

# 2011

## CITY OF MEDICINE HAT ANNUAL REPORT



Medicine Hat  
The Gas City

December 31, 2011  
City of Medicine Hat, Alberta, Canada

CORPORATE  
GOVERNANCE

SERVICES  
PROVIDED

COUNCIL POLICY  
OBJECTIVES

FINANCIAL  
REPORT

# OUR VISION

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City Council's vision for Medicine Hat is a vibrant city with residents, businesses and visitors seeking to make Medicine Hat their "community of choice."

# OUR MISSION

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While balancing accessibility and affordability, to exceed expectations in the value of our services. The City of Medicine Hat is committed to a mission of striving to exceed the expectations of our residents, businesses and visitors.

- Within a "2 X 14" response time
- Relative to our approved service standards
- With a "win-win" approach
- "No surprises" when service levels change or on publicly sensitive items

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# OUR VALUES

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We are committed to the following core values, which we believe enable us to achieve our vision:

- Innovation, creativity and diversity
- Openness, debate and participation
- Performance results
- Being proactive
- Balanced and responsible development
- A long-term perspective
- Well-being of residents and employees
- Principle of self-determination for our community
- Continuous learning and staff development

December 31, 2011 City of Medicine Hat, Alberta, Canada

Prepared by the City of Medicine Hat Finance and  
Corporate Communications Departments.

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Medicine Hat is a thriving community of more than 60,000 people. Residents benefit from more than 100 years of public ownership of natural gas and electric utilities. The city offers a wealth of amenities and facilities, the lowest tax rates in Canada, the lowest utility rates in Alberta, friendly people, safe streets, and an enviable climate.

.....  
**The Medicine Hat Advantage**  
**UNIQUE!**  
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# CORPORATE GOVERNANCE

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## MAYOR'S REPORT



It's hard to believe another year has come and gone. We can look back on 2011 as a year of significant challenges, but also a year of positive change and growth.

Unprecedented winter conditions and record snowfalls in 2010-11, coupled with the quick spring thaw, led to sudden run off and localized flooding. Thankfully, the flood levels weren't as damaging as in the past and City staff once again rose to the challenge of protecting the community and City infrastructure.

Last year could be considered the year of the bridge. The bridges on Highway 41A and South Boundary Road were reconstructed and opened to traffic as well as Finlay Bridge endured the final leg of its restoration when lighting was added to its girders.

City Council was thrilled with many private projects bringing development and revitalization to the downtown core. The Towne Theatre is being renovated as office space, the former Medicine Hat Inn will re-open as senior's housing, and a new convenience store will open its doors in late March or early April on the corner of First Street and Sixth Avenue SE.

In late 2011, Council took a new approach to the Medicine Hat Regional Event Centre. A commitment was made to refer the matter back to the Public Services Committee so a lower cost proposal for the project could be brought forward. The City engaged a highly-experienced project management firm, MHPM Project Managers, to act as the City's representative. A Phase I Report with recommendations was delivered to Council in January 2012.

A long awaited Tourism Development Plan and Tourism Branding exercise were conducted with reports being compiled from the data. Recommendations included a Destination Development and Marketing Organization be created to market our city.

Partnerships have always been important to City Council and in 2011 this resulted in collaboration on the completion of a water playground in South Ridge with the Saamis Rotary Club and the water playground at Strathcona Park with the Lions Club. Our partnership remains strong with Redcliff and Cypress County and the expansion of the inter-Municipal Development Plan as more shared services continue to be added to the Plan. The Medicine Hat Skateboarding Association is also partnering with the City to improve its facilities.

In September, Medicine Hat was proud to host the 2011 Fire Fit Nationals. Firefighters from all over North America participated in three days of intense competition. This event was a fantastic opportunity for Medicine Hat to showcase the community.

Festive lighting was installed during the holiday season that cast a cheerful glow across the community. It was great to see the city lit up once again during the holidays. Many thanks to staff for making this happen.

Looking forward, Council will continue with staff direction to assess future oil and gas acquisitions to diversify our assets and add to the sustainability of our current reserves. Electricity rates will be reviewed regularly and the City's relationships with businesses will be a priority as we look to additional economic development improvements and incentives.

Finally, on behalf of City Council let me extend my appreciation to the staff who serve the City of Medicine Hat. Through changing priorities, growth and expansion of infrastructure and facilities, and annual maintenance, staff is always willing to go the extra mile and work extra hours to ensure Medicine Hat remains "a community of choice".

Mayor Norm Boucher



## 2011 CITY COUNCIL



Alderman  
**Wayne Craven**



Alderman  
**Ted Clugston**



Alderman  
**Robert Dumanowski**



Alderman  
**John Hamill**



Alderman  
**Graham Kelly**



Alderman  
**Les Pearson**



Alderman  
**Jeremy Thompson**



Alderman  
**Phil Turnbull**

## CITY COUNCIL

City Council consists of a Mayor and eight Aldermen. Council is responsible for developing and evaluating the policies and programs of the municipality and delegating the responsibility for carrying out those policies to Administration. The public is encouraged to attend Council meetings, which are held at City Hall on the first and third Mondays of each month.

## ADVISORY BOARDS

Arts & Heritage Advisory Board

Heritage Resources Committee

Medicine Hat Public Library Board

Social Development Advisory Board

Urban Environment and Recreation Advisory Board

## ASSESSMENT REVIEW & APPEAL BOARDS

Composite Assessment Review Board (CARB)

Local Assessment Review Board (LARB)

Subdivision and Development Appeal Board

## COMMISSIONS

Combative Sports Commission

Municipal Planning Commission

Police Commission

## COUNCIL REPRESENTATION ON OTHER ORGANIZATIONS

Alderman Responsible for Civic Functions - Ald. Jeremy Thompson

Canadian Badlands - Mayor Norm Boucher and Ald. John Hamill

Chamber of Commerce - Ald. Phil Turnbull

City Center Development Agency (CCDA) - Ald. Robert Dumanowski

Cypress View Foundation - Ald. John Hamill and Ald. Phil Turnbull

Economic Development Alliance of Southeast Alberta - Ald. Wayne Craven

Friends of Medalta Society - Ald. Robert Dumanowski

Medicine Hat Community Housing Society - Ald. Les Pearson

Medicine Hat Exhibition and Stampede - Mayor Norm Boucher

Palliser Economic Partnership - Ald. Phil Turnbull

Shortgrass Library System - Ald. Les Pearson

Tourism Medicine Hat Committee - Ald. Les Pearson

## STANDING COMMITTEES

Administrative Committee - R. Barnard, Chief Administrative Officer Municipal Services (Chair); G. Labas, Chief Operating Officer Energy Services (Vice Chair); R. Webb, Public Services Commissioner; A. Bizio, Corporate Services Commissioner; A. Khan, Development & Infrastructure Commissioner; J. Hughes, City Solicitor, D. Leflar, City Clerk, Mayor N. Boucher (ex-officio)

Audit Committee - Ald. R. Dumanowski (Chair); Ald. P. Turnbull (Vice Chair); Ald. G. Kelly

Corporate Services Committee - Ald. W. Craven (Chair); Ald. T. Clugston (Vice Chair); Ald. J. Thompson

Development and Infrastructure Committee - Ald. J. Hamill (Chair); Ald. W. Craven (Vice Chair); Ald. T. Clugston

Energy Committee - Ald. T. Clugston (Chair); Ald. P. Turnbull (Vice Chair); Ald. J. Thompson

Public Services Committee - Ald. G. Kelly (Chair); Ald. L. Pearson (Vice Chair); Ald. R. Dumanowski



## 1. Provide Sustainable Utilities

- Invest in renewable energy
- Restructure responsibilities for the Energy and Tax Supported Operations
- Conduct an external review of the Energy Division
- Maximize the City's energy value and future sustainability

## 2. A Unified Constructive Culture

- Focus on empowerment (problem solving at the lowest level possible)
- Ensure a sound Recruiting Policy, Retention Policy and Staff Development Policy
- Provide a clear understanding "Council supports staff"

## 3. Move forward with an effective Transit System and the new Regional Event Centre

- Improve the Transit System
  - Research and best practices
  - Enhance ridership
  - Match needs and potential
- Move forward with the Regional Event Centre
  - Identified location of the Regional Event Centre
  - Identified operating model of the Regional Event Centre
  - Determine operating and capital costs of the Regional Event Centre, specific to the selected location
  - Support Committee and Council plans

## 4. Land Development and Land & Properties

- Land & Properties – increased focus on block land sales
- Land Development (social, economic and environment)
  - Enhanced communication with developers
  - Establish a sound vision for downtown
  - Improved airport development plan
  - Complete an Intermunicipal Development Plan

## 5. Improved Environment

- Establish a water management plan
- Develop a comprehensive waste management plan
- Reduce pollutants/emissions
- Move forward with smart and environmentally friendly growth
- Increase kilometres of bike lanes
- Ensure sustainable parks and trails

# CITY PRIORITIES

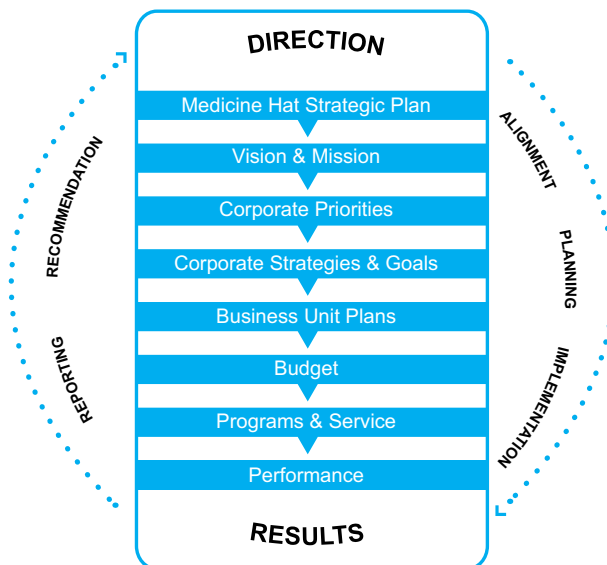
Our **MAIN PRIORITY** is the well-being of Medicine Hat residents by ensuring the appropriate services are delivered in the most effective manner in keeping with our Mission – "to exceed expectations in the value of our services."

# STRATEGIC PLANNING

The City of Medicine Hat uses a Systems Thinking approach to strategic planning. The organization focuses on “where we want to go and how we are going to get there.” Council devotes more time on developing and evaluating the policies of the municipality (the WHAT) and, where appropriate, less time on allocating resources and business processes. By stating “what” we want to be, Council provides Administration with a framework to implement the decisions of Council (the HOW).

The City of Medicine Hat Strategic Plan supports the City’s vision, mission and direction by outlining corporate priorities, strategies, goals, and measures of success over the planning period. The strategic plan guides the individual business units in the organization to develop strategies, goals and measures of success that are consistent with the corporate direction. The strategic plan also helps the organization in the preparation of the annual budget. The strategic plan is monitored and updated on a yearly basis by Council and Senior Management. It is expected that business plans and department budgets will be updated every three years to form the basis for the City budget. Throughout the year, quarterly reports are produced that report on the progress of this planning cycle. In addition, the City produces an annual report which documents the outcomes of the planning cycle.

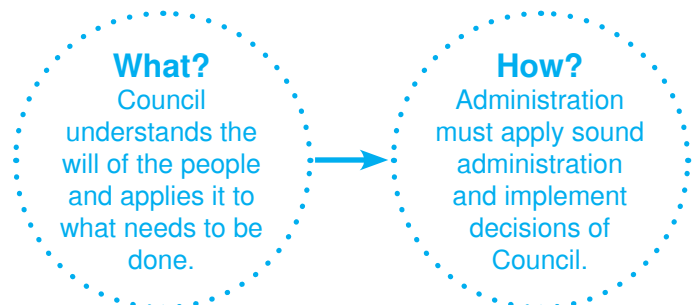
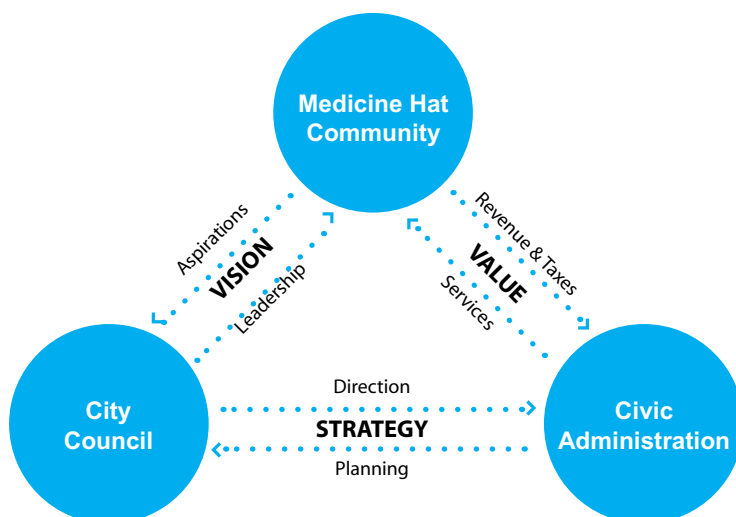
## STRATEGIC FRAMEWORK



## OUR STRATEGIC PLANNING PROCESS ENSURES THAT:

- Strategies and goals are aligned with community and Council needs.
- An accountability framework exists to monitor and report to the community on progress in achieving the strategies and goals of the strategic plan.
- Clear linkages exist from the strategic plan to all other business plans, budgets, and policies, and day-to-day operations.
- Roles and responsibilities are clear and understood.
- A culture of learning and improvement is embraced.

## GOVERNANCE MODEL



Source: Gerry Labas







## CHIEF ADMINISTRATIVE OFFICER'S REPORT



As the Chief Administrative Officer for the City of Medicine Hat, I challenge staff to work from a set of values that I believe are essential for running a great city. I encourage staff to provide superior public service which means service never comes second to anything. We strive to manage tax payer's dollars so we never have to take money until it is absolutely necessary and then, and only then, we take what is needed. It is also important to debate and challenge process because the only way to improve service to the public is to bring innovative ideas and solutions to the table. I ask staff to make their best professional recommendations and in doing so, we got to "Yes" many times in 2011.

City Administration worked conscientiously throughout the year to complete many of City Council's strategic priorities as well as to meet several operational strategies and goals. Progress was made on several downtown redevelopment initiatives including the implementation of the Downtown Development Incentive Program which provides grant funding to attract investment and development in the city center.

New direction for the Medicine Hat Regional Event Centre was undertaken with the project referred back to the Public Services Committee. MHPM Project Managers Inc. was hired to manage the three-phased approach to develop a lower cost project. A Phase 1 Report was delivered to Council in January 2012 with recommendations to proceed to Phase 2. Strategic planning continued for operational departments. Several master plans were completed to help guide the growth and future services of the City.

A new Growth Management Strategy provides guidance for new development over the next 25 to 30 years. The strategy will help direct the expansion of municipal infrastructure to new areas within Medicine Hat in the most cost effective and efficient manner possible. The recommendations within the strategy, as accepted by City Council in 2011, were incorporated into the draft Municipal Development Plan (MDP) and are being used in the preparation of the new Off-Site Levy Bylaw. In addition, the Recreation Master Plan, Waste Management Strategy, Airport Area Development Plan, and Tourism Strategy were all successfully delivered to City Council.

Extreme winter weather and a wet spring once again brought challenges for City staff. I would like to thank staff for their extraordinary efforts on snow maintenance in early 2011 which was quickly followed by the remarkable response to the second flood in two years.

The City is responsible for a wide variety of services throughout Medicine Hat. Many of these services are noticeable, but it is important to note some of the low profile projects that also serve the community. Council approved the implementation of the Community Warmth Program to assist utility customers who experience difficulty making utility payments. The program enables customers to add a donation to their monthly utility bill which is used to help other customers. The entire funds collected are directed to The Salvation Army who administers the program. In 2011, \$16,569 was collected and many in our community had a warmer winter thanks to the generosity of our residents.

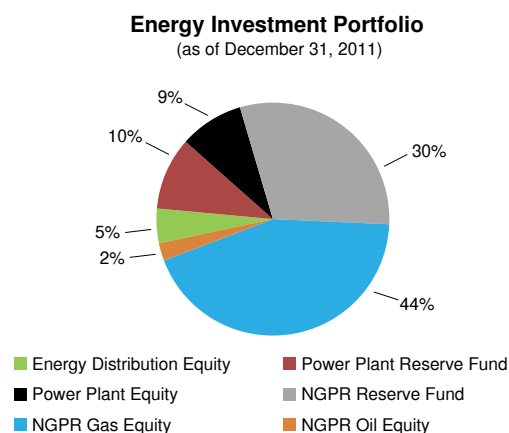
Every program, initiative, strategy and priority of the City of Medicine Hat are implemented and maintained to provide superior public service. I would like to thank staff for the remarkable effort that they continue to put forth every year and I look forward to the many exciting projects and priorities in 2012.

A handwritten signature in black ink, appearing to read "Ray Barnard". The signature is fluid and cursive, written on a white background.

Ray Barnard, CMA, MBA, Bachelor of Commerce  
Chief Administrative Officer, Municipal Services

It is my pleasure to provide Mayor Boucher and our City Council with this overview of the Energy Services Division for 2011 which has been in business since 1902.

A breakdown of the Energy Division assets is as follows:



## CHIEF OPERATING OFFICER'S REPORT



The primary objective of the Division is to meet City Council's sustainability objective by protecting, diversifying and growing the assets to deliver a greater than 10 per cent return on equity in order to provide a dividend to the community.

While electric, natural gas and oil commodity prices were very volatile during 2011, the Division posted net earnings of \$56.6 million resulting in a return on equity of 8.5% with a dividend of \$38.4 million paid to support municipal services in Medicine Hat. In addition Allied Oil and Gas, a wholly-owned subsidiary of the City of Medicine Hat, contributed an additional \$2 million for a total of \$40.4 million.

In 000's	2011	2010	2009	2008	2007	1999
<b>Consolidated Net Income</b>	\$56,596	\$14,327	\$22,503	\$93,011	\$74,453	\$29,671
<b>Combined Assets</b>	\$911,856	\$871,659	\$900,842	\$873,190	\$819,926	\$369,840
<b>Combined Equity</b>	\$666,796	\$648,743	\$674,713	\$692,035	\$633,048	\$210,693
<b>Combined Cash</b>	\$272,718	\$249,802	\$236,634	\$238,682	\$168,085	\$49,994
<b>Gas Reserves BCF (P &amp; P)</b>	257.6	314.0	333.9	361.8	336.5	288.9
<b>Dividend Paid to City</b>	\$40,405	\$42,483	\$42,202	\$41,368	\$34,900	\$11,167

Natural gas prices continued to struggle in 2011. This was offset by a stronger than normal year for electric generation which benefited from increased sales to the provincial grid. The high-price environment for electricity helped to overcome the challenges in the Energy services portfolio.

I wish to thank City Council for their guidance and support of the Energy Division throughout 2011. We commend the many staff members who contribute each day to our successes.

Sincerely,

Gerry Labas  
Chief Operating Officer, Energy Services Division

# ADMINISTRATIVE COMMITTEE

Administrative Committee meetings provide the Mayor and senior executive with a forum to discuss strategy, consider administrative matters, to review items requiring Council approval and seek consensus on issues impacting the Corporation.



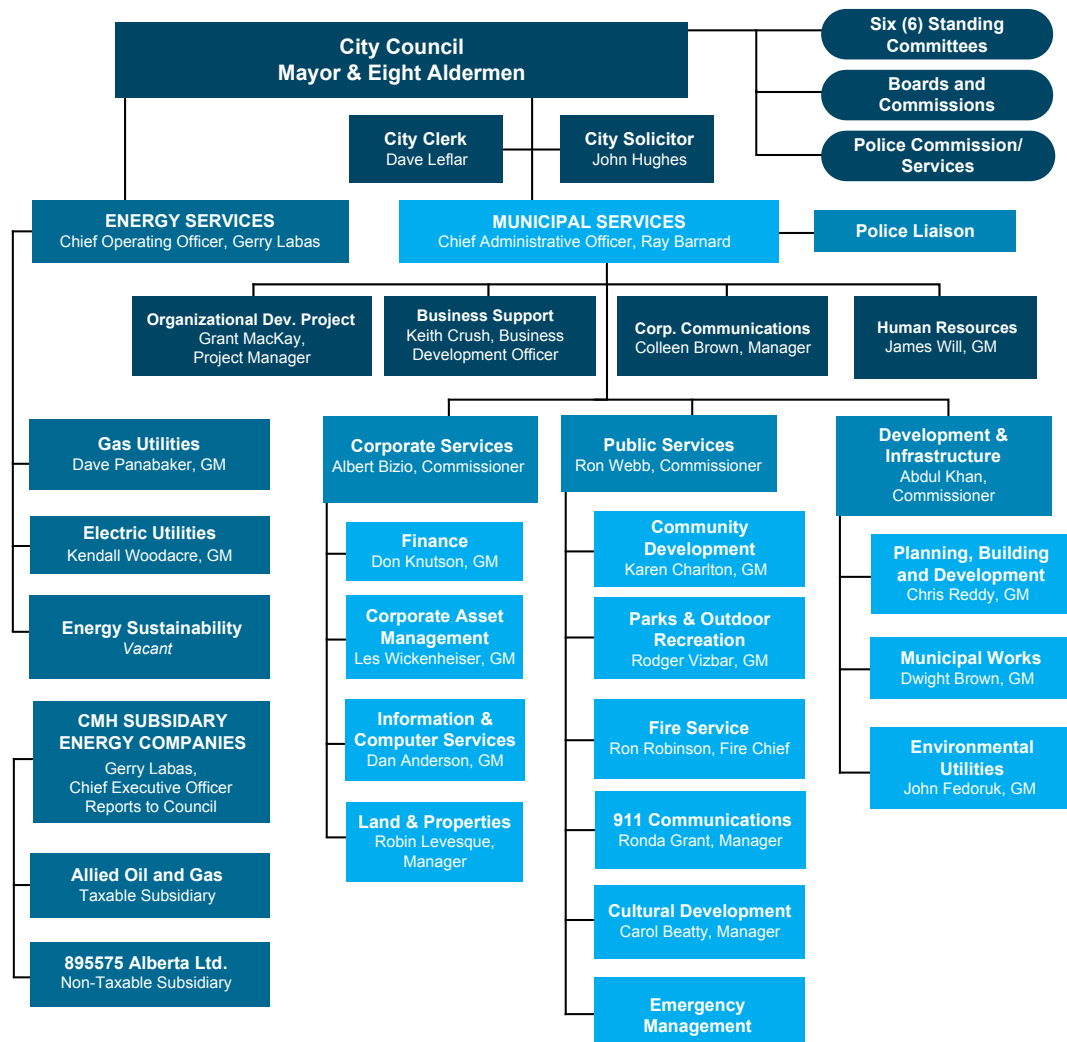
## Back Row (L to R)

John Hughes, City Solicitor  
 Ron Webb, Commissioner of Public Services  
 Abdul Khan, Commissioner of Development and Infrastructure  
 Albert Bizio, Commissioner of Corporate Services  
 Dave Leflar, City Clerk

## Front Row (L to R)

Ray Barnard, Chief Administrative Officer, Municipal Services  
 Norm Boucher, Mayor  
 Gerry Labas, Chief Operating Officer, Energy Services

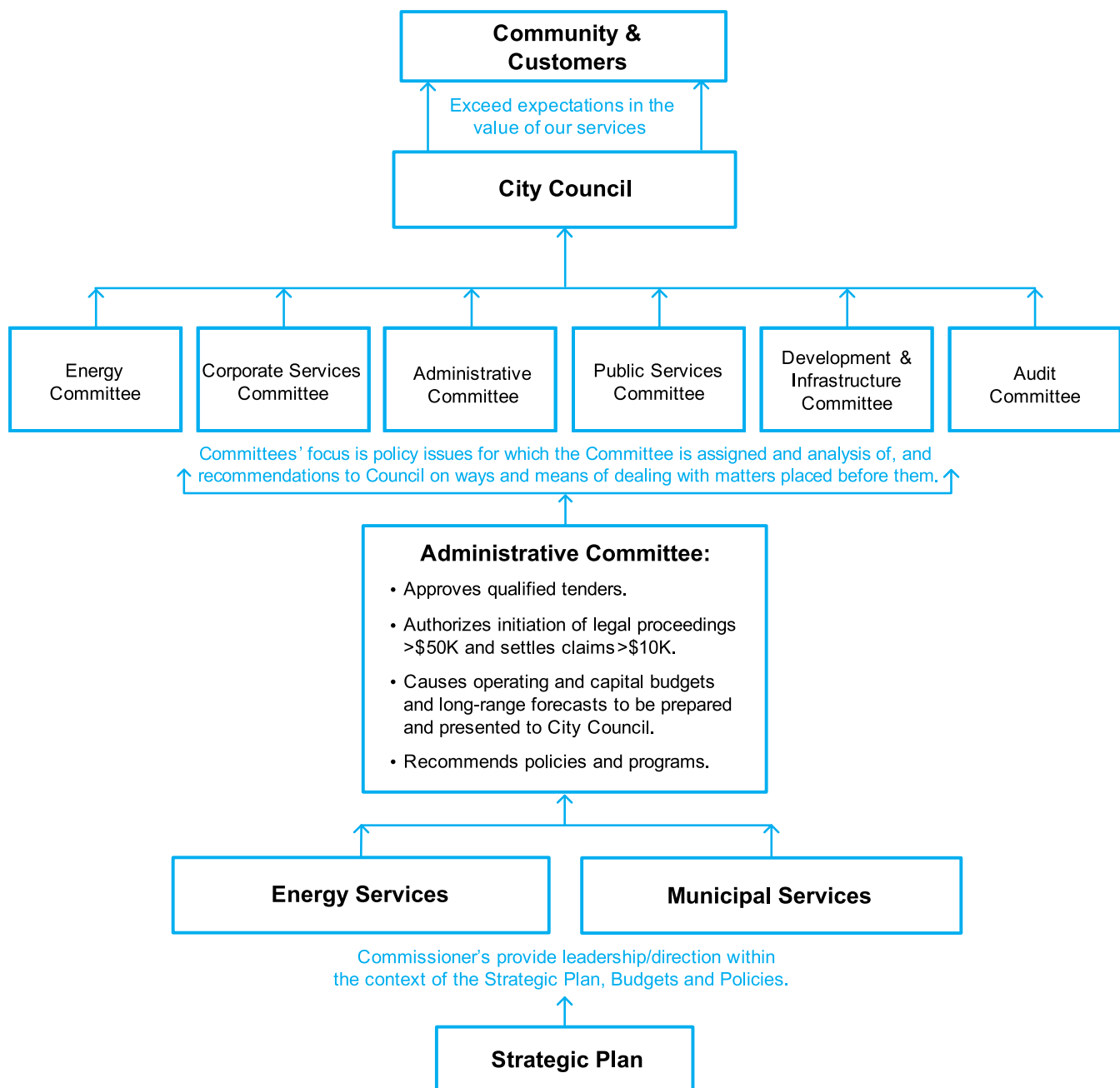
## ORGANIZATIONAL STRUCTURE





# SERVICE DELIVERY FRAMEWORK

Stemming from Council's Vision, Mission, Values, Policy Objectives and Priorities, a core set of Corporate Measures of Success, based upon a Balanced Scorecard model, serves as a clear expectation to individual departments and business units regarding ongoing performance.





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# SERVICES PROVIDED

BY THE CITY OF MEDICINE HAT

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## MUNICIPAL SERVICES

City Council created two distinct lines of service within the City organizational structure – Municipal Services and Energy Services. By creating this structure, the City has greater flexibility in meeting the unique operating objectives of both lines of service. Municipal Services operates under the direction of the Chief Administrative Officer (CAO).

### Office of the Chief Administrative Officer

The Chief Administrative Officer is responsible for strategic planning, directing, supervising, and managing all Municipal Services operations as approved by City Council. The CAO chairs the Administrative Committee (comprised of the Chief Operating Officer, all Commissioners, the City Solicitor, the City Clerk and the Mayor) that is responsible for all city-wide management and operational matters. The CAO reports directly to City Council and is the direct supervisor of all Commissioners and through the Commissioners, all General Managers, Managers, and civic employees within Municipal Services. The Business Support Office, Corporate Communications Department and Human Resources Department also report directly to the Office of the Chief Administrative Officer.

### Business Support Office

The Business Support Office works as a key point of contact for new and existing business and industry when dealing with the City of Medicine Hat. The office ensures relevant economic information is available to assist business and industry as well as supports and monitors the City's (taxpayer) investments in external economic development service providers.

### Corporate Communications Department

The Corporate Communications Department is responsible for providing strategic communications advice and tactical services to all City Departments and Senior Leadership to create open, transparent and proactive communication within the City of Medicine Hat and between the City and the people it serves.

### Human Resources Department

Human Resources Department consists of four distinct lines of service: Labour Relations & Compensation; Payroll & Benefits; Employment & Development; and Occupational Health and Safety.

Labour Relations & Compensation is responsible for collective bargaining with all unions and associations representing civic employees; implementation, administration, and interpretation of collective agreements, grievance decisions, and arbitration awards; and timely and accurate advice to City Council and senior leadership regarding labour relations issues. They also provide expert advice on job evaluation, administer compensation surveys and participate in classification reviews.

Payroll & Benefits is responsible for administering payroll as well as pension and benefits administration. They provide employees with advice and guidance for pension planning and retirement.

Employment & Development provides services to individuals, work groups, and departments in the areas of organization and staff development, team building, conflict resolution, recruitment and succession planning.

Occupational Health & Safety provides resources in health and safety to all departments within the Corporation. This work group focuses on leadership, hazard and accident prevention, health and safety related training, coordination of corporate safety initiatives, healthy workplaces, ergonomics, and wellness initiatives.

### Office of the City Clerk

The primary responsibility of the Office of the City Clerk is to administer the processes through which information is delivered to Council, committees of Council and municipal quasi-judicial boards and tribunals. The recommendations and decisions made at those levels are documented and accessed. Other duties include: preparing, distributing and preserving agendas, minutes and decisions of Council and its committees, boards and tribunals; ensuring the business of Council, Council committees, boards and tribunals is conducted in accordance with all applicable statutes, regulations and bylaws, and principles of natural justice; maintaining essential records and documents; issuing approvals for special events; servicing the City's general information telephone line; and providing administrative support services to members of Council, boards and tribunals. The City Clerk also serves as: Returning Officer for municipal elections and conducts the municipal census; City's Chief Protocol Officer and ensures compliance with the Freedom of Information and Protection of Privacy Act (FOIPP); and as Corporate Secretary to the City's corporate affiliate, Allied Oil and Gas Corp.

### Office of the City Solicitor

The Office of the City Solicitor provides all legal services required by the City of Medicine Hat. The City Solicitor reports directly to the Mayor and City Council. Areas of responsibility include: providing legal advice and services to City Council, Senior Executive, and all City departments, boards and committees; representing the City at all levels of court and before administrative tribunals; legislative drafting, interpretation and enforcement; and a wide variety of legal services in specialized areas of law. Such specialized areas include real estate; planning and development; oil and gas; utility regulation; environmental compliance; procurement and construction; labour relations and employment; general municipal practice; and municipal governance.

### Corporate Services Division

The Corporate Services Division consists of four departments which include: Corporate Asset Management; Finance; Information & Computer Services; and Land & Properties.

### Corporate Asset Management Department

The Corporate Asset Management Department provides leadership and direction in the management of the corporation's assets. These assets are overseen by Building Services; Fleet Services; Purchasing Services and Stores; and Treasury and Risk Management.

**Building Services** provides technical support, leadership, coordination, project management and facility management services, encompassing facility maintenance and capital delivery support for the various corporate municipal buildings (177 buildings, totaling about 1.2 million square feet).

**Fleet Services** provides technical advice, as well as manages the maintenance, procurement, and disposal of the corporate fleet of vehicles and equipment.

**Purchasing** provides leadership, support, coordination, and supervision for safe, efficient and effective purchasing and material control services to support all departments. The key responsibilities of Purchasing Services include the procurement of goods and services, inventory management, monitoring of department purchases, as well as the development, implementation, and recommendation of changes to purchasing policies and procedures.

**Stores** provides materials management services by ordering, warehousing, and issuing consumable materials and supplies to all departments; and also specified project materials for the City Utilities departments such as Electric Distribution, Environmental Utilities, and Gas Distribution.

**Treasury and Risk Management** provide leadership and guidance to the Corporation in the management of the City's cash and investments, debt management, insurance services, and insurance claims administration.

## Finance Department

The Finance Department consists of four distinct lines of service: Assessment; Customer Service and Collection; Municipal and Energy Accounting; and Systems, Billing and Meter Reading.

**Assessment** is responsible for preparing, on an annual basis, market value assessments that are fair, equitable and correct that meet the needs of the City of Medicine Hat and the Province. Assessment consistently works to ensure that property taxes are equitably allocated among all property owners based on the value of their property.

**Customer Service and Collection** provides customer care and collection service relating to the City of Medicine Hat's Utility Billing, Tax and General Accounts Receivable and cashier functions. They respond to and resolve sensitive and complex customer service concerns; develop and distribute customer communication regarding City policies, practices and procedures; and ensure standards for customer care and collections are met.

**Municipal and Energy Accounting** are responsible for directing the City and its wholly owned subsidiary's accounting functions. This includes the development and maintenance of budgeting and reporting systems; analysis and interpretation of trends requiring management's attention; preparation of financial and management reports; and development of recommendations and presentation of findings.

**Systems, Billing and Meter Reading** provides the accurate and timely billing for utilities, property taxes and general accounts receivable. They are responsible for the administration, maintenance, internal controls, and implementation of

computerized systems and processes as well as ensuring the systems are operational on a day-to-day basis.

## Information & Computer Services Department

Information & Computer Services (ICS) is focused on promoting, enabling and leading appropriate technology solutions that are aligned with Council goals and objectives to improve and enhance City services. ICS is comprised of five key service areas which include: Geographic Information Systems (GIS); Information Centre; Systems Development; Systems Operations; and Technical Services.

**Geographic Information Systems** effectively manages the use and implementation of the City's GIS software, tools and databases; provides technical support services and customized solutions to GIS user departments; ensures users within the corporation are knowledgeable and using GIS technology effectively; continues to find new and innovative ways to apply GIS technology; and maximizes existing resources within the organization.

**The Information Centre** provides technical support to departments; maintains hardware systems with minimum down time; updates operating system and application software on all workstations; assists with departmental solutions by obtaining cost effective technology; establishes technical computing standards for computers, setup and manages: user accounts and network access, smart devices, e-mail, etc.; and coordinates and provides end user PC training and software standards.

**Systems Development** designs, develops, implements and supports new software applications for departments, as well as online self-service tools for residents and businesses. They support and enhance existing applications; assist departments with investigation, evaluation, implementation and integration of third party software systems; and provide business analyst services to departments interested in using technology to improve their operations.

**Systems Operations** provides the City with timely processing of the Data Centre production systems; performs network management of the City's wide area network; coordinates network Internet access and services; provides web page design and maintenance services for the City's Intranet and Internet websites; manages the fleet of City printers/copiers; and manages the centralized print shop environment and mailroom operations.

**Technical Services** ensures the security of the City's computing infrastructure and data; provides data base and server administration; investigates new technologies; and provides technical support and advice to departments.

## Land & Properties Department

The Land & Properties Department is responsible for identifying, planning, designing, building and marketing sustainable communities in addition to managing the land base to optimize benefits to the environment, people and profits. They also provide internal real estate consulting services and sell strategic properties to meet City Council's environmental, social and economic objectives.



## Development & Infrastructure Division

The Development & Infrastructure Division consists of three departments which include: Environmental Utilities, Municipal Works, and Planning, Building & Development Services. The division's role is to provide a safe, reliable and cost effective delivery of municipal planning, development and infrastructure services, with a strong focus on customer service.

## Environmental Utilities Department

The Environmental Utilities Department provides safe, reliable and effective water, sewer, solid waste and recyclables handling services to the community through the operations of the Water Utility, Sewer Utility and Solid Waste Utility. The department is structured into six areas including: Treatment Plants; Field Operations; Solid Waste Operations; Engineering Support; Risk Control Support; and Customer Relations, Marketing and Administration.

**Treatment Plants** consists of the Water Treatment Plant and the Waste Water Treatment Plant. The Water Treatment Plant produces safe potable water for the community and some parts of the surrounding county. The Waste Water Treatment Plant treats waste water from the community and Redcliff prior to returning the treated water back to the river.

**Field Operations** oversees the water distribution and waste water collection systems. This includes the operation and maintenance of more than 800,000 meters of pipelines, 21 pump stations and 58 million liters of potable water storage as well as customer services including water quality monitoring, meter installation, sewer service cleaning, locate services, and development compliance inspections.

**Solid Waste Operations** provide collection services for residential domestic, yard and commercial waste. The department also operates the landfill as well as managing material in the recycling and composting collection, processing and marketing services.

**Engineering Support** provides strategic and technical support to all operational areas of Environmental Utilities Operations as well as provides reviews and analysis of municipal growth and development proposals.

**Risk Control** provides a comprehensive risk management program that contributes to the safety and health of all workers and the environment. The department also identifies, analyzes and responds to risk factors within Environmental Utilities Department operations. Risk Control's activities include disaster and emergency response readiness, safety and environmental management system support, potable water cross connection control and backflow prevention, waste water source control program and operational training and education support.

**Customer Relations, Marketing and Administration** develop and distribute information on department programs, products and services as well as responding to achievements and matters of concern to the public. They provide extensive administrative support to department staff within five facilities and are also responsible for maintaining three utilities' customer groups including water, sewer, solid waste collection and recycling accounts.

## Municipal Works Department

The Municipal Works Department core functions are to plan for, develop, and maintain the City transportation network, including the Regional Airport and storm water infrastructure. This encompasses the planning, design, construction, operations and maintenance, and lifecycle management of the infrastructure. The infrastructure includes all roads, sidewalks, bridges, street lights, traffic signs and signals, storm water pipes and ponds, and all of the airport lands.

The department consists of: Engineering; Operations; Administration and Customer Service; and the Airport. All of these areas provide the support required to manage and maintain approximately 900 lane kilometers of roadway, eight bridges, two overpasses, three pedestrian overhead crossings, and two airport runways with associated taxi links and aprons.

## Planning, Building & Development Services Department

The Planning, Building & Development Services Department is responsible for providing leadership in the planning and development area to ensure Medicine Hat is a safe, attractive and sustainable community. The department has three technical functions including: Planning; Safety Codes and Development; and Engineering Services. All of these areas are supported by an Administrative Support section.

**Planning** ensures a sound, current land planning framework exists through the Municipal Development Plan (MDP) and the Land Use Bylaw (LUB) that is consistent with City Council's priorities for a safe, sustainable and diverse community. Planning administers all aspects of the land planning and approvals process through open, timely and courteous service to customers. They also administer the City's Off-Site Levy Bylaw and business license system.

**Safety Codes** meets all requirements under the Safety Codes Act and administers the Safety Codes including plan checks, permits and inspections for all construction activity relative to building, plumbing, gas and electric disciplines. They carry out their mandate and support customers through open, timely and courteous service.

**Engineering Services** maintains current, relevant Municipal Servicing Standards and a sound framework for engineering design, review and approvals that is consistent with industry standards, legislation as well as City bylaws and policies. They work with customers in an open, timely and courteous fashion to ensure all technical reviews, inspections, and approvals occur through the land planning process, so that developments are serviced/built to the approved standards. Engineering Services provides all surveying support to both Land & Properties and other departments including the maintenance of survey control monuments, subdivision as-built drawings, and GIS System data.

**Administrative Support** delivers customer service in support of processing various applications; issuing permits and licenses; scheduling inspections; and responding to inquiries. They process all fees and charges; manage departmental records and systems; and provide administrative support to the Municipal Planning Commission (MPC) and Technical Coordinating Committee (TCC).



## Public Services Division

The Public Services Division consists of six areas which include: 911 Communications; Community Development; Cultural Development; Fire Service; Emergency Management; and Parks & Outdoor Recreation.

### 911 Communications Department

The mission of the Medicine Hat 911 Communications Department is to provide a complete and comprehensive quality call-answer and dispatch service to the residents of Medicine Hat and area. The 911 Communications Department is the single point of contact for residents reporting emergent and non-emergent situations, 24 hours/day, 365 days/year, and is considered to be the true first responders to all emergencies in their area of responsibility. In addition to the core emergency services of Police, Fire, Ambulance and after hour emergency Utilities, 911 serves a regional population of approximately 105,000 with immediate contact capability for language interpreters, persons with hearing impairments, poison control, disaster services, chemical spill information and emergency call trace.

### Community Development Department

The Community Development Department builds partnerships; supports community based organizations; facilitates community problem solving; promotes connections with families, seniors and youth; as well as offers a variety of direct services that enhance recreational experiences for residents and visitors. The primary program areas of the Community Development Department include: Recreation & Leisure Services; Senior Services; Social Development; and Transit Services.

**Recreation & Leisure Services** provides aquatic (seven pools), dry-land and arena (six ice surfaces) services to ensure all residents can participate in physical activities which are accessible and affordable resulting in a vibrant, healthy and safe community.

**Senior Services**, through outreach and internal programs involving the coordination of 850 volunteers involved in 50 programs, provides facility management, partnerships and 20 support programs as well as a comprehensive food services component including 60,000 Meals on Wheels annually.

**Social Development** administers six contracts with community based agencies offering a variety of services including, but not limited to, individual, family and group counseling, and a shelter for the homeless. Social Development staff facilitate or are involved with over 40 groups that plan, organize and deliver direct services to the residents of Medicine Hat and as an internal City resource, facilitates and identifies broad social issues such as poverty and accessibility issues.

**Transit Services** provides an affordable, accessible transportation system including conventional transit (approximately 1.5 million riders), special transit and charter transportation for over 96,000 platform hours of service and more than one million kilometers of travel annually.

## Cultural Development Department

The Cultural Development Department provides cultural programs and services to residents and visitors to enrich cultural life in the community, fulfilling its goal of connecting everyone with arts and heritage. This is accomplished through its primary program areas including the Esplanade Arts and Heritage Centre, the Cultural Centre and the Saamis Tepee.

**The Esplanade Theatre** provides a number of performances and events throughout the year attracting all ages through a diverse program of music, dance and drama of all genres. As well, master classes, workshops and competitions benefit the youth of the community.

**The Esplanade Art Gallery** provides access to local, regional, national and international art, the collection of art, public and school programs and workshops and audience development.

**The Esplanade Museum and Archives** manage collections which are held in the public trust. They provide access to exhibitions and public programs as well as school programs and annual festivals.

**The Cultural Centre** provides access to community cultural groups such as art, pottery, textiles, dance and drama studios and exhibits art work from the community in the Gallery.

**The Saamis Tepee** is maintained as a natural prairie site for residents and visitors to enjoy.

### Fire Service

Fire Services delivers fire, rescue, and emergency management services within a structure that focuses on community prevention and education programs, while maintaining a continuous posture of immediate response capability to incidents that threaten the security of people, property, and the environment. Fire Services are first responders to public safety, fires, disasters, surface and dive rescue, technical rescue, and dangerous goods incidents.

### Emergency Management

Emergency Management Services involves preparing for disaster, disaster response, and supporting and rebuilding society after natural or human-made disasters have occurred.

### Parks & Outdoor Recreation Department

**Parks Planning and Development** provides planning, detailed design and development services for parks' infrastructure including database management and parks geographic information. In addition, this unit has provided restoration services for flood damage to Parks' infrastructure and also provides information and feedback to other departments with respect to development and issues related to the parks system.

**Parks Maintenance** provides operation and maintenance services for ~ 255 hectares of irrigated turf grass; propagation, planting and maintenance of ~38,000 bedding plants throughout ~100 ornamental flower beds; maintenance of ~21,500 m<sup>2</sup> shrub beds; and management of ~28,000 trees in the City's urban forest.

**Parks Operations** provides outdoor recreation service delivery as well as operation and maintenance for a broad range of features including over ~92 km of leisure trails; 19 ball diamonds; 12 soccer pitches; eight set of tennis courts; Gas City Campground; Hillside Cemetery; Echo Dale Regional Park; reservations of joint-use facilities, as well as inspection and maintenance of 76 playgrounds. Parks Operations also serves as a liaison with user groups and community sports organizations while maintaining and protecting ~1,500 hectares of Environmental Reserve and natural areas.

### **Police Service**

The Police Service operates under the direction of the Chief of Police with guidance and support from the Police Commission. The Service is divided into three divisions consisting of Administrative, Support and Operations each under the direction of an inspector for that division.

**The Administrative Services Inspector** is responsible for providing leadership to a number of administrative areas including Professional Standards, Information and Processing, Information Technology, Court, Facility Management, Recruitment, Policy, and Safety Management.

**The Support Services Inspector** is responsible for providing leadership to the Major Crimes Section, Organized Crime Section, Community Safety Unit, Traffic Unit, Forensic Identification Unit and the Victim Services Unit.

**The Operational Services Inspector** is responsible for the Patrol and Municipal Bylaw Enforcement Sections.

## ENERGY DIVISION

City Council created two distinct lines of service within the City organization structure – Energy Services and Municipal Services. By creating this new structure, the City has greater flexibility in meeting the unique operating objectives of both lines of service. The Energy Division operates under the direction of the Chief Operating Officer (COO). The division consists of the Electric Utility, Energy Sustainability, and the Gas Utility.

The City of Medicine Hat has been in the energy business since 1902. The community realizes value in the form of a dividend in support of subsidized property taxes and utility rates as well as contributions to major capital community projects. To be sustainable over the long term, the Energy Services Division operates as a commercial enterprise which provides its ratepayers with services equal to or better than industry standards at a cost that includes a Medicine Hat Advantage. In addition, it means operating in a manner that allows Energy Services to compete in the market place to ensure the asset will grow.

### Electric Utility Department

The Electric Utility's goal is to produce and deliver safe, reliable, cost effective electric energy and related services to City of Medicine Hat (CMH) customers. The utility consists of three business units: Electric Distribution; Electric Generation; and Electric Retail.

**Electric Distribution** is responsible for the design, construction and maintenance of the transmission and distribution infrastructure ensuring the reliable supply of electrical load. Electric Distribution is mandated with improving efficiencies and with providing a Medicine Hat Advantage by charging distribution rates that are lower than those charged elsewhere in Alberta.

**Electric Generation** is responsible for safely and efficiently operating the City's generation assets to ensure a reliable supply of power. Electric Generation is mandated with improving Plant sustainability and providing an annual dividend to the City of Medicine Hat Municipal Services.

**Electric Retail** is responsible for ensuring that costs of providing electricity are kept at a minimum by recovering these costs through commodity rates that are the average of rates charged in similar Alberta cities.

### Energy Sustainability

Energy Sustainability's primary function is to prepare local residents and businesses for a fossil fuel constrained world by delivering HAT Smart education and incentive programs that encourage the wise use of energy and consideration of renewable energy alternatives. In addition, they are responsible for the evaluation of non-traditional energy investment opportunities. Energy Sustainability provides support to City energy customers including home/business energy audits, HAT Smart program awareness, energy

counseling, and utility rate education. They also support City Council's environmental stewardship priority by monitoring corporate and community progress towards the targets outlined in the Community Environmental Roadmap.

### Gas Utility

The Gas Utility's goal is to manage the assets of its natural gas and oil reserves and deliver natural gas to customers within its franchise area in a safe and reliable manner. The utility consists of three business units: Gas Distribution; Gas Marketing; and Natural Gas and Petroleum Resources (NGPR).

**Gas Distribution** distributes natural gas to customers within its franchise boundary, obtaining a return on total equity that is warranted according to the Alberta Utilities Commission (AUC) for a regulated Gas Distribution Company. Gas Distribution uses competent trained personnel to provide customer service, engineering, construction, operation and maintenance of distribution facilities to ensure a safe and reliable system.

**Natural Gas and Petroleum Resources** manages the City's natural gas and petroleum producing properties to maximize their future value to the residents of Medicine Hat. The continuing focus is operational excellence and long term sustainability and growth.

**Production Operations** manage the corporation's wells and facilities to achieve the lowest possible production cost over the life of the reserves extracted. They operate safely with respect for the environment and the City's associates in the community and work with engineering departments to optimize the performance of the wells and facilities.

**Subsurface and Facilities Engineering** works with Operations to maintain the wells and facilities operating efficiently in compliance with applicable regulations. They determine the optimal configuration then modify wells and facilities to maximize the value of the reserves extracted as well as manage development projects including new wells and facilities.

**Acquisitions and Development** identifies, evaluates and initiates projects to improve the recovery of natural gas from City of Medicine Hat properties with the goal of increasing value. They manage the City's portfolio of gas assets through active acquisition and divestiture activities. This group also manages the mineral leases, partner agreements and contracts.

**Land and Environment** provides cost effective management of surface land matters. They rehabilitate and reclaim surface lands after the associated wells and facilities have been abandoned as well as advise staff on matters related to environmental stewardship and facilitate training, monitoring, and reporting.

**Production Administration** provides cost effective, accurate, and timely production measurement, proration and allocation reporting in compliance with regulation and industry practice. They provide budgeting, project approval, and purchasing services.





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2011'S COUNCILS  
**POLICY  
OBJECTIVES**

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## FISCAL RESPONSIBILITY

### MAINTAINING A STRONG FINANCIAL POSITION

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Council strives to ensure that services provided by the City of Medicine Hat are affordable and well-managed. Strategies in this regard work toward attractive taxation, utility rates, and user fees, which are balanced with the need to maintain a growing infrastructure and continued service quality.



## Budgets and Funding Models

All departments within the City developed business plans and budgets for 2012 to 2014. Budgets were reviewed by senior leadership throughout the process in 2011 and will be submitted for City Council consideration in early 2012.

Environmental Utilities completed the preparation and obtained City Council approval of the 2012-2014 Water Utility, Sewer Utility and Solid Waste Utility Operating and Capital Budgets with 2012 rate adjustments that followed Council's established Revenue to Cost Ratio of 1 sustainable utilities principle. Medicine Hat rates remain competitive.

The Police Service committed to a zero increase budget from 2010 to 2011 and despite wage increases that were not anticipated a balanced budget was achieved for the fiscal year of 2011.

A transparent model for Family and Community Support Services (FCSS) funding was administered which resulted in \$335,000 distributed to six non-profit organizations to support the community social safety net. In addition, 26 non-profit agencies also received a total of \$104,000 of Municipal Sustainability Initiative Program (MSI) funding for programs and services supporting residents in the community.

## Fees and Charges

In 2011, Planning, Building and Development Services completed a review of all fees and charges and presented a first draft to City Council. This review is in conjunction with the City's three year budget cycle and is intended to recommend a system of reasonable fees for services provided.

Departments within the Public Services Division, including Community Development, Parks and Outdoor Recreation, and Cultural Development, developed a Fees and Charges Framework and a new fee schedule proposal which is based on the cost of local services and not based on comparators to other mid-sized Alberta city rates. The Framework also proposed recovering a percentage of the cost of the service from the users that benefit from the services as well as changing costs and cost recovery targets established by City Council.

## Investment Practices and Debt Management

The City invests public funds in a manner which will provide the highest investment return with the maximum security, while meeting the daily cash flow demands of the City and conforming to all Provincial Statutes and Regulations governing the investment of municipal funds.

Investment returns for the year ended December 31, 2011, were 4.52 per cent, outperforming the benchmark of 2.98 per cent.

To ensure the City's Investment Portfolio is managed in accordance with Section 250 of the Municipal Government Act and Alberta Investment Regulation 66/2000, giving consideration to current market situation and corporate risk tolerance, an annual review of Investment Policy #0110 was completed.

Debt is an ongoing component of the City's capital structure and is integrated into the City's long term plans and strategies. Debt Management Strategy is a City Council priority which

resulted in the Capital Debt Management Policy #0121 being updated. The Policy ensures that debt is structured in a way that is fair and equitable to those who pay and benefit from the underlying assets over time.

## Service and Operational Reviews

City Engineering Services began an important review of the Municipal Servicing Standards Manual to provide developers with consistent, cost effective guidance towards the construction of new developments within Medicine Hat. The review was conducted in cooperation with industry stakeholders.

The Municipal Works Department completed a comprehensive review of the snow and ice control practices that included assessing community expectations, industry best practices, and what is done in other municipalities. With assistance from the City's Information and Computer Systems Department, the initiative also included the implementation of the Freeance Automatic Vehicle Location technology that uses Blackberry GPS services to track City vehicle movements including snow plows. The recommendations from the review were incorporated into work practices and service levels with recognition that the City's approach is consistent with others, meets regulatory requirements, and is providing good value for dollars in meeting the community needs.

Fleet Services ensures the City of Medicine Hat vehicle and equipment fleet is optimized through operational reviews and continuous improvement in maintenance practices.

The Municipal Works Department also initiated a full asset management review of the approximately 500 kilometers of sidewalks and \$155 million in storm water infrastructure. It is anticipated that the sidewalks asset management tool will be completed in 2012, while the storm water plan will carry over in to 2013. The outcome will be a complete listing of the City's inventory, planned inspections, and well-defined maintenance and re-habilitation criteria to allow the City to be more proactive in planning, budgeting and maintaining infrastructure so the right dollars are spent at the right time.

A full review and update to the Road Way Systems Master plan was initiated and is scheduled for completion in 2012. Once completed, the plan will identify their future five, 10, and 20 year capital improvements to allow the City to meet traffic and pedestrian requirements. Key aspects of the review which are complete and incorporated in to City planning include:

- Downtown Parking Assessment which determined current conditions and community needs as well as future requirements
- Cycling Master Plan which provides guidance for the community to grow and develop the on-street cycling network
- An assessment of the advantages and disadvantages of converting downtown streets from one-way to two-way couplets in response to the downtown businesses
- An assessment of the transportation network; at current and up to the 95,000 population horizon consistent with future city growth strategies. A model was also developed which allows the City to continually assess and forecast future roadway demands.

As part of an Enterprise Risk Management initiative, the City developed a continuous, proactive, and systematic process to understand, manage, and communicate risk from an organization-wide-perspective.

The ICS Department continued implementation and expansion of technologies that improve services to City Departments while providing cost savings to the City. This included extended use of virtualization technologies and disk storage farms, extension of the City's wireless network to more City facilities, and establishing partnerships with vendors to acquire best product, prices and support for technology purchases.

### Provincial Carbon Credits

Environmental Utilities initiated the appropriate applications and negotiated provincial carbon credits from the yard and biosolids composting programs. The Electric Utility successfully used the credits with a financial return.



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## SUSTAINABLE UTILITIES

### MANAGING THE INVESTMENT

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Medicine Hat's enviable cost of living continues to be supported through the ownership and careful management of its stand-alone enterprises. These include Gas, Electric, Water, Sewer and Solid Waste Utilities, as well as Land and Properties. By pursuing strategies that promote sustainable growth, ensuring appropriate infrastructure maintenance and replacement, and seeking out alternative revenue options, Council can continue to offer attractive utility rates and use sales proceeds to generate annual dividends to offset the requirements for property taxes.





## Growth Management and Planning

The City completed a Growth Management Strategy which provides guidance for new development over the next 25 to 30 years. The strategy will direct the expansion of municipal infrastructure to new areas within Medicine Hat in the most cost effective and efficient manner possible. These recommendations, accepted by City Council in 2011, were incorporated into the draft Municipal Development Plan (MDP) and are being used in the preparation of the new Off-Site Levy Bylaw.

## Maintenance and Replacement

The Environmental Utilities Department completed the replacement of the water and sewer mains on First Street SE (downtown) in 2011 as part of the City's Asset Management Program according to the life cycle management of aging infrastructure.

The Environmental Utilities and Municipal Works Departments explored synergies for a combined water, sewer, storm and roads upgrade project to improve services, reduce community impact and save capital funds. This approach was used for the large upgrade project in the Connaught Subdivision. Design and tender work were completed in 2011 with construction implementation planned for 2012 to 2013.

The Municipal Works Department continues to convert the traffic signals to LED which have a substantially longer life, reduced maintenance requirements and much lower energy demand. To date, the City has converted approximately half of the 64 signals to LED and is realizing a 90 per cent savings in energy costs while extending the life cycle by 15 to 20 years before replacement is required.

Approximately 163 lights of the 8,900 total fixtures across the city have been converted to LED, accounting for a number of sub-divisions. These lights have the potential to lower the electrical energy and maintenance costs by 30 to 40 per cent and the fixture life varies between 15 to 20 years in comparison to the conventional High Pressure Sodium (HPS) which last about five years. The City has also initiated a trial using induction lights, which may realize even better savings and life span with the benefit of lower capital cost of installation compared to LED.

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# SOUND INFRASTRUCTURE

## PLANNING FOR TOMORROW

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Sound infrastructure not only supports the quality of life for the residents of Medicine Hat, but is a significant contributor to the economy as well. Through the wise expenditure of public funds on maintenance and replacement initiatives, as well as strategic investment in new infrastructure, City Council strives to provide a strong base from which the community can thrive and grow. An appropriate balance among transportation systems, pedestrian corridors, buildings, facilities, and amenities is continually sought.

## Future Planning and Development

In 2011, a new draft Municipal Development Plan (MDP) was made available to the community and stakeholders for review. The City will continue work on the plan throughout 2012. The MDP forms the policy framework for the long term development of Medicine Hat and will be the guiding document for the City's future planning and development.

The preparation of a new Land Use Bylaw (LUB) was initiated in 2011. The LUB is the primary regulatory document intended to implement the land use components of the MDP. The LUB will also set standards for site and building development and redevelopment within Medicine Hat.

There are a large number of sites within Medicine Hat identified as Public Service (PS) Sites. In 2011, a study was initiated to inventory these sites to provide a draft policy in 2012 for City Council consideration which outlines: vacant PS sites, guidance to the new LUB for possible future uses, and to assist in the development of a strategy for unused school sites.

The Community Development Department secured funding and initiated construction to build two new affordable housing structures. Funding for these projects will help address the need for more affordable rental properties in the community.

The Medicine Hat Regional Event Centre was referred back to the Public Services Committee by City Council in June 2011, to develop a lower cost project for City Council consideration in early 2012. Administration contracted MHPM Project Managers Inc. to analyze a number of issues including options to lower the projected onsite and offsite development costs of the facility, various procurement models, and strategies on how to bring on the eventual facility operator.

The City completed a property appraisal valuation for insurance purposes which will ensure the corporation's buildings are appropriately insured in the event of property damage or loss.

## Improved Accessibility

In an effort to increase and improve the overall accessibility of public transit in Medicine Hat, Transit Services completed the construction of 22 accessible bus stops that included new para-ramps, sidewalks and larger bus shelter pads. Further construction of accessible bus stops will be undertaken in 2012.

Municipal Works undertook a number of capital improvements including the completion of an intersection upgrade at 13th Avenue and Southview Drive to address traffic demands as well as upgrades to the road servicing the Medalta Site.

## Asset Management, Maintenance and Replacement Initiatives

The Environmental Utilities Department enhanced its long-term approach to asset management of aging infrastructure. This includes a more systematic and comprehensive review of the condition of water and sewer mains, their service history and capability, and coordination with other City Departments for construction synergies to determine and prioritize when and where aging mains should be replaced for optimum operational and financial benefit.

In 2011, Medicine Hat experienced a number of extreme snow events coupled with a wet spring and summer with cold temperatures. As a result, the City saw significant damage to roads, lanes, and degradation of catch basins. In response, the Municipal Works Department carried out more than three million dollars in pothole repairs, road re-construction and overlays, as well as \$400,000 in catch basin maintenance and repairs including removal of debris. This work was carried out in conjunction with normal maintenance activities encompassing sidewalk repairs and construction, street sweeping, lanes maintenance and re-construction, line painting, and sign and street light maintenance.

As a result of multiple high creek events in both 2010 and 2011, the Municipal Works Department responded by replacing and/or repairing 11 bridge/culvert structures along Ross Creek, Seven Persons Creek, and the Bulls Head Creek. In particular, new bridge structures were installed at South Boundary Road (replacing the Low Level Crossing), Porcelain Avenue, and Industrial Avenue (Highway 41A). These new bridges are built to code and capable of withstanding a "one in one hundred year" flood event and should serve the city well for the next 50 plus years.

TELUS donated \$338,000 to the City for upgrades and improvements at the Family Leisure Centre. The funds were used to replace timer pads for competitive swimmers, purchase a new clock and scoreboard in the arena, upgrades to the Information Technology equipment in the Conference Room and expansion/updates to the concession services area.

Fleet Services supported direct service providers such as Medicine Hat Transit Services, Environmental Utilities and Municipal Works by providing superior maintenance services to ensure the best possible equipment availability.

Building Services performed a variety of upgrades and replacements as well as capital projects including:

- Boiler replacements at the Crestwood Pool, the Arena and the Family Leisure Centre
- Chiller replacement at the Hockey Hounds Recreation Centre
- New HVAC/exhaust for Moose and Hockey Hounds Recreation Centres
- An addition to the Echo Dale Ajax Building
- Fire alarm replacements
- Construction of a storage facility at the Police Station in preparation for the expansion.





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## ECONOMIC DEVELOPMENT

### BALANCING OUR APPROACH TO ECONOMIC GROWTH

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Council continues a strong commitment to economic vitality. As municipal government creates the business environment and the infrastructure necessary for prosperity, Council's strategies center around eliminating barriers and creating a balanced approach for economic opportunities and sustained growth. This approach includes offering the highest quality environment, services and amenities necessary to attract new business investment, as well as supporting the retention and expansion of existing local businesses.



## Growth of Business Opportunities

The draft Municipal Development Plan (MDP) was prepared to support and facilitate the improvement and growth of business opportunities in Medicine Hat. Large areas were identified for new industrial and commercial development in the northwest quadrant of the city and are proposed in the draft plan which is going to City Council for consideration.

An Area Structure Plan was completed for the airport lands. This plan identifies the development and growth strategies for the airport business and commercial development that supports or is compatible with airside operations. The Medicine Hat Regional Airport has the potential to be a catalyst for growth and economic development in the city and region. This plan provides the template to enable the best use of the existing land for traditional industries as well as offering opportunities for aviation and technology related businesses.

Environmental Utilities directly supported local economic opportunities by reactivating major water and sewer infrastructure to enable Methanex to re-establish the operation of their Medicine Hat Plant.

The Business Support Office launched the Downtown Development Incentive Program to provide grant funding to attract investment and development in the City Center.

A Tourism Development Plan was completed in 2011 which included the tourism brand initiative and first steps towards forming a destination developing and marketing organization that will continue to lead the initiative.

## Streamlining Workflow

Planning, Building and Development Services began reviewing all processes and procedures in the permitting and approvals systems work areas. The intent is to streamline processes and remove redundancies to aid in reducing approval times and add consistency for all customers. This should significantly enhance the City's working relationships with residents and the business community.

In 2011, work began to explore a suitable software system which allows the automation of many internal workflow practices such as development permits, relaxations, all safety code permits and business licensing. The intent is to create an online application system for customers, to track application progress and pay fees from their home or office. By improving City processes, existing and future businesses in Medicine Hat continue to be supported.

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## COMMUNICATIONS & COMMUNITY RELATIONS

### DEDICATING OUR EFFORTS TO A PROGRESSIVE COUNCIL AND AN INFORMED COMMUNITY

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Medicine Hat residents are interested in the actions taken by their municipal government to serve the community. They also expect to be informed on emerging issues and critical Council decisions. Regular communication is required and access to relevant information is necessary. City Council recognizes the significant roles it plays in keeping the community informed and wants to ensure it performs its communications role to a high standard. In support of Council, Administration is required to provide accurate information to the community and to be accessible to answer public inquiries and concerns.

## Keeping the Public Informed

The Corporate Communications Department provided behind the scenes advice and support to all City Departments to help communicate project information, public engagement initiatives, City Council decisions, regular municipal business and emergency information. This work includes providing graphic design services as well as content development and editing of brochures, reports, plans, newsletters, news releases, etc. It also means planning and coordinating events such as the lighting of Finlay Bridge, various bridge and infrastructure openings, trade show participation and news conferences.

The Environmental Utilities Department worked closely with Corporate Communications to develop a comprehensive public communications strategy as part of the planning and implementation of the water and sewer mains replacement project on First Street SE (downtown). The strategy involved keeping the public informed of the project's progress as well as highlighted key milestones in the project.

Senior Services hosted 13 information sessions for community members on a variety of topics such as federal and provincial benefits for seniors, emergency preparedness, personal directives, seniors housing, funeral planning, falls prevention and grieving.

## Stakeholder Engagement

The City continues its commitment to engaging the public to gather valuable input and feedback to assist in the decision making process. City staff was trained in the use of the "engage" framework and tools, developed by the City of Calgary, to provide a consistent approach to how the City engages the public. Several public engagement initiatives were completed in 2011 including:

- Snow and Ice Control Review
- Off-leash Areas
- Medicine Hat Plan (MDP) and Land Use Bylaw
- Dangerous Goods and Heavy Truck Route Bylaw
- Urban Forest Management Plan
- Recreation Master Plan
- South Ridge Drive Road Upgrades
- Closure of Finlay Bridge for the decorative light installation

The draft Municipal Development Plan was presented at a public open house and posted on the City website for stakeholder review. During the course of the year, a community survey was also conducted. The input was used to help shape the preparation of the final draft Municipal Development Plan.

Senior Services initiated a public consultation and planning process in January 2011 resulting in the development of a Five Year Strategic Action Plan. The Plan reflects a shift in focus of programming for Senior Services from recreation and leisure activities to an emphasis on preventative programs that optimize personal wellness, independence and self-reliance for older adults.

Throughout 2011, Planning, Building and Development Services held regular meetings with various stakeholders to discuss shared issues covering a wide variety of local development interests. Stakeholders included the Chamber of Commerce, the Medicine Hat Construction Association, the Canadian Home Builders' Association and the Urban Development Institute. Staff also attends individual

association meetings scheduled on a monthly/quarterly basis. This results in an improved working relationship between the City and the development industry.

City Planners involved in the new Land Use Bylaw process have identified industrial and development interests beyond those of currently established groups. For example, commercial sign companies were contacted in 2011 to start a discussion for the preparation of new sign regulations to be included in the Land Use Bylaw. Typically most regions have a sign industry association, but Medicine Hat doesn't, making this a first for the City and this industry group.

The Police Service engaged the community through the "2011 Policing and Community Safety Survey" in the winter of 2011. The data collected will be used to determine where the Police Service can make improvements to meet community expectations as part of the strategic plan for 2012-2015. Topics covered in the survey included:

- General Safety
- Communication Initiatives
- Road Safety
- Bylaw Enforcement
- Criminal Investigation
- Police Response through 911
- Victim Services
- Appearance of Officers

The Environmental Utilities Department continued with public engagement and provided information about yard waste management and composting techniques through participation in the Spring Home and Garden Trade Show.

Safety Codes Services held two sessions with the Home Builders' Association during 2011. The first one was a lunch and learn which dealt with High Intensity Residential Fires including requirements relating to fire ratings and code requirements for setbacks, glass area in exposed walls, etc. The second session was related to recently introduced code changes for windows, vents and door flashing.

## Emergency Communications

The City of Medicine Hat is dedicated to providing up-to-date information to residents as part of typical municipal operations. During an emergency, communication is a top priority to ensure the ongoing safety and well-being of residents. During the spring melt, the City disseminated information through media releases, public advisories, website updates, and the City's social networking sites including YouTube, Facebook and Twitter. City Council adopted a social media policy in 2011. To reach all audiences, the City will continue to use a combination of communications tactics including traditional print, radio and television as well as social networking in its strategic communications planning.

## Financial Reporting

The Canadian Award for Financial Reporting was awarded to the City of Medicine Hat by the Government Finance Officers Association of United States and Canada for its 2010 annual financial report. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports. The City's annual financial report has been judged by impartial Canadian Review Committee members to meet the high standards of the program, including



demonstrating a constructive “spirit of full disclosure” designed to clearly communicate the municipality’s financial story and to motivate potential users and user groups to read the report. Top quality financial reporting is essential if the City is to be fully accountable to residents and to others interested in the City’s finances.

### Committee, Commission and Board Communications

Planning, Building and Development Services provides support to the Heritage Resources Committee and the Municipal Planning Commission (MPC). During 2011, staff members managed 25 development permit applications, 11 Land Use Bylaw Amendments, 10 Subdivision applications and five new or amended policy statements before the MPC. Staff support and reporting to these boards facilitates improved timelines and well founded decisions at the board level.

The Police Service communicates its activities to Council on an ongoing basis through the Police Commission. In addition, the Police Service is committed to regularly communicating its activities to the community. This is accomplished through a variety of means including the Police Service website, traditional and social media.

### Improved Technology and Access to Data

The Information and Computer Services Department empowered the community and City through the implementation of mobile and online applications (“apps”) for viewing and using City data. This included launching a new Open Data Catalogue to provide information to residents and encourage private developers to develop applications that benefit residents and the community. The City developed a smartphone app for viewing cemetery information and assisting with locating gravesites. The Environmental Utilities Department also had a mobile phone solid waste information app developed to provide convenient and comprehensive information about Medicine Hat solid waste services making it the first of its kind launched in Canada. Both apps are available for download on the City’s website.

The City acquired a new Web Content Management System in 2011 that will provide residents, customers and visitors with improved online features and functionality when accessing the City’s website. The re-design and development of the new website took place throughout 2011 and should launch sometime in early 2012.

The Information and Computer Services Department (ICS) made several enhancements to the City’s current website in 2011 including the creation of a new accessible section that provides accessibility information about various City facilities to residents with disabilities. ICS also assisted with the launch of the new HAT Smart II website in June and with the launch of the new Esplanade website.

In 2011, the City modified the e-Tax application to provide easier access to property assessment information and the ability to view assessment information through Google maps. The new graphical map based application can assist residents with simplified searching and viewing of property assessment information.

The City implemented free public Wi-Fi services to City Hall and the Family Leisure Centre.



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## ENVIRONMENTAL STEWARDSHIP

### FOCUSING OUR KNOWLEDGE AND AWARENESS

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The city's natural environment represents a substantial asset that few prairie cities enjoy. The abundance of trees, clean air, and a scenic river valley with sparkling waters serve as a natural oasis in the prairie landscape. Council recognizes the key strategic, economic and social value of a healthy environment. Maintaining the quality of our natural environment is a community obligation. Council wants its municipal government to be a steward and a leader of responsible environmental decisions and actions to support this obligation. Collectively, Administration holds a broad understanding of environmental issues, but needs to be more focused in its approach to environmental management. Furthermore, Council needs to be more aware of environmental concerns to provide leadership.

## Risk Management

The City's topography is characterized by deeply incised narrow river valleys and adjacent steep slopes. These slopes are often at risk of failure and slides are not uncommon. Managing the risk to life and property is important to the City and residents. As a result, a slope stability study was initiated in 2011 for the lands where steep slopes could lead to slumping and create risk for the community. The study will identify appropriate setbacks on and below the coulees. This important risk information will be used to develop strategies and policies to further enhance community safety and will also be considered in the new City Land Use Bylaw.

Engineering Services worked closely with IXL Industries Ltd. to identify risks and determine any necessary remediation for the iconic former brick plant area of the city. The long term intent for this area to become a valuable historic and cultural precinct is being facilitated by a collaborative approach to resolving remaining issues.

## Planning for the Future

The Environmental Utilities Department prepared and obtained City Council approval of a Waste Management Strategy which identified 23 waste management models, including solid waste collection, landfill, compost and waste diversion strategies for the 2012 to 2022 period.

The Land and Properties Department sold 40 single family lots and one commercial lot to produce gross revenue of \$4,542,823. Of that amount, \$194,420 was transferred to the Community Capital Fund to support projects that benefit the community. Planning for new phases of subdivisions was initiated with sustainable development as the overarching goal.

Engineering Services began internal staff training to assist the City with the implementation of an ISO14001 standard that will help conform the Environmental Management System for all City operations.

## Environmentally Friendly Initiatives

In 2011, the HAT Smart website was completely revamped. The new site is more inviting to residents looking at participating in one of HAT Smart's award-winning programs by providing comprehensive information in an appealing and easy-to-follow fashion. The site also acts as a hub of general information related to energy conservation and renewable energy.

The Environmental Utilities Department provided educational and awareness information on reuse, recycling and water conservation to schools, community groups, and residential households to help Medicine Hat residents improve their environmental awareness and practices.

Transit Services purchased six solar lit bus shelters for its terminals at the Medicine Hat Mall, Southview Centre and Medicine Hat College. These shelters are larger and will provide increased accessibility, visibility and security for transit customers while being environmentally friendly.

The upgrading and replacement of equipment was completed in a number of facilities during the year. For example, new and more energy efficient boilers were installed at the Family

Leisure Centre, Arena and Crestwood Recreation Centre. The chiller was replaced at Hockey Hounds and a brine leak was repaired at the Kinplex.

The Parks and Outdoor Recreations Department planted 86 trees, removed 232 trees and pruned 1,284 trees with a focus on preservation of the City's urban forest.

## Environmental Best Practices

Staff continues to incorporate environmental best practices into Municipal Works daily business. Examples include:

- Monitoring snow-dump sites with test wells, and review annually with Alberta Environment
- Using willows, natural vegetation, and natural matting along creek banks to restore/repair banks in relation to bridges and culverts
- Following Alberta Environment guidelines for use of chemicals during snow and ice events, and use the chemicals responsibly to limit the effects on water and vegetation
- Using potassium acetate at the airport for runway de-icing, to reflect best practices while being non-corrosive and preferred because of its minimal impact to the environment



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## COMMUNITY DEVELOPMENT

### ATTENDING TO THE WELL-BEING OF OUR RESIDENTS

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Council is dedicated to a balanced approach for developing and enhancing the overall well-being of our community. It is Council's desire to ensure:

- residents can continue to feel safe and have their property protected
- enjoy a clean environment and attractive open spaces
- participate in a diverse blend of cultural, recreational, and leisure activities
- have access to organized and accessible modes of transportation
- find appropriate local social support when circumstances warrant



## Providing a Safe Community

The mission of the Police Service is to “serve and protect our community with pride through progressive and professional policing”. One of the most important functions to achieving this mission is to ensure the safety and the perception of safety of the residents of Medicine Hat. This was achieved through proactive patrol strategies, an effective road safety plan and crime prevention initiatives.

Medicine Hat 911 maintained accreditation level compliance to Police, Fire and Medical protocols, resulting in the department being one of only four 911 centres in the world to have achieved tri-accreditation. Accreditation ensures the best standards in the world are being met to protect residents and emergency personnel and to assure the public that a level of professional and quality control is being used.

Fire Services responded to 1,308 calls in Medicine Hat which is a 9.5 per cent increase over the calls received in 2010 (1,189). Fire Services also responded to 93 Cypress County emergency calls which is a 97 per cent increase over the calls received in 2010 (49).

The Fire Prevention Bureau was called to investigate a total of 49 fire incidents, many of which were joint Fire and Police task force. There were 1,270 fire and life safety inspections completed in 2011.

Fire prevention officers, assisted by fire suppression crews, performed 110 public education sessions in 24 schools, which included safety instruction as part of the Risk Watch curriculum. Fire prevention staff provided 47 evacuation drills and review of building fire escape plans throughout the year and also conducted 49 industrial group sessions for fire safety and training in the use of fire extinguishers. An additional 39 education sessions for public groups contributed to a safer working environment.

The Information and Computer Systems Department assisted City departments with GIS and application services. This included enhancement of the Fire Department's Address Finder to help improve travel response times as well as analysis and generation of response time maps to identify possible additional fire station locations. GIS analysis was instrumental during the 2011 flood events to identify and analyze water levels, prepare resident notification lists, help protect residential and City infrastructure, and provide protection agencies with GIS modeling tools for analysis of air and cloud disaster flow.

In 2011, the Municipal Works Department experienced a higher than usual number of severe winter storms that extended for a number of months resulting in flooding and high creek flows. Crews responded by working for extended periods of time on a 24/7 basis to clear snow, address drainage and flooding issues, close roads and detour traffic, provide sand bagging operations as well as clear debris and ice from and around the various bridges and culvert structures in the city. In addition, crews also undertook multiple activities required to repair the infrastructure.

The Emergency Response plan prescribes a collaborative response within resource capacity to protect residents and property during disasters as demonstrated in the past flooding events of 1995, 2005, 2010 and 2011. A new Emergency

Management Strategic Plan, designed to achieve the mandate of building and sustaining a high level of emergency management preparedness, is anticipated to be presented to City Council in 2012.

A successful major Emergency Management exercise called “Operation Halifax Way” was conducted at the Medicine Hat Regional Airport on September 15, 2011 to test the emergency preparedness of the Airport and the City. The exercise included participation of Airport staff, Fire and Police Services, EMS, 911 Communications, City of Medicine Hat Municipal Works, Emergency Social Services, Environmental Utilities and Corporate Communications along with staff from the Alberta Emergency Management Agency and students from Medicine Hat High School.

The Environmental Utilities Department continued to contribute to public safety by providing safe drinking water through a rigorous treatment, testing and monitoring process; a water distribution main system flushing program; and the management of a cross connection control program to safeguard the public water system from backflow contamination incidents from commercial and industrial sites. The department also enhanced public well-being through its sewer system source control program that reduces the risk of sewer system back-ups into basements and businesses from grease and other substances. This occurred through inspections and education of specific commercial establishments and by education and promotion in the residential sector.

## Supporting the Community

Seniors Outreach continues to work in collaboration with other community service providers to address issues of elder abuse and neglect. Staff responded to over 50 cases of elder abuse and neglect in 2011. They also helped to raise awareness through group presentations, displays at public events and coordination of activities for World Elder Abuse Awareness Day.

City Council approved the implementation of the Community Warmth Program to assist utility customers who experience difficulty in making utility payments. Customers subscribe to have a donation added to their monthly utility bill. The program is voluntary in nature, and requires the donor to contact the Customer Service Department to make arrangements to have their donation, which is tax deductible, added on to their utility bill. The entire funds received are directed to The Salvation Army, the administrator of the program. In 2011, \$16,569 was collected through this program.

Community Workers continued to support individuals and families with connections to the community. The Community Workers provided support services to 1,026 students, 423 families and 68 individual community members.

Building Services performed an accessibility audit of City Hall with the Advisory Committee on Disability Issues (ACDI). As a result, the City implemented barrier-free changes in not only City Hall, but in a variety of other facilities including the Airport Terminal and the Veiner Centre.

The Finance Department was recognized for and awarded an “Until Everyone Is Home” iceberg by the Housing First initiative with The Community Housing Society. This award



recognized the support and dedication of the Customer Service Department in responding to customers in a financial crisis.

In response to community requests, 78 LED decorative lights were installed on Finlay Bridge to enhance the character of this historic structure. In addition, 230 LED festive lights were installed throughout Medicine Hat in various business and commercial districts.

### Cultural, Recreational and Leisure Activities

The Cultural Development Department hosted many successful non-ticketed programs such as Alberta Arts Days, the Heritage Festival, School Art and Remembrance Day ceremonies with more than 16,000 people in attendance. More than 36,000 tickets were sold for performances at the Esplanade Theatre. More than 20,000 people visited the Galleries and combined attendance figures for the year at the Esplanade climbed to a record high of 86,915, which is an increase of more than 17,000 from 2010. Volunteers gave 9,137 hours of their time.

The Esplanade unveiled two new works of public art located at the Esplanade and celebrated the 60th anniversary of the Medicine Hat Museum in partnership with the Historical Society of Medicine Hat and District.

Recreation & Leisure Services coordinated a successful Southern Alberta Summer Games in July 2011, involving 2,330 participants and 400 volunteers.

The Parks and Outdoor Recreation Department hosted the annual Litter Clean-Up Blitz on April 30, 2011, with more than 180 volunteers participating throughout the city.



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## ORGANIZATIONAL STRENGTH

### STAFF ARE THE FOUNDATION OF THE ENTERPRISE

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The City of Medicine Hat is proud of its diverse and dedicated workforce. Council understands that excellent service to the community starts with skilled and motivated staff. The City is committed to helping employees achieve their full potential through an open sharing of information and by supporting a variety of personal development initiatives. Just as the City desires to be a “community of choice,” it also strives to be an “employer of choice.”



## In-house Training Initiatives

The Corporate Communications Department worked with a Public Engagement Specialist to develop an engagement training program that is being delivered in-house to City staff. Providing the training in-house to staff ensures a higher level of consistency for how the City engages the public and gives more flexibility for how and when training is offered.

The City started to re-design its website in 2011 and is moving towards the use of a web content management system where each department will be responsible for providing accurate and up-to-date information on the new City website when it launches in 2012. Approximately 50 City staff was trained in the use of the new system.

Environmental Utilities organized and delivered the water industry leading international association (AWWA) specialized Customer Services Representative Training Course to its Customer Service Representatives. The City of Medicine Hat was the first municipality in Canada to deliver this high standard, specialized industry training.

Progress was made toward creating standard operating procedures and "how to" guides along with improved application checklists to help residents seeking permits and approvals from the City. This will help to ensure that City staff process permit applications in a consistent manner.

## Professional Development and Training

Environmental Utilities Operations staff continued to achieve higher level certification recognition through professional development and training in water, waste water and solid waste. This training makes City operations among the highest level of certified operators in the province.

The Development and Infrastructure Division undertook an initiative in 2007 to bring in an Engineer in Training (EIT) graduate on a four year program to grow and develop technical staff as part of succession planning. The program is coming to a successful conclusion and the City is looking at options to continue with this program.

Many new training initiatives were undertaken and established skills were refreshed. For example, staff from various departments attended a course about interpreting and presenting statistical information. City Safety Code Officers attended recertification courses on new code provisions and the Safety Code Officers were awarded a special recognition by the Alberta Safety Codes Council.

Building Services Team participated in an accessibility awareness workshop with the Advisory Committee on Disability Issues (ACDI).

## Emergency Preparedness Training

In September 2011, the Corporate Communications Department worked with the Director of Emergency Management and the Airport Manager to coordinate the mock emergency training exercise called Operation Halifax Way. The purpose of this training exercise was to test the City's emergency preparedness in the event of a large scale disaster. First Responders attended the scene while Agency Chiefs attended the Emergency Operations Centre and proceeded to respond as if it were a real event.

The Community Development department hosted an Annual Emergency Social Services (ESS) Workshop, which brought City staff who are involved in ESS planning, along with the community partner agencies and groups, together to review the plan and experience learning opportunities.

City Staff were trained in the Alberta Emergency Alert System as part of their roles in Crisis Communications and Emergency Management. Alberta Emergency Alert gives authorized users the ability to broadcast an emergency alert quickly and directly to radio and television stations and other distribution outlets including social media.

## Organizational Development and Succession Planning

Organizational Development work continued on several fronts including the development and implementation of a new learning and development policy, a revamped achievement planning and review process, more rigorous succession planning at senior leadership levels, and new leadership development strategies including online options.

Regular succession planning discussions were established with the executive team to discuss challenges in succession planning, upcoming vacancies and strategies to recruit and retain staff.

The Human Resources Department has undertaken planning to develop a recruitment brand and strategy to promote the City of Medicine Hat as an employer of choice. The City has been working on the development of a recruitment brand that will be launched in 2012. This will highlight the benefits and opportunities of working for the City as well as the positive aspects of living in Medicine Hat for those who are considering relocating for employment.





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# FINANCIAL REPORT

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# TREASURER'S REPORT

For the year ending December 31, 2011

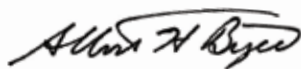
## INTRODUCTION

I am pleased to submit the City of Medicine Hat Consolidated Financial Statements for the fiscal year ended December 31, 2011. KPMG LLP has audited these financial statements and provided an unqualified audit opinion in their report dated April 16, 2012.

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

The purpose of the Financial Report is to present the users and readers with clear insight of the financial results for the City of Medicine Hat for the fiscal year ended December 31, 2011. 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.
- **Canadian 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, 2011. The analysis is supplementary information to the financial statements and therefore, should be read in conjunction with the consolidated financial statements.
- **Financial Statements** - Presents the consolidated financial statements, supporting statements, notes and schedules. These statements and schedules contain comparative results for two prior years, current year results and the approved budget for the operating and capital accounts.



Albert Bizio,  
Corporate Services  
Commissioner

April 16, 2012

## CANADIAN GFOA AWARD FOR FINANCIAL REPORTING

The Government Finance Officers 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, 2010, the ninth 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.

## Canadian Award for Financial Reporting

Presented to

City of Medicine Hat  
Alberta

For its Annual  
Financial Report  
for the Year Ended  
December 31, 2010

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



Linda C. Davidson  
President



Jeffrey L. Esser  
Executive Director

## 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.

### 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.

### Public Safety

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

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

The City operates a 911 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. 911 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, and today remains one of only four Tri-Accredited centers world wide.

### 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 manner. 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.

### Environmental

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

## MANAGEMENT REPORTING AND CONTROL

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

### 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 City Council's Strategic Plan and identify:

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

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

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

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

A five-year Capital Improvement Plan is developed for all departments. The Capital Improvement Plans identify proposed capital project 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.

### 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.

### Auditing

The "Municipal Government Act" requires municipal Councils to appoint an independent auditor. In 2011, Medicine Hat City Council re-appointed KPMG LLP, as the external auditor for 2011 with the option of renewing for an additional four years (through to 2014).

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.

### 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 2011.

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 statements and their report appear in the financial statements.

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

## FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

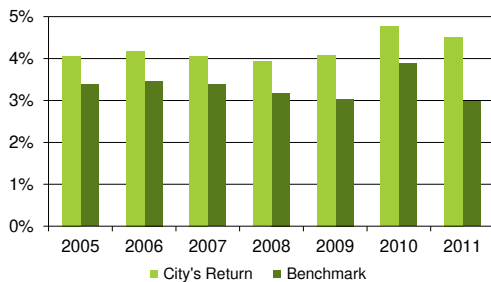
### Consolidated Statement of Financial Position

#### Financial Assets

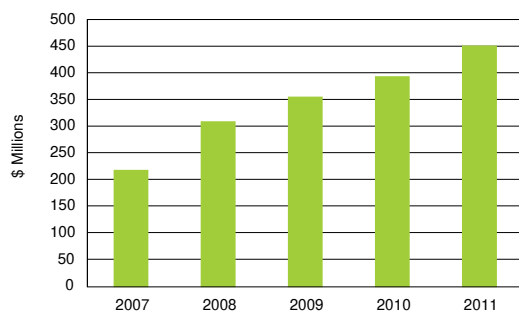
Total Financial Assets increased \$54.8 million from \$508.9 million in 2010 to \$563.7 million in 2011. This increase is primarily the result of an increase of \$55.2 million in cash and investments due to cash from operating activities exceeding cash spent on capital by \$59.7 million primarily in the Gas and Electric Utilities.

The City of Medicine Hat's investment return for the year ended December 31, 2011 averaged 4.52 per cent outperforming the DEX (formerly ScotiaMcLeod) Universe Bond benchmark index of 2.98 per cent. The City's average portfolio return has outperformed the stated benchmark the last seven years.

#### Rate of Return



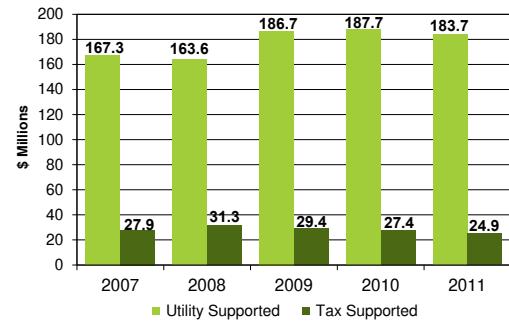
#### Investment Portfolio - Market Value



#### Liabilities

Total Liabilities increased \$22.9 million in 2011. Other long term liabilities increased \$25.3 million primarily due to an increase in the asset retirement obligation as a result of a change in cost estimate. The total liability for the Gas asset retirement obligation at the end of 2011 is \$131.6 million. This obligation is related to liabilities associated with the future retirement of tangible long-lived petroleum and natural gas assets resulting from the acquisition, construction, development and normal use of petroleum and natural gas assets.

### Long-Term Debt



During 2011 total Long Term Debt decreased \$6.4 million to \$208.6 million as a result of repayments exceeding new borrowings. Total debt principal repayments were \$17.8 million and new debt was \$11.4 million. \$7.3 million was for improvements to Environmental Utility assets, \$1.6 million was related to Electric's assets and \$2.3 million was for the Gas Utility.

During 2011 tax supported debt per capita decreased from \$448 to \$408, Utilities supported debt per capita decreased from \$3,072 to \$3,007.

The Minister of Municipal Affairs has prescribed total debt and debt servicing limits for municipalities in the province. The debt limit is defined as two times revenue net of capital government transfers, and debt servicing limit is not to exceed 35 per cent of revenue. The City's 2011 debt levels are as follows:

	2011	
Total Debt Limit	759.6	
Actual Debt (long & short term)	211.2	
Amount Under Limit	548.4	72%
Debt Servicing Limit	132.9	
Actual Debt Servicing	29.0	
Amount Under Limit	103.9	78%

#### Net Financial Assets

In 2011 the Net Financial Asset position increased \$31.9 million from \$70.5 million in 2010 to \$102.4 million in 2011. Investments, Loans and Advances increased \$54.7 million from 2010, most of which is specifically related to the investment portfolio and are primarily the result of net earnings and activities of the Energy Division.

#### Non-Financial Assets

Total Non-Financial Assets increased by \$21.4 million, primarily as a result of \$94.5 million of new assets acquired during the year offset by \$81.3 million in amortization of tangible capital assets as well as the disposal of \$17.9 million of assets and related amortization of \$15.3 million. Long Lived Assets increased by \$13.6 million primarily due to changes in estimated future abandonment expenses.

New tangible capital assets acquired include \$5.3 million for the LM6000 engine for combustion turbine #14, \$1.3 million for the completion of the power boiler, \$17.2 million for new roads and upgrades to existing roads, bridge replacements and rehabilitation, \$5.6 million in Parks infrastructure, \$6.7 million for building and equipment infrastructures, \$4.0 million for mobile equipment, and \$10.4 million for improvements to water and sewer systems, upgrades to the waste water treatment plant, and the Landfill Customer Services site. Additionally, the Natural Gas & Petroleum Resources capital program for 2011 was \$37.8 million.

### Consolidated Statement of Change in Net Financial Assets

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

The increase in Net Financial Assets over 2010 was \$31.9 million, and compares to a budgeted decrease of \$74.3 million. Excess of revenues over expenses for 2011 were \$53.3 million compared to a budget of (\$6.9) million. During the year the City acquired \$94.5 million of tangible capital assets compared to a budget of \$149.5 million. The lower gas prices resulted in the Gas Utility deferring several of their capital projects. Several other projects were delayed due to the restoration required from the 2010 and 2011 flood events. Amortization expense for 2011 was \$81.3 million, being \$0.7 million lower than budget.

### Consolidated Statement of Operations

The Consolidated Statement of Operations reports the extent to which revenues raised in 2011 were sufficient to meet current year operating expenses.

The excess of revenues over expenses for 2011 were \$53.3 million compared to a budget of (\$6.9) 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. The dividends are fair and equitable and are distributed pursuant to the Energy Division Dividend Policy approved by City Council in 2007.

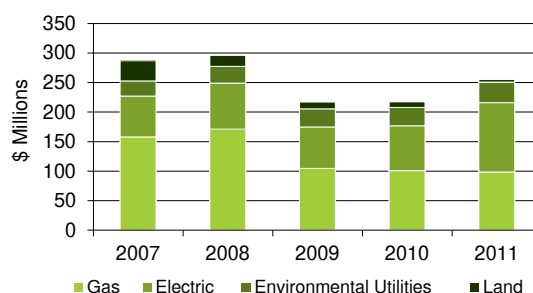
On February 13, 2012 City Council approved a change to the Energy Dividend Policy. It now consists of a fixed annual dividend, plus a portion of net earnings. This

approach balances the need for stability and sustainability of the annual contribution to the tax base. The variable portion of the dividend will reflect changes in economic conditions. This new Policy became effective January 1, 2012.

### Revenues

Of the total consolidated operating revenue of \$367.8 million, 69 per cent was derived from the sale of goods and services by Gas, Electric, Water, Sewer, Solid Waste and Land and Properties. Much of the revenue generated by Gas and Electric operations was achieved through sales of natural gas and electricity to external and local markets. Net municipal taxes provided \$45.1 million.

### Combined Land and Utilities Sales



Revenues from taxes and general government operations of \$54.4 million were in line with the budget of \$54.4 million.

The Gas Utility sales revenue was \$98.7 million against a budget of \$95.6 million. The average natural gas sales price was \$3.64 / GJ compared to a budget of \$4.12 / GJ, a decrease of 13 per cent. Sales volume was 9 per cent above budget at 27.6 million BCF's due to a more gradual decline in production rates than expected.

The Electric Utility reported sales of \$117.4 million, against a budget of \$80.8 million as electric commodity prices in the market were 35 per cent higher than budget, and total volume was 2 per cent higher than budget.

Environmental Utilities (Water, Sewer, Solid Waste) considered as a whole were on target with reported sales revenues of \$34.8 million against a budget of \$34.6 million.

Land and Properties reported \$4.2 million in sales revenue compared to a budget of \$14.6 million primarily due to a decrease in the volume of residential lot sales.

### Expenses

General Government operating expenses were \$5.4 million higher than budget as a result of costs incurred due to flood damage that was sustained as well as the additional costs of the cleanup associated with the extreme winter conditions.

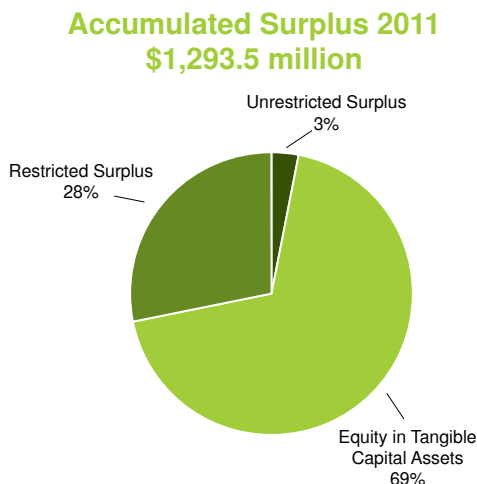
Expenses for the Gas Utility were \$7.8 million lower than budget due to decreased royalty expenses as a result of lower gas prices and decreased administration and operations and maintenance expenses as a result of several vacant positions and less maintenance work performed during the winter breakup season due to adverse weather conditions.

Expenses for the Electric Utility were \$9.4 million higher than budget due to increased payment in lieu of taxes (PILOT) as a result of higher electric commodity prices and increased operations and maintenance as a result of an emergency replacement of a hot section for combustion turbine #11.

Expenses for Land and Properties were less than the budget by \$9.5 million due to the slowdown in subdivision development.

### Accumulated Surplus

The Accumulated Surplus on the Consolidated Statement of Operations represents the total change in all fund and equity balances for the City of Medicine Hat. During 2011 the consolidated fund and equity balances increased by \$53.3 million to \$1,293.5 million. The increase is primarily a result of the earnings and activities of the Energy Division. Of the total \$1,293.5 million in accumulated surplus, only \$40.0 million is unrestricted.



\$19.6 million is set aside for previously approved capital expenditures that were incomplete at year end. \$344.8 million is set aside for future capital expenditures in various reserves. There are seven major reserves: the Gas Depletion Reserve (\$173.9 million), which is intended for future acquiring, exploring for and developing natural gas reserves; the Electric Facility and Equipment Reserve (\$63.8 million), which is to provide funding for replacement of depreciated assets and investment in new Electric Utility assets; the Natures Best Reserve (\$3.8 million), for investment

in alternative energy and education; the Regional Event Centre Reserve (\$20.3 million), for funding of the potential construction of a new Medicine Hat Event Centre; the Community Capital Reserve (\$44.5 million), for funding of tax side community facilities and equipment; the Fleet Replacement Reserve (\$2.5 million), and the Infrastructure Reserve (\$23.1 million). The last two reserves are used to fund fleet purchases and future municipal infrastructure improvements, thereby reducing debenture-borrowing requirements.

The remaining \$889.1 million of accumulated surplus is the City's equity in its physical assets.

### Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows provides information of the sources and uses of cash during the period. In 2011, operating activities generated \$166.6 million in cash flow, compared to \$130.7 million in 2010. The increase from 2010 is primarily a result of higher electric commodity prices in the utilities.

Cash used by capital activities was \$106.9 million compared to \$68.8 million in 2010. The significant capital expenses in 2011: \$17.2 million for new roads and upgrades to existing roads, bridge replacements and rehabilitation, \$5.6 million in Parks infrastructure, \$6.7 million for building and equipment infrastructure, \$4.0 million for mobile equipment, and \$10.7 million for improvements to water and sewer systems, upgrades to the waste water treatment plant, and the Landfill Customer Services site; \$5.3 million for the LM6000 engine for combustion turbine #14, \$1.3 million for the completion of the power boiler. Additionally, the Natural Gas & Petroleum Resources capital program for 2011 was \$37.8 million.

Cash used by investing activities was \$52.3 million during the year compared to \$54.3 million in 2010. This is a result of the cash remaining for investing after operating, capital, and financing activities during the year.

Cash applied to financing activities was \$6.4 million in 2011 compared to \$1.2 million of cash provided for financing activities in 2010. Debt issued in 2011 was \$11.4 million including \$1.6 million related to the Electric Distribution infrastructure, \$2.3 million related to gas main replacements and regulating stations, and \$7.3 million for the acquisition of water, sewer, and solid waste capital improvements. Debt principal repaid in 2011 totaled \$17.8 million compared to \$16.8 million in 2010.

As a result, cash and equivalents at the end of the year increased by \$1.0 million from 2010.




# 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.

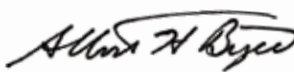
The consolidated financial statements are prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the 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.

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



Chief Administrative Officer



Commissioner of Corporate Services

April 16, 2012

## NOTE

The information presented in these summarized financial statements is consistent with the audited consolidated financial statements of the City of Medicine Hat for the year ended December 31, 2011. The notes which accompanied the audited consolidated financial statements have been condensed for the summarized financial statements and are limited to this note which outlines the framework which the summarized financial statements have been prepared. The summarized financial statements have been prepared using the Canadian Public Sector Accounting Standards, but do not contain certain disclosures required under those standards and as such the reading of these summarized financial statements is not a substitute for reading the audited financial statements. The audited consolidated financial statements of the City of Medicine Hat are available on the City's website [www.medicinehat.ca](http://www.medicinehat.ca) or upon request from the City.

# CONSOLIDATED

## STATEMENT OF FINANCIAL POSITION (Unaudited)

For the year ended December 31, 2011 (in thousands of dollars)

	2011	2010	2009
<b>Financial assets</b>			
Cash and temporary investments	\$ 63,060	\$ 62,586	\$ 38,447
Accounts receivable (net of allowances)	42,665	41,933	45,659
Advances to subsidiary	11,520	13,419	14,911
Investment in subsidiary	884	-	-
Investments, loans and advances	436,335	381,630	343,547
Land held for resale	8,877	8,816	10,027
Inventories for resale	113	175	160
Deposits	255	348	8,445
<b>Total financial assets</b>	<b>563,709</b>	<b>508,907</b>	<b>461,196</b>
<b>Liabilities</b>			
Trade accounts payable	29,749	21,344	24,042
Accrued liabilities	18,337	19,010	20,344
Liability in subsidiary	-	2,114	4,113
Deferred revenue	54,044	55,655	37,694
Long term debt - Alberta Capital Finance Authority	208,636	215,033	215,920
Other long term debt	-	-	269
Other long term liabilities	150,509	125,236	121,617
<b>Total liabilities</b>	<b>461,275</b>	<b>438,392</b>	<b>423,999</b>
<b>Net financial assets</b>	<b>102,434</b>	<b>70,515</b>	<b>37,197</b>
<b>Non-financial assets</b>			
Inventories for consumption	12,141	15,023	16,558
Prepaid assets	1,942	1,906	1,614
Land held for future development	13,139	13,108	11,866
Long lived assets	66,157	52,563	60,085
Tangible capital assets	1,097,687	1,087,097	1,101,874
<b>Total non-financial assets</b>	<b>1,191,066</b>	<b>1,169,697</b>	<b>1,191,997</b>
<b>Accumulated surplus</b>	<b>\$ 1,293,500</b>	<b>\$ 1,240,212</b>	<b>\$ 1,229,194</b>

# CONSOLIDATED

## STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (Unaudited)

For the year ended December 31, 2011 (in thousands of dollars)

	2011 Budget	2011	2010	2009
<b>Excess (deficiency) of revenue over expenses</b>	\$ (6,889)	\$ 53,288	\$ 11,018	\$ 39,853
Acquisition of tangible capital assets	(149,064)	(93,575)	(77,181)	(110,697)
Contributed tangible capital assets	(400)	(915)	(1,585)	(6,019)
Amortization of tangible capital assets	82,017	81,301	91,311	87,454
Loss on disposal of tangible capital assets	-	2,385	1,396	442
Proceeds from sale of tangible capital assets	-	214	836	314
	(74,336)	42,698	25,795	11,347
Acquisition of inventories and supplies	-	(7,544)	(5,488)	(6,159)
Acquisition of land held for future development	-	(31)	(1,242)	(4,028)
Acquisition of prepaid assets	-	(3,036)	(3,113)	(2,802)
Decrease (increase) in long lived assets	-	(13,594)	7,522	(23,282)
Consumption of inventories and supplies	-	10,426	7,023	6,671
Use of prepaid assets	-	3,000	2,821	2,576
	-	(10,779)	7,523	(27,024)
<b>Increase (decrease) in net financial assets</b>	(74,336)	31,919	33,318	(15,677)
<b>Net financial assets, beginning of year</b>	70,515	70,515	37,197	52,874
<b>Net financial assets (debt), end of year</b>	<b>\$ (3,821)</b>	<b>\$ 102,434</b>	<b>\$ 70,515</b>	<b>\$ 37,197</b>

# CONSOLIDATED

## STATEMENT OF OPERATIONS (Unaudited)

For the year ended December 31, 2011 (in thousands of dollars)

	2011 Budget	2011	2010	2009
<b>Revenue</b>				
Net municipal taxes	\$ 44,989	\$ 45,090	\$ 44,428	\$ 41,769
Sale of services				
General Government	9,383	9,315	9,237	8,240
Gas	95,589	98,711	100,858	104,662
Electric	80,847	117,362	76,109	69,993
Water	14,627	15,084	12,549	13,205
Sewer	12,074	11,819	10,750	10,080
Solid Waste	7,906	7,854	7,589	7,557
Land and Properties	14,567	4,171	9,566	11,480
Other income				
Investment income	11,012	15,466	14,792	13,365
Investment in subsidiary	2,794	2,998	1,999	740
Licenses, fines and penalties	6,636	5,877	6,126	5,905
Insurance recovery	87	134	755	189
Development levies	2,039	1,943	1,430	1,966
Charitable gifts	-	2,000	2,500	2,000
Government transfers for operating	4,268	9,094	6,075	4,795
Other	13,234	20,901	14,171	11,680
<b>Total revenue</b>	<b>320,052</b>	<b>367,819</b>	<b>318,934</b>	<b>307,626</b>
<b>Expenses</b>				
General Government	122,320	127,567	118,618	107,079
Gas	129,644	121,181	122,340	122,940
Electric	50,099	60,961	53,682	41,289
Energy Sustainability	514	1,254	1,967	921
Water	11,601	10,097	9,413	8,410
Sewer	9,272	9,640	8,914	8,257
Solid Waste	6,009	4,394	4,931	3,993
Land and Properties	10,118	621	2,151	2,254
<b>Total expenses</b>	<b>339,577</b>	<b>335,715</b>	<b>322,016</b>	<b>295,143</b>
<b>Excess (deficiency) of revenue over expenses</b>				
- before other	(19,525)	32,104	(3,082)	12,483
Other				
Contributed tangible capital assets	400	915	1,585	6,019
Government transfers for capital	12,236	20,269	12,515	21,351
<b>Total other</b>	<b>12,636</b>	<b>21,184</b>	<b>14,100</b>	<b>27,370</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(6,889)</b>	<b>53,288</b>	<b>11,018</b>	<b>39,853</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,240,212</b>	<b>1,240,212</b>	<b>1,229,194</b>	<b>1,189,341</b>
<b>Accumulated surplus, end of year</b>	<b>\$1,233,323</b>	<b>\$1,293,500</b>	<b>\$1,240,212</b>	<b>\$1,229,194</b>



# CONSOLIDATED

## STATEMENT OF CASH FLOWS (Unaudited)

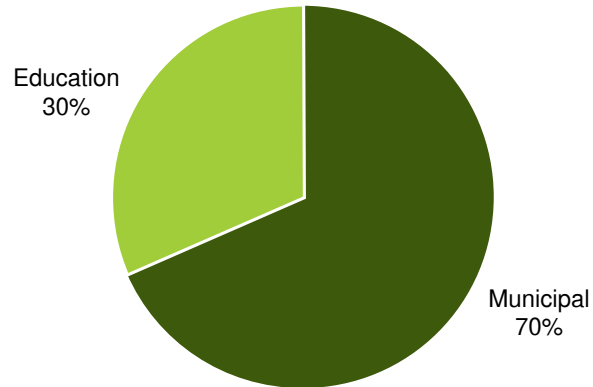
For the year ended December 31, 2011 (in thousands of dollars)

	2011	2010	2009
<b>Net inflow (outflow) of cash related to the following activities:</b>			
<b>Operating</b>			
Excess of revenue over expenses	\$ 53,288	\$ 11,018	\$ 39,853
Non-cash items included in excess (deficiency) of revenues over expenses:			
Amortization of tangible capital assets	81,301	91,311	87,454
Loss on disposal of tangible capital assets	2,385	1,396	442
Developers contribution of tangible capital assets	(915)	(1,585)	(6,019)
Income from subsidiary	(2,998)	(1,999)	(740)
<b>Non-cash changes to operations (net change):</b>			
Decrease (increase) in accounts receivable	(732)	3,726	2,426
Decrease (increase) in inventories for resale	62	(15)	4,486
Decrease (increase) in land held for resale	(61)	1,211	402
Increase in land held for future development	(31)	(1,242)	(233)
Decrease in inventories for consumption	2,882	1,535	511
Decrease (increase) in deposits	93	8,097	(4,984)
Increase in prepaid assets	(36)	(292)	(226)
Increase (decrease) in accounts payable	8,405	(2,698)	4,154
Decrease in accrued liabilities	(673)	(1,334)	(1,554)
Increase (decrease) in deferred revenue	(1,611)	17,961	2,908
Increase in other long term liabilities	25,273	3,619	30,270
<b>Cash provided by operating transactions</b>	<b>166,632</b>	<b>130,709</b>	<b>159,150</b>
<b>Capital</b>			
Acquisition of tangible capital assets	(93,575)	(77,181)	(110,697)
Proceeds from sale of tangible capital assets	214	836	314
Decrease (increase) in long lived assets	(13,594)	7,522	(23,282)
<b>Cash applied to capital transactions</b>	<b>(106,955)</b>	<b>(68,823)</b>	<b>(133,665)</b>
<b>Investing</b>			
Decrease (increase) in restricted cash and temporary investments	509	(17,682)	(6,496)
Increase in investments, loans and advances	(54,705)	(38,083)	(33,943)
Decrease in advances to subsidiary	1,899	1,492	1,034
<b>Cash applied to investing transactions</b>	<b>(52,297)</b>	<b>(54,273)</b>	<b>(39,405)</b>
<b>Financing</b>			
Debt issued and assumed	11,430	15,644	39,639
Short term debt repaid	-	-	(2,188)
Long term debt repaid	(17,827)	(16,800)	(18,162)
<b>Cash provided by (applied to) financing transactions</b>	<b>(6,397)</b>	<b>(1,156)</b>	<b>19,289</b>
<b>Change in cash and equivalents during the year</b>	<b>983</b>	<b>6,457</b>	<b>5,369</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>11,945</b>	<b>5,488</b>	<b>119</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,928</b>	<b>\$ 11,945</b>	<b>\$ 5,488</b>
<b>Cash and cash equivalents consist of the following:</b>			
Cash	\$ 63,060	\$ 62,586	\$ 38,447
Less: restricted portion of cash and temporary investments	(50,132)	(50,641)	(32,959)
<b>Total</b>	<b>\$ 12,928</b>	<b>\$ 11,945</b>	<b>\$ 5,488</b>

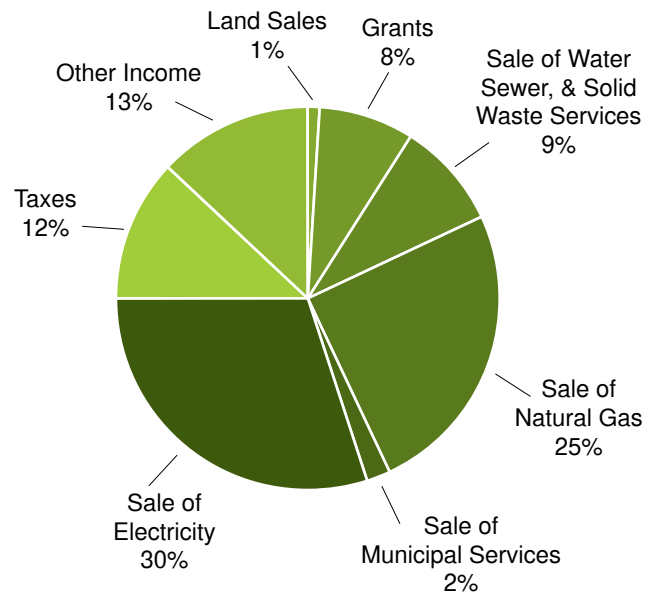
# FINANCIAL SYNOPSIS 2011

## OPERATING ACTIVITIES

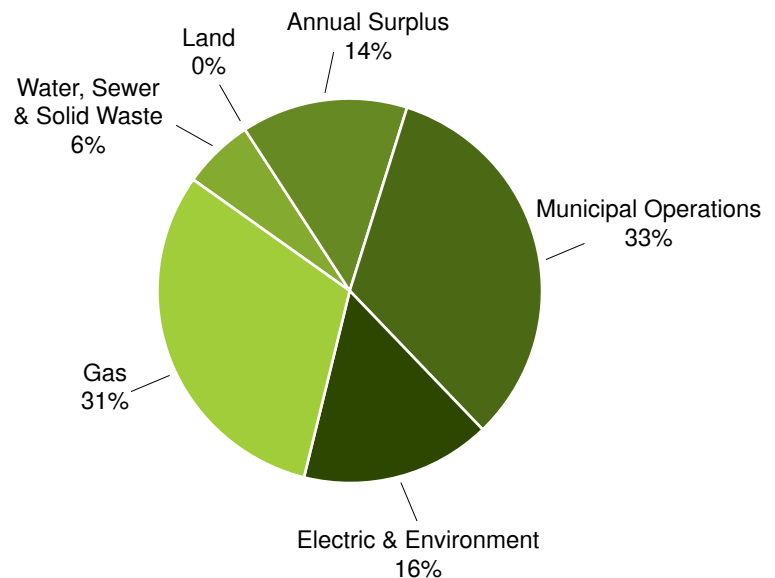
Where our Tax Dollars Went in 2011  
Education / Municipal Property Tax



Where the Money Comes From  
\$389 Million



Where the Money Goes  
\$389 Million



**For additional copies of the 2011 Annual Report contact:**

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Thank you to all the employees and residents who had their  
photographs taken for this document.

The 2011 City of Medicine Hat Annual Report was prepared and produced by the  
City of Medicine Hat Corporate Communications and Finance Departments.



[www.medicinehat.ca](http://www.medicinehat.ca)