources, allocation and consumption of the resources administered by the City in the period. The statement combines Operating, Capital and Reserve Fund changes. This information is useful in gaining an understanding of and assessing the City's resource requirements. The statement informs users about the extent to which resources will be required from future revenues to pay for programs and activities of the period.

The amount of cash flows arising from operating activities is a key measure of the extent to which the operations of the government have generated sufficient cash flows to maintain the programs and services of the government, invest in new capital assets, repay loans and make new investments without relying on external debt.

During 2008 net cash from operations was \$108.6 million, cash used to increase Investments was \$103.0 million and debt issued exceeded debt repaid by \$6.3 million.

(e) Consolidated Capital Fund Schedule 1

The Consolidated Capital Fund Schedule provides information on the investment in capital assets during the year and how this investment was financed.

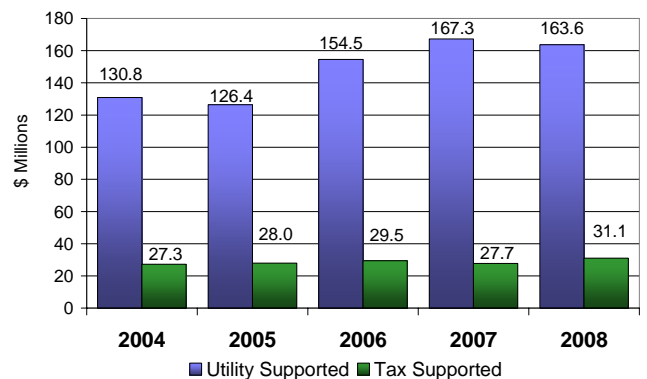


Capital investment during 2008 totaled \$105.0 million. The majority of the funds were spent for municipal assets (\$45.0 million) which included \$31.1 million for roads in new subdivisions and upgrades to existing roads, \$3.9 million in machinery and equipment, \$3.0 million for land purchased at the airport, \$3.0 million for mobile equipment, \$2.6 million for parks in new subdivisions and \$1.3 million for buildings. Also significant was \$4.0 million for the water feeder river crossing, \$3.0 million for Brier Park industrial water system upgrade, \$1.2 million for Water Plant expansion, \$1.0 million for the water Kipling Street booster station upgrade and \$2.9 million for sewer lift station upgrades. Additionally, \$17.2 million was spent on the development of Gas properties, \$19.1 million was spent on the new electric combustion turbine LM6000 to be online in 2009, and \$1.5 million on a new administrative building at the power plant.

The sources of capital investment financing in 2008 were:

- Debt Issues: \$ 16.4 million
- Transfers from Reserves: \$ 31.5 million
- Transfers from Operating: \$ 20.7 million
- Government Grants: \$ 21.9 million
- Capital Fund: \$ 9.8 million
- Developer Levies: \$ 3.2 million
- Donations and Other: \$ 0.8 million
- Sale of Assets: \$ 0.7 million

Long Term Debt



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 expenditures.

In particular, the sustainability of the Gas Utility depends upon substantial reinvestments. \$43.8 million is budgeted to be invested during 2009 for development of currently owned gas properties. To meet the demand for residential, commercial and industrial development \$44.5 million is to be invested in the development of land for resale over the next three years. Municipal Services budgeted capital expenditures are \$38.2 million (2009) with \$55.6 million projected for 2010 and 2011. Highlights of the 2009 expenditures are: Fleet purchases - \$9.3 million, Building and Equipment upgrades - \$25.6 million, and Road Upgrades - \$3.5 million.

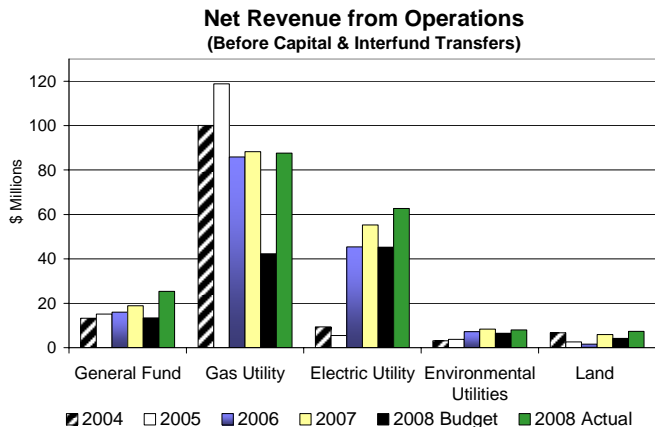
During 2008, the Consolidated Capital Fund Balance decreased by \$9.8 million. This change relates primarily to a decrease in the Electric Capital Fund balance of \$8.8 million. This represents a decrease in amounts set aside to complete various 2008 and prior year capital projects during 2009, including a reduction in the amount set aside for the new LM6000, as a portion of that project has been expended during the year. The \$18.5 million balance at the conclusion of the year represents funding for incomplete capital projects funded through operations, reserves or debt, which is maintained in the capital fund to cover the costs of projects that are incomplete at year end.

(f) Consolidated Operating Fund Schedule 2

The Consolidated Operating Fund Schedule reports operating revenues for the year segregated by significant types of revenue and also reports on the expenses of the year for Tax Supported, Utilities and Land and Subdivision Development operations.

Operating activities resulted in excess revenues over expenditures totaling \$169.6 million in 2008. This was the net result of revenues totaling \$391.4 million (budget comparative was \$313.2 million) offset by expenditures totaling \$221.7 million (budget comparative was \$226.3 million). Note that after a transfer to the Capital Fund totaling \$20.7 million and to the Reserve Fund totaling \$126.4 million and \$21.9 million for debt repayment, the resulting change to the Consolidated Operating Fund balance was an increase of \$0.6 million. As a result, the closing Operating Fund balance or “consolidated surplus” increased from \$36.8 million in 2007 to \$37.4 million in 2008.

(i) Revenues



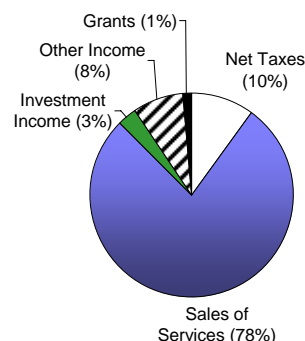
The Gas Utility sales revenue was \$171.2 million against a budget of \$110.0 million. Natural gas spot sales price was \$7.72 / GJ compared to a budget of \$6.57 / GJ, an increase of 17.5 per cent. Natural gas gathered volume for the year was 29.0 million GJ's compared to a budget of 25.9 million GJ's, an increase of 12.0 per cent due to a more gradual decline in production rates than expected. \$91.0 million has been transferred to the Depletion Reserve to finance the future acquisitions and development of natural gas properties required to ensure an ongoing supply of natural gas to the residents of Medicine Hat.

The Electric Utility reported sales of \$78.0 million, against a budget of \$77.4 million as overall volume and prices were similar to expectations.

Environmental Utilities considered as a whole, reported sales revenues of \$28.3 million against a budget of \$27.7 million.

Land and Subdivision Development reported \$18.4 million in sales revenues, or 40 per cent lower than budget. This is primarily due to decreased residential lot sales which came in 57% lower than budget.

**2008 Consolidated Operating Fund Revenue
\$391.4 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, guarantees an annual fixed cash flow to the tax side of the corporation to offset property taxes, and provides funding (based on financial performance) toward utility rate subsidies and/or one time community capital projects.

(ii) Expenditures

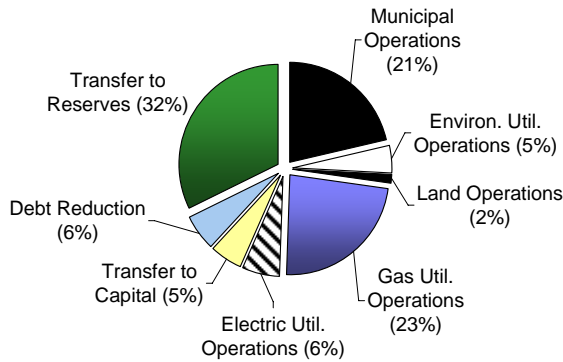
Expenditures for Tax Supported operations increased by \$8.0 million over 2007. Wages and Benefits increased by \$4.2 million over 2007 due to new positions required to meet growth demands in the community and contract settlements. Growth and inflationary factors have also contributed to an increase of \$3.8 million for contracted services, materials costs and other operating expenditures to provide municipal services.

Expenditures for Land and Subdivision Development were less than the budget by \$20.3 million due to lower than expected costs of goods sold.

Expenditures for the Gas Utility were \$25.2 million higher than budget. Operations and Maintenance Costs were \$10.6 million over budget due to higher than budgeted variable costs (due to increased production volume), as well as higher costs for trucking, water disposal, lease rentals and property taxes. Costs related to royalties were \$4.4 million higher than budget due to the increased volume produced and average value used to calculate royalties versus budget. Also, costs related to asset retirement obligation were \$5.4 million over budget due to the decreased discount rate used to value the future liability.

In addition to the \$221.7 million spent in total on all operations in 2008 another \$126.4 million was transferred to the Reserve Fund, \$20.7 million was transferred to the Capital Fund, and \$21.9 million went to debt repayment for a total of \$390.7 million in expenditures and transfers.

Use of Operating Funds 2008 (\$390.7 Million)



Tax Supported Policy directs that special one-time grants and any surplus in the Tax Supported Operating Fund not required to maintain the Operating Fund target balance of seven per cent of the prior year budgeted gross expenditures be transferred to the Infrastructure Reserve.

The Gas and Electric Utility also follow the policy of maintaining an operating fund of seven per cent of the prior year budgeted gross expenditures before transferring operating surplus to reserves.

As a result of this Policy, the Tax Supported Operating Fund increased \$1.1 million, the Gas Operating Fund remained unchanged and the Electric Operating Fund decreased by \$0.3 million.

(g) Consolidated Reserve Fund Schedule 3

The Consolidated Reserve Fund Schedule reports the net changes to the Reserve Fund and the source of increases or decreases to this Fund. Reserves are the result of appropriations of surplus and budgeted transfers from operating funds. Reserves are established at the discretion of Council and are set aside to fund future operating and capital expenditures.

There are six major reserves: the Gas Depletion Reserve, which is intended for future acquiring, exploring for and developing natural gas reserves; the Electric Facility and Equipment Reserve, which is to provide funding for replacement of depreciated assets and investment in new Electric Utility assets; the Natures Best Reserve, for investment in alternative energy and education; the Community Capital Reserve, for funding of tax side expenditures on community facilities and equipment; the Fleet Replacement Reserve, and the Infrastructure Reserve. The last two reserves are used to fund fleet purchases and future municipal infrastructure improvements, thereby reducing debenture-borrowing requirements.

During 2008, \$126.4 million was transferred from the operating fund to reserves. The Gas Utility Budget included a transfer of \$42.0 million to the Gas Depletion Reserve. The actual transfer was \$91.0 million (including Equity in Subsidiary). This increase relates to higher wholesale commodity prices and a production volume increase over budget. Tax Supported operations budgeted a transfer of \$7.27 million while the actual transfer was \$15.6 million.

In 2004, a policy was approved that will see all municipal capital expenditures valued at less than \$1 million financed through the Infrastructure Reserve, to a maximum annual budget of \$6 million. The goal is to limit external borrowing for

capital projects to those projects costing in excess of \$1 million. In the long term, this policy will have the effect of reducing the amount of municipal debt outstanding. In 2008, \$8.2 million dollars was borrowed from this reserve to cover current and prior year capital projects.

(h) Consolidated Schedule of Equity in Capital Assets Schedule 4

The Consolidated Schedule of Equity in Capital Assets reports the changes in equity balances for capital assets. This schedule supports the disclosures in the operating, capital and reserve funds. Overall equity in capital assets increased by \$34.3 million over 2007.

(i) Consolidated Taxes Levied Schedule 5

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 2008 were \$38.9 million as compared to a budget of \$38.4 million.

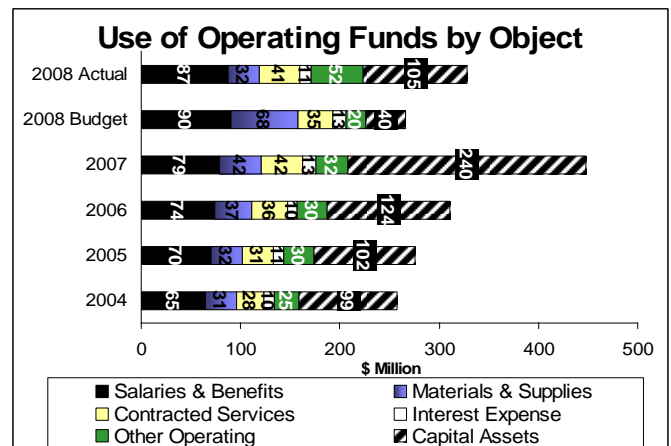
(j) Consolidated Government Transfers Schedule 6

The Consolidated Government Transfers schedule details the total government transfers received for operating and capital activities and the purpose of these transfers.

In 2008, the City received \$27.0 million in Government Grants. Some of the notable transfers related to conditional transfers were the Alberta Municipal Infrastructure Program \$8.2 million, the Basic Capital Grant for Transportation \$5.0 million, the Canada – Alberta Municipal Rural Infrastructure Fund \$2.2 million, Alberta Disaster Recovery \$1.2 million, Family and Community Support Services \$1.2 million, New Deal for Cities and Communities \$1 million, the Municipal Assistance Grant \$0.9 million and the Police Enforcement Grant \$0.9 million.

(k) Consolidated Expenditures by Object Schedule 7

The Consolidated Expenditures by Object schedule details actual and budgeted expenditures by type of expenditure.



Audited Financial Statements



RESPONSIBILITY FOR FINANCIAL REPORTING MANAGEMENT'S REPORT

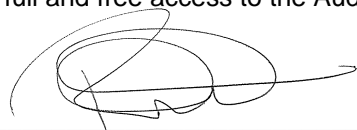
The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of Management.

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.



Acting Chief Administrative Officer



Acting 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, 2008 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, 2008 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 13, 2009

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008
(In thousands of dollars)

	2008	2007	2006 (restated)
FINANCIAL ASSETS			
Cash and Temporary Investments (Note 2)	\$ 26,582	\$ 14,588	\$ 17,074
Accounts Receivable (Net of Allowances) (Note 3)	48,085	47,541	46,308
Advances to Subsidiary (Note 4)	15,945	18,016	17,958
Inventories for Resale (Note 5)	26,708	21,765	27,696
Investments, Loans and Advances (Note 6)	309,604	218,743	237,597
Deposits and Other Assets (Note 7)	4,849	2,951	2,913
Long Lived Asset - Retirement Obligation	36,804	43,522	21,795
TOTAL FINANCIAL ASSETS	468,577	367,126	371,341
LIABILITIES			
Bank Indebtedness	2,188	7,928	2,248
Trade Accounts Payable	19,888	17,919	20,935
Accrued Liabilities (Note 10)	56,684	45,705	42,474
Long Term Debt - Alberta Capital Finance Authority (Note 12)	194,443	194,982	183,701
Other Long Term Debt (Note 12,13)	270	270	270
Loss in Subsidiary (Note 8)	4,853	6,205	7,310
Other Long Term Liabilities (Note 14, 21, 26)	91,348	84,784	55,507
TOTAL LIABILITIES	369,674	357,793	312,445
NET FINANCIAL ASSETS	98,903	9,333	58,896
PHYSICAL ASSETS			
Inventories for Consumption	13,717	12,145	9,881
Capital Assets (Note 9)	1,156,355	1,127,516	963,304
NET ASSETS	\$ 1,268,975	\$ 1,148,994	\$ 1,032,081
MUNICIPAL POSITION			
FUND BALANCES			
Operating Fund (Schedule 2) (Note 1, 15)	\$ 37,423	\$ 36,800	\$ 24,315
Capital Fund (Schedule 1) (Note 1, 16)	18,466	28,314	22,234
Reserve Fund (Schedule 3) (Note 1, 17)	251,444	156,560	206,199
TOTAL FUND BALANCES	307,333	221,674	252,748
Equity in Capital Assets (Schedule 4)	961,642	927,320	779,333
NET MUNICIPAL POSITION	\$ 1,268,975	\$ 1,148,994	\$ 1,032,081

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006 (restated)
REVENUE				
NET TAXES (Schedule 5)	\$ 38,362	\$ 38,853	\$ 33,965	\$ 29,403
SALE OF SERVICES				
General Government	7,569	7,932	8,101	6,998
Gas	110,087	171,152	157,875	143,133
Electric	77,412	77,978	69,327	72,057
Water	11,958	11,587	10,820	9,479
Sewer	9,636	9,964	9,260	7,813
Solid Waste	6,147	6,760	5,553	4,970
Land and Subdivision Development	30,947	18,399	33,873	19,184
OTHER INCOME				
Investment	8,760	11,426	12,169	10,286
Income (Loss) from Subsidiary (Note 8)	(638)	1,352	1,105	776
Licences, Fines and Penalties	5,806	6,842	6,146	5,714
Insurance Recoveries	80	248	231	184
Developers Levies	1,499	3,194	5,293	2,525
Proceeds from Sale of Assets	563	720	347	4,030
Other	3,009	20,566	11,499	10,169
Charitable Gifts (Note 8)	-	4,000	-	-
GOVERNMENT TRANSFERS (Schedule 6)				
Municipal Assistance Grant	875	875	875	875
Grants - Federal and Provincial	6,659	26,079	32,340	6,841
Debenture Interest Subsidy	-	-	-	2
Flood Recoveries	-	-	149	2,007
TOTAL REVENUE	318,731	417,927	398,928	336,446
EXPENDITURES (Schedule 7)				
General Government	98,155	127,739	127,983	100,486
Environment	355	659	-	-
Gas	86,285	107,527	237,754	112,241
Electric	36,253	51,035	39,257	55,845
Water	7,844	17,887	20,955	21,359
Sewer	6,372	12,223	10,575	12,228
Solid Waste	4,737	5,346	3,505	3,686
Land and Subdivision Development	26,253	5,941	8,462	6,414
TOTAL EXPENDITURES	266,254	328,357	448,491	312,259
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	52,477	89,570	(49,563)	24,187
INCREASE (DECREASE) IN INVENTORIES FOR CONSUMPTION	-	1,572	2,264	1,461
FINANCING				
Debt Issued	4,159	16,373	112,029	41,802
Debt Repayment	(15,701)	(21,856)	(95,804)	(12,584)
CHANGE IN FUND BALANCE	40,935	85,659	(31,074)	54,866
FUND BALANCES AT BEGINNING OF YEAR	221,674	221,674	252,748	197,882
FUND BALANCES AT END OF THE YEAR	\$ 262,609	\$ 307,333	\$ 221,674	\$ 252,748

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

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands of dollars)

	2008	2007	2006 (restated)
CASH PROVIDED BY (USED IN):			
OPERATIONS			
Net Revenue (Expenditures)	\$ 89,570	\$ (49,563)	\$ 24,187
Deduct Items Not Affecting Cash:			
(Income) Loss From Subsidiary	(1,352)	(1,105)	(776)
Change in Non Cash Items:			
Decrease (Increase) in Accounts Receivable	(544)	(1,233)	(6,859)
Decrease (Increase) in Inventory for Resale	(4,943)	5,931	(5,519)
Decrease (Increase) in Inventory for Consumption	1,572	2,264	1,461
Decrease (Increase) in Deposits & Other Assets	(1,898)	(38)	1,377
Decrease (Increase) in Long Lived Assets	6,718	(21,727)	(2,392)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	12,948	215	6,757
Increase (Decrease) in Other Long Term Liabilities	6,564	29,277	9,593
NET CASH FROM (USED BY) OPERATIONS	108,635	(35,979)	27,829
INVESTING			
Decrease (Increase) in Investments, Loans and Advances	(90,861)	18,854	(58,745)
Decrease (Increase) in Restricted Cash & Temporary Investments	(12,652)	1,697	(733)
Decrease (Increase) in Advances to Subsidiary	2,071	(58)	1,020
Decrease (Increase) in Inventories	(1,572)	(2,264)	(1,461)
NET CASH FROM (USED BY) INVESTING	(103,014)	18,229	(59,919)
FINANCING			
Long Term Debt Issued	16,373	26,527	41,802
Increase (Decrease) in Short Term Debt	(5,740)	5,680	2,248
Long Term Debt Repayment	(16,912)	(15,246)	(12,584)
NET CASH FROM (USED BY) FINANCING	(6,279)	16,961	31,466
CHANGE IN CASH	(658)	(789)	(624)
CASH AT BEGINNING OF YEAR	777	1,566	2,190
CASH AT END OF YEAR	\$ 119	\$ 777	\$ 1,566
Cash consists of the following:			
Cash and Temporary Investments	\$ 26,582	\$ 14,588	\$ 17,074
Less: Restricted portion of Cash and Temporary Investments	(26,463)	(13,811)	(15,508)
	\$ 119	\$ 777	\$ 1,566

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

CONSOLIDATED
**CAPITAL FUND
 SCHEDULE 1
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (In thousands of dollars)**

	2008 BUDGET (Unaudited)	2008	2007	2006
REVENUE				
Government Transfers	\$ 3,470	\$ 21,889	\$ 29,122	\$ 3,465
Developers Levies	1,499	3,194	5,293	2,525
Proceeds from Sale of Assets	563	720	335	1,785
Other	-	765	980	1,723
TOTAL REVENUE	5,532	26,568	35,730	9,498
EXPENDITURES				
General Government	14,995	44,975	53,262	28,960
Environment	-	2	-	-
Gas	21,199	17,185	158,095	46,606
Electric	2,188	25,106	7,209	23,945
Water	830	11,332	15,733	17,453
Sewer	425	5,987	5,389	7,166
Solid Waste	315	453	61	209
Land and Subdivision Development	-	-	-	97
TOTAL EXPENDITURES	39,952	105,040	239,749	124,436
DEFICIENCY OF REVENUE OVER EXPENDITURES	(34,420)	(78,472)	(204,019)	(114,938)
NET INTERFUND TRANSFERS				
Reserve Fund	18,543	31,518	160,679	37,792
Operating Fund	11,718	20,733	22,893	44,694
DEBT TRANSFERS				
Debt Issued	4,159	16,373	26,527	41,802
CHANGE IN CAPITAL FUND	-	(9,848)	6,080	9,350
CAPITAL FUND AT BEGINNING OF YEAR	28,314	28,314	22,234	12,884
CAPITAL FUND AT END OF YEAR	\$ 28,314	\$ 18,466	\$ 28,314	\$ 22,234

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

CONSOLIDATED
**OPERATING FUND
SCHEDULE 2**
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006 (restated)
REVENUE				
NET TAXES (Schedule 5)	\$ 38,362	\$ 38,853	\$ 33,965	\$ 29,403
SALE OF SERVICES				
General Government	7,569	7,932	8,101	6,998
Gas	110,087	171,152	157,875	143,133
Electric	77,412	77,978	69,327	72,057
Water	11,958	11,587	10,820	9,479
Sewer	9,636	9,964	9,260	7,813
Solid Waste	6,147	6,760	5,553	4,970
Land and Subdivision Development	30,947	18,399	33,873	19,184
OTHER INCOME				
Investment Income	8,760	11,426	12,169	10,286
Income (Loss) from Subsidiary (Note 8)	(638)	1,352	1,105	776
Licences, Fines and Penalties	5,806	6,842	6,145	5,714
Insurance Recovery	80	248	231	184
Other	3,009	19,801	10,531	10,691
Charitable Gifts (Note 8)	-	4,000	-	-
GOVERNMENT TRANSFERS				
Municipal Assistance Grant	875	875	875	875
Grants - Federal and Provincial	3,189	4,190	3,219	3,376
Debenture Interest Subsidy	-	-	-	2
Flood Assistance	-	-	149	2,007
TOTAL REVENUE	313,199	391,359	363,198	326,948
EXPENDITURES				
General Government	83,160	82,571	74,571	71,161
Environment	355	657	-	-
Gas	65,086	90,333	79,396	65,356
Electric	34,065	24,561	30,022	31,080
Water	7,014	6,557	5,226	3,921
Sewer	5,947	6,234	5,179	5,055
Solid Waste	4,422	4,891	3,444	3,472
Land and Subdivision Development	26,253	5,941	8,640	6,317
TOTAL EXPENDITURES	226,302	221,745	206,478	186,362
EXCESS OF REVENUE OVER EXPENDITURES	86,897	169,614	156,720	140,586
NET INTERFUND TRANSFERS				
Capital Fund	(11,718)	(20,733)	(22,893)	(44,694)
Debt Issued	-	-	85,502	-
Debt Repayment	(15,701)	(21,856)	(95,804)	(12,584)
Reserve Fund	(50,902)	(126,402)	(111,040)	(87,072)
TOTAL NET INTERFUND TRANSFERS	(78,321)	(168,991)	(144,235)	(144,350)
CHANGE IN OPERATING FUND	8,576	623	12,485	(3,764)
OPERATING FUND AT BEGINNING OF YEAR	36,800	36,800	24,315	28,079
OPERATING FUND AT END OF YEAR	\$ 45,376	\$ 37,423	\$ 36,800	\$ 24,315

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

RESERVE FUND

SCHEDULE 3

FOR THE YEAR ENDED DECEMBER 31, 2008

(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006
INTERFUND TRANSFERS				
Operating Fund Transfer	\$ 50,902	\$ 126,402	\$ 111,040	\$ 87,072
Capital Fund Transfer	(18,543)	(31,518)	(160,679)	(37,792)
CHANGE IN RESERVE FUND	32,359	94,884	(49,639)	49,280
RESERVE FUND AT BEGINNING OF YEAR	156,560	156,560	206,199	156,919
RESERVE FUND AT END OF YEAR (Note 17)	\$ 188,919	\$ 251,444	\$ 156,560	\$ 206,199

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

SCHEDULE OF EQUITY IN CAPITAL ASSETS

SCHEDULE 4

FOR THE YEAR ENDED DECEMBER 31, 2008

(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006
ACQUISITION OF CAPITAL ASSETS				
General Government	\$ 13,271	\$ 45,097	\$ 50,380	\$ 25,620
Environment	-	19	-	-
Gas	21,199	16,983	156,994	45,676
Electric	2,188	25,106	7,208	23,945
Water	805	11,098	15,729	17,461
Sewer	400	5,962	5,388	7,162
Solid Waste	315	453	61	206
Land and Subdivision Development	-	-	-	97
	38,178	104,718	235,760	120,167
DISPOSAL OF CAPITAL ASSETS				
General Government	-	(2,366)	(1,346)	(2,771)
Environment	-	(2)	-	-
Gas	-	(537)	(335)	(1,791)
Electric	-	(43)	(1,809)	(8,735)
Water	-	-	(2)	(18)
	-	(2,948)	(3,492)	(13,315)
DEPRECIATION OF UTILITIES ASSETS (Note 9)				
Gas	(32,446)	(56,887)	(52,422)	(34,071)
Electric	(10,331)	(11,636)	(11,471)	(10,324)
Water	(1,799)	(2,139)	(1,969)	(1,767)
Sewer	(1,799)	(1,971)	(1,888)	(1,777)
Solid Waste	(601)	(298)	(304)	(300)
	(46,976)	(72,931)	(68,054)	(48,239)
CAPITAL FINANCING				
Debt Issued	(3,125)	(16,373)	(112,031)	(41,802)
Debt Repayment	16,939	21,856	95,804	12,584
	13,814	5,483	(16,227)	(29,218)
CHANGE IN EQUITY BALANCE	5,016	34,322	147,987	29,395
EQUITY IN CAPITAL ASSETS AT BEGINNING OF YEAR	927,320	927,320	779,333	749,938
EQUITY IN CAPITAL ASSETS AT END OF YEAR	\$ 932,336	\$ 961,642	\$ 927,320	\$ 779,333

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

TAXES LEVIED
SCHEDULE 5
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006
TAXATION				
Real Property Taxes	\$ 58,355	\$ 59,071	\$ 53,663	\$ 48,704
Linear Property Taxes	553	553	995	494
Government Grants in Lieu of Property Taxes	1,295	1,295	1,251	1,219
Special Assessments and Local Improvements	356	348	348	369
	60,559	61,267	56,257	50,786
REQUISITIONS				
Alberta School Foundation	16,923	17,116	16,926	16,253
Catholic Board Of Education	3,133	3,158	3,197	3,005
Cypress View Foundation	481	482	415	412
Medicine Hat Public Library	1,558	1,558	1,654	1,613
Business Exchange Levies	102	100	100	100
	22,197	22,414	22,292	21,383
NET TAXES	\$ 38,362	\$ 38,853	\$ 33,965	\$ 29,403

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

GOVERNMENT TRANSFERS

SCHEDULE 6

FOR THE YEAR ENDED DECEMBER 31, 2008

(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006
FEDERAL TRANSFERS				
Shared-Cost Agreements and Grants	\$ -	\$ 1,053	\$ 106	\$ 1,447
	-	1,053	106	1,447
PROVINCIAL TRANSFERS				
Municipal Assistance Grant	875	875	875	875
Police Enforcement Grant	909	912	901	961
Shared-Cost Agreements and Grants	5,750	24,114	31,482	6,442
	7,534	25,901	33,258	8,278
TOTAL GOVERNMENT TRANSFERS	\$ 7,534	\$ 26,954	\$ 33,364	\$ 9,725

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

CONSOLIDATED
EXPENDITURES BY OBJECT
SCHEDULE 7
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands of dollars)

	2008 BUDGET (Unaudited)	2008	2007	2006 (restated)
EXPENDITURES				
Salaries, Wages and Benefits	\$ 89,426	\$ 86,800	\$ 79,255	\$ 73,963
Contracted and General Services	35,375	40,972	41,987	35,769
Materials, Goods and Utilities	68,074	31,711	42,067	37,193
Provisions for Allowances	264	8,567	222	219
Bank Charges and Short Term Interest	95	177	1,577	81
Interest on Long Term Debt	12,430	11,106	11,149	9,969
Capital Assets Acquired	38,178	104,718	235,760	120,167
Other Operating Expenditures	19,770	43,191	31,662	30,044
Grants and Other Transfers	868	793	823	585
Other Capital Expenditures	1,774	322	3,989	4,269
TOTAL EXPENDITURES	\$ 266,254	\$ 328,357	\$ 448,491	\$ 312,259

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

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) REPORTING ENTITY

The Consolidated Financial Statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and changes in financial position 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, 911 Communications, Disaster Services, Community Development, Cultural Development, Parks and Outdoor Recreation and Police Liaison) and Infrastructure and Development (Municipal Works, Planning, Building & Development and Environmental Utilities). Land and Subdivision Development operations are treated as a utility 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 (risk management, 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 18.

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 enterprises.

(B) FUND ACCOUNTING

Municipal funds for General, Environmental Utilities, Energy Division and Land and Subdivision Development consist of the Operating, Capital and Reserve Funds. Proceeds from sales of land are recorded as Operating Fund revenues.

(C) BASIS OF ACCOUNTING**1. Revenues**

Sales and user fees are accounted for in the period in which the transactions of events occurred that gave rise to the revenues.

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

Government transfers 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 can be made.

2. Expenditures

Expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due, with the exception of pension expenditures as disclosed in Note 1(H).

(D) GOVERNMENT TRANSFERS

Government transfers are recognized in the Consolidated Financial Statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(E) 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.

(F) INVENTORIES

Inventories of materials and supplies, 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.

(G) LAND 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.

(H) PENSION EXPENDITURE

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

(I) CAPITAL ASSETS

1. The City has valued General Fund capital assets purchased prior to December 31, 1978, at the net cost to the City and assets purchased and developed subsequent to that date at full cost.
2. Prior to January 1, 1989, all capital expenditures for major repair and maintenance projects were recorded as increases to capital assets. Since that date, capital expenditures of this nature are expensed in the year the expenditure is incurred. Major repairs and maintenance costs expensed in 2008 - \$1,449 (2007 - \$2,864).

Capital Assets are reported as expenditures in the period they are acquired.

Capital Assets are reported at cost except for donated assets, which are recorded at estimated fair market value.

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.

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.

Government contributions for the acquisition of capital assets are recorded as a revenue source in the Consolidated Statement of Financial Activities and Consolidated Capital Fund - Schedule 1, and do not reduce the related capital assets costs.

Capital assets for municipal purposes are not depreciated.

(J) 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.

(K) DEPRECIATION

Capital assets in the Electric Utility, Water Utility, Sewer Utility, Solid Waste Utility, Land, and non-resource plant, property and equipment in the Gas Utility are depreciated on a straight line basis over their estimated useful lives. Depreciation is not charged to operations. However, Plant, Property and Equipment and Equity in Capital Assets have been reduced to reflect the depreciated balance of capital assets. The following rates have been used for this calculation:

Engineering Structures	2.0% to 15.0%
Buildings	2.5% to 3.0%
Machinery, Equipment and Furnishings	5.0% to 20.0%

(L) DEPLETION

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.

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 2008.

(M) ALLOWANCES

Allowances for financial asset valuations are netted against the related asset. Increases in allowances are recorded as expenditures.

(N) OPERATING FUND

The Operating Fund represents the amounts available to offset future operational revenue requirements.

(O) CAPITAL FUND

The Capital Fund represents amounts available to finance capital projects.

(P) RESERVE FUND

Reserves are established at the discretion of City Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves related to capital and operating fund activities are reflected on the Consolidated Schedules for the Capital, Operating and Reserve Funds.

(Q) EQUITY IN CAPITAL ASSETS

Equity in Capital Assets represents the net investment in total capital assets, after deducting the portion financed through long-term debt.

(R) 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.

(S) 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 expenditures during the period. 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.

(T) 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.

(U) 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 a legal 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.

(V) 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.

(W) TANGIBLE CAPITAL ASSETS

Effective January 1, 2007, the City adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the City continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the City had obtained a complete listing for all land, buildings, engineered structures, machinery and equipment, and vehicles.

Tangible Capital Assets for Utility Operations are amortized; however, this practice has not been followed for Municipal Operations. To ensure that the City is able to comply with the Tangible Capital Asset Standards with respect to Municipal Operations, the Finance Department has set up a project team which will be responsible for meeting these requirements.

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2008	2007	2006
Cash	\$ 119	\$ 777	\$ 1,566
Temporary Investments	26,463	13,811	15,508
TOTAL CASH & TEMPORARY INVESTMENTS	\$ 26,582	\$ 14,588	\$ 17,074

The temporary investments represent a restricted amount for the Alberta Cities Transportation Program, Alberta Municipal Infrastructure Program, Municipal Sustainability Initiative Program, New Deal for Cities and Communities, New Deal for Public Transit and Public Housing Grant, which are held exclusively for eligible capital projects.

NOTE 3: ACCOUNTS RECEIVABLE

(A) TAXES AND BUSINESS IMPROVEMENTS LEVIES RECEIVABLE

	2008	2007	2006
Current Taxes Receivable	\$ 1,380	\$ 918	\$ 630
Arrears Taxes Receivable	-	-	187
City Centre Development Agency	15	7	4
Less: Allowance for Tax Adjustments	(1)	(2)	(116)
SUB-TOTAL	\$ 1,394	\$ 923	\$ 705

(B) ACCOUNTS RECEIVABLE

	2008	2007	2006
Trade Accounts Receivable	\$ 55,812	\$ 46,964	\$ 45,914
Less: Allowance for Doubtful Accounts	(9,121)	(346)	(311)
SUB-TOTAL	\$ 46,691	\$ 46,618	\$ 45,603
TOTAL	\$ 48,085	\$ 47,541	\$ 46,308

NOTE 4: ADVANCES TO SUBSIDIARY

	2008	2007	2006
Unsecured, non-interest bearing advances with no fixed terms of repayment	\$ 98	\$ 169	\$ 111
Unsecured note, bearing interest at prime plus 1% due on demand	15,847	17,847	17,847
TOTAL	\$ 15,945	\$ 18,016	\$ 17,958

NOTE 5: INVENTORIES FOR RESALE

	2008	2007	2006
Concessions	\$ 137	\$ 132	\$ 128
Gas in Storage	4,509	2,811	4,565
Land and Property	22,062	18,822	23,003
TOTAL	\$ 26,708	\$ 23,772	\$ 27,696

NOTE 6: INVESTMENTS, LOANS AND ADVANCES

	2008		2007		2006	
	Cost	Market Value	Cost	Market Value	Cost	Market Value
Federal Government & Agencies	\$ 20,718	\$ 21,896	\$ 17,087	\$ 17,811	\$ 15,892	\$ 16,014
Provincial Government & Agencies	74,871	77,667	87,636	88,428	70,117	71,149
Canadian Banks	128,447	125,174	60,435	59,800	60,151	60,334
Others	85,568	85,242	53,585	53,196	91,437	91,473
TOTAL	\$ 309,604	\$ 309,979	\$ 218,743	\$ 219,235	\$ 237,597	\$ 238,970

These investments yield interest rates from 1.40 per cent to 7.12 per cent and mature in periods 2009 through 2015. The investments have an average expected yield of 3.94 per cent and an average term of 5.41 years to maturity.

NOTE 7: DEPOSITS AND OTHER ASSETS

	2008	2007	2006
Tax Requisition Over Levies	\$ 197	\$ 197	\$ 197
Postage	18	-	2
Refundable Containers	48	48	48
Operating Deposits	648	127	307
Prepaid Insurance & Other	1,036	1,031	1,152
Electric Reels	-	202	178
Gas Commodity Purchase Deposits	1,991	500	-
Gas Royalty Deposits	911	846	1,029
TOTAL	\$ 4,849	\$ 2,754	\$ 2,913

NOTE 8: SUBSIDIARY OPERATIONS

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

	2008	2007	2006
Financial Position			
Current Assets	\$ 9,180	\$ 8,906	\$ 7,921
Future Income Tax Asset	996	1,097	974
Resource Properties	5,689	6,049	6,059
Total Assets	15,865	16,052	14,954
Current Liabilities	1,108	5,354	5,285
Advances from City of Medicine Hat	15,847	17,847	17,847
Asset Retirement Obligation	710	609	514
Total Liabilities	17,665	23,810	23,646
Net Assets (Liabilities)	\$ (1,800)	\$ (7,758)	\$ (8,692)

Net Liabilities are comprised of a deficit of \$5,030, share capital of \$6, contributed surplus of \$4,606 and deficit on Related Company Transactions of \$1,382 (2007– a deficit of \$6,382, share capital of \$6 and a deficit on Related Company Transaction of \$1,382).

	2008	2007	2006
Results of Operations			
Revenues	\$ 13,199	\$ 7,195	\$ 6,338
Operating Expenses	6,105	4,507	3,632
Cash Flow from Operations	7,094	2,688	2,706
Charitable Gift	4,000	-	-
Depletions and Accretion	1,253	1,530	1,117
Net Income before Income Tax	1,841	1,158	1,589
Income Tax Expense	(489)	(53)	(813)
Net Income	1,352	1,105	776
Deficit, Beginning of Year	(6,211)	(7,316)	(8,092)
Share Capital	6	6	6
Loss In Subsidiary	\$ (4,853)	\$ (6,205)	\$ (7,310)

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 Oil & Gas Corp. since the acquisition date.

During the year the City received \$4,000 from Allied Oil & Gas Corp. as a gift as described under section 110.1 of the Income Tax Act.

NOTE 9: CAPITAL ASSETS

	2008 Cost	Accumulated Depreciation	2008 Book Value	2007 Book Value	2006 Book Value
Land	\$ 17,915	\$ -	\$ 17,915	\$ 14,874	\$ 13,878
Buildings	154,603	4,941	149,662	146,404	144,693
Engineering Structures	1,563,565	646,480	917,085	526,011	470,736
Gas and Oil Properties	-	-	-	373,410	270,441
Machinery, Equipment and Furnishings	36,976	12,636	24,340	20,994	19,897
Vehicles	47,353	-	47,353	45,823	43,659
TOTAL	\$ 1,820,412	\$ 664,057	\$ 1,156,355	\$ 1,127,516	\$ 963,304

During 2008, the City disposed of Gas Properties and recorded proceeds of \$424 for this sale.

Annual depletion and depreciation amounts reflected in Capital Assets and Equity in Capital Assets are as follows:

	2008	2007	2006
Buildings	\$ 307	\$ 306	\$ 304
Engineering Structures	16,317	15,425	14,167
Gas and Oil Properties	55,384	51,391	32,827
Machinery, Equipment and Furnishings	923	932	941
TOTAL DEPRECIATION AND DEPLETION	\$ 72,931	\$ 68,054	\$ 48,239

NOTE 10: ACCRUED LIABILITIES

	2008	2007	2006
Accrued Wages and Salaries	\$ 1,604	\$ 2,149	\$ 2,088
Vacation Pay	4,178	3,710	3,239
Accrued Interest on Long-Term Debt	2,724	3,065	3,212
Deposits	5,436	3,028	1,829
Deferred Revenue	3,116	2,328	3,008
Deferred Charges	7,381	7,752	6,265
Accrued Royalties	793	1,880	5,566
Alberta Municipal Infrastructure Program	6,686	4,632	10,768
Alberta Cities Transportation Program	4,874	6,065	4,741
Municipal Sustainability Initiative	5,203	3,112	-
New Deal for Cities and Communities	3,896	-	-
New Deal for Public Transit	1,777	-	-
Public Housing Grant	3,798	-	-
Other Payables	5,218	7,984	1,758
TOTAL	\$ 56,684	\$ 45,705	\$ 42,474

NOTE 11: SHORT-TERM DEBT

A Municipal Operating Loan Facility (Revolving) is available to the City up to a maximum of \$30 million, by way of Prime-based loans, Guaranteed Notes, or Letters of Guarantee (in Canadian dollars). This facility is secured by Bylaw No. 3745 for Prime-based loans and Guaranteed Notes. Letters of Guarantee are authorized under Bylaw No. 3415. On January 29, 2009, this Municipal Operating Loan Facility (Revolving) was reduced to \$10 million.

A Variable Rate Line of Credit under this Municipal Operating Loan Facility (Revolving) is available at a rate of Prime less 0.25 per cent. Guaranteed Notes are payable at Base Rate plus 0.25 per cent per 365 day period, and Letters of Guarantee are payable at a fee of 3/8 of 1 per cent per annum.

At December 31, 2008, there were Letters of Guarantee issued in the amount of \$1,727 (2007 - \$2,416).

NOTE 12: LONG-TERM DEBT

(A)

	2008	2007	2006
Tax Supported	\$ 31,133	\$ 27,947	\$ 29,450
Utilities			
- Electric	72,565	76,388	79,533
- Gas	7,240	10,252	13,042
- Water	51,329	47,035	31,547
- Sewer	31,011	32,077	28,704
- Solid Waste	1,435	1,553	1,695
Total Utilities	163,580	167,305	154,521
TOTAL	\$ 194,713	\$ 195,252	\$ 183,971

	2008	2007	2006
Comprised of:			
- Alberta Capital Finance Authority	\$ 194,443	\$ 194,982	\$ 183,701
- Other Long Term-Debt	270	270	270
TOTAL	\$ 194,713	\$ 195,252	\$ 183,971

(B) **DEBT PER CAPITA**

(not in thousands of dollars)

	2008	2007	2006
Tax Supported Debentures	\$ 515	\$ 490	\$ 517
Utilities	2,707	2,935	2,711
TOTAL	\$ 3,222	\$ 3,425	\$ 3,228

Debt per capita is based on the official census of 60,429 (2008) by The City of Medicine Hat and of 56,997 (2006, 2007) by Statistics Canada.

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

	Principal	Interest
2009	17,792	11,145
2010	13,796	9,996
2011	14,472	9,127
2012	15,091	7,268
2013-2027	133,562	44,170
TOTAL	\$ 194,713	\$ 81,706

The debentures have interest payable at rates ranging from 3.405 per cent to 10.875 per cent per annum before Provincial Subsidy, and mature in periods 2009 through 2027. The average annual interest rate is 5.36 per cent for 2008 (5.86 per cent for 2007). 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 2008 was \$11,106 (2007 - \$11,149).

(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.

	2008	2007	2006
Total Debt Limit	\$ 809,430	\$ 757,224	\$ 691,629
Actual Debt (Long and Short-Term Debt)	196,863	202,402	184,819
AMOUNT UNDER LIMIT	\$ 612,567	\$ 554,822	\$ 506,810
Debt Servicing Limit	\$ 141,650	\$ 132,514	\$ 121,035
Actual Debt Servicing (Long and Short-Term Debt)	28,937	28,311	26,259
AMOUNT UNDER LIMIT	\$ 112,713	\$ 104,203	\$ 94,776

NOTE 13: OTHER LONG-TERM DEBT

The City of Medicine Hat has recorded an obligation to Palliser Health Authority of \$270 for the construction of ambulance facilities at the Medicine Hat Regional Hospital. The City and Palliser Health Authority are currently negotiating the outcome of this obligation as a result of take over of ambulance services by the Provincial Health Authority.

NOTE 14: OTHER LONG-TERM LIABILITIES

(A)

	2008	2007	2006 (restated)
Offsite Contributions	\$ 11,688	\$ 8,567	\$ 7,255
Asset Retirement Obligation - Gas	73,520	70,735	43,316
Employee Retirement Benefits Liability	3,543	3,362	3,132
Sanitary Landfill - Site Abandonment and Restoration	2,597	2,120	1,804
TOTAL OTHER LONG-TERM LIABILITIES	\$ 91,348	\$ 84,784	\$ 55,507

(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.

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

	2008	2007	2006 (restated)
Estimated Closure Costs	\$ 6,855	\$ 5,253	\$ 5,000
Estimated Post Closure Costs	1,289	969	750
Estimated Total Costs	\$ 8,144	\$ 6,222	\$ 5,750
Estimated Capacity remaining %	59.2%	56.8%	58.5%
Portion of Total Liability remaining to be recognized	\$ 5,547	\$ 4,102	\$ 3,946
Estimated Capacity used %	40.8%	43.2%	41.5%
ACCRUED LIABILITY PORTION	\$ 2,597	\$ 2,120	\$ 1,804

The total capacity of the site is estimated at 4,525,000 cubic meters. The estimated remaining capacity of the landfill site is 2,656,000 (2007 – 2,578,000) cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2029. The City has not designated assets for settling closure or post closure liabilities.

(D) At December 31, 2008 the estimated undiscounted cash flows required to settle the asset retirement obligations with respect to the Gas Utility were \$176,768 (2007 - \$113,449, 2006 - \$87,859), calculated using an inflation rate of 4.20 per cent (2007 – 3.15 per cent) per annum. The estimated fair value of this liability was \$73,520 (2007 – \$70,735) after discounting the estimated cash flows at a rate of 6.48 per cent (2007 – 7.21 per cent). At December 31, 2008, the expected timing of payment for settlement of the obligations ranges from 7 to 30 years.

NOTE 15: OPERATING FUND

The Operating Fund balance as shown on the Consolidated Statement of Financial Position 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 in the General Operating Fund not required in order to maintain the operating fund target balance of 7 per cent of prior years budgeted gross expenditures be transferred to the Infrastructure Reserve. Included in the 2008 transfer to the Infrastructure Reserve is \$3,331 in surplus funds, which were in excess of the target balance requirement.

The Electric Operating Fund policy directs that surplus in excess of 7 per cent of prior years budgeted gross expenditures will be transferred to the Electric Facility and Equipment Reserve at the end of the current year. In 2008 the Electric Utility reported an excess surplus of \$12,267, which was transferred to the Electric Facility and Equipment Reserve.

With respect to the Gas Utility, policy directs that surplus in excess of 7 per cent of prior years budgeted gross expenditures be transferred to the Gas Depletion Reserve at the end of the current year. In 2008, the Gas Utility reported an excess surplus of \$92,009, which was transferred to the Gas Depletion Reserve.

OPERATING FUND BALANCES	2008	2007	2006 (restated)
General Government	\$ 7,964	\$ 6,814	\$ 6,649
Gas	6,844	6,928	5,756
Electric	6,934	7,243	5,058
Water	1,137	1,472	113
Sewer	1,573	63	(1,552)
Solid Waste	(328)	(698)	(1,079)
Environmental Management	10	-	-
Land	13,289	14,978	9,370
TOTAL	\$ 37,423	\$ 36,800	\$ 24,315

NOTE 16: CAPITAL FUND

CAPITAL FUND BALANCES	2008	2007	2006
General Government	\$ 2,113	\$ 807	\$ 1,817
Environmental Management	30	-	-
Gas	13,085	9,314	19,650
Electric	5,679	14,485	2,298
Water	(725)	2,569	(1,112)
Sewer	(2,767)	158	(1,026)
Solid Waste	1,051	981	607
TOTAL	\$ 18,466	\$ 28,314	\$ 22,234

NOTE 17: RESERVES

	Balance 2006	Balance 2007	2008 Additions	2008 Reductions	Balance 2008
Employee Development	\$ 534	\$ 742	\$ 119	\$ -	\$ 861
Victim Assistance	17	17	-	-	17
Second Street Properties	84	84	-	-	84
Fleet Replacement	4,196	5,484	3,543	2,548	6,479
Art Acquisitions	33	57	24	15	66
Infrastructure	12,894	15,919	10,773	8,207	18,485
Employee Benefits	1,561	4,703	2,389	-	7,092
Community Capital Reserve	-	747	9,072	-	9,819
Nature's Best Reserve	1,402	3,263	1,944	332	4,875
Electric Facility & Equipment	16,487	10,969	12,574	12,926	10,617
Gas Depletion Reserve	180,275	123,295	89,621	13,622	199,294
SUB TOTAL	217,483	165,280	130,059	37,650	257,689
Equity (Deficit) in Subsidiary	(7,316)	(6,211)	1,352	-	(4,859)
Internal Loan Contra Reserve	(3,968)	(2,509)	-	(1,123)	(1,386)
TOTAL RESERVES	\$ 206,199	\$ 156,560	\$ 131,411	\$ 36,527	\$ 251,444

NOTE 18: 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, 2008 is \$1,849 (2007 - \$1,840). 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 2006	Balance 2007	Additions	Interest Earnings	Reductions	Balance 2008
Cemetery - Perpetual Care	\$ 1,313	\$ 1,318	\$ 297	\$ 58	\$ 344	\$ 1,329
Seniors Foundation	32	52	11	2	15	50
Police Department Exhibit Recovery	17	18	4	1	3	20
Art Gallery Acquisition	9	9	-	1	-	10
Donna MacLean Museum Trusts	2	4	1	-	-	5
Pitch Trust	2	2	-	-	-	2
Arts & Heritage Centre	-	-	259	-	259	-
Medicine Hat Sport & Culture	1	1	-	-	-	1
Bell West	207	216	-	9	-	225
Saamis Heights Town Ctr Park	143	144	1	6	18	133
Centennial Grant	-	10	-	1	5	6
A B Clark Development Agreement	11	11	-	-	-	11
Veiner Centre Legacy Mural	10	-	-	-	-	-
Northlands Waterline Warranty	53	55	4	2	4	57
TOTAL TRUST FUNDS	\$ 1,800	\$ 1,840	\$ 577	\$ 80	\$ 648	\$ 1,849

NOTE 19: SALARY AND BENEFITS DISCLOSURE

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

	Salary¹	Benefits & Allowances²	Total 2008	Total 2007
Mayor Boucher	60	52	112	12
Mayor Vallely	-	-	-	68
Councilors:				
Cocks, W.	-	-	-	30
Clugston, K.	20	23	43	8
Friesen, J.	20	20	40	40
Dumanowski, R.	20	20	40	39
Hamill, J.	20	23	43	36
Hirsch, D.	-	-	-	29
Kelly, G.	20	14	34	34
Schneider, T.	20	28	48	7
Smith, C.	-	-	-	31
Speers, H.	-	-	-	30
Thompson, J.	20	30	50	6
White, J.	20	21	41	7
CAO (January 1 - May 5)	69	31	100	73
CAO/COO (May 6 - December 31) ³	298	41	339	139
Designated Officers	903	183	1,086	1,061

- (1) Salary includes regular base pay.
- (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 position were divided between the positions of CAO Municipal Services and COO Energy Services.

NOTE 20: 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 179,000 people and 407 employers. The Police Officers are members of the Special Forces Pension Plan (SFPP) and serves about 5,500 members and 7 employers. The Plans are financed by employer and employee contributions and investment earnings of the LAPP and SFPP Fund.

During 2008 the City of Medicine Hat was required to make current service contributions to the Local Authorities Pension Plan of 7.75 per cent of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 10.64 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 2008 were \$5,552 (2007 – \$5,032). Total current service contributions by the employees for 2008 were \$4,931 (2007 – \$4,463).

At December 31, 2007 LAPP disclosed an actuarial deficit of \$1,183.3 million (2006 – \$746.7 million). At December 31, 2007 SFPP disclosed an actuarial deficit of \$78.7 million (2006 – \$33.3 million surplus).

NOTE 21: 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:

	2008	2007	2006
Accrued Benefit Obligation			
Balance, Beginning of Year	\$ 3,362	\$ 3,132	\$ 2,635
Current Service Cost	102	88	79
Interest Cost	193	177	151
Benefits Paid	(100)	(135)	(86)
Unrecognized Actuarial Losses	(14)	100	353
Balance, End of Year, Benefit Plan Deficit	\$ 3,543	\$ 3,362	\$ 3,132

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

	2008	2007	2006
Discount Rate	5.75%	5.75%	5.75%
Rate of Compensation Increases	3%	3%	3%
Expected Average Remaining Service Life	9.07 Years	8.18 Years	9.3 Years

NOTE 22: 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 \$688 (Gas) and \$8,014 (Electric).

NOTE 23: CAPITAL COMMITMENTS

(A) 2008 CAPITAL BUDGET

Following guidelines set out by the Public Sector Accounting Board, the budget reported on the Consolidated Statement of Financial Activities and Consolidated Capital Fund is the 2008 approved Capital Budget. The actual expenditures reported include incomplete capital projects in the amount of \$68,136 carried forward from previous budget years, as well as costs related to the 2008 Budget.

(B) INCOMPLETE CAPITAL PROJECTS

As at December 31, 2008 a number of capital projects were in progress and will be completed in 2009 or subsequent years. The unexpended appropriation related to these projects is \$143,039. Projects included in this total are; Gas Well Drilling \$12,702; Gas Well Gathering \$4,849; Gas Mineral Acquisitions \$8,000; Electric Facility Improvement \$1,389; Electric LM6000 Generation Unit \$30,499; Municipal Works Black & White Trail \$2,800; Municipal Works South Boundary Road \$12,484; Municipal Works Finlay Bridge \$3,900; Municipal Works Redcliff / Box Springs Storm Water Management \$3,000; Community Development Transit Buses \$1,300; Water SW Sector Supply System Upgrade \$11,900; Water Brier Park / NW Industrial System Upgrade \$1,400; Water Construct Reservoir / River Crossing \$1,600; Water Plant Expansion \$1,900; Sewer Southwest Trunk System upgrade \$1,400; Waste Water Treatment Plant Upgrade \$6,800.

(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 and the Land and Subdivision Development 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. Also subsequent to December 31, 2008, City Council approved the 2009 - 2011 General Government Capital Improvement Plan. The total for all Projects is as follows:

2009	\$ 96,782
2010	\$ 47,695
2011	\$ 32,610
2012-2013 Projection	\$ 60,637
TOTAL	\$ 326,655

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 & Other	11,441	6,082	5,756
TOTAL	96,782	47,695	32,610

NOTE 24: CONTINGENT LIABILITIES

Various claims have been made against the City as at December 31, 2008. 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 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 25: 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 26: COMPARATIVE FIGURES

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

Financial and Statistical Schedules (unaudited)



FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	2008	2007	2006	2005	2004
REVENUES BY SOURCE					
Taxes	\$ 38,853	\$ 33,965	\$ 29,403	\$ 25,643	\$ 22,768
Sale of Services					
General Government	7,932	8,101	6,998	6,029	5,632
Gas	171,152	157,875	143,133	161,387	129,817
Electric	77,978	69,327	72,057	55,856	58,399
Water	11,587	10,820	9,479	7,636	7,540
Sewer	9,964	9,260	7,813	6,954	6,296
Solid Waste	6,760	5,553	4,970	4,908	4,543
Land & Subdivision Dev	18,399	33,873	19,184	17,165	21,948
Investment Income	11,426	12,169	10,286	6,875	5,496
Income from Subsidiary	1,352	1,105	776	1,712	180
Licences, Fines & Penalties	6,842	6,146	5,714	5,482	4,936
Insurance Recovery	248	231	184	157	107
Developers Levies	3,194	5,293	2,525	3,187	1,932
Proceeds from Sale of Assets	720	347	4,030	1,227	1,862
Other	20,566	11,499	10,169	11,586	11,161
Charitable Gifts	4,000	-	-	-	-
Government Grants	26,954	33,364	9,725	11,319	13,115
TOTAL REVENUES	417,927	398,928	336,446	327,123	295,732
EXPENDITURES BY FUNCTION					
General Government	127,739	127,983	100,486	104,765	106,469
Environmental Management	659	-	-	-	-
Gas	107,527	237,754	112,241	113,280	91,965
Electric	51,035	39,257	55,845	33,641	28,142
Water	17,887	20,955	21,359	8,391	6,880
Sewer	12,223	10,575	12,228	7,282	14,849
Solid Waste	5,346	3,505	3,686	5,254	4,067
Land	5,941	8,462	6,414	3,948	5,229
TOTAL EXPENDITURES	328,357	448,491	312,259	276,561	257,601
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	89,570	(49,563)	24,187	50,562	38,131
INCREASE IN NON-FINANCIAL ASSETS	1,572	2,264	1,461	(853)	-
Debt Issued	16,373	112,029	41,802	9,083	13,782
Debt Repayment	(21,856)	(95,804)	(12,584)	(12,536)	(11,827)
	(5,483)	16,225	29,218	(3,453)	1,955
CHANGE IN FUND BALANCE	\$ 85,659	\$ (31,074)	\$ 54,866	\$ 46,256	\$ 40,086

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

CONSOLIDATED EXPENDITURE BY OBJECT

	2008	2007	2006	2005	2004
Salaries, Wages & Benefits	\$ 86,800	\$ 79,255	\$ 73,963	\$ 69,906	\$ 64,902
Contracted & General Services	40,972	41,987	35,769	31,199	27,946
Materials, Goods & Utilites	31,711	42,067	37,193	32,370	30,779
Provisions for Allowances	8,567	222	219	23	232
Bank Charges & Short-Term Interest	177	1,577	81	74	44
Interest on Long-Term Debt	11,106	11,149	9,969	10,435	10,379
Physical Assets Acquired	104,718	235,760	120,167	99,475	95,484
Other Operating Expenditures	43,191	31,662	30,044	30,561	24,505
Grants and Other Transfers	793	823	585	578	603
Other Capital Expenditures	322	3,989	4,269	1,940	2,727
TOTAL EXPENDITURES	\$ 328,357	\$ 448,491	\$ 312,259	\$ 276,561	\$ 257,601

CONSOLIDATED SCHEDULE OF CAPITAL FINANCING & EXPENDITURES

	2008	2007	2006	2005	2004
REVENUES					
Government Transfers	\$ 21,889	\$ 29,122	\$ 3,465	\$ 5,206	\$ 9,360
Developers Levies	3,194	5,293	2,525	3,187	1,932
Proceeds from Sale of Assets	720	335	1,785	55	1,862
Other	765	980	1,723	4,218	4,913
Reserves	31,518	160,679	37,792	47,063	52,733
Operations	20,733	22,893	44,694	21,113	29,762
Debt	16,373	26,527	41,802	9,083	13,782
TOTAL FINANCING	95,192	245,829	133,786	89,925	114,344
EXPENDITURES					
Engineering Structures	88,938	228,084	110,635	74,021	65,794
Buildings	3,713	1,531	2,141	17,970	24,691
Machinery & Equipment	5,062	2,044	3,554	2,122	1,663
Land	3,044	999	149	172	146
Mobile Equipment	3,015	3,402	3,673	4,984	3,189
Non - Asset Increasing	1,268	3,689	4,284	2,147	2,728
TOTAL EXPENDITURES	105,040	239,749	124,436	101,416	98,211
SURPLUS/(DEFICIT)	\$ (9,848)	\$ 6,080	\$ 9,350	\$ (11,491)	\$ 16,133

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SUMMARY OF OPERATING AND RESERVE FUND BALANCES

OPERATING FUNDS	2008	2007	2006	2005	2004
General	\$ 7,964	\$ 6,814	\$ 6,649	\$ 6,301	\$ 5,601
Environmental Management	10	-	-	-	-
Gas	6,844	6,928	5,756	5,253	6,433
Electric	6,934	7,243	5,058	4,795	2,833
Water	1,137	1,472	112	(1,680)	(1,354)
Sewer	1,573	63	(3,057)	(3,169)	(1,760)
Solid Waste	(328)	(698)	426	836	1,227
Land & Subdivision Development	13,289	14,978	9,371	15,743	14,470
TOTAL OPERATING FUNDS	37,423	36,800	24,315	28,079	27,450
RESERVE FUNDS					
Arts & Heritage / Art Acquisitions	66	57	33	-	11,172
Employee Training	861	742	534	515	409
Victim Assistance	17	17	17	13	12
Infrastructure	18,485	15,919	12,894	8,575	6,390
Second Street Properties	84	84	84	84	84
Fleet Replacement	6,479	5,484	4,196	5,055	3,944
Employee Benefits	7,092	4,703	1,561	-	-
Gas Depletion	199,294	123,295	180,275	151,848	96,738
Community Capital Reserve	9,819	747	-	-	-
Natures Best Reserve	4,875	3,263	1,402	941	-
Electric Facilities and Equipment	10,617	10,969	16,487	16,856	14,210
Equity in Subsidiary Company	(4,859)	(6,211)	(7,316)	(8,092)	(9,804)
SUB-TOTAL RESERVES	252,830	159,069	210,167	175,795	123,155
Internal Loans Contra	(1,386)	(2,509)	(3,968)	(18,876)	(23,354)
TOTAL RESERVES	251,444	156,560	206,199	156,919	99,801
TOTAL RESERVES & SURPLUS	\$ 288,867	\$ 193,360	\$ 230,514	\$ 184,998	\$ 127,251

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
TAXATION & ASSESSMENT
MILL RATES

	2008	2007	2006	2005	2004
MUNICIPAL					
Single Family	4.3942	4.7025	5.1498	5.147	5.102
Apartments	5.5132	6.0786	7.3945	6.779	6.286
Farmland	17.5278	14.7060	17.8493	14.599	11.834
Commercial & Industrial	13.8957	13.9737	14.2262	14.066	13.625
EDUCATION					
Single Family	2.6073	3.1289	3.6984	4.063	4.343
Apartments	2.6073	3.1289	3.6984	4.063	4.343
Farmland	2.6073	3.1289	3.6984	4.063	4.343
Commercial & Industrial	4.3781	5.1587	5.8889	5.922	7.383
OTHER					
Single Family	0.0678	0.0705	0.085	0.093	0.060
Apartments	0.0678	0.0705	0.085	0.093	0.060
Farmland	0.0678	0.0705	0.085	0.093	0.060
Commercial & Industrial	0.0678	0.0705	0.085	0.093	0.060

PROPERTY TAXES LEVIED
(In Thousands of Dollars)

PROPERTY TAX LEVY	2008	2007	2006	2005	2004
Municipal	\$ 36,657	\$ 31,371	\$ 27,321	\$ 23,792	\$ 21,247
Education	20,274	20,123	19,258	18,520	18,159
Other	2,040	2,069	2,025	1,954	1,714
TOTAL REAL PROPERTY	58,971	53,563	48,604	44,266	41,120
Business Taxes (BRZ)	100	100	100	100	100
TOTAL TAXES LEVIED	\$ 59,071	\$ 53,663	\$ 48,704	\$ 44,366	\$ 41,220
Current Taxes Collected	58,229	53,733	48,377	44,097	40,738
%of Current Taxes Collected	97.66%	98.31%	98.33%	98.72%	98.14%
OTHER MAJOR TAXES LEVIED					
Linear Property Taxes	\$ 553	\$ 995	\$ 494	\$ 302	\$ 291
Special Assessments and Local Improvements	348	348	369	362	340
Government Grants in Lieu of Property Taxes	1,295	1,251	1,219	1,187	1,230
TOTAL MAJOR TAX LEVIED	\$ 2,196	\$ 2,594	\$ 2,082	\$ 1,851	\$ 1,861

ASSESSED VALUE FOR GENERAL MUNICIPAL PURPOSES

	2008	2007	2006	2005	2004
Residential	\$ 5,627,759,697	\$ 4,624,882,819	\$ 3,711,323,182	\$ 3,267,598,850	\$ 2,891,991,033
Multi-Family	244,983,746	195,412,522	158,534,513	154,684,483	151,539,751
Farmland	2,237,134	2,344,954	4,140,114	5,049,459	5,003,531
Commercial & Industrial	1,255,738,907	1,098,206,629	951,303,478	860,239,981	780,943,647
TOTAL TAXABLE ASSESSMENT	\$ 7,130,719,484	\$ 5,920,846,924	\$ 4,825,301,287	\$ 4,287,572,773	\$ 3,829,477,962

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

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

LONG TERM DEBT

	2008	2007	2006	2005	2004
LONG TERM DEBT					
Debt Supported by Taxes	\$ 31,133	\$ 27,947	\$ 29,450	\$ 28,324	\$ 27,388
Debt Supported by Utilities	163,580	167,305	154,521	126,427	130,815
TOTAL DEBT	\$ 194,713	\$ 195,252	183,971	\$ 154,751	\$ 158,203
DEBT PER CAPITA <i>(not in thousands of dollars)</i>					
Tax Supported	\$ 515	\$ 490	\$ 517	\$ 505	\$ 534
Utility Supported	2,707	2,935	2,711	2,256	2,553
TOTAL DEBT PER CAPITA	\$ 3,222	\$ 3,425	\$ 3,228	\$ 2,761	\$ 3,087

2008 Population 60,429 Municipal Census
 2006-2007 Population 56,997 Statistics Canada Census
 2005 Population 56,048 Municipal Census
 2004 Population 51,248 Municipal Census

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

	2008	2007	2006	2005	2004
Debt Charges	\$ 28,937	\$ 28,311	\$ 26,259	\$ 23,694	\$ 23,002
Total Operating Expenditures	221,745	206,478	186,362	175,997	159,393
PERCENTAGE	13.05%	13.71%	14.09%	13.46%	14.43%

LEGAL DEBT LIMIT

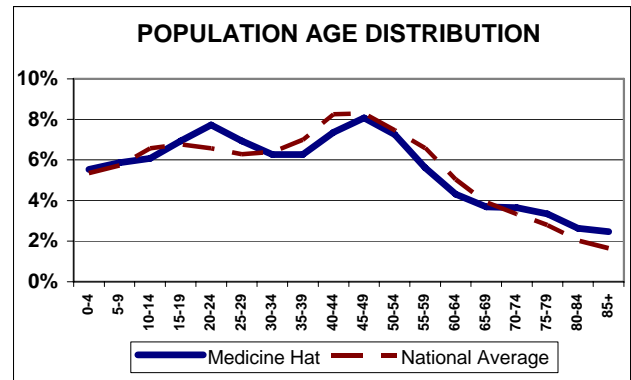
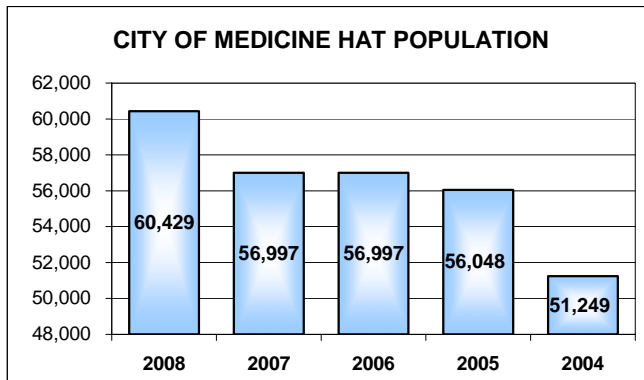
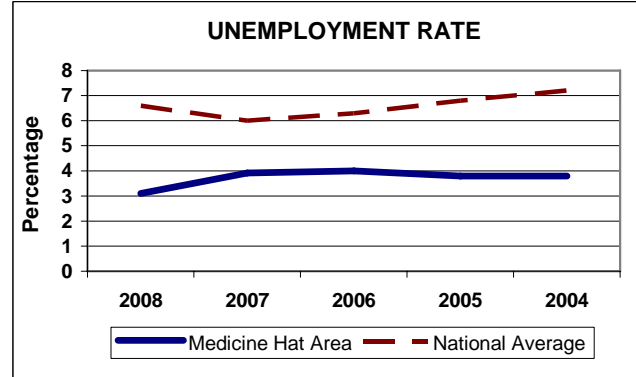
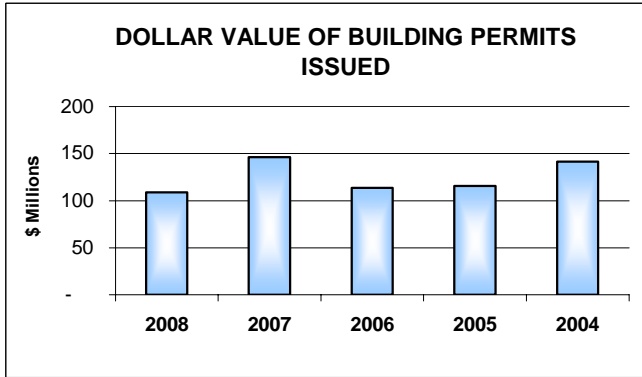
	2008	2007	2006	2005	2004
Total Debt Limit	\$ 809,430	\$ 757,224	\$ 691,629	\$ 659,156	\$ 581,843
Actual Debt and Loan Guarantees	196,863	202,402	184,819	155,602	159,054
AMOUNT UNDER LIMIT	\$ 612,567	\$ 554,822	\$ 506,810	\$ 503,554	\$ 422,789
Percentage Used	24.32%	26.73%	26.72%	23.61%	27.34%

DEBT SERVICING LIMIT

	2008	2007	2006	2005	2004
Debt Servicing Limit	\$ 141,650	\$ 132,514	\$ 121,035	\$ 115,352	\$ 101,822
Actual Debt Servicing	28,937	28,311	26,259	23,694	23,002
AMOUNT UNDER LIMIT	\$ 112,713	\$ 104,203	\$ 94,776	\$ 91,658	\$ 78,820
Percentage Used	20.43%	21.36%	21.70%	20.54%	22.59%

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008

DEMOGRAPHICS & OTHER INFORMATION



OTHER	2008	2007	2006	2005	2004
Area, Square Kilometers	112	112	112	112	112
Km of Wastewater Mains	391	386	387	379	371
Km of Water Mains	428	424	417	408	395
KM of Storm Drainage Mains	235	232	225	217	201

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

GENERAL MUNICIPAL REVENUES

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Investment Income	\$ 997	\$ 3,470	\$ 1,364	\$ 1,282	\$ 1,460	\$ 868
Licences, Fines and Penalties	121	251	182	129	114	124
Other Revenue	475	896	448	855	613	731
Transfer from Reserve	-	3,324	18	3	447	343
Contributions from Utilities and Land	25,280	30,388	27,973	26,010	25,430	24,694
Charitable Gift	-	4,000	-	-	-	-
Government Transfers						
Municipal Assistance Grant	875	875	875	875	875	875
TOTAL REVENUE	27,748	43,204	30,860	29,154	28,939	27,635
EXPENDITURES						
Salaries, Wages & Benefits	239	164	143	178	208	163
Contracted & General Services	369	269	245	177	239	352
Materials and Supplies	-	38	19	25	26	28
Other	16	1	1	2	17	3
Contingency	427	-	-	-	1,169	58
Transfer to Reserves	3,799	17,656	9,052	6,944	7,368	5,302
Transfer to Capital	35	35	-	-	-	-
Interdepartmental Charges	-	3,292	9	21	-	27
TOTAL EXPENDITURES	4,885	21,455	9,469	7,347	9,027	5,933
NET OPERATING COST (REVENUE)	\$ (22,863)	\$ (21,749)	\$ (21,391)	\$ (21,807)	\$ (19,912)	\$ (21,702)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

LEGISLATIVE

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Internal Recovery	\$ 419	\$ 419	\$ 385	\$ 366	\$ 321	\$ 310
Other Revenue	3	4	2	2	2	6
Transfer from Reserve	1	4	7	4	14	-
Government Transfers						
Grants - Federal and Provincial	-	171	-	-	-	-
TOTAL REVENUE	423	598	394	372	337	316
EXPENDITURES						
Salaries, Wages & Benefits	\$ 759	\$ 786	\$ 751	\$ 688	\$ 667	\$ 646
Other Personnel Costs	87	98	63	73	53	51
Contracted & General Services	93	155	68	123	83	65
Materials and Supplies	25	102	31	20	25	27
Principal on Long-Term Debt - Infrastructure	5	2	6	-	-	-
Interest on Long-Term Debt - Infrastructure	-	-	2	-	-	-
Transfer to Reserve	-	-	-	6	-	14
Interdepartmental Charges	41	43	37	36	23	26
TOTAL EXPENDITURES	1,010	1,186	958	946	851	829
NET OPERATING COST (REVENUE)	\$ 587	\$ 588	\$ 564	\$ 574	\$ 514	\$ 513

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES *(Unaudited)*

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

GENERAL GOVERNMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Internal Recovery	\$ 1,192	\$ 894	\$ 2,030	\$ 1,890	\$ 1,855	\$ 1,992
Other Revenue	10	10	22	159	167	164
Transfer from Reserve	2	5	54	20	161	-
Government Transfers						
Grants - Federal and Provincial	-	-	27	6	-	-
TOTAL REVENUE	1,204	909	2,133	2,075	2,183	2,156
EXPENDITURES						
Salaries, Wages & Benefits	2,265	1,998	2,812	2,537	2,557	2,594
Other Personnel Costs	75	78	67	60	71	53
Contracted & General Services	918	984	1,380	1,435	1,135	1,003
Materials and Supplies	50	89	112	83	76	79
Principal on Long-Term Debt - Internal	15	15	27	21	20	19
Interest on Long-Term Debt - Internal	1	1	4	2	3	4
Transfer to Reserve	-	-	251	286	-	109
Transfer to Capital	-	(376)	7	-	-	-
Interdepartmental Charges	200	195	179	143	81	110
TOTAL EXPENDITURES	3,524	2,984	4,839	4,567	3,943	3,971
NET OPERATING COST (REVENUE)	\$ 2,320	\$ 2,075	\$ 2,706	\$ 2,492	\$ 1,760	\$ 1,815

The above represents actual transactions before consolidation eliminations.

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

FINANCE

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Internal Recovery	\$ 3,942	\$ 3,763	\$ 3,468	\$ 3,143	\$ 2,900	\$ 2,716
Other Revenue	402	591	538	490	282	269
Transfer from Reserve	14	759	21	34	121	-
Government Transfers						
Grants - Federal and Provincial	-	38	33	-	32	22
Flood Assistance	-	-	-	52	-	-
TOTAL REVENUE	4,358	5,151	4,060	3,719	3,335	3,007
EXPENDITURES						
Salaries, Wages & Benefits	5,072	4,722	3,987	3,676	3,349	3,301
Other Personnel Costs	93	92	70	71	62	62
Contracted & General Services	425	540	367	393	282	340
Materials and Supplies	186	205	176	187	198	192
Provisions for Allowances	21	-	-	21	20	20
Bank Charges	50	64	57	39	24	19
Other Expenditures	1	1	1	5	-	-
Principal on Long-Term Debt - Infrastructure	243	183	167	185	12	-
Interest on Long-Term Debt - Infrastructure	61	61	65	32	3	-
Principal on Long-Term Debt - Internal	365	341	372	369	350	330
Interest on Long-Term Debt - Internal	31	30	51	71	90	108
Transfer to Reserves	2	-	611	381	-	121
Transfer to Capital	-	549	-	-	-	-
Interdepartmental Charges	816	802	793	767	840	810
TOTAL EXPENDITURES	7,366	7,590	6,717	6,197	5,230	5,303
NET OPERATING COST (REVENUE)	\$ 3,008	\$ 2,439	\$ 2,657	\$ 2,478	\$ 1,895	\$ 2,296

The above represents actual transactions before consolidation eliminations.

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

HUMAN RESOURCES

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Internal Recovery	\$ 1,101	\$ 1,216	\$ 1,115	\$ 1,011	\$ 937	\$ 894
Other Revenue	20	28	17	18	21	18
Transfer from Reserve	4	29	35	13	-	-
Government Transfers						
Grants - Federal and Provincial	-	4	1	-	(1)	17
Flood Assistance	-	-	-	-	1	-
TOTAL REVENUE	1,125	1,277	1,168	1,042	958	929
EXPENDITURES						
Salaries, Wages & Benefits	1,938	1,892	1,728	1,606	1,366	1,338
Other Personnel Costs	26	32	26	29	25	24
Contracted & General Services	290	293	250	254	240	243
Materials and Supplies	49	127	55	67	48	45
Provisions for Allowances	-	-	37	-	-	-
Interest on Long-Term Debt - ACFA	6	6	8	-	-	-
Principal on Long-Term Debt - ACFA	39	38	-	-	-	-
Principal on Long-Term Debt - Infrastructure	94	88	20	16	33	33
Interest on Long-Term Debt - Infrastructure	24	24	4	2	3	4
Principal on Long-Term Debt - Internal	-	20	-	-	-	-
Interest on Long-Term Debt - Internal	-	4	-	-	-	-
Transfer to Reserves	56	104	242	79	98	115
Interdepartmental Charges	210	187	174	179	223	230
TOTAL EXPENDITURES	2,732	2,815	2,544	2,232	2,036	2,032
NET OPERATING COST (REVENUE)	\$ 1,607	\$ 1,538	\$ 1,376	\$ 1,190	\$ 1,078	\$ 1,103

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT
INFORMATION & COMPUTER SERVICES

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Internal Recovery	\$ 2,450	\$ 2,303	\$ 2,210	\$ 2,029	\$ 2,040	\$ 2,081
Other Revenue	29	15	20	28	11	40
Transfer from Reserve	6	15	13	20	154	-
TOTAL REVENUE	2,485	2,333	2,243	2,077	2,205	2,121
EXPENDITURES						
Salaries, Wages & Benefits	2,072	1,994	1,825	1,626	1,606	1,558
Other Personnel Costs	74	47	47	43	52	66
Contracted & General Services	597	581	396	356	423	348
Materials and Supplies	77	80	66	79	51	53
Principal on Long-Term Debt - Infrastructure	9	36	21	-	-	-
Interest on Long-Term Debt - Infrastructure	-	8	6	-	-	-
Principal on Long-Term Debt - ACFA	-	-	-	-	-	19
Principal on Long-Term Debt - Internal	47	-	25	7	22	21
Interest on Long-Term Debt - Internal	-	-	1	-	4	5
Transfer to Reserves	-	-	47	42	-	154
Interdepartmental Charges	63	68	67	192	145	44
TOTAL EXPENDITURES	2,939	2,814	2,501	2,345	2,303	2,268
NET OPERATING COST (REVENUE)	\$ 454	\$ 481	\$ 258	\$ 268	\$ 98	\$ 147

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

CORPORATE ASSET MANAGEMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 131	\$ 15	\$ 92	\$ 90	\$ 129	\$ 167
Other Income						
Internal Recovery	9,770	10,342	9,415	8,865	8,270	8,043
Other Revenue	134	238	512	307	169	153
Transfer from Reserve	4	-	-	-	-	-
Government Transfers						
Flood Assistance	-	-	-	-	67	-
TOTAL REVENUE	10,039	10,595	10,019	9,262	8,635	8,363
EXPENDITURES						
Salaries, Wages & Benefits	3,375	3,136	2,900	2,735	2,423	2,228
Other Personnel Costs	39	38	40	35	34	30
Contracted & General Services	2,649	3,460	3,046	2,464	2,339	2,049
Materials and Supplies	415	504	384	334	397	279
Principal on Long-Term Debt - ACFA	555	509	474	490	465	459
Interest on Long-Term Debt - ACFA	145	142	133	149	174	162
Principal on Long-Term Debt - Infrastructure	398	353	124	25	8	-
Interest on Long-Term Debt - Infrastructure	179	84	29	4	2	-
Principal on Long-Term Debt - Internal	162	164	244	225	199	150
Interest on Long-Term Debt - Internal	14	-	23	29	35	32
Transfer to Reserves	3,543	3,572	3,160	3,080	2,826	3,195
Interdepartmental Charges	953	1,285	1,076	1,025	815	803
TOTAL EXPENDITURES	12,427	13,247	11,633	10,595	9,717	9,387
NET OPERATING COST (REVENUE)	\$ 2,388	\$ 2,652	\$ 1,614	\$ 1,333	\$ 1,082	\$ 1,024

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

PROTECTIVE AND EMERGENCY SERVICES

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 273	\$ 304	\$ 309	\$ 293	\$ 173	\$ 348
Other Income						
Internal Recovery	61	67	67	61	44	(1)
Other Revenue	20	36	49	30	22	23
Transfer from Reserve	3	72	5	8	111	613
Government Transfers						
Flood Assistance	-	-	-	-	13	-
TOTAL REVENUE	357	479	430	392	363	983
EXPENDITURES						
Salaries, Wages & Benefits	8,790	8,688	7,860	7,297	6,638	5,552
Other Personnel Costs	120	208	98	112	106	91
Contracted & General Services	124	76	76	82	244	1,556
Materials and Supplies	239	331	231	186	296	352
Principal on Long-Term Debt - ACFA	190	176	146	93	88	10
Interest on Long-Term Debt - ACFA	143	154	183	162	156	61
Principal on Long-Term Debt - Infrastructure	111	99	66	37	27	-
Interest on Long-Term Debt - Infrastructure	3	18	12	6	6	-
Principal on Long-Term Debt - Internal	-	2	7	5	6	79
Interest on Long-Term Debt - Internal	-	1	1	1	1	5
Transfer to Reserves	-	-	20	49	-	111
Interdepartmental Charges	748	738	715	655	572	439
TOTAL EXPENDITURES	10,468	10,491	9,415	8,685	8,140	8,256
NET OPERATING COST (REVENUE)	\$ 10,111	\$ 10,012	\$ 8,985	\$ 8,293	\$ 7,777	\$ 7,273

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT
911 COMMUNICATIONS

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 560	\$ 526	\$ 478	\$ 474	\$ 359	\$ 278
Other Income						
Internal Recovery	83	83	84	81	77	71
Other Revenue	6	14	11	10	9	8
Transfer from Reserve	16	17	33	50	-	39
Government Transfers						
Flood Assistance	-	-	-	-	7	-
TOTAL REVENUE	665	640	606	615	452	396
EXPENDITURES						
Salaries, Wages & Benefits	1,795	1,745	1,691	1,561	1,452	1,384
Other Personnel Costs	20	13	21	20	9	8
Contracted & General Services	117	144	132	142	80	48
Materials and Supplies	55	30	40	53	32	44
Principal on Long-Term Debt - ACFA	22	22	21	20	19	18
Interest on Long-Term Debt - ACFA	1	1	1	2	3	4
Principal on Long-Term Debt - Infrastructure	53	49	47	9	5	-
Interest on Long-Term Debt - Infrastructure	3	9	11	2	1	-
Principal on Long-Term Debt - Internal	13	13	15	49	47	53
Interest on Long-Term Debt - Internal	1	1	1	3	6	9
Transfer to Reserves	-	16	8	16	39	-
Interdepartmental Charges	69	77	74	88	44	39
TOTAL EXPENDITURES	2,149	2,120	2,062	1,965	1,737	1,607
NET OPERATING COST (REVENUE)	\$ 1,484	\$ 1,480	\$ 1,456	\$ 1,350	\$ 1,285	\$ 1,211

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

COMMUNITY DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 4,214	\$ 4,680	\$ 4,958	\$ 4,093	\$ 3,797	\$ 3,908
Other Income						
Internal Recovery	4	2	9	8	15	84
Other Revenue	232	364	350	270	256	270
Transfer from Reserve	10	65	54	81	108	603
Government Transfers						
Grants - Federal and Provincial	1,264	1,455	1,278	1,228	1,183	1,136
Flood Assistance	-	-	-	121	23	-
TOTAL REVENUE	5,724	6,566	6,649	5,801	5,382	6,001
EXPENDITURES						
Salaries, Wages & Benefits	7,666	8,054	7,700	7,253	6,741	6,561
Other Personnel Costs	99	129	85	84	90	81
Contracted & General Services	708	1,218	1,130	763	760	641
Materials and Supplies	2,702	2,681	2,444	2,217	2,932	3,156
Other Expenditures	7	17	17	13	-	-
Bank Charges	9	11	19	10	10	14
Principal on Long-Term Debt - ACFA	408	390	380	409	368	380
Interest on Long-Term Debt - ACFA	212	209	227	239	282	302
Principal on Long-Term Debt - Infrastructure	314	188	193	199	137	-
Interest on Long-Term Debt - Infrastructure	23	26	23	34	30	-
Principal on Long-Term Debt - Internal	56	56	54	52	165	472
Interest on Long-Term Debt - Internal	2	2	4	6	72	93
Grants and Other Transfers	164	193	196	176	135	343
Transfer to Reserves	-	-	2	-	-	128
Interdepartmental Charges	3,101	3,071	2,958	2,643	1,606	1,701
TOTAL EXPENDITURES	15,471	16,245	15,432	14,098	13,328	13,872
NET OPERATING COST (REVENUE)	\$ 9,747	\$ 9,679	\$ 8,783	\$ 8,297	\$ 7,946	\$ 7,871

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

CULTURAL DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 1,225	\$ 1,367	\$ 1,236	\$ 932	\$ 522	\$ 24
Other Income						
Other Revenue	433	480	401	241	115	77
Transfer from Reserve	10	211	1	-	53	-
Government Transfers						
Grants - Federal and Provincial	180	266	141	207	139	131
TOTAL REVENUE	1,848	2,324	1,779	1,380	829	232
EXPENDITURES						
Salaries, Wages & Benefits	1,955	1,687	1,503	1,393	1,075	831
Other Personnel Costs	19	17	15	10	11	11
Contracted & General Services	1,551	1,852	1,506	1,191	696	233
Materials and Supplies	258	370	321	285	295	192
Bank Charges	27	34	32	21	32	2
Principal on Long-Term Debt - ACFA	75	70	25	23	75	75
Interest on Long-Term Debt - ACFA	45	49	44	34	92	92
Principal on Long-Term Debt - Infrastructure	127	114	14	10	-	-
Interest on Long-Term Debt - Infrastructure	10	28	2	2	-	-
Principal on Long-Term Debt - Internal	96	116	110	104	-	-
Interest on Long-Term Debt - Internal	63	30	36	42	-	-
Grants and Other Transfers	422	430	403	401	413	257
Transfer to Reserves	24	-	232	34	-	-
Interdepartmental Charges	724	859	728	671	265	112
TOTAL EXPENDITURES	5,396	5,656	4,971	4,221	2,954	1,805
NET OPERATING COST (REVENUE)	\$ 3,548	\$ 3,332	\$ 3,192	\$ 2,841	\$ 2,125	\$ 1,573

The above represents actual transactions before consolidation eliminations.

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

PARKS & OUTDOOR RECREATION

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 816	\$ 707	\$ 738	\$ 659	\$ 638	\$ 640
Other Income						
Internal Recovery	1,178	967	904	912	969	1,178
Other Revenue	251	263	418	284	291	298
Transfer from Reserve	107	188	108	5	63	-
Government Transfers						
Grants - Federal and Provincial	60	181	77	165	177	137
Debenture Interest Subsidy	-	-	-	1	1	4
Flood Assistance	-	(10)	71	1,427	658	-
TOTAL REVENUE	2,412	2,296	2,316	3,453	2,797	2,257
EXPENDITURES						
Salaries, Wages & Benefits	3,287	3,348	3,230	2,963	3,013	2,903
Other Personnel Costs	33	37	35	24	27	27
Contracted & General Services	862	1,085	897	2,167	1,520	730
Materials and Supplies	775	619	647	736	710	749
Bank Charges	8	8	10	10	8	9
Other Expenditures	-	15	-	-	-	-
Principal on Long-Term Debt - ACFA	135	124	163	204	196	239
Interest on Long-Term Debt - ACFA	143	118	128	142	133	138
Principal on Long-Term Debt - Infrastructure	346	478	162	38	9	-
Interest on Long-Term Debt - Infrastructure	147	114	38	7	2	-
Principal on Long-Term Debt - Internal	74	56	92	76	141	316
Interest on Long-Term Debt - Internal	10	6	10	10	17	30
Grants and Other Transfers	116	126	220	5	22	2
Transfer to Reserves	-	-	96	61	-	63
Interdepartmental Charges	2,479	2,406	2,352	2,292	2,214	2,218
TOTAL EXPENDITURES	8,415	8,540	8,080	8,735	8,012	7,424
NET OPERATING COST (REVENUE)	\$ 6,003	\$ 6,244	\$ 5,764	\$ 5,282	\$ 5,215	\$ 5,167

The above represents actual transactions before consolidation eliminations.

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

POLICE SERVICES

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
Other Income						
Licences, Fines and Penalties	3,505	3,797	3,708	3,478	3,414	2,627
Internal Recovery	64	79	71	65	62	84
Other Revenue	792	1,183	824	746	374	423
Transfer from Reserve	10	10	19	29	82	-
Government Transfers						
Grants - Federal and Provincial	982	1,185	982	961	883	855
Flood Assistance	-	-	-	-	2	-
TOTAL REVENUE	5,353	6,254	5,604	5,279	4,818	3,989
EXPENDITURES						
Salaries, Wages & Benefits	13,586	13,812	12,680	11,709	10,692	9,796
Other Personnel Costs	527	652	616	472	387	402
Contracted & General Services	1,096	991	1,003	1,090	1,178	1,314
Materials and Supplies	813	1,161	933	865	827	733
Other Expenditures	16	62	-	-	-	-
Principal on Long-Term Debt - ACFA	839	832	766	709	797	712
Interest on Long-Term Debt - ACFA	120	95	164	221	277	335
Principal on Long-Term Debt - Infrastructure	60	47	33	22	13	-
Interest on Long-Term Debt - Infrastructure	3	8	6	4	3	-
Principal on Long-Term Debt - Internal	14	14	63	69	77	93
Interest on Long-Term Debt - Internal	1	1	6	12	19	26
Transfer to Reserves	-	-	10	4	-	237
Interdepartmental Charges	945	1,122	979	900	764	719
TOTAL EXPENDITURES	18,020	18,797	17,259	16,077	15,034	14,367
NET OPERATING COST (REVENUE)	\$ 12,667	\$ 12,543	\$ 11,655	\$ 10,798	\$ 10,216	\$ 10,378

The above represents actual transactions before consolidation eliminations.

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

PLANNING BUILDING & DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Other Income						
Licences, Fines and Penalties	\$ 2,093	\$ 1,911	\$ 2,177	\$ 1,892	\$ 1,847	\$ 2,052
Internal Recovery	264	168	156	161	146	156
Other Revenue	349	326	333	363	663	296
Transfer from Reserve	12	583	29	41	206	-
Government Transfers						
Grants - Federal and Provincial	-	45	-	6	-	-
Flood Assistance	-	-	-	-	5	-
TOTAL REVENUE	2,718	3,033	2,695	2,463	2,867	2,504
EXPENDITURES						
Salaries, Wages & Benefits	3,526	3,178	2,686	2,292	2,248	2,047
Other Personnel Costs	58	87	66	44	45	30
Contracted & General Services	129	163	101	63	114	74
Materials and Supplies	133	129	160	71	98	60
Other Expenditures	-	11	-	-	-	-
Principal on Long-Term Debt - ACFA	87	87	111	106	101	97
Interest on Long-Term Debt - ACFA	4	2	6	11	16	21
Principal on Long-Term Debt - Infrastructure	112	25	4	4	4	-
Interest on Long-Term Debt - Infrastructure	1	6	1	1	1	-
Principal on Long-Term Debt - Internal	-	-	15	21	42	24
Interest on Long-Term Debt - Internal	-	-	1	2	6	4
Transfer to Reserves	-	-	230	422	-	206
Interdepartmental Charges	283	263	257	236	220	190
TOTAL EXPENDITURES	4,333	3,951	3,638	3,273	2,895	2,753
NET OPERATING COST (REVENUE)	\$ 1,615	\$ 918	\$ 943	\$ 810	\$ 28	\$ 249

The above represents actual transactions before consolidation eliminations.

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

MUNICIPAL WORKS

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 712	\$ 826	\$ 868	\$ 716	\$ 681	\$ 639
Other Income						
Internal Recovery	1,666	2,107	1,859	1,753	1,549	2,060
Other Revenue	48	94	96	64	68	54
Transfer from Reserve	6	6	6	11	-	42
Government Transfers						
Grants - Federal and Provincial	702	891	679	749	718	540
Flood Assistance	-	(24)	78	384	321	-
TOTAL REVENUE	3,134	3,900	3,586	3,677	3,337	3,335
EXPENDITURES						
Salaries, Wages & Benefits	3,602	3,529	3,189	2,938	2,854	2,685
Other Personnel Costs	52	24	35	48	58	36
Contracted & General Services	933	1,112	1,050	1,699	1,053	935
Materials and Supplies	1,601	2,195	1,864	1,695	1,656	1,638
Principal on Long-Term Debt - ACFA	798	743	688	695	789	754
Interest on Long-Term Debt - ACFA	650	645	646	604	612	611
Principal on Long-Term Debt - Infrastructure	434	443	324	150	46	-
Interest on Long-Term Debt - Infrastructure	152	82	67	28	12	-
Principal on Long-Term Debt - Internal	249	227	284	326	447	420
Interest on Long-Term Debt - Internal	25	37	36	50	76	97
Transfer to Reserves	-	88	30	83	42	-
Transfer to Capital	-	2	-	3	24	10
Interdepartmental Charges	3,957	3,921	3,878	3,455	2,980	2,839
TOTAL EXPENDITURES	12,453	13,048	12,091	11,774	10,649	10,025
NET OPERATING COST (REVENUE)	\$ 9,319	\$ 9,148	\$ 8,505	\$ 8,097	\$ 7,312	\$ 6,690

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES *(Unaudited)*

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

LAND & SUBDIVISION DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 30,951	\$ 19,543	\$ 33,894	\$ 20,035	\$ 17,161	\$ 21,940
Other Income						
Investment Income	3	-	3	3	4	29
Licences fines and Penalties	50	276	33	195	64	63
Other Revenue	30	171	42	16	43	48
Government Transfers						
Flood Assistance	-	-	-	10	116	-
TOTAL REVENUE	31,034	19,990	33,972	20,259	17,388	22,080
EXPENDITURES						
Salaries, Wages & Benefits	443	465	402	410	388	374
Other Personnel Costs	9	2	3	5	7	3
Contracted & General Services	84	323	57	48	164	75
Materials and Supplies	25,664	10,054	27,149	16,975	13,471	14,598
Other Expenditures	50	-	-	-	-	-
Provisions for Allowances	3	3	2	2	2	2
Transfer to General	-	4,311	21	852	241	10
Transfer to Capital	-	-	-	97	172	5
Interdepartmental Charges	578	591	545	538	456	465
TOTAL EXPENDITURES	26,831	15,749	28,179	18,927	14,901	15,532
NET OPERATING COST (REVENUE)	\$ (4,203)	\$ (4,241)	\$ (5,793)	\$ (1,332)	\$ (2,487)	\$ (6,548)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT
WATER

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Taxes	\$ 127	\$ 114	\$ 118	\$ 113	\$ 113	\$ 111
Sale of Services	11,959	11,719	11,283	9,886	7,968	7,781
Other Income						
Internal Recovery	923	701	674	594	576	479
Other Revenue	312	911	962	1,172	965	598
Government Transfers						
Debenture Interest Subsidy	-	-	-	1	7	13
Flood Assistance	-	-	-	-	3	-
TOTAL REVENUE	13,321	13,445	13,037	11,766	9,632	8,982
EXPENDITURES						
Salaries, Wages & Benefits	2,816	3,044	3,044	2,618	2,295	2,004
Contracted & General Services	505	421	418	374	378	372
Materials and Supplies	984	1,220	1,062	948	960	854
Provisions for Allowances	44	44	42	34	-	54
Principal on Long-Term Debt - ACFA	2,215	2,316	1,661	1,291	1,444	1,341
Interest on Long-Term Debt - ACFA	2,639	2,624	2,018	1,393	1,433	1,549
Principal on Long-Term Debt - Internal	93	70	108	133	92	150
Interest on Long-Term Debt - Internal	26	17	27	37	41	56
Transfer to Capital	256	499	252	329	455	275
Interdepartmental Charges	2,870	2,980	2,498	2,270	2,314	2,292
Contribution to General Fund	546	546	546	546	546	530
TOTAL EXPENDITURES	12,994	13,781	11,676	9,973	9,958	9,477
NET OPERATING COST (REVENUE)	\$ (327)	\$ 336	\$ (1,361)	\$ (1,793)	\$ 326	\$ 495

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

SEWER

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Taxes	\$ 127	\$ 114	\$ 118	\$ 113	\$ 113	\$ 111
Sale of Services	9,636	10,049	9,623	8,132	7,244	6,507
Other Income						
Internal Recovery	200	241	218	211	207	197
Other Revenue	212	1,235	674	1,055	960	305
Government Transfers						
Debenture Interest Subsidy	-	-	-	1	8	26
Flood Assistance	-	-	-	-	850	-
TOTAL REVENUE	10,175	11,639	10,633	9,512	9,382	7,146
EXPENDITURES						
Salaries, Wages & Benefits	2,746	2,663	2,646	2,366	2,151	1,852
Contracted & General Services	368	390	254	275	1,065	246
Materials and Supplies	921	1,000	934	1,010	840	850
Provisions for Allowances	37	37	32	27	-	22
Principal on Long-Term Debt - ACFA	1,644	1,634	1,388	1,253	1,452	1,409
Interest on Long-Term Debt - ACFA	1,874	1,850	1,712	1,698	1,693	1,460
Principal on Long-Term Debt - Internal	-	6	21	95	90	96
Interest on Long-Term Debt - Internal	2	3	4	10	15	21
Transfer to Capital	153	408	158	795	310	181
Interdepartmental Charges	1,676	1,947	1,679	1,552	1,542	1,627
Contribution to General Fund	190	190	190	190	190	184
TOTAL EXPENDITURES	9,611	10,128	9,018	9,271	9,348	7,948
NET OPERATING COST (REVENUE)	\$ (564)	\$ (1,511)	\$ (1,615)	\$ (241)	\$ (34)	\$ 802

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

SOLID WASTE

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 6,147	\$ 6,865	\$ 5,805	\$ 5,191	\$ 5,246	\$ 4,693
Other Income						
Internal Recovery	608	777	288	280	84	94
Other Revenue	63	90	545	365	39	-
TOTAL REVENUE	6,818	7,732	6,638	5,836	5,369	4,787
EXPENDITURES						
Salaries, Wages & Benefits	2,393	2,312	2,276	2,120	1,823	1,616
Contracted & General Services	962	1,066	942	1,074	851	796
Materials and Supplies	802	680	595	870	664	519
Provisions for Allowances	15	15	13	11	-	8
Principal on Long-Term Debt - ACFA	153	119	142	133	122	102
Interest on Long-Term Debt - ACFA	94	84	98	105	114	106
Principal on Long-Term Debt - Internal	54	44	56	99	75	87
Interest on Long-Term Debt - Internal	9	9	12	12	10	20
Transfer to Capital	314	523	435	646	663	286
Site Abandonment	148	478	315	268	1,455	80
Interdepartmental Charges	1,941	1,952	1,293	1,234	1,358	1,388
Contribution to General Fund	80	80	80	80	80	78
TOTAL EXPENDITURES	6,965	7,362	6,257	6,652	7,215	5,086
NET OPERATING COST (REVENUE)	\$ 147	\$ (370)	\$ (381)	\$ 816	\$ 1,846	\$ 299

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

ENVIRONMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Investment Income	\$ -	\$ 116	\$ -	\$ -	\$ -	\$ -
Internal Recovery	358	3,621	-	-	-	-
Contribution from Dividend	-	1,500	-	-	-	-
Environmental Conservation Charge	-	327	-	-	-	-
Other Revenue	-	2	-	-	-	-
Government Transfers						
Grants - Federal and Provincial	-	11	-	-	-	-
TOTAL REVENUE	358	5,577	-	-	-	-
EXPENDITURES						
Salaries, Wages & Benefits	258	255	-	-	-	-
Other Personnel Costs	4	14	-	-	-	-
Contracted & General Services	82	147	-	-	-	-
Materials and Supplies	11	244	-	-	-	-
Transfer to Reserves	-	4,875	-	-	-	-
Interdepartmental Charges	3	32	-	-	-	-
TOTAL EXPENDITURES	358	5,567	-	-	-	-
NET OPERATING COST (REVENUE)	\$ -	\$ (10)	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES *(Unaudited)*

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

ELECTRIC

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 77,412	\$ 82,550	\$ 72,208	\$ 74,589	\$ 58,263	\$ 56,212
Other Income						
Investment Income	1,162	795	715	707	597	47
Internal Recovery	6,621	4,349	3,934	3,700	3,007	2,858
Transfer from Gas	-	2,982	3,504	12,101	10,282	6,315
Transfer from CMH Dividend	8,091	8,941	8,153	-	-	-
Other Revenue	487	4,335	2,271	7,084	9,309	5,202
Government Transfers						
Grants - Federal and Provincial	-	-	-	3	-	-
Flood Assistance	-	(8)	-	66	38	-
TOTAL REVENUE	93,773	103,944	90,785	98,250	81,496	70,634
EXPENDITURES						
Salaries, Wages & Benefits	9,495	9,453	9,214	8,682	7,851	7,593
Other Personnel Costs	212	163	199	151	129	102
Contracted & General Services	2,267	2,925	4,322	1,927	1,837	1,959
Materials and Supplies	19,391	5,900	11,097	16,213	15,596	12,728
Provisions for Allowances	88	88	86	85	-	101
Principal on Long-Term Debt - ACFA	4,519	5,742	5,312	3,484	3,206	2,959
Interest on Long-Term Debt - ACFA	4,588	4,638	4,854	4,418	4,482	4,660
Principal on Long-Term Debt - Internal	417	-	-	13,452	3,182	3,011
Interest on Long-Term Debt - Internal	582	-	-	641	976	1,147
Transfer to Reserves	-	12,574	7,608	1,235	2,646	-
Transfer to (from) Capital	315	(520)	661	722	(22)	930
Interdepartmental Charges	42,027	57,835	39,944	41,635	34,772	32,920
Contribution to General Fund	4,879	5,455	5,303	5,342	4,879	4,737
TOTAL EXPENDITURES	88,780	104,253	88,600	97,988	79,534	72,847
NET OPERATING COST (REVENUE)	\$ (4,993)	\$ 309	\$ (2,185)	\$ (262)	\$ (1,962)	\$ 2,213

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF OPERATING REVENUE & EXPENDITURES BY DEPARTMENT

GAS

	2008 Budget	2008 Actual	2007	2006	2005	2004
REVENUE						
Sale of Services	\$ 148,361	\$ 223,985	\$ 194,009	\$ 177,853	\$ 185,553	\$ 158,288
Surplus (Loss) from Subsidiary	(638)	1,352	1,105	776	1,712	180
Other Income						
Investment Income	6,601	8,036	9,250	9,304	6,140	6,251
Internal Recovery	385	1,271	848	725	1,253	1,139
Other Revenue	30	1,365	3,186	1,107	1,244	984
Government Transfers						
Flood Assistance	-	(3)	-	-	6	-
TOTAL REVENUE	154,739	236,006	208,398	189,765	195,908	166,842
EXPENDITURES						
Salaries, Wages & Benefits	10,895	11,672	9,779	8,532	7,622	7,105
Other Personnel Costs	229	314	230	265	255	187
Contracted & General Services	18,938	21,252	23,109	18,688	15,595	14,738
Materials and Supplies	15,874	9,205	14,880	12,599	8,770	8,339
Royalties	13,358	17,453	13,825	12,292	17,474	14,335
Provisions for Allowances	77	8,380	46	38	-	51
Bank Charges	-	60	1,458	-	1	-
Principal on Long-Term Debt - ACFA	4,022	4,046	3,810	3,583	3,400	3,227
Interest on Long-Term Debt - ACFA	396	386	550	713	887	1,067
Amortization of Long Lived Asset	4,329	9,704	5,957	5,285	4,619	3,325
Transfer to Reserves	42,013	90,974	88,022	73,610	92,265	66,625
Transfer to (from) Capital	4,493	9,747	(2,867)	9,340	4,125	11,446
Interdepartmental Charges	7,281	18,248	14,967	12,631	12,208	11,220
Write off Bad Debts - Electric	8,091	2,982	3,504	12,101	10,282	6,316
Contribution to General Fund	19,585	31,667	29,955	19,585	19,585	19,015
TOTAL EXPENDITURES	149,580	236,090	207,226	189,262	197,088	166,996
NET OPERATING COST (REVENUE)	\$ (5,159)	\$ 84	\$ (1,172)	\$ (503)	\$ 1,180	\$ 154

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

GENERAL GOVERNMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ -	\$ -	\$ 14	\$ 136	\$ 59	\$ -
Reserves	-	(35)	14	86	244	86
Debt - Infrastructure	50	-	73	-	-	-
TOTAL FINANCING	50	(35)	101	222	303	86
EXPENDITURES						
Machinery & Equipment	-	25	-	42	47	-
Non - Asset Increasing	50	11	119	297	298	123
TOTAL EXPENDITURES	50	36	119	339	345	123
CHANGE IN CAPITAL FUND	\$ -	\$ (71)	\$ (18)	\$ (117)	\$ (42)	\$ (37)

FINANCE

	2008 Budget	2008 Actual	2007	2006	2005	2004
Other	\$ -	\$ 550	\$ -	\$ -	\$ -	\$ 10
Reserves	-	52	-	728	983	86
Debt - Internal	-	-	-	-	-	7
Debt - Infrastructure	250	22	46	-	-	-
TOTAL FINANCING	250	624	46	728	983	103
EXPENDITURES						
Machinery & Equipment	250	478	1	728	917	75
Non - Asset Increasing	-	-	46	12	26	29
TOTAL EXPENDITURES	250	478	47	740	943	104
CHANGE IN CAPITAL FUND	\$ -	\$ 146	\$ (1)	\$ (12)	\$ 40	\$ (1)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT
HUMAN RESOURCES

	2008 Budget	2008 Actual	2007	2006	2005	2004
Reserves	\$ -	\$ (6)	\$ -	\$ (30)	\$ 19	\$ 7
Debt - ACFA	-	-	-	200	-	-
Debt - Internal	-	-	-	72	33	-
Debt - Infrastructure	-	636	485	-	-	-
TOTAL FINANCING	-	630	485	242	52	7
EXPENDITURES						
Machinery & Equipment	-	636	608	149	-	-
Non - Asset Increasing	-	3	9	4	72	7
TOTAL EXPENDITURES	-	639	617	153	72	7
CHANGE IN CAPITAL FUND	\$ -	\$ (9)	\$ (132)	\$ 89	\$ (20)	\$ -

INFORMATION & COMPUTER SERVICES

	2008 Budget	2008 Actual	2007	2006	2005	2004
Other	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -
Reserves	-	(112)	-	115	547	806
Debt - Infrastructure	-	24	50	-	-	-
TOTAL FINANCING	-	(88)	50	125	547	806
EXPENDITURES						
Machinery & Equipment	-	18	-	-	16	117
Non - Asset Increasing	-	126	283	204	461	296
TOTAL EXPENDITURES	-	144	283	204	477	413
CHANGE IN CAPITAL FUND	\$ -	\$ (232)	\$ (233)	\$ (79)	\$ 70	\$ 393

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

CORPORATE ASSET MANAGEMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ -	\$ -	\$ -	\$ -	\$ 1,664	\$ -
Proceeds from Sale of Assets	-	13	-	189	-	-
Other	-	354	-	-	598	179
Reserves	-	2,562	96	3,991	1,877	2,375
Debt - ACFA	240	380	-	370	-	1,100
Debt - Internal	-	-	-	65	180	312
Debt - Infrastructure	2,150	1,631	1,192	539	-	-
TOTAL FINANCING	2,390	4,940	1,288	5,154	4,319	3,966
EXPENDITURES						
Engineering Structures	-	-	-	-	77	-
Buildings	290	235	464	52	26	39
Machinery & Equipment	1,685	1,681	82	62	134	-
Mobile Equipment	-	2,955	-	3,673	4,984	3,189
Non - Asset Increasing	415	247	781	975	95	464
TOTAL EXPENDITURES	2,390	5,118	1,327	4,762	5,316	3,692
CHANGE IN CAPITAL FUND	\$ -	\$ (178)	\$ (39)	\$ 392	\$ (997)	\$ 274

PROTECTIVE / EMERGENCY SERVICES

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 37
Other	-	-	-	-	-	10
Reserves	-	-	-	(30)	56	158
Debt - ACFA	-	-	-	825	-	2,650
Debt - Internal	-	-	-	11	-	144
Debt - Infrastructure	-	39	169	151	-	-
TOTAL FINANCING	-	39	169	957	59	2,999
EXPENDITURES						
Buildings	-	4	17	37	469	2,609
Machinery & Equipment	-	16	142	556	19	68
Non - Asset Increasing	-	28	64	20	44	247
TOTAL EXPENDITURES	-	48	223	613	532	2,924
CHANGE IN CAPITAL FUND	\$ -	\$ (9)	\$ (54)	\$ 344	\$ (473)	\$ 75

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT
9-1-1 COMMUNICATIONS

	2008 Budget	2008 Actual	2007	2006	2005	2004
Reserves	\$ -	\$ -	\$ -	\$ 2	\$ 65	\$ 49
Debt - Internal	-	-	-	-	-	28
Debt - Infrastructure	-	70	-	208	-	-
TOTAL FINANCING	-	70	-	210	65	77
EXPENDITURES						
Buildings	-	-	-	103	-	-
Machinery & Equipment	-	70	-	13	4	15
Non - Asset Increasing	-	-	-	94	68	79
TOTAL EXPENDITURES	-	70	-	210	72	94
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ (7)	\$ (17)

COMMUNITY DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ -	\$ -	\$ 43	\$ 14	\$ -	\$ -
Other	-	304	35	184	1	2,141
Operating Fund	-	-	43	-	-	-
Reserves	-	-	(3)	-	439	75
Debt - ACFA	-	-	-	-	570	-
Debt - Internal	-	-	-	-	-	703
Debt - Infrastructure	317	601	211	(124)	-	-
TOTAL FINANCING	317	905	329	74	1,010	2,919
EXPENDITURES						
Engineering Structures	-	-	-	-	-	58
Buildings	280	109	24	354	446	2,856
Machinery & Equipment	37	734	86	56	35	14
Mobile Equipment	-	60	-	-	-	-
Non - Asset Increasing	-	72	203	123	111	41
TOTAL EXPENDITURES	317	975	313	533	592	2,969
CHANGE IN CAPITAL FUND	\$ -	\$ (70)	\$ 16	\$ (459)	\$ 418	\$ (50)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

CULTURAL DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ -	\$ -	\$ 60	\$ 323	\$ 487	\$ 6,385
Land Sales	-	-	-	258	-	-
Other	-	259	461	313	3,134	1,959
Reserves	-	197	-	144	11,472	10,633
Debt - ACFA	-	-	775	-	750	-
Debt - Internal	-	-	-	-	-	38
Debt - Infrastructure	12	311	537	16	-	-
TOTAL FINANCING	12	767	1,833	1,054	15,843	19,015
EXPENDITURES						
Engineering Structures	-	-	-	258	-	10
Buildings	-	229	831	1,372	15,467	18,972
Machinery & Equipment	12	15	40	16	128	16
Non - Asset Increasing	-	-	750	775	-	11
TOTAL EXPENDITURES	12	244	1,621	2,421	15,595	19,009
CHANGE IN CAPITAL FUND	\$ -	\$ 523	\$ 212	\$ (1,367)	\$ 248	\$ 6

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

PARKS & OUTDOOR RECREATION

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ -	\$ 4	\$ 41	\$ 7	\$ 189	\$ 249
Developers Levies	-	174	90	65	-	25
Land Sales	-	2,107	3,791	633	1,370	354
Reserves	-	-	28	(19)	72	52
Other	-	-	-	98	-	-
Debt - ACFA	-	-	-	-	574	371
Debt - Internal	-	-	2	67	-	-
Debt - Infrastructure	1,000	463	1,703	678	179	158
TOTAL FINANCING	1,000	2,748	5,655	1,529	2,384	1,209
EXPENDITURES						
Engineering Structures	836	2,625	5,886	1,334	1,906	1,101
Buildings	-	-	(270)	1	251	58
Machinery & Equipment	-	-	-	-	-	7
Non - Asset Increasing	164	89	19	469	62	23
TOTAL EXPENDITURES	1,000	2,714	5,635	1,804	2,219	1,189
CHANGE IN CAPITAL FUND	\$ -	\$ 34	\$ 20	\$ (275)	\$ 165	\$ 20

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT
POLICE SERVICES

	2008 Budget	2008 Actual	2007	2006	2005	2004
Reserves	\$ -	\$ (18)	\$ -	\$ -	\$ 325	\$ 31
Debt - ACFA	-	-	-	220	200	140
Debt - Internal	-	-	-	-	-	69
Debt - Infrastructure	295	800	69	54	-	-
TOTAL FINANCING	295	782	69	274	525	240
EXPENDITURES						
Buildings	23	701	-	-	71	14
Machinery & Equipment	272	105	55	14	178	101
Non - Asset Increasing	-	23	87	190	270	101
TOTAL EXPENDITURES	295	829	142	204	519	216
CHANGE IN CAPITAL FUND	\$ -	\$ (47)	\$ (73)	\$ 70	\$ 6	\$ 24

PLANNING, BUILDING & DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Operating Fund	\$ -	\$ -	\$ 79	\$ -	\$ -	\$ -
Reserves	-	-	-	(32)	16	64
Debt - Infrastructure	60	226	111	-	-	-
TOTAL FINANCING	60	226	190	(32)	16	64
EXPENDITURES						
Machinery & Equipment	-	-	101	-	-	218
Non - Asset Increasing	60	224	106	5	27	154
TOTAL EXPENDITURES	60	224	207	5	27	372
CHANGE IN CAPITAL FUND	\$ -	\$ 2	\$ (17)	\$ (37)	\$ (11)	\$ (308)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

MUNICIPAL WORKS

	2008 Budget	2008 Actual	2007	2006	2005	2004
Government Transfers	\$ 2,795	\$ 21,884	\$ 28,964	\$ 2,974	\$ 2,803	\$ 2,678
Developers Levies	-	521	1,540	433	201	55
Land Sales	-	7,168	8,145	9,607	6,315	7,370
Reserves	-	7	(104)	(19)	40	124
Operations	-	-	-	-	24	1
Debt - ACFA	1,725	5,862	-	2,351	1,755	710
Debt - Internal	-	-	22	14	-	-
Debt - Infrastructure	925	799	582	928	592	422
TOTAL FINANCING	5,445	36,241	39,149	16,288	11,730	11,360
EXPENDITURES						
Engineering Structures	4,635	31,140	37,583	15,982	10,030	12,159
Buildings	170	7	106	2	8	22
Machinery & Equipment	55	210	182	761	34	29
Land	-	3,043	999	51	-	141
Mobile Equipment	-	-	-	-	-	-
Non - Asset Increasing	585	627	396	176	396	293
TOTAL EXPENDITURES	5,445	35,027	39,266	16,972	10,468	12,644
CHANGE IN CAPITAL FUND	\$ -	\$ 1,214	\$ (117)	\$ (684)	\$ 1,262	\$ (1,284)

LAND & SUBDIVISION DEVELOPMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Operations	\$ -	\$ -	\$ -	\$ 97	\$ 172	\$ 5
TOTAL FINANCING	-	-	-	97	172	5
EXPENDITURES						
Land	-	-	-	97	172	5
TOTAL EXPENDITURES	-	-	-	97	172	5
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

WATER

	2008 Budget	2008 Actual	2007	2006	2005	2004
Land Sales	\$ -	\$ 928	\$ 2,012	\$ 2,329	\$ 1,228	\$ 1,161
Operations	255	499	252	329	455	275
Debt - ACFA	575	6,610	17,150	14,750	215	36
Debt - Internal	-	-	-	-	172	-
TOTAL FINANCING	830	8,037	19,414	17,408	2,070	1,472
EXPENDITURES						
Engineering Structures	675	10,776	15,614	17,332	3,103	1,751
Buildings	-	228	-	-	-	-
Machinery & Equipment	130	95	114	112	146	295
Non - Asset Increasing	25	233	5	9	-	-
TOTAL EXPENDITURES	830	11,332	15,733	17,453	3,249	2,046
CHANGE IN CAPITAL FUND	\$ -	\$ (3,295)	\$ 3,681	\$ (45)	\$ (1,179)	\$ (574)

SEWER

	2008 Budget	2008 Actual	2007	2006	2005	2004
Land Sales	\$ -	\$ 2,086	\$ 1,653	\$ 2,615	\$ 667	\$ 1,098
Operations	175	408	158	795	310	181
Debt - ACFA	250	568	4,761	2,307	3,500	7,765
TOTAL FINANCING	425	3,062	6,572	5,717	4,477	9,044
EXPENDITURES						
Engineering Structures	400	5,734	5,389	7,164	1,458	10,577
Buildings	-	228	-	-	-	-
Machinery & Equipment	-	-	-	-	7	32
Non - Asset Increasing	25	25	-	3	-	-
TOTAL EXPENDITURES	425	5,987	5,389	7,167	1,465	10,609
CHANGE IN CAPITAL FUND	\$ -	\$ (2,925)	\$ 1,183	\$ (1,450)	\$ 3,012	\$ (1,565)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
(In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT

SOLID WASTE

	2008 Budget	2008 Actual	2007	2006	2005	2004
Operations	\$ 315	\$ 523	\$ 435	\$ 646	\$ 663	\$ 286
Other	-	-	-	-	-	400
Debt - ACFA	-	-	-	-	250	110
Debt - Internal	-	-	-	112	124	-
TOTAL FINANCING	315	523	435	758	1,037	796
EXPENDITURES						
Engineering Structures	135	39	8	14	410	390
Buildings	-	313	6	44	-	21
Machinery & Equipment	180	101	47	151	17	56
Non - Asset Increasing	-	-	-	-	-	550
TOTAL EXPENDITURES	315	453	61	209	427	1,017
CHANGE IN CAPITAL FUND	\$ -	\$ 70	\$ 374	\$ 549	\$ 610	\$ (221)

ENVIRONMENT

	2008 Budget	2008 Actual	2007	2006	2005	2004
Operations	\$ -	\$ 32	\$ -	\$ -	\$ -	\$ -
TOTAL FINANCING	-	32	-	-	-	-
EXPENDITURES						
Engineering Structures	-	2	-	-	-	-
TOTAL EXPENDITURES	-	2	-	-	-	-
CHANGE IN CAPITAL FUND	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2004 - 2008
 (In Thousands of Dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENDITURES BY DEPARTMENT
ELECTRIC

	2008 Budget	2008 Actual	2007	2006	2005	2004
Developers Levies	\$ 977	\$ 1,861	\$ 2,900	\$ 1,412	\$ 2,062	\$ 962
Other	656	113	543	1,243	319	1,112
Reserves	26	12,926	13,126	1,604	-	-
Operations	5,251	5,222	5,973	17,658	6,366	6,900
Debt - ACFA	(4,305)	(3,823)	(3,145)	16,200	(1,936)	(2,060)
Debt - Internal	(417)	-	-	(13,453)	(3,182)	(3,011)
TOTAL FINANCING	2,188	16,299	19,397	24,664	3,629	3,903
EXPENDITURES						
Engineering Structures	2,005	23,057	6,566	23,456	2,825	3,103
Buildings	-	1,657	352	177	1,229	90
Machinery & Equipment	183	391	291	312	142	229
TOTAL EXPENDITURES	2,188	25,106	7,209	23,945	4,196	3,422
CHANGE IN CAPITAL FUND	\$ -	\$ (8,806)	\$ 12,188	\$ 719	\$ (567)	\$ 481

GAS

	2008 Budget	2008 Actual	2007	2006	2005	2004
Developers Levies	\$ 742	\$ 870	\$ 1,168	\$ 882	\$ 1,456	\$ 1,004
Proceeds from Sale of Assets	-	424	335	1,785	55	1,862
Other	-	202	262	929	206	308
Reserves	15,150	13,622	142,897	44,290	34,851	41,651
Operations	8,515	13,793	943	12,923	7,524	14,673
Debt - ACFA	(2,988)	(7,956)	2,154	(2,488)	(3,400)	(3,227)
TOTAL FINANCING	21,419	20,955	147,759	58,321	40,692	56,271
EXPENDITURES						
Engineering Structures	20,494	17,137	157,021	45,095	54,165	36,645
Buildings	-	-	-	-	-	10
Machinery & Equipment	475	487	255	582	344	390
Non-Asset Increasing	450	(439)	819	929	206	308
TOTAL EXPENDITURES	21,419	17,185	158,095	46,606	54,715	37,353
CHANGE IN CAPITAL FUND	\$ -	\$ 3,770	\$ (10,336)	\$ 11,715	\$ (14,023)	\$ 18,918

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 1999 - 2008 Consolidated Balance Sheet (In Thousands of Dollars)

Assets	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Cash and Investments	\$ 336,186	\$ 233,331	\$ 254,671	\$ 195,815	\$ 141,717	\$ 101,079	\$ 62,909	\$ 81,849	\$ 89,808	\$ 40,355
Investment In Subsidiary	-	-	-	-	-	-	-	47,360	-	-
Advances to Subsidiary	15,945	18,016	17,958	18,978	20,448	21,270	31,009	11,515	-	-
Accounts Receivable (Net of Allowances)	48,085	47,541	46,308	39,449	33,192	26,630	31,748	21,536	35,059	19,188
Inventory for Consumption	13,717	12,145	9,881	8,422	9,275	8,739	8,889	8,296	10,097	9,533
Inventories for Resale	26,708	21,765	27,696	22,177	20,022	17,800	18,545	18,433	14,541	13,845
Deposits and Other Assets	3,461	1,920	1,761	3,222	2,308	1,291	1,164	959	538	1,856
Prepaid Expenses	1,388	1,031	1,152	1,068	934	615	771	6,688	1,205	-
Long Lived Asset - Retirement Obligation	36,804	43,522	21,795	19,403	19,828	13,760	5,875	-	-	-
Capital Assets	1,156,355	1,127,516	963,304	904,689	867,318	820,226	774,640	653,145	629,889	652,048
	\$ 1,638,649	\$ 1,506,787	\$ 1,344,526	\$ 1,213,223	\$ 1,115,042	\$ 1,011,410	\$ 935,550	\$ 849,781	\$ 781,137	\$ 736,825

Liabilities	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Trade Accounts Payable	\$ 19,888	\$ 17,919	\$ 20,935	\$ 12,998	\$ 17,908	\$ 11,563	\$ 16,786	\$ 9,981	\$ 12,077	\$ 10,873
Accrued Liabilities	56,684	45,705	42,474	43,654	29,108	28,501	25,266	15,024	19,179	14,310
Short-Term Debt	2,188	7,928	2,248	-	-	-	9,984	19,809	-	-
Long-Term Debt	194,713	195,252	183,971	154,751	158,203	156,249	144,166	136,195	165,469	176,792
Loss In Subsidiary	4,853	6,205	7,310	8,086	9,798	9,978	8,092	-	-	-
Other Long-Term Liabilities	91,348	84,784	55,507	45,914	39,285	29,604	19,093	15,664	13,657	10,588
	369,674	357,793	312,445	265,403	254,302	235,895	223,387	196,673	210,382	212,563

Equity	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Equity In Capital Assets	961,642	927,320	779,333	749,938	709,114	663,975	630,148	516,950	468,252	478,139
Fund Balances	307,333	221,674	252,748	197,882	151,626	111,540	82,015	136,158	102,503	46,123
	1,268,975	1,148,994	1,032,081	947,820	860,740	775,515	712,163	653,108	570,755	524,262
	\$ 1,638,649	\$ 1,506,787	\$ 1,344,526	\$ 1,213,223	\$ 1,115,042	\$ 1,011,410	\$ 935,550	\$ 849,781	\$ 781,137	\$ 736,825

NOTES:

- Effective 2004, the City adopted the new Canadian Institute of Chartered Accountant standards and guidelines for Asset Retirement Obligation, the Full Cost Accounting Guideline and Accounting for Future Benefits. These policies were adopted retroactive to 2002 and 2003. Information for 2001, 2000 and 1999 does not reflect these changes.

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FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 1999 - 2008 Operating Revenue and Expenditures (In thousands of dollars)

Revenue From:	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Taxes	\$ 61,267	\$ 56,257	\$ 50,786	\$ 46,217	\$ 42,741	\$ 41,270	\$ 38,040	\$ 35,370	\$ 38,088	\$ 35,650
Less - Requisitions	(22,414)	(22,292)	(21,383)	(20,574)	(19,973)	(18,733)	(17,650)	(16,006)	(18,831)	(18,516)
	38,853	33,965	29,403	25,643	22,768	22,537	20,390	19,364	19,257	17,134
Sale of Services										
General Government	7,932	8,101	6,998	6,029	5,632	5,220	5,177	4,674	4,194	3,576
Gas	171,152	157,875	143,133	161,387	129,817	129,178	96,188	112,707	101,268	47,646
Electric	77,978	69,327	72,057	55,856	58,399	53,687	47,778	74,475	93,036	66,573
Environmental Utilities	28,311	25,633	22,262	19,498	18,379	18,625	16,705	16,351	15,397	13,438
Land	18,399	33,873	19,184	17,165	22,081	16,203	15,050	11,183	5,748	8,280
Medicine Hat Public Library	-	-	-	-	-	-	-	87	94	111
Other Income										
Investment Income	11,426	12,169	10,286	6,875	5,496	4,654	5,338	5,292	3,690	2,581
Investment (Loss) in Subsidiary	1,352	1,105	776	1,712	180	(1,886)	(8,485)	256	-	-
Licenses, Fines & Penalties	6,842	6,145	5,714	5,482	4,804	3,713	3,570	3,186	2,742	2,421
Other	20,049	10,762	10,875	8,695	6,357	4,908	4,939	3,503	7,977	4,354
Senior Government Transfers	5,065	4,243	6,260	6,114	3,754	3,398	3,194	3,593	3,264	3,140
Charitable Gift	4,000	-	-	-	-	-	-	-	-	-
Surplus	-	-	3,764	-	-	8,517	-	-	1,991	8,706
	\$ 391,359	\$ 363,198	\$ 330,712	\$ 314,456	\$ 277,667	\$ 268,754	\$ 209,844	\$ 254,671	\$ 258,658	\$ 177,960

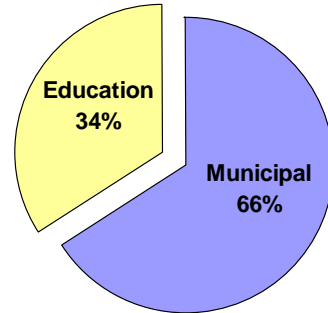
Spent On:	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government	\$ 82,571	\$ 74,571	\$ 71,161	\$ 67,471	\$ 62,737	\$ 57,289	\$ 54,182	\$ 50,058	\$ 45,977	\$ 37,385
Environmental Management	657	-	-	-	-	-	-	-	-	-
Gas	90,333	79,396	65,356	48,623	52,284	51,691	39,566	49,501	52,159	39,886
Electric	24,561	30,022	31,080	30,089	27,051	29,458	22,807	24,734	21,553	18,798
Environmental Utilities	17,682	13,849	12,448	15,739	12,124	11,264	10,056	10,270	9,766	10,964
Land	5,941	8,640	6,317	14,075	5,197	5,355	3,926	2,758	951	1,827
Medicine Hat Public Library	-	-	-	-	-	-	-	1,201	1,180	1,120
Capital Purchase & Debt	42,589	33,195	57,278	33,649	41,589	32,469	27,208	36,454	51,573	39,438
Transfer To Reserves	126,402	111,040	87,072	104,181	74,881	81,228	44,106	73,208	75,499	28,542
Surplus	623	12,485	-	629	1,804	-	7,993	6,487	-	-
	\$ 391,359	\$ 363,198	\$ 330,712	\$ 314,456	\$ 277,667	\$ 268,754	\$ 209,844	\$ 254,671	\$ 258,658	\$ 177,960

NOTES:

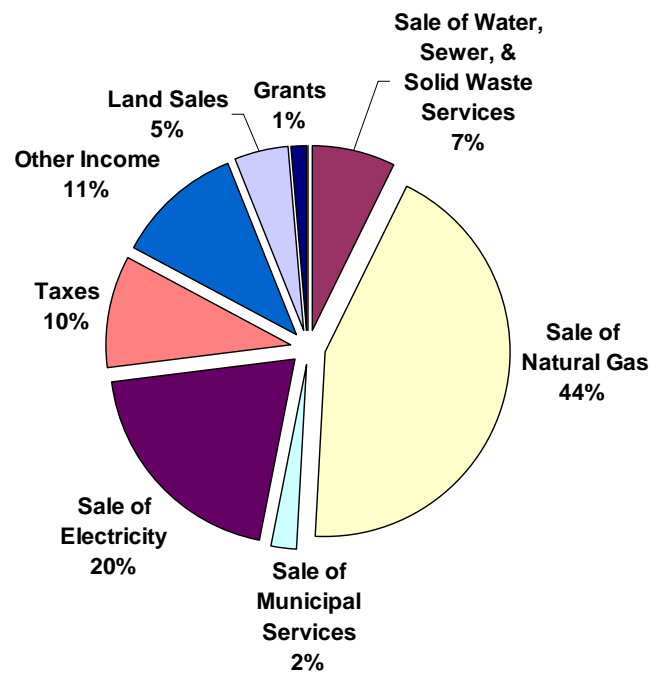
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FINANCIAL SYNOPSIS 2008 Operating Fund Activities

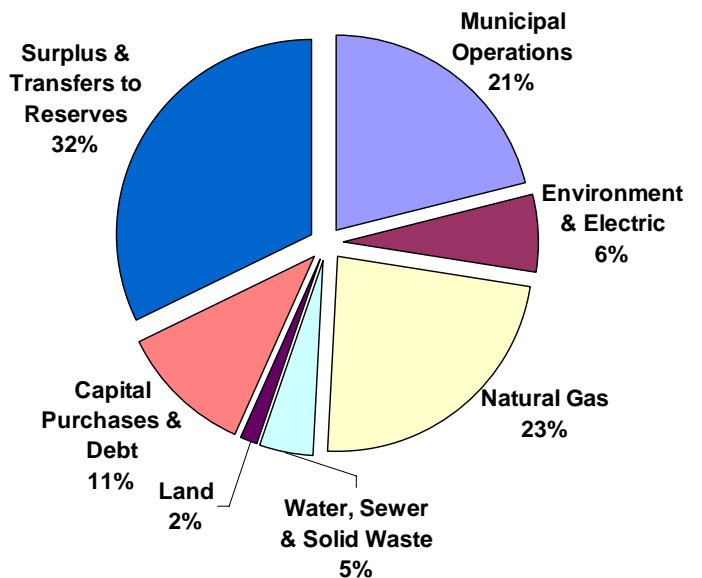
Where our Tax Dollars Went in 2008
Education / Municipal
Property Tax



Where the Money Comes From
\$391 Million



Where the Money Goes
\$391 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