



2011

CITY OF MEDICINE HAT FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

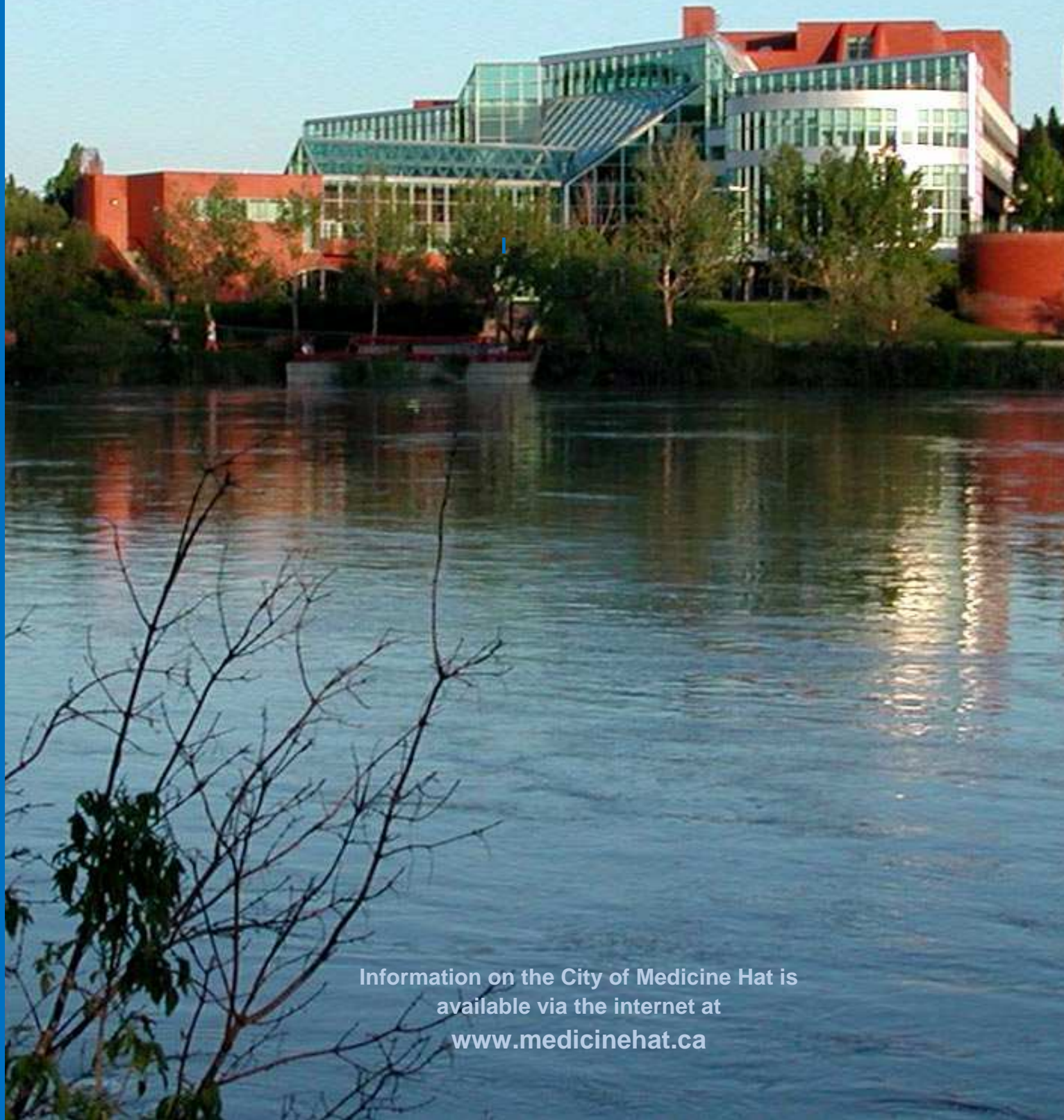


Medicine Hat
The Gas City

Alberta, Canada

City of Medicine Hat, Alberta, Canada
2011 FINANCIAL REPORT
For the year ended December 31, 2011

**This Financial Report has been prepared and
compiled by the City of Medicine Hat Finance
Department in cooperation with all municipal and
utilities departments.**



Information on the City of Medicine Hat is
available via the internet at
www.medicinehat.ca

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City Council



(L to R) **Back Row:** Alderman Wayne Craven, Alderman Les Pearson, Alderman John Hamill
Alderman Graham Kelly

(L to R) **Front Row:** Alderman Robert Dumanowski, Alderman Jeremy Thompson,
Mayor Norm Boucher, Alderman Ted Clugston, Alderman Phil Turnbull

STANDING COMMITTEES

Audit Committee

Alderman R. Dumanowski, Chair
Alderman P. Turnbull, Vice Chair
Alderman G. Kelly

Corporate Services Committee

Alderman W. Craven, Chair
Alderman T. Clugston, Vice Chair
Alderman J. Thompson

Development and Infrastructure Committee

Alderman J. Hamill, Chair
Alderman W. Craven, Vice Chair
Alderman T. Clugston

Energy Committee

Alderman T. Clugston, Chair
Alderman P. Turnbull, Vice Chair
Alderman J. Thompson

Public Services Committee

Alderman G. Kelly, Chair
Alderman L. Pearson, Vice Chair
Alderman R. Dumanowski

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

SPECIAL COMMITTEES

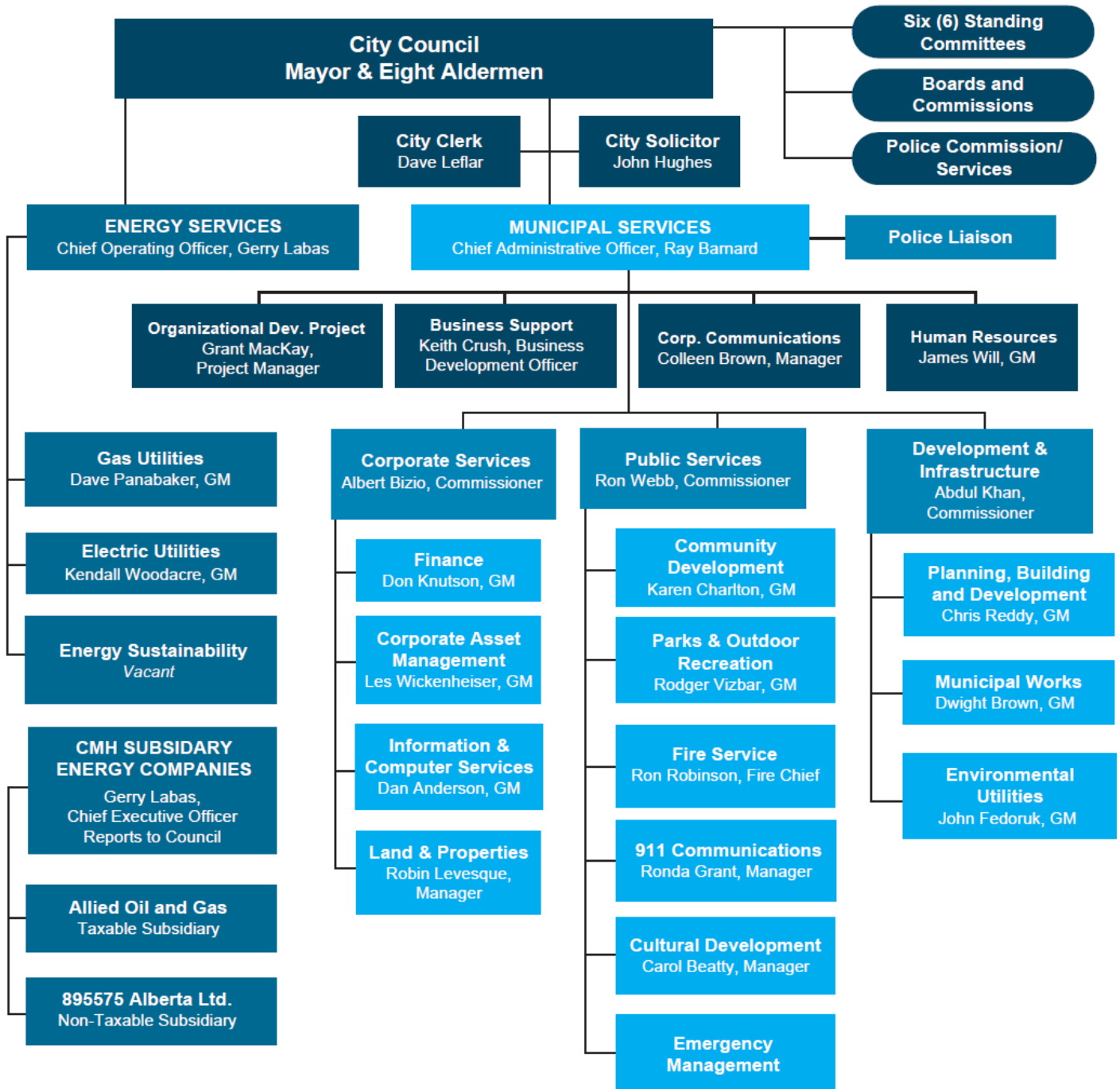
Heritage Resources Committee

Alderman G. Kelly, Council Representative

CCDA Downtown Planning Committee

Alderman R. Dumanowski, Chair

Organizational Structure



Treasurer's Report



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, accompanying notes and supporting schedules.
- 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.
- Financial and Statistical Schedules (unaudited) - Presents a variety of statistical and financial information on a multi-year comparative basis.

Canadian Award for Financial Reporting

Presented to
City of Medicine Hat
Alberta

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

Albert Bizio

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.

RISK MANAGEMENT

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

(a) Operational Risk Management

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

(b) Public Safety

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

(c) Treasury Management

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

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

(d) Environmental

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

MANAGEMENT REPORTING AND CONTROL

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

(a) Strategic Planning and Budgeting



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

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

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

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

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

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

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

(b) Accounting

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

(c) Auditing

The "Municipal Government Act" requires municipal Councils to appoint an independent auditor. In 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.

(d) Financial Report

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

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

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

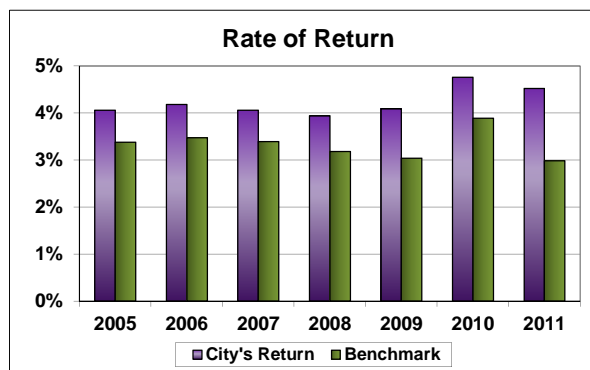
(a) Overview

Overall, the financial results for 2011 are:

- 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.
- Tangible Capital Assets increased \$10.6 million. This increase is due to acquisition of assets including \$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. These increases were offset by amortization expense of \$81.3 million. The increases were also offset by disposals of \$8.3 million for the LM6000 engine for combustion turbine #14, \$7.2 million of Tax Supported assets including Fleet disposals of \$2.8 million, building disposals of \$1.1 million and the disposal of roadworks, bridges, buildings and equipment of \$3.3 million.
- 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.
- Total Long Term Debt decreased \$6.4 million in 2011. For Energy Division supported activities, long term debt decreased \$5.7 million. During 2011 the City borrowed \$11.4 million, including \$1.6 million related to the Electric Distribution infrastructure, \$2.3 million related to gas main replacements and regulating stations, \$7.3 million related to Environmental Utilities activities including \$6.3 million for water and sewer main upgrades and

replacements, \$0.5 million for the waste water treatment plant upgrade and 0.4 million for the Landfill Customer Service improvements. Principal in the amount of \$17.8 million was repaid. Of this repayment, \$3.0 million relates to tax supported debentures while the balance relates to utilities.

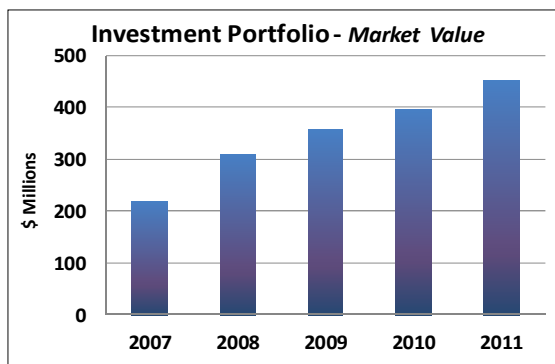
- During 2011 tax supported debt per capita decreased from \$448 to \$408, Utilities supported debt per capita decreased from \$3,072 to \$3,007.
- Excess of revenues over expenses were \$53.3 million compared to a budget of (\$6.9) million. Electric sales were \$36.5 million above budget as a result of the average sales price being 35 per cent above budget (Regulated rate option (RRO) \$0.0961/ Kilowatt hour (kWh) actual vs. \$0.0711/kWh budget; Pool price \$0.0767/kWh actual vs. \$0.0477/kWh budget), and consumption being 2 per cent higher than budget.
- 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.



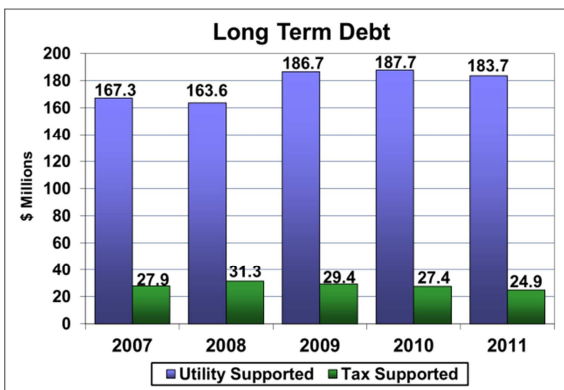
(b) Consolidated Statement of Financial Position

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

In 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.



Other Long Term Liabilities increased \$25.3 million. This is primarily due to the increase in the Gas Asset Retirement Obligation due to changes in cost estimates. The total liability for the Gas Asset Retirement Obligation at the end of 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.



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.

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:

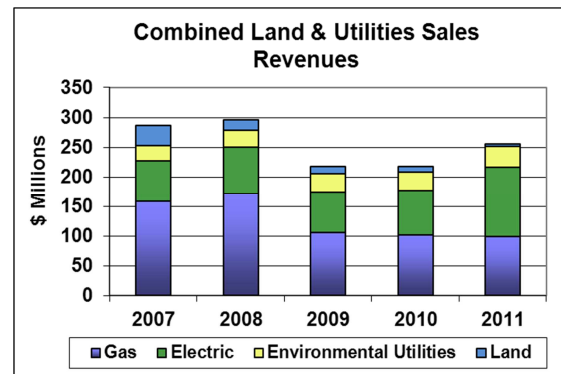
	2011	
Total Debt Limit	759.6	
Actual Debt (long & short term)	211.2	
Amount Under Limit	548.4	72%
Debt Servicing Limit	132.9	
Actual Debt Servicing	29.0	
Amount Under Limit	103.9	78%

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.

(c) 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.

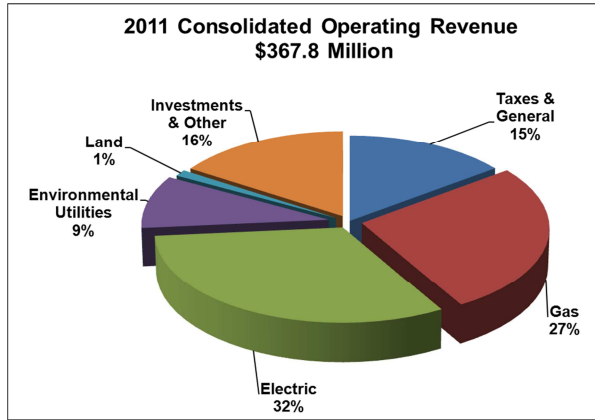
The excess of revenues over expenses for 2011 were \$53.3 million compared to a budget of (\$6.9) million. Of the total consolidated operating revenue of \$367.8 million, 69 per cent was derived from the sale of goods and services by Gas, Electric, Water, Sewer, Solid Waste and Land and Properties. Much 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.



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

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 will be effective January 1, 2012.

(i) Revenues



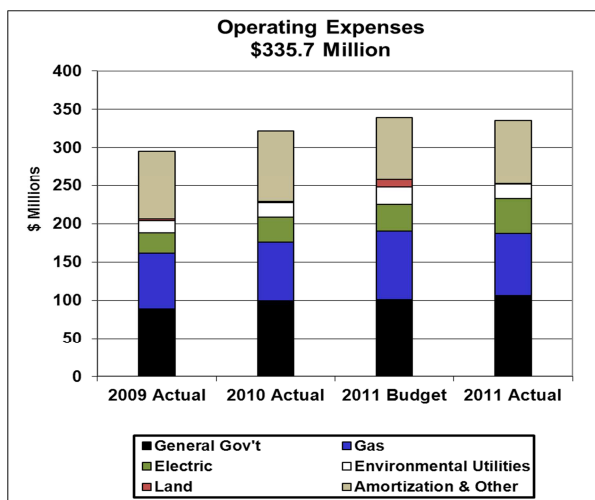
Revenues from taxes and general government operations of \$54.4 million were in line with the budget of \$54.4 million.

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, and 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.

(ii) 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.

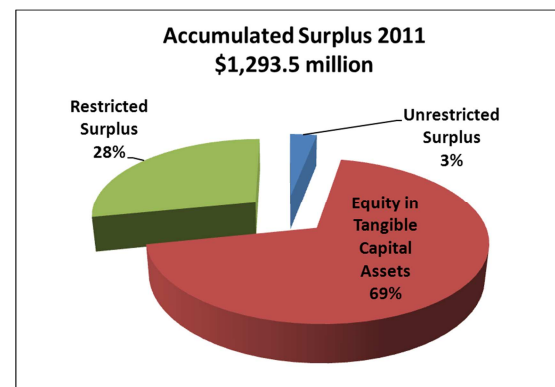
Expenses for the Gas Utility were \$7.8 million lower than budget due to decreased royalty expenses as a result of lower gas prices and decreased administration and operations and maintenance expenses as a result of several vacant positions and less maintenance work performed during the winter breakup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

(iii) Accumulated Surplus

The Accumulated Surplus on the Consolidated Statement of Operations represents the total change in all fund and equity balances for the City of Medicine Hat. During 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 Event Centre Reserve (\$20.3 million), of funding for the potential construction of a new City of 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.

(d) Consolidated Statement of Change in Net Financial Assets

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

(e) Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows provides information of the sources and uses of cash during the period. In 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.

(f) Consolidated Schedule of Tangible Capital Assets Schedule 1

The Consolidated Schedule of Tangible Capital Assets details the changes in cost, accumulated amortization, and net book value of the capital assets for 2011. Although the City acquired tangible capital assets of \$94.5 million during the year, the net book value of tangible capital assets increased \$10.6 million in 2011. This net increase is specifically related to the acquisition of assets and net 2011 amortization costs.

The total tangible capital assets at the beginning of the year were \$2,162.5 million. During 2011, there were net capital acquisitions of \$76.6 million resulting in total tangible capital assets at the end of 2011 of \$2,239.1 million.

Of the additions during 2011, \$7.0 million was spent on Land and Land Improvements, \$5.6 million was spent on buildings, \$39.5 million was spent on engineered structures, \$3.7 million was spent on machinery and equipment, \$4.0 million was spent on vehicles, and \$34.7 million was spent on Oil and Gas capital projects. The gross value of assets disposed or written down during the year was \$17.9 million.

Accumulated amortization at the beginning of the year was \$1,075.4 million. The City follows a policy whereby tangible capital assets are amortized based on their approximate remaining useful lives. During the year, total amortization expense was \$81.3 million and accumulated amortization on assets disposed was \$15.3 million resulting in accumulated amortization at the end of 2011 of \$1,141.4 million.

Over the next several years, City Council's priorities regarding sustainable utilities and sound infrastructure will require continued investment. The 2012 – 2014 Capital Improvement Plan calls for several major expenses. The energy division has budgeted \$96.7 million in capital expenses in 2012, including \$58.7 million budgeted for Natural Gas and Petroleum Resources. The environmental utilities departments have budgeted \$12.7 million in 2012 on improvements to the water, sewer, and solid waste systems. The Land department budgeted \$1.3 million for subdivision planning and development in 2012. Also included in the capital budget for 2012 is \$6.4 million in fleet upgrades, \$4.5 million in building and equipment upgrades, \$22.0 million for road infrastructure, and \$37.8 million for parks, trails, including improvements to the Family Leisure Centre and Methanex Bowl of \$36.0 million.

(g) Consolidated Taxes Levied Schedule 2

The Consolidated Taxes Levied Schedule details total taxes received from all sources and the amount of requisitions collected on behalf of the School Districts, Cypress View Foundation and Business Exchange Levies. Net taxes for 2011 were \$45.1 million as compared to a budget of \$45.0 million.

(h) Consolidated Schedule of Government Transfers Schedule 3

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

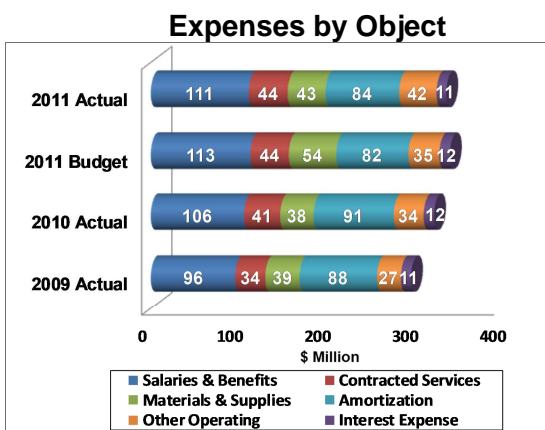
In 2011, the City received \$29.4 million in Government Grants. Of this amount, \$9.1 million was for operating activities and \$20.3 million was designated for capital activities. Some of the notable conditional transfers were Alberta Disaster Recovery as a result of damages incurred during the 2010 and 2011 flood events, \$14.2 million, the Basic Capital Grant for Transportation, \$2.7 million; Family and Community Support Services, \$1.3 million; the Police Assistance and Enforcement Grants, \$1.4 million; the Municipal Sustainability Initiative (operating and capital), \$5.1 million; and New Deals for Public Transit Program, \$1.2 million.

(i) Schedule of Segment Disclosure Schedule 4

Consolidated Schedule of Segment Disclosures – Schedule 4 has been prepared in accordance with PSAB Handbook Section 2700 Segment Disclosures. Segment disclosures provide a clearer understanding of the major revenue and expense activities of the City by the different reporting divisions.

(ii) Consolidated Expenses by Object Schedule 5

The Consolidated Expenses by Object Schedule details 2011 actual (\$335.7 million) and budgeted (\$339.6 million) expenses by type and reconciles to the total expenses shown on the Consolidated Statement of Operations.



Financial Statements



RESPONSIBILITY FOR FINANCIAL REPORTING

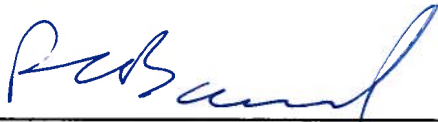
MANAGEMENT'S REPORT

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

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

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

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



KPMG LLP
Chartered Accountants
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400 - 4th Avenue South
Lethbridge AB T1J 4E1
Canada

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of City of Medicine Hat ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Medicine Hat as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

April 16, 2012
Lethbridge, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

CONSOLIDATED
Statement of Financial Position
As at December 31, 2011 (in thousands of dollars)

	2011	2010	2009
Financial assets			
Cash and temporary investments (Note 3)	\$ 63,060	\$ 62,586	\$ 38,447
Accounts receivable (net of allowances) (Note 4)	42,665	41,933	45,659
Advances to subsidiary (Note 5)	11,520	13,419	14,911
Investment in subsidiary (Note 10)	884	-	-
Investments, loans and advances (Note 6)	436,335	381,630	343,547
Land held for resale	8,877	8,816	10,027
Inventories for resale (Note 7)	113	175	160
Deposits (Note 8)	255	348	8,445
Total financial assets	563,709	508,907	461,196
Liabilities			
Trade accounts payable	29,749	21,344	24,042
Accrued liabilities (Note 9)	18,337	19,010	20,344
Liability in subsidiary (Note 10)	-	2,114	4,113
Deferred revenue (Note 11)	54,044	55,655	37,694
Long term debt - Alberta Capital Finance Authority (Note 13)	208,636	215,033	215,920
Other long term debt (Note 13, 14)	-	-	269
Other long term liabilities (Note 15)	150,509	125,236	121,617
Total liabilities	461,275	438,392	423,999
Net financial assets	102,434	70,515	37,197
Non-financial assets			
Inventories for consumption	12,141	15,023	16,558
Prepaid assets	1,942	1,906	1,614
Land held for future development (Note 16)	13,139	13,108	11,866
Long lived assets	66,157	52,563	60,085
Tangible capital assets (Schedule 1) (Note 17)	1,097,687	1,087,097	1,101,874
Total non-financial assets	1,191,066	1,169,697	1,191,997
Operating commitments (Note 23)			
Capital commitments (Note 24)			
Contingent liabilities (Note 25)			
Subsequent events (Note 29)			
Accumulated surplus (Note 18)	\$ 1,293,500	\$ 1,240,212	\$ 1,229,194

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

CONSOLIDATED

Statement of Change in Net Financial Assets For the year ended December 31, 2011 (in thousands of dollars)

	2011 Budget (Unaudited)	2011	2010	2009
Excess (deficiency) of revenue over expenses	\$ (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)
Increase (decrease) in net financial assets	(74,336)	31,919	33,318	(15,677)
Net financial assets, beginning of year	70,515	70,515	37,197	52,874
Net financial assets (debt), end of year	\$ (3,821)	\$ 102,434	\$ 70,515	\$ 37,197

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

CONSOLIDATED

Statement of Operations

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

	2011 Budget (Unaudited)	2011	2010	2009
Revenue				
Net municipal taxes (Schedule 2)	\$ 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 (Note 10)	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 (Note 10)	-	2,000	2,500	2,000
Government transfers for operating (Schedule 3)	4,268	9,094	6,075	4,795
Other	13,234	20,901	14,171	11,680
Total revenue	320,052	367,819	318,934	307,626
Expenses (Schedule 4 and Schedule 5)				
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
Total expenses	339,577	335,715	322,016	295,143
Excess (deficiency) of revenue over expenses				
- 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 (Schedule 3)	12,236	20,269	12,515	21,351
Total other	12,636	21,184	14,100	27,370
Excess (deficiency) of revenue over expenses	(6,889)	53,288	11,018	39,853
Accumulated surplus, beginning of year	1,240,212	1,240,212	1,229,194	1,189,341
Accumulated surplus, end of year	\$ 1,233,323	\$ 1,293,500	\$ 1,240,212	\$ 1,229,194

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

CONSOLIDATED

Statement of Cash Flows

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

	2011	2010	2009
Net inflow (outflow) of cash related to the following activities:			
Operating			
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)
Non-cash changes to operations (net change):			
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
Cash provided by operating transactions	166,632	130,709	159,150
Capital			
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)
Cash applied to capital transactions	(106,955)	(68,823)	(133,665)
Investing			
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
Cash applied to investing transactions	(52,297)	(54,273)	(39,405)
Financing			
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)
Cash provided by (applied to) financing transactions	(6,397)	(1,156)	19,289
Change in cash and equivalents during the year	983	6,457	5,369
Cash and cash equivalents, beginning of year	11,945	5,488	119
Cash and cash equivalents, end of year	\$ 12,928	\$ 11,945	\$ 5,488
Cash and cash equivalents consist of the following:			
Cash	\$ 63,060	\$ 62,586	\$ 38,447
Less: restricted portion of cash and temporary investments	(50,132)	(50,641)	(32,959)
Total	\$ 12,928	\$ 11,945	\$ 5,488

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

CONSOLIDATED

Schedule 1

Tangible Capital Assets

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

	Land	Land Improvements	Buildings	Engineered Structures	Gas Oil & Properties	Machinery & Equipment	Vehicles	2011	2010	2009
Cost:										
Balance, beginning of year	\$ 41,988	\$ 53,663	\$ 159,869	\$ 970,225	\$ 841,581	\$ 49,388	\$ 45,813	\$ 2,162,527	\$ 2,109,591	\$ 1,998,452
Acquisition of tangible capital assets	1,638	8,451	3,904	47,882	17,947	3,307	3,931	87,060	61,114	93,924
Construction-in-progress	-	(3,123)	1,687	(8,386)	16,718	425	109	7,430	17,652	22,834
Disposal of tangible capital assets	(75)	(1,194)	(1,476)	(11,462)	-	(932)	(2,712)	(17,851)	(25,830)	(5,512)
Write down of tangible capital assets	-	-	-	-	-	-	-	-	-	(107)
Balance, end of year	43,551	57,797	163,984	998,259	876,246	52,188	47,141	2,239,166	2,162,527	2,109,591
Accumulated amortization:										
Balance, beginning of year	-	27,447	55,503	374,553	559,821	31,667	26,439	1,075,430	1,007,716	925,083
Annual amortization	-	1,803	4,602	31,145	38,173	2,253	3,325	81,301	91,311	87,454
Accumulated amortization on disposals	-	(1,144)	(500)	(10,199)	-	(768)	(2,641)	(15,252)	(23,597)	(4,820)
Balance, end of year	-	28,106	59,605	395,499	597,994	33,152	27,123	1,141,479	1,075,430	1,007,717
Net book value of tangible capital assets	\$ 43,551	\$ 29,691	\$ 104,379	\$ 602,760	\$ 278,252	\$ 19,036	\$ 20,018	\$ 1,097,687	\$ 1,087,097	\$ 1,101,874
2010 net book value of tangible capital assets	\$ 41,988	\$ 26,216	\$ 104,366	\$ 595,672	\$ 281,760	\$ 17,721	\$ 19,374	\$ 1,087,097		
2009 net book value of tangible capital assets	\$ 41,083	\$ 23,839	\$ 106,750	\$ 595,524	\$ 299,720	\$ 18,567	\$ 16,391	\$ 1,101,874		

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

Taxes Levied

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

	2011 Budget (Unaudited)	2011	2010	2009
Taxation				
Real property taxes	\$ 65,227	\$ 65,315	\$ 64,952	\$ 61,562
Linear property taxes	909	909	894	722
Government grants in lieu of property taxes	1,312	1,312	1,305	1,259
Special assessments and local improvements	466	469	480	381
	67,914	68,005	67,631	63,924
Requisitions				
Alberta School Foundation	16,851	16,845	16,597	16,480
Catholic Board of Education	3,186	3,185	3,174	3,070
Cypress View Foundation	840	837	1,542	839
Medicine Hat Public Library	1,938	1,938	1,780	1,656
Business exchange levies	110	110	110	110
	22,925	22,915	23,203	22,155
Net municipal taxes	\$ 44,989	\$ 45,090	\$ 44,428	\$ 41,769

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

Schedule of Government Transfers

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

	2011			2010	2009
	Provincial	Federal	Total		
Unconditional transfers					
Municipal Assistance	\$ -	\$ -	\$ -	\$ -	\$ 875
Transit	-	-	-	-	-
Urban Parks	37	-	37	45	53
	37	-	37	45	928
Conditional operating					
Alberta Disaster Recovery	4,272	-	4,272	1,501	-
Alberta Employment Programs	27	-	27	24	27
Alberta Foundation for the Arts	79	-	79	68	105
Alberta Foundation of the Arts Travelling Exhibition Program	112	-	112	162	186
Alberta Municipal Infrastructure Program	242	-	242	341	-
Alberta Museums Association	31	-	31	18	-
Alberta Theatre Grant	59	-	59	-	53
Basic Capital Grant	93	-	93	97	210
Canadian Council of Archives	-	-	-	8	6
Canada Council for the Arts	-	30	30	30	31
Canadian Heritage Grant	-	-	-	95	47
Child and Family Services Alberta	99	-	99	99	168
Community Initiative Program	-	-	-	22	-
Ewart Duggan House Grant	-	-	-	-	14
Family and Community Support Services	1,333	-	1,333	1,333	1,309
Federal Gas Tax (FGT)	-	76	76	-	-
Municipal Internship Program for Administrators	59	-	59	57	-
Municipal Policing Assistance	977	-	977	978	967
Municipal Sustainability Initiative	651	-	651	677	190
Natural Gas Rebate Program	-	-	-	10	41
New Deals for Public Transit	384	-	384	17	48
Police Officer Grant	399	-	399	330	300
Victims of Crime Fund Grant	134	-	134	128	122
Solar Thermal Power	-	-	-	35	-
Wind Power Development	-	-	-	-	43
	8,951	106	9,057	6,030	3,867
Operating grants	8,988	106	9,094	6,075	4,795
Conditional capital					
Affordable Housing Grant	266	-	266	5	-
Airport Capital Assistance Program	-	-	-	160	1
Alberta Disaster Recovery	9,947	-	9,947	3,631	-
Alberta Municipal Infrastructure Program	400	-	400	2,773	6,557
Basic Capital Grant	2,608	-	2,608	3,754	4,160
Canada-Alberta Municipal Rural Infrastructure Fund	-	-	-	14	3,654
Canadian Cultural spaces	-	16	16	-	-
Federal Gas Tax	-	96	96	-	-
GreenTRIP	107	-	107	-	-
Infrastructure Stimulus Fund	123	123	246	708	-
Major Community Facilities Program	300	-	300	-	-
Municipal Sustainability Initiative	4,468	-	4,468	1,015	679
New Deals for Cities and Communities	457	-	457	-	-
New Deals for Public Transit	193	-	193	50	6,287
New Deals for Public Transit Trust	643	-	643	-	-
Recreational Infrastructure Canada Program	-	127	127	405	13
Climate Change & Emissions Management Corp	197	-	197	-	-
Alberta Environment Eco Trust Funding Grant	198	-	198	-	-
	19,907	362	20,269	12,515	21,351
Total government transfers	\$ 28,895	\$ 468	\$ 29,363	\$ 18,590	\$ 26,146

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

Schedule of Segment Disclosures (Note 28)

Schedule 4

For the Year Ended December 31, 2011 (in thousands of dollars)

	Tax Supported	Gas Utility	Electric Utility	Energy Sustainability	Water Utility	Sewer Utility	Solid Waste Utility	Land & Properties	Consolidation Adjustments	2011 Consolidated
Revenues										
Net municipal taxes	\$ 48,676	\$ -	\$ -	\$ -	\$ 114	\$ 114	\$ -	\$ -	\$ (3,814)	\$ 45,090
Sales of services	9,315	123,952	\$ 122,542	-	15,291	11,957	8,061	4,288	(31,090)	264,316
Investment income	5,416	9,465	1,207	70	-	-	-	-	(692)	15,466
Investment in subsidiary	-	2,998	-	-	-	-	-	-	-	2,998
Licenses, fines and penalties	5,836	-	-	-	-	-	-	41	-	5,877
Insurance recovery	134	-	-	-	-	-	-	-	-	134
Development levies	891	225	827	-	-	-	-	-	-	1,943
Charitable gifts	2,000	-	-	-	-	-	-	-	-	2,000
Government transfers for operating	8,484	27	47	-	56	378	101	1	-	9,094
Other	7,729	1,635	9,749	-	1,176	129	(63)	213	333	20,901
Internal recoveries	26,870	172	3,929	737	1,113	335	873	-	(34,029)	-
Transfer from Utilities and Land	39,566	-	-	-	-	-	-	-	(39,566)	-
	154,917	138,474	138,301	807	17,750	12,913	8,972	4,543	(108,858)	367,819
Expenses										
Salaries, wages and benefits	73,668	15,127	11,923	190	4,056	3,619	2,511	541	(311)	111,324
Contracted and general services	20,851	15,200	5,399	57	680	1,018	1,183	117	(240)	44,265
Materials, goods and utilities	8,779	18,611	11,741	3	1,590	1,421	917	2,783	(2,858)	42,987
Provisions for allowances	25	54	125	-	45	42	76	-	-	367
Bank charges and short term interest	-	-	-	-	-	-	-	-	-	-
	159	30	-	-	-	-	-	-	-	189
Interest on long term debt	2,044	251	4,516	-	2,579	2,019	154	-	(5,208)	6,355
Total grants and other transfers	1,165	-	-	-	-	-	-	-	4,516	5,681
Other operating expenses	621	30,837	10,212	922	2	1	630	-	(2,364)	40,861
Amortization of tangible capital assets	19,793	40,576	17,041	1	2,501	1,852	326	37	(826)	81,301
Loss on disposal of tangible capital assets	-	-	-	-	-	-	18	-	-	-
	1,582	76	311	-	336	63	-	-	17	2,385
Internal charges and transfers	18,403	39,751	36,845	207	4,261	2,386	1,643	871	(104,367)	-
	147,090	160,513	98,113	1,380	16,050	12,421	7,458	4,349	(111,641)	335,715
Excess (shortfall) of revenues over expenses	\$ 7,827	\$ (22,039)	\$ 40,188	\$ (573)	\$ 1,700	\$ 492	\$ 1,514	\$ 194	\$ 2,783	\$ 32,104
Other										
Contributed assets	\$ 2,656	\$ 83	\$ -	\$ -	\$ 250	\$ 16	\$ -	\$ -	\$ (2,090)	\$ 915
Government transfers for capital	18,638	-	395	-	459	777	-	-	-	20,269
Total other	21,294	83	395	-	709	793	-	-	(2,090)	21,184
Excess (shortfall) of revenues over expenses	\$ 29,121	\$ (21,956)	\$ 40,583	\$ (573)	\$ 2,409	\$ 1,285	\$ 1,514	\$ 194	\$ 693	\$ 53,288

Schedule of Segment Disclosures (Note 28)

Schedule 4

For the Year Ended December 31, 2010 (in thousands of dollars)

	Tax Supported	Gas Utility	Electric Utility	Energy Sustainability	Water Utility	Sewer Utility	Solid Waste Utility	Land & Properties	Consolidation Adjustments	2010 Consolidated
Revenues										
Net municipal taxes	\$ 47,662	\$ -	\$ -	\$ -	\$ 114	\$ 114	\$ -	\$ -	\$ (3,462)	\$ 44,428
Sales of services	9,237	127,785	80,240	-	12,694	10,840	7,744	9,494	(31,376)	226,658
Investment income	4,301	10,437	640	69	-	-	-	-	(655)	14,792
Investment in subsidiary	-	1,999	-	-	-	-	-	-	-	1,999
Licenses, fines and penalties	6,014	-	-	-	-	-	-	112	-	6,126
Insurance recovery	755	-	-	-	-	-	-	-	-	755
Development levies	652	321	457	-	-	-	-	-	-	1,430
Charitable gifts	2,500	-	-	-	-	-	-	-	-	2,500
Government transfers for operating	5,798	22	92	36	41	36	50	-	-	6,075
Other	6,957	349	3,970	1	1,127	1,046	52	213	456	14,171
Internal recoveries	25,960	41	3,267	733	757	252	536	-	(31,546)	-
Transfer from Utilities and Land	41,775	-	-	-	-	-	-	-	(41,775)	-
	151,611	140,954	88,666	839	14,733	12,288	8,382	9,819	(108,358)	318,934
Expenses										
Salaries, wages and benefits	71,340	13,869	11,391	167	3,784	3,405	2,516	530	(1,105)	105,897
Contracted and general services	17,448	17,264	3,538	98	871	667	1,117	57	(239)	40,821
Materials, goods and utilities	8,690	17,029	7,335	3	1,408	1,371	797	6,662	(5,134)	38,161
Provisions for allowances	25	133	129	-	44	42	15	3	-	391
Bank charges and short term interest	111	11	-	-	-	-	-	-	-	122
Interest on long term debt	2,158	203	4,846	-	2,628	1,918	157	-	(655)	11,255
Total grants and other transfers	1,067	-	-	-	-	-	-	-	-	1,067
Other operating expenses	521	27,536	4,047	1,488	6	10	311	-	(2,324)	31,595
Amortization of tangible capital assets	18,983	45,842	21,787	1	2,404	1,920	349	25	-	91,311
Loss on disposal of tangible capital assets	57	35	1,285	-	10	-	9	-	-	1,396
Internal charges and transfers	16,575	40,857	37,744	337	3,510	2,261	1,888	1,716	(104,888)	-
	136,975	162,779	92,102	2,094	14,665	11,594	7,159	8,993	(114,345)	322,016
Excess (shortfall) of revenues over expenses	<u>14,636</u>	<u>(21,825)</u>	<u>(3,436)</u>	<u>(1,255)</u>	<u>68</u>	<u>694</u>	<u>1,223</u>	<u>826</u>	<u>5,987</u>	<u>(3,082)</u>
Other										
Contributed assets	7,441	-	417	-	185	328	1	492	(7,279)	1,585
Government transfers for capital	11,557	128	-	-	710	13	-	107	-	12,515
Total other	18,998	128	417	-	895	341	1	599	(7,279)	14,100
Excess (shortfall) of revenues over expenses	<u>33,634</u>	<u>(21,697)</u>	<u>(3,019)</u>	<u>(1,255)</u>	<u>963</u>	<u>1,035</u>	<u>1,224</u>	<u>1,425</u>	<u>(1,292)</u>	<u>11,018</u>

Schedule of Segment Disclosures (Note 28)

Schedule 4

For the Year Ended December 31, 2009 (in thousands of dollars)

	Tax Supported	Gas Utility	Electric Utility	Energy Sustainability	Water Utility	Sewer Utility	Solid Waste Utility	Land & Properties	Consolidation Adjustments	2009 Consolidated
Revenues										
Net municipal taxes	\$ 45,179	\$ -	\$ -	\$ -	\$ 110	\$ 110	\$ -	\$ -	\$ (3,630)	\$ 41,769
Sales of services	8,240	130,254	73,993	-	13,345	10,160	7,660	8,413	(26,848)	225,217
Investment income	3,147	10,205	488	92	-	-	-	-	(567)	13,365
Investment in subsidiary	-	740	-	-	-	-	-	-	-	740
Licenses, fines and penalties	5,780	-	-	-	-	-	-	125	-	5,905
Insurance recovery	189	-	-	-	-	-	-	-	-	189
Development levies	490	264	1,029	-	183	-	-	-	-	1,966
Charitable gifts	2,000	-	-	-	-	-	-	-	-	2,000
Government transfers for operating	4,746	-	3	43	-	-	3	-	-	4,795
Other	5,131	1,701	2,357	-	1,133	1,069	73	188	28	11,680
Internal recoveries	24,601	27	3,870	635	837	231	441	-	(30,642)	-
Transfer from Utilities and Land	43,135	-	-	1,000	-	-	-	-	(44,135)	-
	142,638	143,191	81,740	1,770	15,608	11,570	8,177	8,726	(105,794)	307,626
Expenses										
Salaries, wages and benefits	65,963	13,386	10,015	159	3,371	2,865	2,299	498	(2,608)	95,948
Contracted and general services	14,524	14,289	3,703	48	655	340	963	52	(324)	34,250
Materials, goods and utilities	8,526	14,361	7,587	3	1,210	1,155	787	5,626	(368)	38,887
Provisions for allowances	-	84	125	-	44	40	15	3	-	311
Bank charges and short term interest	138	48	-	-	-	-	-	-	-	186
Interest on long term debt	2,142	214	4,376	-	2,750	1,848	125	-	(568)	10,887
Total grants and other transfers	799	-	-	-	-	-	-	-	-	799
Other operating expenses	280	30,178	1,379	718	1	6	164	-	(6,747)	25,979
Amortization of tangible capital assets	17,766	50,627	14,369	1	1,942	2,353	395	4	(3)	87,454
Loss on disposal of tangible capital assets	146	129	143	-	20	2	2	-	-	442
Internal charges and transfers	16,455	41,715	37,160	149	3,260	2,196	1,842	1,636	(104,413)	-
	126,739	165,031	78,857	1,078	13,253	10,805	6,592	7,819	(115,031)	295,143
Excess (shortfall) of revenues over expenses	15,899	(21,840)	2,883	692	2,355	765	1,585	907	9,237	12,483
Other										
Contributed assets	8,414	272	673	-	2,100	2,435	-	-	(7,875)	6,019
Government transfers for capital	21,351	-	-	-	721	-	-	-	(721)	21,351
Total other	29,765	272	673	-	2,821	2,435	-	-	(8,596)	27,370
Excess (shortfall) of revenues over expenses	<u>\$ 45,664</u>	<u>\$ (21,568)</u>	<u>\$ 3,556</u>	<u>\$ 692</u>	<u>\$ 5,176</u>	<u>\$ 3,200</u>	<u>\$ 1,585</u>	<u>\$ 907</u>	<u>\$ 641</u>	<u>\$ 39,853</u>

CONSOLIDATED**Schedule 5****Expenses By Object****For the year ended December 31, 2011 (in thousands of dollars)**

	2011 Budget (Unaudited)	2011	2010	2009
Expenses				
Salaries, wages and benefits	\$ 113,065	\$ 111,324	\$ 105,897	\$ 95,948
Contracted and general services	43,666	44,265	40,821	34,250
Materials, goods and utilities	54,024	42,987	38,161	38,887
Provisions for allowances	310	367	391	311
Bank charges and short term interest	139	189	122	186
Interest on long term debt	12,192	10,871	11,255	10,887
Total grants and other transfers	1,066	1,165	1,067	799
Other operating expenses	33,098	40,861	31,595	25,979
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
Total expenses	\$ 339,577	\$ 335,715	\$ 322,016	\$ 295,143

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

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF CONSOLIDATION

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

1. Municipal Services

Activities associated with the provision of conventional municipal services including General Administrative Services, Corporate Services (Finance, Information and Computer Services, Corporate Asset Management and Land and Properties), Public Services (Fire Services, 911 Communications, Community Development, Cultural Development, Parks and Outdoor Recreation), Infrastructure and Development Services (Municipal Works, Planning, Building & Development and Environmental Utilities) and Police Service (Police Service and Bylaw Enforcement).

2. Energy Services

Self-supporting activities which provide Electricity (Generation, Distribution and Retail) and Natural Gas (Production, Distribution, and Marketing) and Energy Sustainability (alternative and renewable energy, and environmental education and outreach).

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

Interdepartmental and organizational transactions and balances are eliminated.

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

Cypress View Foundation is completely independent of City Council and is subject to control by the Provincial Government pursuant to the provisions of the *Municipal Government Act* and the *Alberta Housing Act*. The relationship between the Cypress View Foundation and the City is that the City is obligated to provide funds raised by taxes deemed necessary by the Province.

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

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

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

(B) BASIS OF ACCOUNTING

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

1. Revenues

The accrual basis of accounting records revenue as it is earned and measurable. Sales and user fees are accounted for in the period in which the events occurred that gave rise to the revenues. Revenue from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the intended purpose.

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

2. Expenses

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

(C) INVESTMENTS

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

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

(D) INVENTORIES FOR RESALE

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

(E) LAND HELD FOR RESALE

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

(F) PENSION EXPENSES

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

(G) PREPAID LOCAL IMPROVEMENT CHARGES

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

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

(H) JOINT VENTURE ACCOUNTING

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

(I) OVER-LEVIES AND UNDER-LEVIES

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

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

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

(J) ASSET RETIREMENT OBLIGATION

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

(K) LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

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

(L) NON-FINANCIAL ASSETS

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

1. Tangible Capital Assets

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

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

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

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

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

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

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

Petroleum and natural gas properties are depleted following the CICA Accounting Guideline AcG-16 "Oil and Gas Accounting – Full Cost". Capitalized costs are depreciated on the unit-of-production method based on estimated proven reserves as determined by external engineers. For purposes of this calculation, oil is converted to gas on an energy equivalent basis (1 barrel (Bbl): 6 thousand cubic feet (Mcf)). The costs of unproven properties are excluded from this calculation until proven reserves are established or until impairment occurs.

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

This guideline requires the cost centres be tested for recoverability using discounted future cash flows from proven reserves which are determined by using forward indexed prices. When the carrying amount of a cost centre is not recoverable, the cost centre would be written down to its fair value. Fair values are estimated using accepted present value techniques which incorporate risks and other uncertainties when determining expected cash flows. No write down was required for 2011.

2. Contribution of Tangible Capital Assets

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

3. Historical Assets

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

4. Inventories for Consumption

Inventories held for consumption are recorded at the lower of cost or net realizable value. Cost is defined as the amounts directly attributable to the acquisition of the inventory and is recorded using the average cost base.

5. Land Held for Future Development

Land held for future development is recorded at the lower of cost and realizable value. Cost is defined as the amounts directly attributable to the acquisition of the inventory and is recorded using the specific item cost.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

(M) USE OF ESTIMATES

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

Amounts recorded for depletion and amounts used for the ceiling test calculations, are based on estimates of oil and natural gas reserves and future costs required to develop those reserves. The City's reserve estimates are reviewed a minimum of every three years by independent engineering firms. The last reserve analysis was carried out as of December 31, 2011. By their nature, these estimates of reserves and the related future cash flows are subject to measurement uncertainty, and the impact on the financial statements of future periods may be material.

(N) FUTURE ACCOUNTING CHANGES

1. Government Transfers

Public Sector Accounting Board (PSAB) approved a new Public Sector Accounting Standard (PS) 3410 regarding Government Transfers. This section provides guidance on recognition of government transfers. Although this section becomes effective for fiscal periods beginning on or after April 1, 2012, the City's accounting treatment is already aligned with this standard therefore the City has elected to early adopt this standard with no impact to the financial statements.

2. Liability for Contaminated Sites

PSAB approved PS 3260 which comes into effect for fiscal years beginning on or after April 1, 2014. This section establishes standards for reporting a liability associated with the remediation of certain contaminated sites. The City has not yet adopted this standard or determined the effect on the Financial Statements.

3. Financial Instruments, Foreign Currency Translation and Financial Statement Presentation

PSAB 3450 comes into effect for fiscal years beginning on or after April 1, 2015. This includes adoption of PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation and PS 1201 Financial Statement Presentation. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601 Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. The City has not yet adopted these standards or determined the effect on the Financial Statements.

4. Tax Revenue

PSAB 3510 comes into effect for fiscal years beginning on or after April 1, 2012. This section establishes standards on how to account for and report tax revenue in government financial statements. The details within this standard could impact the City's reporting of tax revenues, including but not limited to, how transfers are made through a tax system might be recorded and disclosed, how costs related to tax transactions are recorded, and taxes levied for specific purposes (local improvement taxes).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

NOTE 2: CHANGE IN ACCOUNTING POLICY

Effective January 1, 2011 the City of Medicine Hat changed its method of reporting on the activities in its subsidiary company, Allied Oil & Gas Corp to be in compliance with International Financial Reporting Standards (IFRS) with no impact to the financial statements.

NOTE 3: CASH AND TEMPORARY INVESTMENTS

	2011	2010	2009
Cash	\$ 12,928	\$ 11,945	\$ 5,488
Temporary Investments	50,132	50,641	32,959
TOTAL CASH AND TEMPORARY INVESTMENTS	\$ 63,060	\$ 62,586	\$ 38,447

The temporary investments represent restricted amounts aggregating \$48,045 for the Alberta Cities Transportation Program, Alberta Municipal Infrastructure Program, Municipal Sustainability Initiative Capital Fund Program, New Deal for Cities and Communities, New Deal for Public Transit, Major Community Facility Program, Federal Gas Tax Fund, Public Housing Grants and the Alberta Environment Eco Trust Funding Grant, which are held exclusively for eligible capital projects, Municipal Sustainability Initiative Operating Grant Program funding for operating activities, and funds aggregating \$2,087 for Alberta Disaster Recovery program funding for the 2010 and 2011 flood damages.

These investments have an average yield of 1.52 per cent and an average term of 174 days to maturity.

NOTE 4: ACCOUNTS RECEIVABLE

(A) TAXES AND BUSINESS IMPROVEMENTS LEVIES RECEIVABLE

	2011	2010	2009
Current Taxes Receivable	\$ 2,400	\$ 2,374	\$ 2,025
City Centre Development Agency	7	31	11
SUB-TOTAL	\$ 2,407	\$ 2,405	\$ 2,036

(B) ACCOUNTS RECEIVABLE

	2011	2010	2009
Trade Accounts Receivable	\$ 49,625	\$ 48,720	\$ 52,666
Less: Allowance for Doubtful Accounts	(9,367)	(9,192)	(9,043)
SUB-TOTAL	\$ 40,258	\$ 39,528	\$ 43,623
TOTAL	\$ 42,665	\$ 41,933	\$ 45,659

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

NOTE 5: ADVANCES TO SUBSIDIARY

	2011	2010	2009
Unsecured, non-interest bearing advances with no fixed terms of repayment	\$ 173	\$ 72	\$ 64
Unsecured note, bearing interest at prime plus 1% due on demand	11,347	13,347	14,847
TOTAL	\$ 11,520	\$ 13,419	\$ 14,911

Prime Interest for 2011 was 3.00%; 2010 ranged from 2.25% to 3.00%; 2009 ranged from 2.25% to 3.50%.

NOTE 6: INVESTMENTS, LOANS AND ADVANCES

	2011		2010		2009	
	Cost	Market Value	Cost	Market Value	Cost	Market Value
Federal Government and Agencies	\$ 13,816	\$ 17,926	\$ 14,155	\$ 16,657	\$ 16,454	\$ 18,076
Provincial Government and Agencies	41,346	43,939	53,048	55,404	49,605	51,381
Canadian Banks	245,577	252,296	197,866	204,310	168,705	176,480
Others	135,596	137,092	116,561	117,663	108,783	110,092
TOTAL	\$ 436,335	\$ 451,253	\$ 381,630	\$ 394,034	\$ 343,547	\$ 356,029

These investments are fixed income and bonds that yield interest rates from 1.41 per cent to 7.12 per cent and mature in periods 2012 through 2105. The investments have an average expected yield of 3.67 per cent and an average term of 5.70 years to maturity.

NOTE 7: INVENTORIES FOR RESALE

	2011	2010	2009
Concessions	\$ 113	\$ 175	\$ 160
TOTAL	\$ 113	\$ 175	\$ 160

NOTE 8: DEPOSITS AND OTHER ASSETS

	2011	2010	2009
Tax Requisition Over Levies	\$ 12	\$ 58	\$ 57
Postage	27	8	3
Refundable Containers	28	36	48
Operating Deposits	-	-	47
Gas Commodity Purchase Deposits	-	-	7,488
Gas Royalty Deposits	188	246	802
TOTAL	\$ 255	\$ 348	\$ 8,445

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

NOTE 9: ACCRUED LIABILITIES

	2011	2010	2009
Accrued Wages and Salaries	\$ 4,261	\$ 2,617	\$ 2,418
Vacation Pay	6,280	5,874	4,382
Accrued Interest on Long-Term Debt	2,009	2,223	2,415
Deferred Charges	5,534	6,146	6,031
Accrued Royalties	73	66	506
Other Accrued Liabilities	180	2,084	4,592
TOTAL	\$ 18,337	\$ 19,010	\$ 20,344

NOTE 10: SUBSIDIARY OPERATIONS

During the year, Allied Oil & Gas Corp. (Allied) adopted International Financial Reporting Standards (IFRS).

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

	2011	2010	2009
Financial position			
Current assets	\$ 6,768	\$ 8,578	\$ 9,413
Deferred income tax asset	503	747	972
Property, plant and equipment	11,397	7,856	5,202
Total assets	18,668	17,181	15,587
Current liabilities	2,390	2,115	938
Advances from City of Medicine Hat	11,347	13,347	14,847
Decommissioning obligation	994	780	861
Total liabilities	14,731	16,242	16,646
Net assets (liabilities)	\$ 3,937	\$ 939	\$ (1,059)

Net Assets are comprised of a surplus of \$707, share capital of \$6, and contributed surplus of \$3,224 (Net Assets for 2010 – a deficit of \$2,291, share capital of \$6, and contributed surplus of \$3,224; Net Liabilities for 2009 – a deficit of \$4,289, share capital of \$6, contributed surplus of \$3,224).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

	2011	2010	2009
Revenues	\$ 15,003	\$ 12,014	\$ 8,946
Operating expenses	6,631	5,296	4,521
Cash flow from operations	8,372	6,718	4,425
Charitable gift	2,050	2,575	2,000
Depletions and accretion	2,189	1,320	1,351
Net income before income tax	4,133	2,823	1,074
Income tax expense	(1,135)	(824)	(334)
Net income	2,998	1,999	740
Deficit, beginning of year	(2,120)	(4,119)	(4,859)
Retained earnings (deficit), end of year	878	(2,120)	(4,119)
Share capital	6	6	6
Investment (liability) in subsidiary	\$ 884	\$ (2,114)	\$ (4,113)

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

During the year the City received \$2,000 from Allied as a gift as described under section 110.1 of the Income Tax Act. During the year the City, by agreement, received management fees from Allied in the amount of \$356 (2010 – \$247; 2009 – \$251). During the year the City bought solution gas from Allied in the amount of \$65 (2010 – \$53; 2009 – \$51). These transactions are measured at the exchange amount, being the amount determined and agreed upon by the parties.

Allied also made a donation of \$50 to South East Alberta Safety Alliance Society (Safety City) in 2011.

NOTE 11: DEFERRED REVENUE

	Balance 2009	Balance 2010	2011 Additions	2011 Reductions	Balance 2011
Deposits	\$ 606	\$ 21	\$ 396	\$ 287	\$ 130
Deferred Revenue	4,129	4,992	4,433	5,643	3,782
Alberta Municipal Infrastructure Program	10,248	7,292	935	1,453	6,774
Alberta Cities Transportation Program	5,392	5,369	5,750	4,634	6,485
Alberta Emergency Disaster Program	-	8,922	9,490	16,325	2,087
Municipal Sustainability Initiative	10,020	20,136	11,975	5,120	26,991
New Deal for Cities and Communities	905	905	16	457	464
New Deal for Public Transit	623	567	10	577	-
Public Housing Grant	309	273	4	51	226
New Deal for Public Transit Trust	613	632	11	643	-
Major Community Facilities Program	3,288	3,360	59	300	3,119
Affordable Housing Grant	1,561	3,186	56	266	2,976
Alberta Environment Eco Trust Funding Grant	-	-	1,208	198	1,010
TOTAL	\$ 37,694	\$ 55,655	\$ 34,343	\$ 35,954	\$ 54,044

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

Funds from Alberta Municipal Infrastructure Program, Alberta Cities Transportation Program, Municipal Sustainability Initiative, New Deals for Cities and Communities, New Deals for Public Transit, Public Housing Grant, New Deal for Public Transit Trust, Major Community Facilities Program, the Affordable Housing Grant, and Alberta Environment Eco Trust Funding Grant are restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advances are supported by temporary investments of \$48,045 held exclusively for these projects. An additional \$2,087 from Alberta Emergency Disaster Program is held for flood damage repairs.

NOTE 12: SHORT-TERM DEBT

A combined Municipal Operating Loan Facility (Revolving) and Letter of Credit Facility are available to the City up to a maximum of \$20 million, by way of prime rate based loans and/or Letters of Credit (in Canadian dollars). This facility is secured by Bylaw No. 3978.

At December 31, 2011, there were Letters of Credit issued in the amount of \$8,367 (2010 – \$8,488; 2009 – \$1,772).

NOTE 13: LONG-TERM DEBT

(A)

	2011	2010	2009
Tax Supported	\$ 24,907	\$ 27,363	\$ 29,439
Utilities			
- Electric	81,849	89,567	93,782
- Gas	7,547	5,498	4,297
- Water	50,292	50,187	49,725
- Sewer	40,436	39,012	35,551
- Solid Waste	3,605	3,406	3,395
Total Utilities	183,729	187,670	186,750
TOTAL	\$ 208,636	\$ 215,033	\$ 216,189

	2011	2010	2009
Comprised of:			
- Alberta Capital Finance Authority	\$ 208,636	\$ 215,033	\$ 215,920
- Other Long Term-Debt	\$ -	-	269
TOTAL	\$ 208,636	\$ 215,033	\$ 216,189

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

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

	Principal	Interest
2012	\$ 18,604	\$ 10,392
2013	19,213	9,320
2014	19,084	8,208
2015	17,827	7,130
2016	16,955	6,205
2017-2040	116,953	29,942
TOTAL	\$ 208,636	\$ 71,197

The debentures have interest payable at rates ranging from 2.2545 per cent to 10.8750 per cent per annum before Provincial Subsidy, and mature in periods 2012 through 2040. The average annual interest rate is 5.03 per cent for 2011 (2010 – 5.20 per cent; 2009 – 5.32 per cent). For qualifying debentures, the Province of Alberta rebates 60 per cent of interest in excess of 8 per cent, 9 per cent and 11 per cent to a maximum annual rate of 12.5 per cent depending on the date borrowed. Debenture debt is issued on the credit and security of the City of Medicine Hat.

Interest on long-term debt paid in 2011 was \$10,515 (2010 – \$11,409; 2009 – \$10,887).

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

	2011	2010	2009
Tax Supported Debentures	\$ 408	\$ 448	\$ 482
Rate Supported Debentures	3,007	3,072	3,057
TOTAL	\$ 3,415	\$ 3,520	\$ 3,539

Debt per capita is based on the official census of 61,097 for 2011, 2010 and 2009 by the City of Medicine Hat.

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

	2011	2010
Total Debt Limit	\$ 759,654	\$ 657,898
Actual Debt (Long & Short-Term Debt, Loan Guarantees)	211,235	217,383
AMOUNT UNDER LIMIT	\$ 548,419	\$ 440,515
Debt Servicing Limit	\$ 132,939	\$ 115,132
Actual Debt Servicing (Long and Short-Term Debt)	28,996	28,897
AMOUNT UNDER LIMIT	\$ 103,943	\$ 86,235

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

NOTE 14: OTHER LONG-TERM DEBT

The City of Medicine Hat had an obligation to Alberta Health Services of \$269 as at December 31, 2009 for the construction of ambulance facilities at the Medicine Hat Regional Hospital. During 2010 the City and Alberta Health Services negotiated an outcome to this obligation. The obligation was settled in 2010 and the asset transferred to Alberta Health Services.

NOTE 15: OTHER LONG-TERM LIABILITIES

(A)	2011	2010	2009
Offsite Contributions	\$ 10,675	\$ 11,548	\$ 11,025
Asset Retirement Obligation - Gas	131,620	106,240	104,121
Employee Retirement Benefits Liability (Note 22)	4,621	4,403	3,717
Sanitary Landfill - Site Abandonment and Restoration	3,593	3,045	2,754
TOTAL OTHER LONG-TERM LIABILITIES	\$ 150,509	\$ 125,236	\$ 121,617

(B) The accrued liability for closure and post closure costs of the City's Landfill is recognized over the life of the cells, using the net present value of the total estimated costs of closure and post closure care, prorated on the basis of the current air space utilized (in cubic meters), over the total estimated air space of the site. The net present value of the estimated closure and post closure costs was calculated using a rate of return equal to 3.24 per cent assuming inflation of 2.3 per cent.

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

	2011	2010	2009
Estimated Closure Costs	\$ 7,080	\$ 7,241	\$ 7,055
Estimated Post Closure Costs	1,390	1,463	1,326
Estimated Total Costs	\$ 8,470	\$ 8,704	\$ 8,381
Estimated Capacity remaining %	50.8%	52.7%	54.8%
Portion of Total Liability remaining to be recognized	\$ 4,877	\$ 5,659	\$ 5,627
Estimated Capacity used %	49.2%	47.3%	45.2%
ACCRUED LIABILITY PORTION	\$ 3,593	\$ 3,045	\$ 2,754

The total capacity of the site is estimated at 4,525,000 cubic meters. The estimated remaining capacity of the landfill site is 2,298,362 (2010 – 2,385,434; 2009 – 2,481,434) cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2032. The City has not designated assets for settling closure or post closure liabilities.

(D) At December 31, 2011 the estimated undiscounted cash flows required to settle the asset retirement obligations with respect to the Gas Utility were \$217,702 (2010 – \$239,186; 2009 – \$206,886), calculated using an inflation rate of 2.3 per cent (2010 – 2.48 per cent; 2009 – 2.72 per cent) per annum. The estimated fair value of this liability was \$131,620 (2010 – \$106,240; 2009 – \$104,121) after discounting the estimated cash flows at a rate of 5.53 per cent (2010 – 6.57 per cent; 2009 – 7.10 per cent). At December 31, 2011, the expected timing of payment for settlement of the obligations ranges from 4 to 35 years.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

NOTE 16: LAND HELD FOR FUTURE DEVELOPMENT

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

NOTE 17: TANGIBLE CAPITAL ASSETS

	2011 Net Book Value	2010 Net Book Value	2009 Net Book Value
Land	\$ 43,551	\$ 41,988	\$ 41,083
Land Improvements	29,691	26,216	23,839
Buildings	104,379	104,366	106,750
Engineering Structures	602,760	595,672	595,524
Gas and Oil Properties	278,252	281,760	299,720
Machinery, Equipment and Furnishings	19,036	17,721	18,567
Vehicles	20,018	19,374	16,391
TOTAL	\$1,097,687	\$1,087,097	\$1,101,874

The net book value of capital assets not being amortized and under construction is \$7,430 (2010 – \$17,652; 2009 – \$22,834). Contributed capital assets received and recognized in the year from developers for various infrastructure works and related land and parks, and recorded on the consolidated financial statements is \$915 (2010 – \$1,585; 2009 – \$6,019).

NOTE 18: ACCUMULATED SURPLUS

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

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2011	Total 2010	Total 2009
Balance, beginning of year	\$ 39,264	\$ 328,884	\$ 872,064	\$ 1,240,212	\$ 1,229,194	\$ 1,189,341
Excess (shortfall) of revenues over expenses	53,288	-	-	53,288	11,018	39,853
Unrestricted funds designated for future use	(42,317)	42,317	-	-	-	-
Restricted funds used for operations	6,802	(6,802)	-	-	-	-
Current year funds used for tangible capital assets	(82,145)	-	82,145	-	-	-
Contributed tangible capital assets	(915)	-	915	-	-	-
Disposal of tangible capital assets	2,599	-	(2,599)	-	-	-
Annual amortization expense	81,301	-	(81,301)	-	-	-
Long term debt repaid	(17,827)	-	17,827	-	-	-
Balance, End of Year	\$ 40,050	\$ 364,399	\$ 889,051	\$ 1,293,500	\$ 1,240,212	\$ 1,229,194

1. Unrestricted Surplus

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

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

The General Fund Policy directs that special one-time grants and any surplus not required in order to maintain the unrestricted target balance of seven per cent of prior year's budgeted gross expenses be designated a restricted amount. In 2011 there were no excess surplus funds designated restricted (2010 – nil; 2009 – \$1,247).

The Electric Operating Fund policy directs that surplus in excess of seven per cent of prior year's budgeted gross expenses will be designated a restricted amount. In 2011, the Electric Utility reported an excess surplus of \$47,766, which was designated a restricted amount (2010 – \$9,674; 2009 – \$8,938).

With respect to the Gas Utility, policy directs that surplus in excess of seven per cent of prior year's budgeted gross expenses be designated a restricted amount at the end of the current year. In 2011, the Gas Utility reported an excess surplus of \$18,841, which was designated a restricted amount (2010 – \$20,579; 2009 – \$19,951).

UNRESTRICTED SURPLUS (DEFICIT)	2011	2010	2009
General Government	\$ 9,156	\$ 9,200	\$ 8,766
Energy Sustainability	-	32	(10)
Gas	7,945	8,309	7,250
Electric	5,658	6,543	6,682
Water	(19)	(1,901)	1,301
Sewer	3,701	3,662	2,096
Solid Waste	4,531	2,981	587
Land	9,078	10,438	12,307
TOTAL	\$ 40,050	\$ 39,264	\$ 38,979

2. Restricted Surplus - Capital

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

RESTRICTED SURPLUS - CAPITAL	2011	2010	2009
General Government	\$ 2,739	\$ 1,175	\$ 1,122
Energy Sustainability	-	-	-
Gas	16,948	19,487	28,548
Electric	(1,126)	(641)	1,152
Water	402	891	(1,301)
Sewer	(217)	709	(1,270)
Solid Waste	75	802	2,350
Land and Properties	758	315	-
TOTAL	\$ 19,579	\$ 22,738	\$ 30,601

3. Restricted Surplus - Reserves

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

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

RESTRICTED SURPLUS - RESERVES	Balance 2009	Balance 2010	2011 Additions	2011 Reductions	Balance 2011
Employee development	\$ 837	\$ 761	\$ 112	\$ 84	\$ 789
Victim assistance	18	18	1	-	19
Second Street properties	84	84	-	-	84
Fleet replacement	6,097	4,011	2,688	4,228	2,471
Art acquisitions	76	94	24	36	82
Infrastructure	21,900	25,737	9,385	12,032	23,090
Employee benefits	9,700	10,805	2,188	1,882	11,111
Community capital	27,668	47,618	17,519	20,610	44,527
Event centre	-	-	20,326	-	20,326
Nature's Best	5,619	4,323	463	1,003	3,783
Electric facility and equipment	17,464	23,166	47,766	7,140	63,792
Gas depletion	189,249	191,974	15,843	33,949	173,868
SUB TOTAL	278,712	308,591	116,315	80,964	343,942
Equity (Deficit) in subsidiary	(4,119)	(2,120)	2,998	-	878
Internal loan contra account	(664)	(325)	325	-	-
TOTAL	\$273,929	\$ 306,146	\$ 119,638	\$ 80,964	\$ 344,820

The total Restricted Surplus is the combination of the Capital and Reserves:

	2011	2010	2009
Restricted Surplus - Capital	\$ 19,579	\$ 22,738	\$ 30,601
Restricted Surplus - Reserves	344,820	306,146	273,929
Total Restricted Surplus	\$364,399	\$ 328,884	\$ 304,530

4. Equity in Tangible Capital

EQUITY IN TANGIBLE CAPITAL ASSETS	2011	2010	2009
Tangible capital assets (Schedule 1)	\$ 2,239,166	\$ 2,162,527	\$ 2,109,591
Accumulated amortization (Schedule 1)	(1,141,479)	(1,075,430)	(1,007,717)
Long-term debt (Note 13)	(208,636)	(215,033)	(216,189)
Equity in Tangible Capital Assets	\$ 889,051	\$ 872,064	\$ 885,685

NOTE 19: TRUST FUNDS

The City of Medicine Hat records as funds held in trust all monies received and held on behalf of third parties. These monies are maintained, invested and accounted for in accordance with the terms of the trust arrangements. Trust investments are in temporary investments in money market instruments such as term deposits, treasury bills, and commercial paper. Investments are recorded at the lower of original cost or market value. The cost of these investments at December 31, 2011 are \$1,669 (2010 – \$1,816; 2009 – \$1,887). Trust investments and liabilities are not included in the City's financial statements.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

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

	Balance 2009	Balance 2010	Additions	Interest Earned	Funds Released	Balance 2011
Cemetery - Perpetual Care	\$ 1,368	\$ 1,417	\$ 189	\$ 62	\$ 198	\$ 1,470
Seniors Foundation	52	46	78	1	12	113
Art Gallery Acquisitions	10	10	-	-	-	10
Donna MacLean Museum Trusts	6	6	1	-	-	7
Pitch Trust	1	1	-	-	-	1
Bell West	229	8	-	-	-	8
Saamis Heights Town Center Park	152	269	-	5	274	0
A B Clark Development Agreement	11	-	-	-	-	-
Northlands Waterline Warranty	58	59	-	1	-	60
TOTAL TRUST FUNDS	\$ 1,887	\$ 1,816	\$ 268	\$ 69	\$ 484	\$ 1,669

NOTE 20: SALARY AND BENEFITS DISCLOSURE

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

	Salary ¹	Benefits & Allowances ²	Total 2011	2010	2009
Mayor Normand Boucher	\$ 56	\$ 51	\$ 107	\$ 114	\$ 108
Alderman:					
Clugston, T	21	22	43	37	41
Craven, W	21	15	36	6	-
Dumanowski, R	21	17	38	36	40
Friesen, J	-	-	-	32	39
Hamill, J	21	20	41	38	46
Kelly, G	21	15	36	35	36
Pearson, L	21	20	41	7	-
Schneider, T	-	-	-	31	39
Thompson, J	21	21	42	39	44
Turnbull, P	20	16	36	6	-
White, J	-	-	-	31	44
CAO - Municipal Services	210	67	277	259	253
COO - Energy Services	326	86	412	413	454
Designated Officers (7)	911	191	1,102	1,119	1,016

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

- 1 Salary includes regular base pay and vacation pay-outs.
- 2 Benefits and Allowances includes employer's share of all employee benefits and contributions or payments made on behalf of employees (where applicable) including retirement pension, Canada Pension Plan, Employment Insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, expense allowances, car allowances, per diem payments, gross honoraria, travel allowances and professional memberships and tuitions.

NOTE 21: LOCAL AUTHORITIES AND SPECIAL FORCES PENSION PLANS

Employees of the City of Medicine Hat, with the exception of Police Officers, participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. LAPP serves about 206,200 people and 421 employers. The Police Officers are members of the Special Forces Pension Plan (SFPP) and serves about 6,260 members and 7 employers. The Plans are financed by employer and employee contributions and investment earnings of the LAPP and SFPP Fund.

During 2011 the City of Medicine Hat was required to make current service contributions to the Local Authorities Pension Plan of 9.49 per cent of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.13 per cent for the excess. With regard to the Special Forces Pension Plan, the City of Medicine Hat was required to make service contributions of 14.55 per cent.

Total current service contributions by the City of Medicine Hat to LAPP and SFPP in 2011 were \$8,489 (2010 – \$7,861; 2009 – \$6,479). Total current service contributions by the employees for 2011 were \$7,735 (2010 – \$7,116; 2009 – \$5,810).

At December 31, 2010 LAPP disclosed an actuarial deficit of \$4.63 billion (2009 – \$4.0 billion deficit; 2008 – \$4.41 billion deficit).

At December 31, 2010 SFPP disclosed an actuarial deficit of \$580.7 million (2009 – \$374.9 million deficit; 2008 – \$430.0 million deficit).

NOTE 22: EMPLOYEE BENEFIT OBLIGATIONS

The City has a defined benefit life insurance plan covering substantially all of its employees. The plan is unfunded. In 2011 an actuarial accounting valuation for the plan was performed for the year ended December 31, 2010 with a projection for 2011. Information about the plan is as follows:

	2011	2010	2009
Accrued Benefit Obligation			
Balance, Beginning of Year	\$ 4,403	\$ 3,717	\$ 3,543
Current Service Cost	151	111	105
Interest Cost	209	203	193
Benefits Paid	(142)	(113)	(124)
Unrecognized Actuarial Losses (Gains)	-	485	-
Balance, End of Year, Benefit Plan Deficit	\$ 4,621	\$ 4,403	\$ 3,717

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

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

	2011	2010	2009
Discount Rate	4.75%	4.75%	5.45%
Rate of Compensation Increases	3%	3%	3%
Expected Average Remaining Service Life	8.33 Years	7.11 Years	8.11 Years

NOTE 23: OPERATING COMMITMENTS

The City of Medicine Hat is committed to purchase natural gas and electrical energy under existing purchase contracts. The commitment for 2011 was \$54 (Gas) and \$8,251 (Electric).

NOTE 24: CAPITAL COMMITMENTS

(A) 2011 CAPITAL BUDGET

Following guidelines set out by the Public Sector Accounting Board, the budget reported on the Statement of Change in Net Financial Assets is the 2011 approved Capital Budget. The actual expenditures reported includes incomplete capital projects in the amount of \$37,414 carried forward from previous budget years, as well as costs related to the 2011 Budget.

(B) INCOMPLETE CAPITAL PROJECTS

As at December 31, 2011 a number of capital projects were in progress and will be completed in 2012 or subsequent years. The unexpended appropriation related to these projects is \$179,225. Significant projects are:

- Gas Utility**
 Gas Well Drilling (\$18,629), Gas Well Facilities (\$1,719), Gas Well Gathering (\$1,343), Well Repair and Abandonments (\$3,112) and Projects Operated by Third Parties (\$6,106).
- Electric Utility**
 Solar Thermal Power Project (\$8,340), 13kV Distribution Systems and Transmissions (\$2,191), and Automated Metering Infrastructure (\$3,461).
- Municipal Works**
 South Ridge Drive Road Rehabilitation (\$10,700); Connaught Subdivision Roadway Upgrades (\$4,502), Holsom Road and South Boundary Road Upgrades (\$900).
- Parks**
 Leisure Trail System Rehabilitation (\$655); Family Leisure Centre Soccer Field (\$400).
- Corporate Asset Management**
 Fleet Services 2009, 2010 & 2011 Mobile Equipment Replacement Programs (\$4,950), Environmental Utilities / Municipal Works Building (\$17,117), Transit Bus Storage (\$3,000); Police Service Building (\$15,227).
- Fire and Disaster Services**
 Opticom Traffic Light Control System (\$398).

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

- **Community Development**

2008/2009 and 2009/2010 Affordable Housing Projects (\$4,237).

- **Water Utility**

Water Treatment Plant Residuals Treatment Facility (\$29,618), South West Sector Water System (\$11,828), and Primrose Drive Watermain Replacement (\$3,229).

- **Sewer Utility**

Primrose Drive Sanitary Sewer Replacement (\$3,229), Southwest Trunk System Upgrade (\$1,169).

- **Solid Waste Utility**

Landfill Capacity Study and Land Acquisition (\$8,500).

(C) CAPITAL IMPROVEMENT PLAN

In December 2011, City Council approved the 2012 – 2014 Capital Improvement Plans for the Gas Utility, the Electric Utility and the Environmental Utilities. Subsequently, City Council approved the 2012 – 2014 General Government and Land and Properties Capital Improvement Plans in February, 2012.

The total for all projects is as follows:

2012	\$ 178,197
2013	119,259
2014	77,712
2015-2021 Projection	777,128
TOTAL	\$ 1,152,296

Financing sources identified:

	2012	2013	2014
Government Grants	\$ 33,612	\$ 14,604	\$ 7,552
Current Revenues	23,018	13,821	17,675
Debentures			
Tax Supported	3,892	3,689	3,165
Utilities	32,898	20,425	19,150
Reserves	67,475	61,155	22,035
Direct Charges and Other	17,302	5,565	8,135
TOTAL	\$ 178,197	\$ 119,259	\$ 77,712

NOTE 25: CONTINGENT LIABILITIES

Various claims have been made against the City as at December 31, 2011. If proven, it is possible that these claims may have a materially adverse effect on the financial position of the City. The City is disputing the claims and as the outcome is not determinable at this time, no amount has been accrued in the financial statements.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

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

NOTE 26: FINANCIAL INSTRUMENTS

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

NOTE 27: COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

NOTE 28: SEGMENT DISCLOSURES

Segment disclosures (Schedule 4) are intended to enable users to better understand the government reporting entity and the major expense and revenue activities of the City. For each reported segment, revenues and expenses represent both amounts directly attributable to the segment and amounts that are allocated on a reasonable basis.

The segments have been selected based on a presentation similar to that adopted for the municipal financial planning and budget processes. Segments include:

- a) Tax supported programs consist of those that are directly supported by property taxes, including the tax allocation proved directly to other operations as follows:
 - Legislative is comprised of City Clerk, Mayoral and Aldermanic services.
 - General Government is comprised of corporate administration, Legal, Business Support, Corporate Communications and Human Resources.
 - Corporate Services is comprised of Finance, Information and Computer Services and Corporate Asset Management (Building Services, Treasury & Risk Management, Purchasing and Stores, and Fleet Services) and general municipal services.
 - Development & Infrastructure is comprised of Planning, Building and Development and Municipal Works (municipal operations and airport).
 - Public Services is comprised of 9-1-1 Communications, Fire Services, Community Development (social development, senior services, transit and indoor recreation and leisure), Cultural Development (cultural administration, art gallery, Esplanade theatre, archives and cultural history) and Parks and Outdoor Recreation (facilities maintenance and management, arboriculture, horticulture, campground and cemetery).
 - Police Service comprised of all police services and bylaw.
- b) Gas Utility produces, sells to market, and distributes natural gas to customers within its franchise boundary in a safe and reliable manner. The Gas Utility is operated on a self-sustaining basis.
- c) Electric Utility produces and provides safe, reliable, cost effective electric energy to the customers of Medicine Hat and surrounding area and provides other related services within the city corporate structure. The Electric Utility is operated on a self-sustaining basis.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

- d) Energy Sustainability provides corporate and community focus on energy conservation and renewable energy education, incentives and leadership through a variety of initiatives.
- e) Water Utility treats and distributes potable water to City of Medicine Hat water customers. The Water department ensures all treated water meets the rigid safety, quality, monitoring, recording and reporting parameters of Federal, Provincial, water industry and local standards. The Water Utility is operated on a self-sustaining basis.
- f) Sewer Utility collects and treats sanitary wastewater from City of Medicine Hat sewer customers. The Sewer department ensures all treated waste water meets the rigid safety, environmental, monitoring, recording and reporting parameters of Federal, Provincial, waste water industry and local standards. The Sewer Utility is operated on a self-sustaining basis.
- g) Solid Waste Utility delivers customer-focused services consisting of collection, processing and disposal of residential and non-residential waste and recyclables, as well as community relation services in support of waste management programs. The Solid Waste Utility is operated on a self-sustaining basis.
- h) Land and Properties is comprised of land development and municipal use property activities. Land development includes the City's role as a land developer in the areas of acquisition, development and land sales activities. Municipal use property involves the acquisition of land for municipal purposes and disposal of land deemed surplus to municipal needs. The Land Enterprise is operated on a self-sustaining basis.

The segmented reports display revenues and expenses sorted by object code. The City's object codes are defined as follows:

A) REVENUES:

- **Net municipal taxes** include all annual municipal property taxes and excludes all special assessments and requisitions.
- **Sale of services** includes all third party revenues generated through the normal course of business, including revenues generated by, but not limited to facility usage, parking, natural gas, electric, water, sewer and solid waste revenues and sale of land.
- **Investment income** includes all investment revenue received on account of short term and long term deposits and investments.
- **Investment in subsidiary** represents the net income from subsidiary operations.
- **Licenses, fines and penalties** includes all revenue received for business licenses, development permits, photo radar tickets, speeding tickets, and penalties charged on overdue accounts.
- **Insurance recovery** includes monies received on account of City insurance claims.
- **Development levies** are charges to developers to help cover the cost of city services provided to their development.
- **Charitable gifts** refer to a gift from the City's wholly owned subsidiary as described under section 110.1 of the Income Tax Act.
- **Government transfers for operating** include provincial and/or federal transfers provided to the City to fund operating activities.
- **Other** includes any minor sources of revenue not appropriately categorized above.

NOTES

FOR THE YEAR ENDED DECEMBER 31, 2011

(In thousands of dollars)

- **Internal recoveries** include recoveries for services provided by one City department to another.
- **Transfers from Utilities and Land** include contributions from Utilities and Land and Properties to tax supported operations.

B) EXPENSES:

- **Salaries wages and benefits** include all salaries, wages [including overtime, statutory holidays, shift differential, relief time], employee benefit charges, clothing and cleaning allowance, car allowance, training, travel and memberships and dues.
- **Contracted and general services** include all contracts and other costs relating to services provided by third parties.
- **Materials, supplies and utilities** include items purchased from a third party or issued from stores and natural gas, electric, water, sewer and solid waste costs.
- **Provisions for allowances** include provisions made for anticipated uncollectible accounts receivable.
- **Bank charges and short term interest** include regular bank charges on the City's bank accounts, automated teller machines at various facility sites and interest charges on our line of credit.
- **Interest on long term debt** includes interest charge on the principle portion of loans.
- **Total grants and other transfers** include grants from the City to other organizations or individuals as well as transfers on behalf of other organizations.
- **Other operating expenses** include any minor operating expenses not appropriately categorized above.
- **Amortization of tangible capital assets** is a way of representing, for accounting purposes, how capital assets decline in value over time because of wear and obsolescence. Hard assets such as roads and machinery depreciate over time, and must eventually be replaced. Depreciation shows the cost of the "use of the asset" each year over the asset's lifetime.
- **Loss (gain) on disposal of tangible capital assets** reflects the difference between the net proceeds on disposal of a tangible capital asset and the net carrying amount of that asset. If the net carrying amount is higher than the net proceeds on disposal, there is a loss on disposal. If the net carrying amount is lower than the net proceeds on disposal, there is a gain on disposal.
- **Internal charges and transfers** include costs of services provided by one department to another, as well as transfers between City departments.

NOTE 29: SUBSEQUENT EVENTS

On January 30, 2012, the City of Medicine Hat received City Council approval to proceed with the acquisition of oil-producing properties located in Southern Alberta from Chinook Energy Inc. and Western Oil & Gas Holdings (WOGH) Limited Partnership.

On February 15, 2012, the City of Medicine Hat closed the acquisition to purchase assets for a cash consideration of \$48,339 plus industry standard adjustments.

NOTE 30: APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.

Financial and Statistical Schedules

(unaudited)

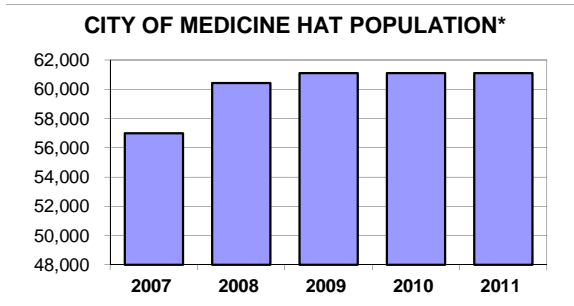


FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

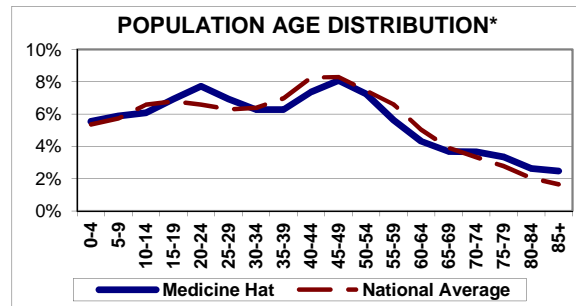
FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

DEMOGRAPHICS & OTHER INFORMATION

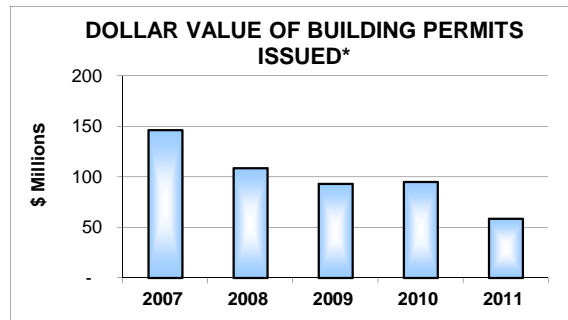
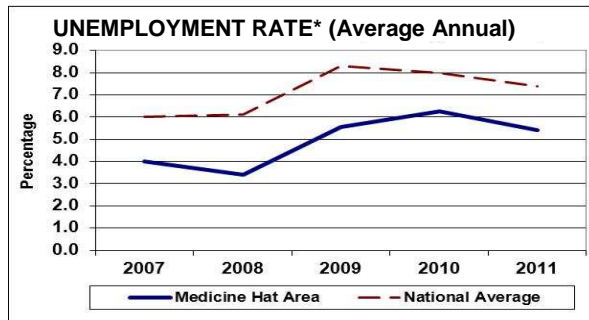
*2007 Statistics Canada,
2008-2011 Medicine Hat Census



*Statistics Canada



*Statistics Canada



OTHER	2007	2008	2009	2010	2011
Area, square kilometers	112	112	112	112	112
Km of wastewater mains	386	391	394	393	392
Km of water mains	424	428	430	424	424
Km of storm drainage mains	232	235	236	238	237

Principal Corporate Tax Payers in Medicine Hat

Sleeping Bay Building Corp (The Mall)
Mayfield Investments Ltd (Medicine Hat Lodge)
Wal-Mart Canada Corporation
Southview Centre Medicine Hat (Southview Mall)
Canadian Property Holdings (Alberta) Inc. (strip mall)
Loblaw Properties West Inc. (SuperStore)

Transcanada Power
Royop (Southlands) Development Ltd.
Canadian Tire Real Estate Limited
Costco Wholesale Canada Ltd.
Telus Communications Company
Canadian Fertilizers Limited

Principal Employers in Medicine Hat

Medicine Hat Regional Hospital
City of Medicine Hat
Medicine Hat School District
Medicine Hat College
Canada Safeway Ltd.

Canadian Pacific Railway
Wal-Mart
The Real Canadian Superstore
Medicine Hat Catholic Board of Education

City of Medicine Hat Employees

	2007	2008	2009	2010	2011
Legislative	6.8	5.3	5.5	5.5	6
General Government	37.9	39.6	41.8	40.0	40
Corporate Services	121.6	136.9	138.5	139.5	140
Public Services	315.9	328.5	336.0	343.1	343
Police Service	136.5	144.0	151.5	153.5	157
Development & Infrastructure	80.1	91.1	93.1	94.1	96
Total General Fund	698.8	745.4	766.4	775.7	780
Gas Utility	118.0	146.0	148.0	151.0	153
Electric Utility (& Energy Sustainability)	98.6	106.6	110.8	110.8	110
Water Utility	34.1	35.1	37.3	38.3	39
Sewer Utility	35.0	36.0	39.0	38.2	39
Solid Waste Utility	32.5	33.8	34.4	34.4	34
Land & Properties	5.0	5.0	5.0	5.0	5
Total Full Time Equivalent Employees:	1,022.0	1,107.9	1,140.9	1,153.4	1,161

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 2008 - 2011

(In thousands of dollars)

STATEMENT OF FINANCIAL POSITION

	2011	2010	2009	2008 (Restated)
Financial assets				
Cash and temporary investments	\$ 63,060	\$ 62,586	\$ 38,447	\$ 26,582
Accounts receivable (net of allowances)	42,665	41,933	45,659	48,085
Advances to subsidiary	11,520	13,419	14,911	15,945
Investment in subsidiary	884	-	-	-
Investments, loans & advances	436,335	381,630	343,547	309,604
Land held for resale	8,877	8,816	10,027	10,730
Inventories for resale	113	175	160	4,646
Deposits	255	348	8,445	3,461
Total financial assets	\$ 563,709	\$ 508,907	\$ 461,196	\$ 419,053
Liabilities				
Bank indebtedness	\$ -	\$ -	\$ -	\$ 2,188
Trade accounts payable	29,749	21,344	24,042	19,888
Accrued liabilities	18,337	19,010	20,344	21,898
Loss In subsidiary	-	2,114	4,113	4,853
Deferred revenues	54,044	55,655	37,694	34,786
Long-term debt	208,636	215,033	216,189	194,713
Other long-term liabilities	150,509	125,236	121,617	91,348
Total liabilities	461,275	438,392	423,999	369,674
Net financial assets	102,434	70,515	37,197	49,379
Non-financial assets				
Inventories	12,141	15,023	16,558	17,069
Prepaid assets	1,942	1,906	1,614	1,388
Land held for future development	13,139	13,108	11,866	11,332
Long lived asset	66,157	52,563	60,085	36,804
Tangible capital assets	1,097,687	1,087,097	1,101,874	1,073,369
	1,191,066	1,169,697	1,191,997	1,139,962
	\$ 1,293,500	\$ 1,240,212	\$ 1,229,194	\$ 1,189,341

NOTE:

Effective 2009, the City adopted the new Canadian Institute of Chartered Accountants standards for Tangible Capital Assets. These policies were adopted retroactive to 2008. Information for years prior to 2008 do not reflect these changes and are therefore not included with these statistics.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 2008 - 2011

(In thousands of dollars)

STATEMENT OF OPERATIONS

	2011	2010	2009	2008 (Restated)
REVENUE FROM:				
Taxes	\$ 68,005	\$ 67,631	\$ 63,924	\$ 61,267
Less - Requisitions	(22,915)	(23,203)	(22,155)	(22,414)
	45,090	44,428	41,769	38,853
Sale of services				
General Government	9,315	9,237	8,240	7,932
Gas	98,711	100,858	104,662	171,152
Electric	117,362	76,109	69,993	77,978
Water	15,084	12,549	13,205	11,587
Sewer	11,819	10,750	10,080	9,964
Solid Waste	7,854	7,589	7,557	6,760
Land and Properties	4,171	9,566	11,480	18,286
Other income				
Investment income	15,466	14,792	13,365	11,426
Investment in subsidiary	2,998	1,999	740	1,352
Licenses, fines and penalties	5,877	6,126	5,905	6,842
Insurance recovery	134	755	189	248
Development levies	1,943	1,430	1,966	3,194
Charitable gifts	2,000	2,500	2,000	4,000
Government transfers for operating	9,094	6,075	4,795	4,362
Other	20,901	14,171	11,680	20,566
Total revenue	\$ 367,819	\$ 318,934	\$ 307,626	\$ 394,502
EXPENSES:				
General Government	\$ 127,567	\$ 118,618	\$ 107,079	\$ 98,893
Gas	121,181	122,340	122,940	147,933
Electric	60,961	53,682	41,289	36,224
Energy Sustainability	1,254	1,967	921	659
Water	10,097	9,413	8,410	8,941
Sewer	9,640	8,914	8,257	8,538
Solid Waste	4,394	4,931	3,993	5,190
Land and Properties	621	2,151	2,254	5,945
Total expenses	\$ 335,715	\$ 322,016	\$ 295,143	\$ 312,323
Excess (shortfall) of revenue over expenses				
- before other	32,104	(3,082)	12,483	82,179
Other				
Contributed assets	915	1,585	6,019	9,869
Government Transfers for Capital	20,269	12,515	21,351	22,592
Total other	21,184	14,100	27,370	32,461
Excess (shortfall) of revenue over expenses	53,288	11,018	39,853	114,640

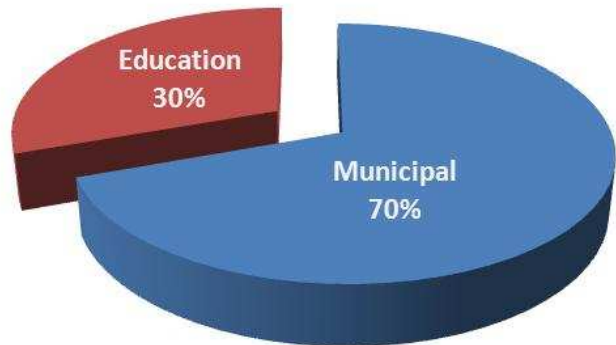
NOTE:

Effective 2009, the City adopted the new Canadian Institute of Chartered Accountant standards for Tangible Capital Assets. These policies were adopted retroactive to 2008 and as a result, government transfers for capital is included in revenue, amortization expense on general government assets is included in expenses and capital expenditures and debt principal payments are excluded from expenses. Information for years prior to 2008 do not reflect these changes and are therefore not included with these statistics.

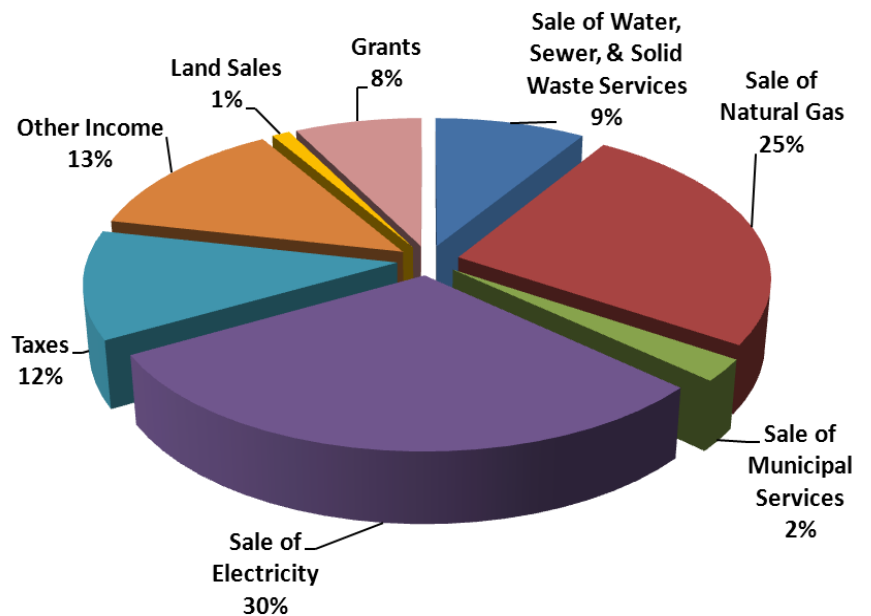
FINANCIAL SYNOPSIS 2011

Operating Activities

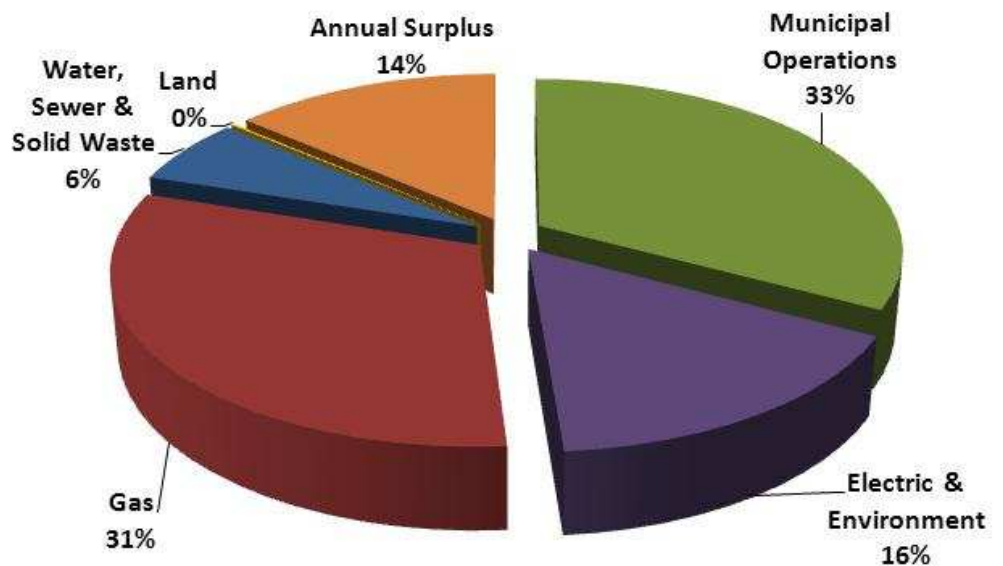
Where our Tax Dollars Went in 2011
Education / Municipal
Property Tax



Where the Money Comes From
\$389 Million



Where the Money Goes
\$389 Million



FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

TAXATION & ASSESSMENT

MILL RATES

	2011	2010	2009	2008
MUNICIPAL				
Single family	4.9859	4.9342	4.4322	4.3942
Apartments	6.0426	5.9799	5.3421	5.5132
Farmland	22.0029	21.8495	18.5674	17.5278
Commercial and industrial	13.7647	13.6288	12.9789	13.8957
EDUCATION				
Single family	2.5837	2.5854	2.4167	2.6073
Apartments	2.5837	2.5854	2.4167	2.6073
Farmland	2.5837	2.5854	2.4167	2.6073
Commercial and industrial	3.6139	3.4559	3.4214	4.3781
OTHER				
Single family	0.1136	0.2105	0.1090	0.0678
Apartments	0.1136	0.2105	0.1090	0.0678
Farmland	0.1136	0.2105	0.1090	0.0678
Commercial and industrial	0.1136	0.2105	0.1090	0.0678

PROPERTY TAXES LEVIED (In Thousands of Dollars)

PROPERTY TAX LEVY	2011	2010	2009	2008
Municipal	\$ 42,400	\$ 41,749	\$ 39,407	\$ 36,657
Education	20,030	19,771	19,550	20,274
Other	2,775	3,322	2,495	2,040
TOTAL REAL PROPERTY	65,205	64,842	61,452	58,971
Business taxes (BRZ)	110	110	110	100
TOTAL TAXES LEVIED	\$ 65,315	\$ 64,952	\$ 61,562	\$ 59,071
Current taxes collected	63,839	63,490	60,266	58,229
% of current taxes collected	96.40%	96.42%	96.76%	97.66%
OTHER MAJOR TAXES LEVIED	2011	2010	2009	2008
Linear property taxes	\$ 909	\$ 894	\$ 722	\$ 553
Special assessments and local improvements	469	480	381	348
Government grants in lieu of property taxes	1,312	1,305	1,259	1,295
TOTAL MAJOR TAX LEVIED	\$ 2,690	\$ 2,679	\$ 2,362	\$ 2,196

ASSESSED VALUE FOR GENERAL MUNICIPAL PURPOSES

	2011	2010	2009	2008
Residential	\$ 5,691,105,516	\$ 5,614,924,146	\$ 5,970,035,800	\$ 5,627,759,697
Multi-family	248,615,445	255,552,523	274,249,115	244,983,746
Farmland	5,838,504	2,263,484	2,276,144	2,237,134
Commercial and industrial	1,480,003,582	1,738,050,296	1,463,126,680	1,255,738,907
TOTAL TAXABLE ASSESSMENT	\$ 7,425,563,047	\$ 7,610,790,449	\$ 7,709,687,739	\$ 7,130,719,484

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

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SUMMARY OF OPERATING AND RESERVE FUND BALANCES

OPERATING FUNDS	2011	2010	2009	2008	2007
General	\$ 9,156	\$ 9,200	\$ 8,766	\$ 7,964	\$ 6,814
Energy Sustainability	-	32	(10)	10	-
Gas	7,945	8,309	7,250	6,844	6,928
Electric	5,658	6,543	6,682	6,934	7,243
Water	(19)	(1,901)	1,301	1,137	1,472
Sewer	3,701	3,662	2,096	1,573	63
Solid Waste	4,531	2,981	587	(328)	(698)
Land & Properties	9,078	10,438	12,307	13,289	14,978
TOTAL OPERATING FUNDS	40,050	39,264	38,979	37,423	36,800
RESERVE FUNDS					
Employee development	789	761	837	861	742
Victim assistance	19	18	18	17	17
Second street properties	84	84	84	84	84
Fleet replacement	2,471	4,011	6,097	6,479	5,484
Art acquisitions	82	94	76	66	57
Infrastructure	23,090	25,737	21,900	18,485	15,919
Employee benefits	11,111	10,805	9,700	7,092	4,703
Community capital	44,527	47,618	27,668	9,819	747
Event Centre	20,326	-	-	-	-
Natures Best Reserve	3,783	4,323	5,619	4,875	3,263
Electric facilities and equipment	63,792	23,166	17,464	10,617	10,969
Gas depletion	173,868	191,974	189,249	199,294	123,295
Equity in subsidiary company	878	(2,120)	(4,119)	(4,859)	(6,211)
SUB-TOTAL RESERVES	344,820	306,471	274,593	252,830	159,069
Internal loans contra	-	(325)	(664)	(1,386)	(2,509)
TOTAL RESERVES	344,820	306,146	273,929	251,444	156,560
TOTAL RESERVES & SURPLUS	\$ 384,870	\$ 345,410	\$ 312,908	\$ 288,867	\$ 193,360

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

LONG TERM DEBT

	2011	2010	2009	2008	2007
LONG TERM DEBT					
Debt supported by taxes	\$ 24,907	\$ 27,363	\$ 29,439	\$ 31,133	\$ 27,947
Debt supported by utilities	183,729	187,670	186,750	163,580	167,305
TOTAL DEBT	\$ 208,636	\$ 215,033	\$ 216,189	\$ 194,713	\$ 195,252
DEBT PER CAPITA (not in thousands of dollars)					
Tax supported	\$ 408	\$ 448	\$ 482	\$ 515	\$ 490
Utility supported	3,007	3,072	3,057	2,707	2,935
TOTAL DEBT PER CAPITA	\$ 3,415	\$ 3,520	\$ 3,539	\$ 3,222	\$ 3,425

2011 population 61,097 municipal census

2010 population 61,097 municipal census

2009 population 61,097 municipal census

2008 population 60,429 municipal census

2006-2007 population 56,997 Statistics Canada census

2005 population 56,048 municipal census

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

	2011	2010	2009	2008 (restated)	2007
Debt charges	\$ 28,996	\$ 28,897	\$ 27,997	\$ 28,937	\$ 28,311
Total operating expenses	335,715	322,016	295,143	312,323	280,576
PERCENTAGE	8.64%	8.97%	9.49%	9.27%	10.09%

LEGAL DEBT LIMIT

	2011	2010	2009	2008	2007
Total debt limit	\$ 759,654	\$ 657,898	\$ 582,031	\$ 809,430	\$ 757,224
Actual debt and loan guarantees	211,235	217,383	218,539	196,863	202,402
AMOUNT UNDER LIMIT	\$ 548,419	\$ 440,515	\$ 363,492	\$ 612,567	\$ 554,822
Percentage used	27.81%	33.04%	37.55%	24.32%	26.73%

DEBT SERVICING LIMIT

	2011	2010	2009	2008	2007
Debt servicing limit	\$ 132,939	\$ 115,132	\$ 101,855	\$ 141,650	\$ 132,514
Actual debt servicing	28,996	28,897	27,997	28,937	28,311
AMOUNT UNDER LIMIT	\$ 103,943	\$ 86,235	\$ 73,858	\$ 112,713	\$ 104,203
Percentage used	21.81%	25.10%	27.49%	20.43%	21.36%

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

CONSOLIDATED EXPENSES BY OBJECT

	2011	2010	2009	2008 (restated)	2007
Salaries, wages and benefits	\$ 111,324	\$ 105,897	\$ 95,948	\$ 86,800	\$ 79,255
Contracted and general services	44,265	40,821	34,250	40,972	41,987
Materials, goods and utilities	42,987	38,161	38,887	31,711	42,067
Provisions for allowances	367	391	311	8,567	222
Bank charges and short-term interest	189	122	186	177	1,577
Interest on long-term debt	10,871	11,255	10,887	11,106	11,149
Other operating expenses	40,861	31,595	25,979	41,889	31,662
Grants and other transfers	1,165	1,067	799	793	823
Amortization of tangible capital assets	81,301	91,311	87,454	89,695	67,519
Loss on disposal of tangible capital assets	2,385	1,396	442	613	4,315
TOTAL EXPENSES	\$ 335,715	\$ 322,016	\$ 295,143	\$ 312,323	\$ 280,576

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

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GENERAL FUND

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Legislative	\$ 615	\$ 620	\$ 686	\$ 571	\$ 518	\$ 488
General Government	2,938	3,128	3,084	2,688	2,152	3,212
Corporate Services	98,411	117,530	117,356	114,325	99,940	47,028
Development & Infrastructure	8,450	8,976	8,711	5,937	6,376	6,246
Public Services	12,664	16,626	14,168	12,252	11,762	11,579
Police Services	7,759	8,037	7,606	6,865	7,469	5,585
TOTAL REVENUE	130,837	154,917	151,611	142,638	128,217	74,138
EXPENSES						
Legislative	1,522	1,460	1,679	1,457	1,492	1,262
General Government	7,629	7,424	7,714	6,737	5,361	6,836
Corporate Services	30,550	30,422	28,323	27,290	28,293	16,062
Development & Infrastructure	28,816	32,475	28,403	25,429	24,140	14,042
Public Services	49,644	53,128	49,426	45,960	44,106	38,107
Police Services	22,008	22,181	21,430	19,866	18,191	16,387
TOTAL EXPENSES	140,169	147,090	136,975	126,739	121,583	92,696
Excess (shortfall) of revenue over expenses	\$ (9,332)	\$ 7,827	\$ 14,636	\$ 15,899	\$ 6,634	\$ (18,558)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

LEGISLATIVE

Mayor, Aldermen, Mailroom & City Clerk

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
City Clerk	\$ 499	\$ 499	\$ 576	\$ 466	\$ 423	\$ 386
Mailroom	116	121	110	105	95	102
TOTAL REVENUE	615	620	686	571	518	488
EXPENSES						
Mayor	155	135	143	130	131	110
Aldermen	401	313	306	341	365	313
City Clerk	571	661	890	524	466	484
Mailroom	323	268	340	320	298	311
Boards and Committees	72	83	-	142	232	44
TOTAL EXPENSES	1,522	1,460	1,679	1,457	1,492	1,262
Excess (shortfall) of revenue over expenses	\$ (907)	\$ (840)	\$ (993)	\$ (886)	\$ (974)	\$ (774)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

MAYOR, ALDERMAN, MAILROOM & CITY CLERK

Legislative

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other Income						
Internal recovery	\$ 613	\$ 619	\$ 597	\$ 571	\$ 514	\$ 485
Other revenue	2	1	2	-	4	3
Government transfers						
Grants - federal and provincial	-	-	87	-	-	-
TOTAL REVENUE	615	620	686	571	518	488
EXPENSES						
Salaries, wages and benefits	1,010	1,013	1,097	980	877	879
Other personnel costs	113	76	61	84	98	63
Contracted and general services	291	256	395	282	450	324
Materials and supplies	36	52	59	49	32	17
Interest on long-term debt - infrastructure	4	2	4	1	1	2
Amortization	19	19	19	22	-	-
Internal charges	49	42	44	39	34	39
TOTAL EXPENSES	1,522	1,460	1,679	1,457	1,492	1,324
Excess (shortfall) of revenue over expenses	\$ (907)	\$ (840)	\$ (993)	\$ (886)	\$ (974)	\$ (836)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GENERAL GOVERNMENT

CAO, Commissioners & City Solicitor; Business Support; Corporate Communications; Human Resources

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
CAO, Commissioners & City Solicitor	\$ 1,009	\$ 1,009	\$ 1,014	\$ 906	\$ 733	\$ 725
Business Support	-	107	11	1	-	4
Corporate Communications	321	327	366	303	171	173
Energy Sustainability and other	-	-	-	-	-	1,177
Human Resources	1,608	1,685	1,693	1,478	1,248	1,133
TOTAL REVENUE	2,938	3,128	3,084	2,688	2,152	3,212
EXPENSES						
CAO, Commissioners & City Solicitor	2,644	2,479	2,684	2,287	1,498	1,711
Business Support	968	997	959	846	907	901
Corporate Communications	537	530	551	415	392	299
Energy Sustainability and other	-	-	-	-	-	1,643
Human Resources	3,480	3,418	3,520	3,189	2,564	2,282
TOTAL EXPENSES	7,629	7,424	7,714	6,737	5,361	6,836
Excess (shortfall) of revenue over expenses	\$ (4,691)	\$ (4,296)	\$ (4,630)	\$ (4,049)	\$ (3,209)	\$ (3,624)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CAO, COMMISSIONERS & CITY SOLICITOR

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Internal recovery	\$ 1,006	\$ 1,006	\$ 984	\$ 905	\$ 725	\$ 715
Other revenue	3	3	2	1	8	10
Government transfers						
Grants - federal and provincial		-	28	-	-	-
TOTAL REVENUE	1,009	1,009	1,014	906	733	725
EXPENSES						
Salaries, wages and benefits	2,084	2,085	2,156	1,825	1,638	1,434
Other personnel costs	70	51	58	36	59	37
Contracted and general services	175	138	174	247	141	153
Materials and Supplies	42	46	35	37	74	48
Gain \ loss on sale of assets	-	-	-	-	(546)	-
Internal charges	273	159	261	142	132	39
TOTAL EXPENSES	2,644	2,479	2,684	2,287	1,498	1,711
Excess (shortfall) of revenue over expenses	\$ (1,635)	\$ (1,470)	\$ (1,670)	\$ (1,381)	\$ (765)	\$ (986)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

BUSINESS SUPPORT

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Internal recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
Other revenue	-	107	11	1	-	1
TOTAL REVENUE	-	107	11	1	-	4
EXPENSES						
Salaries, wages and benefits	115	114	115	112	104	97
Other personnel costs	6	1	3	4	9	3
Contracted and general services	720	782	734	641	732	716
Materials and supplies	7	3	5	14	6	20
Other Transfers	31					
Interest on long-term debt - infrastructure	2	2	1	-	-	1
Amortization	18	18	16	14	-	-
Internal charges	69	77	85	61	56	64
TOTAL EXPENSES	968	997	959	846	907	901
Excess (shortfall) of revenue over expenses	\$ (968)	\$ (890)	\$ (948)	\$ (845)	\$ (907)	\$ (897)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CORPORATE COMMUNICATIONS

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Internal recovery	\$ 321	\$ 324	\$ 316	\$ 303	\$ 171	\$ 169
Other revenue	-	-	-	-	-	4
Government transfers						
Grants - federal and provincial	-	3	50	-	-	-
TOTAL REVENUE	321	327	366	303	171	173
EXPENSES						
Salaries, wages and benefits	394	437	344	295	256	216
Other personnel costs	8	8	12	4	11	5
Contracted and general services	119	54	138	92	110	63
Materials and supplies	5	16	27	13	8	3
Internal charges	11	15	30	11	7	12
TOTAL EXPENSES	537	530	551	415	392	299
Excess (shortfall) of revenue over expenses	\$ (216)	\$ (203)	\$ (185)	\$ (112)	\$ (221)	\$ (126)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

HUMAN RESOURCES

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Internal recovery	\$ 1,588	\$ 1,591	\$ 1,593	\$ 1,453	\$ 1,216	\$ 1,115
Other revenue	20	21	17	22	28	17
Government transfers						
Grants - federal and provincial	-	73	83	3	4	1
TOTAL REVENUE	1,608	1,685	1,693	1,478	1,248	1,133
EXPENSES						
Salaries, wages and benefits	2,298	2,432	2,442	2,228	1,892	1,728
Other personnel costs	44	44	42	35	32	26
Contracted and general services	510	414	456	336	293	250
Materials and supplies	79	78	114	75	127	92
Interest on long-term debt - infrastructure	36	37	47	51	33	12
Amortization	230	158	158	113	-	-
Internal charges	283	255	261	351	187	174
TOTAL EXPENSES	3,480	3,418	3,520	3,189	2,564	2,282
Excess (shortfall) of revenue over expenses	\$ (1,872)	\$ (1,733)	\$ (1,827)	\$ (1,711)	\$ (1,316)	\$ (1,149)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

CORPORATE SERVICES

Finance; ICS; Corporate Asset Management; General Municipal Revenues

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Finance	\$ 4,940	\$ 4,990	\$ 5,010	\$ 4,877	\$ 4,392	\$ 4,039
Information & Computer Services	2,767	2,398	2,489	2,427	2,223	2,128
Corporate Asset Management	12,005	11,988	11,385	10,833	10,595	10,019
General Municipal Revenues	78,699	98,154	98,472	96,188	82,730	30,842
TOTAL REVENUE	98,411	117,530	117,356	114,325	99,940	47,028
EXPENSES						
Finance	7,943	7,997	7,678	7,443	6,726	5,567
Information & Computer Services	2,975	3,105	3,053	2,770	2,574	2,447
Corporate Asset Management	18,309	18,424	16,949	14,999	15,228	7,631
General Municipal Revenues	1,323	896	643	2,078	3,765	417
TOTAL EXPENSES	30,550	30,422	28,323	27,290	28,293	16,062
Excess (shortfall) of revenue over expenses	\$ 67,861	\$ 87,108	\$ 89,033	\$ 87,035	\$ 71,647	\$ 30,966

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

FINANCE

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Internal recovery	\$ 4,439	\$ 4,343	\$ 4,367	\$ 4,228	\$ 3,763	\$ 3,468
Insurance recovery	-	-	1	-	-	-
Other revenue	501	646	630	609	591	538
Government transfers						
Grants - federal and provincial	-	1	12	40	38	33
TOTAL REVENUE	4,940	4,990	5,010	4,877	4,392	4,039
EXPENSES						
Salaries, wages and benefits	5,633	5,770	5,638	5,373	4,722	3,987
Other personnel costs	108	93	119	91	92	70
Contracted and general services	518	521	466	462	540	367
Materials and supplies	198	190	185	219	205	176
Provision for allowances	25	25	25	-	-	-
Bank charges	65	69	12	-	-	-
Interest on long-term debt - infrastructure	52	44	53	156	156	174
Other operating expenses	26	30	21	-	-	-
Amortization	267	200	189	232	209	-
Gain \ loss on sale of assets	-	18	-	-	-	-
Internal charges	1,051	1,037	970	910	802	793
TOTAL EXPENSES	7,943	7,997	7,678	7,443	6,726	5,567
Excess (shortfall) of revenue over expenses	\$ (3,003)	\$ (3,007)	\$ (2,668)	\$ (2,566)	\$ (2,334)	\$ (1,528)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

INFORMATION & COMPUTER SERVICES

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Internal recovery	\$ 2,760	\$ 2,393	\$ 2,482	\$ 2,424	\$ 2,208	\$ 2,108
Other revenue	7	5	6	3	15	20
Government transfers						
Grants - federal and provincial	-	-	1	-	-	-
TOTAL REVENUE	2,767	2,398	2,489	2,427	2,223	2,128
EXPENSES						
Salaries, wages and benefits	2,107	2,198	2,157	2,081	1,904	1,865
Other personnel costs	78	63	33	40	47	47
Contracted and general services	500	515	538	394	381	396
Materials and supplies	86	70	75	79	71	66
Interest on long-term debt - infrastructure	13	13	11	3	7	6
Other operating expenses	-	-	-	-	-	-
Amortization	113	128	135	103	98	-
Gain \ loss on sale of assets	-	35	-	-	-	-
Internal charges	78	83	104	70	66	67
TOTAL EXPENSES	2,975	3,105	3,053	2,770	2,574	2,447
Excess (shortfall) of revenue over expenses	\$ (208)	\$ (707)	\$ (564)	\$ (343)	\$ (351)	\$ (319)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CORPORATE ASSET MANAGEMENT

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 175	\$ 213	\$ 189	\$ 101	\$ 39	\$ -
Other income						
Internal recovery	11,710	11,490	10,969	10,498	10,342	9,415
Insurance recovery	76	83	113	-	101	-
Other revenue	44	96	109	231	113	604
Government transfers						
Grants - federal and provincial	-	106	5	3	-	-
TOTAL REVENUE	12,005	11,988	11,385	10,833	10,595	10,019
EXPENSES						
Salaries, wages and benefits	3,952	4,076	3,833	3,343	3,151	2,900
Other personnel costs	51	72	75	49	38	40
Contracted and general services	3,433	4,024	3,680	2,939	3,465	3,046
Materials and supplies	470	652	565	431	440	384
Interest on long-term debt - infrastructure	538	525	558	604	226	185
Other operating expenses	-	48	270	-	44	-
Amortization	8,470	7,075	6,815	6,414	5,985	-
Gain \ loss on sale of assets	-	497	(50)	44	594	-
Internal charges	1,395	1,455	1,203	1,175	1,285	1,076
TOTAL EXPENSES	18,309	18,424	16,949	14,999	15,228	7,631
Excess (shortfall) of revenue over expenses	\$ (6,304)	\$ (6,436)	\$ (5,564)	\$ (4,166)	\$ (4,633)	\$ 2,388

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

GENERAL MUNICIPAL REVENUES

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Net taxes	\$ 48,432	\$ 48,541	\$ 47,527	\$ 45,179	\$ 42,530	\$ -
Other income						
Investment income	2,259	5,416	4,301	3,147	3,035	-
Licences, fines and penalties	257	249	540	-	-	-
Internal recovery	-	74	63	75	37	-
Other revenue	2,285	2,308	1,766	1,777	1,715	29,967
Charitable gifts	-	2,000	2,500	2,000	4,000	-
Contributions from utilities	25,466	39,566	41,775	43,135	30,538	-
Government transfers						
Grants - federal and provincial	-	-	-	875	875	875
TOTAL REVENUE	78,699	98,154	98,472	96,188	82,730	30,842
EXPENSES						
Salaries, wages and benefits	248	233	236	266	164	143
Other personnel costs	-	-	-	-	-	-
Contracted and general services	311	249	310	324	269	245
Materials and supplies	16	122	63	75	39	20
Grants and other transfers	1	-	25	-	-	-
Other expenses	747	222	-	1,413	1,501	-
Internal charges	-	70	9	-	1,792	9
TOTAL EXPENSES	1,323	896	643	2,078	3,765	417
Excess (shortfall) of revenue over expenses	\$ 77,376	\$ 97,258	\$ 97,829	\$ 94,110	\$ 78,965	\$ 30,425

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

DEVELOPMENT & INFRASTRUCTURE

Planning, Building & Development; Municipal Works

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Planning, Building & Development	\$ 2,988	\$ 2,337	\$ 2,753	\$ 2,289	\$ 2,769	\$ 2,666
Municipal Works	5,462	6,639	5,958	3,648	3,607	3,580
TOTAL REVENUE	8,450	8,976	8,711	5,937	6,376	6,246
EXPENSES						
Planning, Building & Development	4,810	5,651	4,657	4,406	3,913	3,277
Municipal Works	24,006	26,824	23,746	21,023	20,227	10,765
TOTAL EXPENSES	28,816	32,475	28,403	25,429	24,140	14,042
Excess (shortfall) of revenue over expenses	\$ (20,366)	\$ (23,499)	\$ (19,692)	\$ (19,492)	\$ (17,764)	\$ (7,796)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

PLANNING, BUILDING & DEVELOPMENT

Development & Infrastructure

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Licences, fines and penalties	\$ 2,185	\$ 1,184	\$ 1,444	\$ 1,706	\$ 2,276	\$ 2,177
Internal recovery	376	242	315	351	168	156
Insurance recovery	-	1	2	-	-	-
Other revenue	427	227	758	229	325	333
Government transfers						
Grants - federal and provincial	-	683	228	3	-	-
Flood assistance	-	-	6	-	-	-
TOTAL REVENUE	2,988	2,337	2,753	2,289	2,769	2,666
EXPENSES						
Salaries, wages and benefits	3,833	3,877	3,721	3,553	3,178	2,686
Other personnel costs	134	58	71	79	87	66
Contracted and general services	250	1,176	381	324	163	101
Materials and supplies	148	96	63	73	129	160
Other expenses	-	-	-	-	11	-
Interest on long-term debt - ACFA	-	-	-	-	2	6
Interest on long-term debt - infrastructure	19	16	16	-	6	1
Amortization	70	74	70	70	74	-
Gain \ Loss on Sale of Assets		20	-	-	-	-
Internal charges	356	334	335	307	263	257
TOTAL EXPENSES	4,810	5,651	4,657	4,406	3,913	3,277
Excess (shortfall) of revenue over expenses	\$ (1,822)	\$ (3,314)	\$ (1,904)	\$ (2,117)	\$ (1,144)	\$ (611)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

MUNICIPAL WORKS

Development & Infrastructure

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 494	\$ 486	\$ 413	\$ 448	\$ 347	\$ 868
Taxes	135	135	135	-	-	-
Other income						
Internal recovery	3,527	3,512	3,007	2,606	2,092	1,859
Insurance recovery	-	-	251	-	-	-
Developer levies	-	344	629	-	-	-
Other revenue	459	325	425	36	94	96
Government transfers						
Grants - federal and provincial	847	754	734	558	1,074	679
Flood assistance	-	1,083	364	-	-	78
TOTAL REVENUE	5,462	6,639	5,958	3,648	3,607	3,580
EXPENSES						
Salaries, wages and benefits	4,515	4,312	3,977	3,676	3,529	3,189
Other personnel costs	73	40	36	30	24	35
Contracted and general services	2,194	4,304	3,051	1,909	1,112	1,050
Materials and supplies	1,850	1,947	1,936	2,026	2,195	1,864
Interest on long-term debt - ACFA	764	751	822	843	645	646
Interest on long-term debt - infrastructure	148	131	113	57	82	67
Interest on long-term debt - internal	8	8	10	13	37	36
Other operating expenses	-	50	34	-	-	-
Amortization	9,927	9,614	9,335	8,631	7,401	-
Gain \ loss on sale of assets	-	557	125	(72)	1,281	-
Internal charges	4,527	5,110	4,307	3,910	3,921	3,878
TOTAL EXPENSES	24,006	26,824	23,746	21,023	20,227	10,765
Excess (shortfall) of revenue over expenses	\$ (18,544)	\$ (20,185)	\$ (17,788)	\$ (17,375)	\$ (16,620)	\$ (7,185)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

PUBLIC SERVICES

Community Development; Parks and Outdoor Recreation; Fire Services; 911 Communications; Culture

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Community Development	\$ 7,008	\$ 7,712	\$ 7,671	\$ 6,975	\$ 6,501	\$ 6,595
Parks and Outdoor Recreation	2,371	5,121	3,248	2,123	2,118	2,208
Fire Services	376	391	463	373	407	425
911 Communications	815	807	760	722	623	573
Cultural Development	2,094	2,595	2,026	2,059	2,113	1,778
TOTAL REVENUE	12,664	16,626	14,168	12,252	11,762	11,579
EXPENSES						
Community Development	18,118	19,313	18,763	17,445	15,953	14,803
Parks and Outdoor Recreation	10,748	12,367	10,902	9,546	10,299	7,567
Fire Services	12,340	12,332	11,839	11,122	10,336	9,176
911 Communications	2,474	2,317	2,235	2,160	2,079	1,971
Cultural Development	5,964	6,799	5,687	5,687	5,439	4,590
TOTAL EXPENSES	49,644	53,128	49,426	45,960	44,106	38,107
Excess (shortfall) of revenue over expenses	\$ (36,980)	\$ (36,502)	\$ (35,258)	\$ (33,708)	\$ (32,344)	\$ (26,528)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

COMMUNITY DEVELOPMENT

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 5,441	\$ 4,982	\$ 5,492	\$ 4,831	\$ 4,680	\$ 4,958
Other income						
Internal recovery	9	-	14	2	2	9
Insurance recovery	-	25	15	-	-	-
Developer levies	-	-	57	-	-	-
Other revenue	171	682	507	389	364	350
Government transfers						
Grants - Federal and Provincial	1,387	1,995	1,552	1,753	1,455	1,278
Flood Assistance		28	34	-	-	-
TOTAL REVENUE	7,008	7,712	7,671	6,975	6,501	6,595
EXPENSES						
Salaries, wages and benefits	8,993	9,845	9,791	8,864	8,054	7,700
Other personnel costs	140	99	112	147	129	85
Contracted and general services	1,382	2,061	1,696	1,709	1,218	1,130
Materials and supplies	3,050	2,780	2,746	2,764	2,681	2,444
Other expenses	9	23	29	52	17	17
Bank charges	10	23	27	21	11	19
Interest on long-term debt - ACFA	117	114	121	128	209	227
Interest on long-term debt - infrastructure	29	27	23	6	26	23
Interest on long-term debt - internal	-	-	-	-	2	4
Grants and other transfers	424	400	557	347	193	196
Amortization	323	341	343	340	332	-
Gain \ loss on sale of assets	-	-	-	-	10	-
Internal charges	3,641	3,600	3,318	3,067	3,071	2,958
TOTAL EXPENSES	18,118	19,313	18,763	17,445	15,953	14,803
Excess (shortfall) of revenue over expenses	\$ (11,110)	\$ (11,601)	\$ (11,092)	\$ (10,470)	\$ (9,452)	\$ (8,208)

The above represents actual transactions before consolidation eliminations.

2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

PARKS AND OUTDOOR RECREATION

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 925	\$ 933	\$ 893	\$ 820	\$ 707	\$ 738
Other income						
Internal recovery	1,169	1,044	1,031	986	967	904
Insurance recovery	11		337	-	-	-
Developer levies	-	547	(34)	-	-	-
Other revenue	225	712	229	255	263	418
Government transfers						
Grants - federal and provincial	41	55	55	62	181	77
Debenture interest subsidy	-	-	-	-	-	-
Flood assistance	-	1,830	737	-	-	71
TOTAL REVENUE	2,371	5,121	3,248	2,123	2,118	2,208
EXPENSES						
Salaries, wages and benefits	3,676	3,661	3,642	3,471	3,348	3,230
Other personnel costs	40	28	22	33	37	35
Contracted and general services	1,469	3,042	2,171	1,180	1,085	897
Materials and supplies	733	717	858	764	619	647
Bank charges	10	15	15	11	8	10
Other expenses	7	84	21	18	15	-
Interest on long-term debt - ACFA	101	101	109	111	118	128
Interest on long-term debt - infrastructure	132	126	118	96	114	38
Interest on long-term debt - internal	1	1	2	3	6	10
Grants and other transfers	113	113	14	14	126	220
Amortization	1,579	1,657	1,391	1,285	1,299	-
Gain \ loss on sale of assets	-	71	4	-	1,118	-
Internal charges	2,887	2,751	2,535	2,560	2,406	2,352
TOTAL EXPENSES	10,748	12,367	10,902	9,546	10,299	7,567
Excess (shortfall) of revenue over expenses	\$ (8,377)	\$ (7,246)	\$ (7,654)	\$ (7,423)	\$ (8,181)	\$ (5,359)

The above represents actual transactions before consolidation eliminations.

2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

FIRE SERVICES

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 349	\$ 357	\$ 398	\$ 325	\$ 304	\$ 309
Other income						
Internal recovery	3	12	7	10	67	67
Insurance recovery	-	1	5	-	-	-
Other revenue	24	20	33	38	36	49
Government transfers						
Grants - federal and provincial	-	1	20	-	-	-
TOTAL REVENUE	376	391	463	373	407	425
EXPENSES						
Salaries, wages and benefits	10,482	10,479	10,128	9,675	8,688	7,860
Other personnel costs	245	203	173	172	208	98
Contracted and general services	143	107	138	77	76	76
Materials and supplies	246	285	360	251	331	231
Interest on long-term debt - ACFA	12	12	14	16	-	-
Interest on long-term debt - infrastructure	21	18	14	9	173	196
Amortization	158	140	142	141	122	-
Gain \ loss on sale of assets	-	8	(22)	-	-	-
Internal charges	1,033	1,080	892	781	738	715
TOTAL EXPENSES	12,340	12,332	11,839	11,122	10,336	9,176
Excess (shortfall) of revenue over expenses	\$ (11,964)	\$ (11,941)	\$ (11,376)	\$ (10,749)	\$ (9,929)	\$ (8,751)

The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

911 COMMUNICATIONS

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 706	\$ 658	\$ 649	\$ 617	\$ 526	\$ 478
Other income						
Internal recovery	106	105	102	97	83	84
Other revenue	3	8	6	8	14	11
Government transfers						
Grants - federal and provincial	-	32	-	-	-	-
Flood assistance	-	4	3	-	-	-
TOTAL REVENUE	815	807	760	722	623	573
EXPENSES						
Salaries, wages and benefits	2,086	1,893	1,880	1,772	1,745	1,691
Other personnel costs	23	16	24	14	13	21
Contracted and general services	157	183	131	178	144	132
Materials and supplies	54	69	45	52	30	40
Interest on long-term debt - ACFA	-	-	-	-	1	1
Interest on long-term debt - infrastructure	6	6	7	6	9	11
Interest on long-term debt - internal	-	-	-	-	1	1
Amortization	67	66	70	62	59	-
Internal charges	81	84	78	76	77	74
TOTAL EXPENSES	2,474	2,317	2,235	2,160	2,079	1,971
Excess (shortfall) of revenue over expenses	\$ (1,659)	\$ (1,510)	\$ (1,475)	\$ (1,438)	\$ (1,456)	\$ (1,398)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CULTURAL DEVELOPMENT

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 1,293	\$ 1,686	\$ 1,203	\$ 1,098	\$ 1,367	\$ 1,236
Other income						
Internal recovery	-	14	8	-	-	-
Other revenue	347	578	456	512	480	401
Government Transfers						
Grants - federal and provincial	454	317	359	449	266	141
TOTAL REVENUE	2,094	2,595	2,026	2,059	2,113	1,778
EXPENSES						
Salaries, wages and benefits	2,080	2,202	2,003	1,970	1,687	1,503
Other personnel costs	26	12	14	14	17	15
Contracted and general services	1,828	2,108	1,661	1,800	1,852	1,506
Materials and supplies	392	426	385	427	370	321
Bank charges	31	51	57	28	34	32
Interest on long-term debt - ACFA	62	62	65	52	49	44
Interest on long-term debt - infrastructure	19	20	6	5	28	2
Interest on long-term debt - internal	9	9	16	23	30	36
Grants and other transfers	492	501	471	452	430	403
Amortization	109	90	92	88	83	-
Gain \ Loss on Sale of Assets		375	-			
Internal charges	916	943	917	828	859	728
TOTAL EXPENSES	5,964	6,799	5,687	5,687	5,439	4,590
Excess (shortfall) of revenue over expenses	\$ (3,870)	\$ (4,204)	\$ (3,661)	\$ (3,628)	\$ (3,326)	\$ (2,812)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

POLICE SERVICE

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Other income						
Licences, fines and penalties	4,185	4,403	4,030	4,073	4,118	3,708
Internal recovery	105	101	105	91	79	71
Insurance recovery	-	31	31	-	-	-
Other revenue	1,930	1,983	2,000	1,701	2,087	824
Government transfers						
Grants - federal and provincial	1,539	1,519	1,435	1,000	1,185	982
Flood assistance	-	-	5	-	-	-
TOTAL REVENUE	7,759	8,037	7,606	6,865	7,469	5,585
EXPENSES						
Salaries, wages and benefits	17,506	17,686	16,691	15,075	13,812	12,680
Other personnel costs	590	513	634	541	653	616
Contracted and general services	1,484	1,290	1,422	1,286	1,104	1,003
Materials and supplies	1,008	1,170	1,168	1,253	1,161	933
Other expenses	2	35	63	91	62	-
Interest on long-term debt - ACFA	11	11	18	26	95	164
Interest on long-term debt - infrastructure	9	9	10	5	8	6
Interest on long-term debt - internal	-	-	-	-	1	6
Amortization	201	215	207	253	173	-
Gain \ loss on sale of assets	-	-	-	170	-	-
Internal charges	1,197	1,252	1,217	1,166	1,123	979
TOTAL EXPENSES	22,008	22,181	21,430	19,866	18,191	16,387
Excess (shortfall) of revenue over expenses	\$ (14,249)	\$ (14,144)	\$ (13,824)	\$ (13,001)	\$ (10,722)	\$ (10,802)

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

GAS

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 124,833	\$ 123,952	\$ 127,785	\$ 130,254	\$ 223,824	\$ 194,009
Investment in subsidiary	2,794	2,998	1,999	740	1,352	1,105
Other income						
Investment income	8,273	9,465	10,437	10,205	8,036	9,250
Internal recoveries	411	172	41	27	1,271	848
Development levies	585	225	321	264	563	-
Other revenue	2,086	1,635	349	1,701	1,527	3,186
Government transfers for operating	-	27	22	-	127	-
TOTAL REVENUE	138,982	138,474	140,954	143,191	236,700	208,398
EXPENSES						
Salaries, wages and benefits	16,766	15,127	13,869	13,386	11,986	10,009
Contracted and general services	22,093	15,200	17,264	14,289	21,251	23,109
Materials, goods and utilities	20,950	18,611	17,029	14,361	9,205	14,880
Provisions for allowances	55	54	133	84	11,285	46
Bank charges and short term interest	20	30	11	48	60	1,458
Interest on long term debt	234	251	203	214	446	550
Other operating expenses	18,373	30,837	27,536	30,178	35,723	26,316
Amortization of tangible capital assets	51,150	40,576	45,842	50,627	66,507	58,661
Loss on disposal of tangible capital assets	-	76	35	129	213	-
Internal charges and transfers	39,123	39,751	40,857	41,715	31,667	37,598
TOTAL EXPENSES	168,764	160,513	162,779	165,031	188,343	172,627
Excess (shortfall) of revenue over expenses	\$ (29,782)	\$ (22,039)	\$ (21,825)	\$ (21,840)	\$ 48,357	\$ 35,771

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

ELECTRIC

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 80,847	\$ 122,542	\$ 80,240	\$ 73,993	\$ 82,550	\$ 72,208
Other income						
Investment income	480	1,207	640	488	795	715
Internal recoveries	3,821	3,929	3,267	3,870	4,349	3,934
Development levies	1,454	827	457	1,029	1,861	2,900
Government transfers from operating	-	47	92	3	678	-
Other revenue	2,272	9,749	3,970	2,357	4,335	2,271
Transfer from Utilities and Land	1,135		-	-	11,923	11,657
TOTAL REVENUE	90,009	138,301	88,666	81,740	106,491	93,685
EXPENSES						
Salaries, wages and benefits	11,903	11,923	11,391	10,015	9,616	9,413
Contracted and general services	3,106	5,399	3,538	3,703	2,925	4,322
Materials, goods and utilities	14,108	11,741	7,335	7,587	5,900	11,097
Provisions for allowances	125	125	129	125	88	86
Interest on long term debt	4,964	4,516	4,846	4,376	4,638	4,854
Other operating expenses	5,791	10,212	4,047	1,379	-	-
Amortization of tangible capital assets	15,892	17,041	21,787	14,369	11,621	11,471
Loss on disposal of tangible capital assets	-	311	1,285	143	43	1,809
Internal charges and transfers	37,283	36,845	37,744	37,160	63,291	45,247
TOTAL EXPENSES	93,172	98,113	92,102	78,857	98,122	88,299
Excess (shortfall) of revenue over expenses	\$ (3,163)	\$ 40,188	\$ (3,436)	\$ 2,883	\$ 8,369	\$ 5,386

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

ENERGY SUSTAINABILITY

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Investment income	\$ -	\$ 70	\$ 69	\$ 92	\$ 117	\$ -
Internal recoveries	650	737	733	635	685	-
Other revenue	-	-	1	-	2	-
Government transfers for operating	-	-	36	43	11	-
Transfer from Utilities and Land	-	-	-	1,000	1,500	-
TOTAL REVENUE	650	807	839	1,770	2,315	-
EXPENSES						
Salaries, wages and benefits	261	190	167	159	270	-
Contracted and general services	245	57	98	48	147	-
Materials, goods and utilities	8	3	3	3	340	-
Other operating expenses	-	922	1,488	718	(95)	-
Amortization of tangible capital assets	-	1	1	1	1	-
Internal charges and transfers	136	207	337	149	31	-
TOTAL EXPENSES	650	1,380	2,094	1,078	694	-
Excess (shortfall) of revenue over expenses	\$ -	\$ (573)	\$ (1,255)	\$ 692	\$ 1,621	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

WATER

Environmental Utilities

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Taxes	\$ 118	\$ 114	\$ 114	\$ 110	\$ 114	\$ 118
Sale of services	14,627	15,291	12,694	13,345	11,719	11,283
Other income						
Internal recovery	1,035	1,113	757	837	701	674
Other revenue	807	1,176	1,127	1,133	911	962
Developer levies	-	-	-	183	-	-
Government transfers						
Debenture interest subsidy	-	-	-	-	-	-
Government transfers for operating	-	56	41	-	2,200	-
TOTAL REVENUE	16,587	17,750	14,733	15,608	15,645	13,037
EXPENSES						
Salaries, wages & benefits	4,185	4,056	3,784	3,371	3,044	3,044
Contracted and general services	639	680	871	655	421	418
Materials and supplies	1,305	1,590	1,408	1,210	1,220	1,062
Provisions for allowances	45	45	44	44	44	42
Interest on long-term debt	2,657	2,579	2,628	2,750	2,641	2,045
Other expenses	545	548	6	1	769	-
Amortization	2,224	2,501	2,404	1,942	2,154	1,969
Gain \ loss on sale of assets	-	336	10	20	-	-
Internal charges and transfers	3,218	3,715	3,510	3,260	2,979	3,044
TOTAL EXPENSES	14,818	16,050	14,665	13,253	13,272	11,624
Excess (shortfall) of revenue over expenses	\$ 1,769	\$ 1,700	\$ 68	\$ 2,355	\$ 2,373	\$ 1,413

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

SEWER

Environmental Utilities

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Taxes	\$ 118	\$ 114	\$ 114	\$ 110	\$ 114	\$ 118
Sale of services	12,073	11,957	10,840	10,160	10,049	9,623
Other income						
Internal recovery	265	334	252	231	241	218
Other revenue	502	130	1,046	1,069	1,235	674
Government transfers						
Debenture interest subsidy	-	-	-	-	-	-
Government transfers for operating	-	378	36	-	6,194	-
TOTAL REVENUE	12,958	12,913	12,288	11,570	17,833	10,633
EXPENSES						
Salaries, wages & benefits	3,849	3,619	3,405	2,865	2,663	2,646
Contracted and general services	520	1,018	667	340	388	254
Materials and supplies	1,215	1,421	1,371	1,155	1,000	934
Provisions for allowances	42	42	42	40	37	32
Interest on long-term debt	2,065	2,019	1,918	1,848	1,853	1,716
Other expenses	199	191	10	6	217	-
Amortization	1,381	1,852	1,920	2,353	2,279	1,888
Gain \ loss on sale of assets	-	62	-	2	-	-
Internal charges and transfers	2,521	2,196	2,261	2,196	1,947	1,869
TOTAL EXPENSES	11,792	12,420	11,594	10,805	10,384	9,339
Excess (shortfall) of revenue over expenses	\$ 1,166	\$ 493	\$ 694	\$ 765	\$ 7,449	\$ 1,294

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

SOLID WASTE

Environmental Utilities

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 7,906	\$ 8,061	\$ 7,744	\$ 7,660	\$ 6,865	\$ 5,805
Other income						
Internal recovery	457	873	536	441	367	288
Other revenue	68	(63)	52	73	89	545
Insurance recovery						
Government transfers						
Government transfers to operating	-	101	50	3	-	-
TOTAL REVENUE	8,431	8,972	8,382	8,177	7,321	6,638
EXPENSES						
Salaries, wages & benefits	2,716	2,511	2,516	2,299	2,312	2,276
Contracted and general services	1,485	1,183	1,117	963	1,055	942
Materials and supplies	937	917	797	787	680	595
Provisions for allowances	15	76	15	15	15	13
Interest on long-term debt	162	154	157	125	93	110
Other expenses	203	630	311	164	159	315
Amortization	491	326	349	395	298	304
Gain \ loss on sale of assets	-	18	9	2	-	-
Internal charges and transfers	2,041	1,643	1,888	1,842	1,952	1,373
TOTAL EXPENSES	8,050	7,458	7,159	6,592	6,564	5,928
Excess (shortfall) of revenue over expenses	\$ 381	\$ 1,514	\$ 1,223	\$ 1,585	\$ 757	\$ 710

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

LAND & PROPERTIES

	2011 Budget	2011 Actual	2010	2009	2008	2007
REVENUE						
Sale of services	\$ 14,567	\$ 4,287	\$ 9,494	\$ 8,413	\$ 19,403	\$ 33,894
Other income						
Investment income	-	-	-	-	-	3
Licences fines and penalties	9	41	112	125	447	33
Other revenue	231	213	213	188	139	42
Government transfers						
Flood assistance	-	1	-	-	-	-
TOTAL REVENUE	14,807	4,542	9,819	8,726	19,989	33,972
EXPENSES						
Salaries, wages and benefits	623	541	530	498	467	405
Contracted and general services	90	117	57	52	323	57
Materials and supplies	9,402	2,782	6,662	5,626	10,053	27,149
Other expenses	2	-	-	-	-	-
Provisions for allowances	-	-	3	3	3	2
Amortization	-	37	25	4	4	-
Internal charges	836	871	1,716	1,636	4,902	566
TOTAL EXPENSES	10,953	4,348	8,993	7,819	15,752	28,179
Excess (shortfall) of revenue over expenses	\$ 3,854	\$ 194	\$ 826	\$ 907	\$ 4,237	\$ 5,793

*The above represents actual transactions before consolidation eliminations.
2007 does not include Amortization Expense.*

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

GENERAL FUND

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Legislative	\$ -	\$ 399	\$ -	\$ -	\$ 6	\$ -
General Government	250	-	55	79	595	586
Corporate Services	6,811	8,647	7,962	8,068	5,476	1,384
Development & Infrastructure	9,650	17,413	15,712	27,521	37,407	39,339
Public Services	3,630	8,705	5,517	3,607	4,529	7,986
Police Services	-	35	89	293	782	69
TOTAL FINANCING	20,341	35,199	29,335	39,568	48,795	49,364
EXPENSES						
Legislative	-	28	-	-	25	-
General Government	250	-	55	79	675	736
Corporate Services	6,811	8,750	7,813	8,686	5,740	1,657
Development & Infrastructure	9,650	17,087	16,130	28,159	36,191	39,473
Public Services	3,630	7,749	5,195	3,336	4,051	7,792
Police Services	-	21	89	299	829	142
TOTAL EXPENSES	20,341	33,635	29,282	40,559	47,511	49,800
CHANGE IN CAPITAL FUND	\$ -	\$ 1,564	\$ 53	\$ (991)	\$ 1,284	\$ (436)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

LEGISLATIVE

Mayor, Alderman & City Clerk

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Reserves	\$ -	\$ 399	\$ -	\$ -	\$ 6	\$ -
TOTAL FINANCING	-	399	-	-	6	-
EXPENSES						
Machinery and equipment	-	28	-	-	25	-
TOTAL EXPENSES	-	28	-	-	25	-
CHANGE IN CAPITAL FUND	\$ -	\$ 371	\$ -	\$ -	\$ (19)	\$ -

GENERAL GOVERNMENT

CAO, Commissioners & City Solicitor; Business Support; Corporate Communications; Human Resources

	2011 Budget	2011 Actual	2010 Actual	2009	2008	2007
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - infrastructure	250	-	36	79	636	558
Government transfers	-	-	19	-	-	14
Reserves	-	-	-	-	(41)	14
TOTAL FINANCING	250	-	55	79	595	586
EXPENSES						
Machinery and equipment	250	-	-	79	661	608
Land improvements	-	-	55	-	-	-
Major operating expenses	-	-	-	-	14	128
TOTAL EXPENSES	250	-	55	79	675	736
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ (80)	\$ (150)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CAO, COMMISSIONERS & CITY SOLICITOR

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - infrastructure	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 73
Government transfers	-	-	-	-	-	14
Reserves	-	-	-	-	(35)	14
TOTAL FINANCING	250	-	-	-	(35)	101
EXPENSES						
Machinery and equipment	250	-	-	-	25	-
Major operating expenses	-	-	-	-	11	119
TOTAL EXPENSES	250	-	-	-	36	119
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ (71)	\$ (18)

BUSINESS SUPPORT

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - infrastructure	\$ -	\$ -	\$ 36	\$ -	\$ -	\$ -
Government transfers	-	-	19	-	-	-
TOTAL FINANCING	-	-	55	-	-	-
EXPENSES						
Land Improvements	-	-	55	-	-	-
TOTAL EXPENSES	-	-	55	-	-	-
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CORPORATE COMMUNICATIONS

General Government

No Capital

HUMAN RESOURCES

General Government

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - infrastructure	-	-	-	79	636	485
Reserves	-	-	-	-	(6)	-
TOTAL FINANCING	-	-	-	79	630	485
EXPENSES						
Machinery and equipment	-	-	-	79	636	608
Major operating expenses	-	-	-	-	3	9
TOTAL EXPENSES	-	-	-	79	639	617
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ (9)	\$ (132)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CORPORATE SERVICES

Finance, ICS, Corporate Asset Management, General Municipal Revenues

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ 965	\$ 240	\$ 800	\$ -	\$ 380	\$ -
Debt - infrastructure	945	127	411	897	1,677	1,288
Government transfers	1,518	2,501	1,630	2,483	-	-
Land sales	-	-	-	6	-	-
Operations	-	18	91	1	550	-
Other	159	10	56	82	354	-
Proceeds from sale of assets	-	-	-	-	13	-
Reserves	3,224	5,751	4,974	4,599	2,502	96
TOTAL FINANCING	6,811	8,647	7,962	8,068	5,476	1,384
EXPENSES						
Buildings	1,625	3,553	856	570	235	464
Machinery and equipment	20	1,157	639	1,591	2,052	83
Mobile equipment	5,166	4,040	6,137	6,525	2,978	-
Major operating expenses	-	-	181	-	475	1,110
TOTAL EXPENSES	6,811	8,750	7,813	8,686	5,740	1,657
CHANGE IN CAPITAL FUND	\$ -	\$ (103)	\$ 149	\$ (618)	\$ (264)	\$ (273)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

FINANCE

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - infrastructure	\$ -	\$ 88	\$ 3	\$ 94	\$ 22	\$ 46
Operations	-	-	-	1	550	-
Reserves	-	3	(17)	(87)	52	-
TOTAL FINANCING	-	91	(14)	8	624	46
EXPENSES						
Machinery and equipment	-	91	48	131	456	1
Major operating expenses	-	-	-	-	22	46
TOTAL EXPENSES	-	91	48	131	478	47
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ (62)	\$ (123)	\$ 146	\$ (1)

INFORMATION & COMPUTER SERVICES

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - infrastructure	\$ -	\$ 39	\$ 82	\$ 267	\$ 24	\$ 50
Other	-	-	-	-	-	-
Reserves	-	(444)	-	(6)	(112)	-
Operations	-	2	-	-	-	-
TOTAL FINANCING	-	(403)	82	261	(88)	50
EXPENSES						
Machinery and equipment	-	133	92	272	-	-
Major operating expenses	-	-	-	-	144	283
TOTAL EXPENSES	-	133	92	272	144	283
CHANGE IN CAPITAL FUND	\$ -	\$ (536)	\$ (10)	\$ (11)	\$ (232)	\$ (233)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CORPORATE ASSET MANAGEMENT

Corporate Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ 965	\$ 240	\$ 800	\$ -	\$ 380	\$ -
Debt - infrastructure	945	-	326	536	1,631	1,192
Government transfers	1,518	2,501	1,630	2,483	-	-
Land sales	-	-	-	6	-	-
Other	159	10	56	82	354	-
Operations	-	16	91	-	-	-
Proceeds from sale of assets	-	-	-	-	13	-
Reserves	3,224	6,192	4,991	4,692	2,562	96
TOTAL FINANCING	6,811	8,959	7,894	7,799	4,940	1,288
EXPENSES						
Buildings	1,625	3,553	856	570	235	464
Machinery and equipment	20	933	499	1,188	1,596	82
Mobile equipment	5,166	4,040	6,137	6,525	2,978	-
Major operating expenses	-	-	181	-	309	781
TOTAL EXPENSES	6,811	8,526	7,673	8,283	5,118	1,327
CHANGE IN CAPITAL FUND	\$ -	\$ 433	\$ 221	\$ (484)	\$ (178)	\$ (39)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

DEVELOPMENT & INFRASTRUCTURE

Planning, Building & Development; Municipal Works

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ -	\$ 419	\$ 1,931	\$ -	\$ -
Debt - ACFA	-	-	-	980	5,862	-
Debt - internal	-	-	-	-	-	22
Debt - infrastructure	737	-	850	872	1,025	693
Developers levies	-	266	629	241	521	1,540
Government transfers	8,713	12,961	8,067	18,706	22,589	28,964
Land sales	-	2,089	5,464	4,509	7,168	8,145
Operations	200	-	271	179	235	79
Other	-	-	-	103	-	-
Reserves	-	2,097	12	-	7	(104)
TOTAL FINANCING	9,650	17,413	15,712	27,521	37,407	39,339
EXPENSES						
Engineered structures	9,550	16,412	14,993	26,050	31,854	37,583
Buildings	100	37	29	-	7	106
Machinery and equipment	-	449	287	223	210	283
Land improvements	-	74	65	1,309	-	-
Land	-	114	756	577	3,043	999
Major operating expenses	-	1	-	-	1,077	502
TOTAL EXPENSES	9,650	17,087	16,130	28,159	36,191	39,473
CHANGE IN CAPITAL FUND	\$ -	\$ 326	\$ (418)	\$ (638)	\$ 1,216	\$ (134)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PLANNING, BUILDING & DEVELOPMENT

Development & Infrastructure

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - infrastructure	\$ -	\$ -	\$ 69	\$ 30	\$ 226	\$ 111
Land sales	-	-	-	30	-	-
Operating fund	-	-	-	-	-	79
Reserves	-	(28)	-	-	-	-
TOTAL FINANCING	-	(28)	69	60	226	190
EXPENSES						
Machinery and equipment	-	2	69	30	-	101
Major operating expenses	-	-	-	-	224	106
TOTAL EXPENSES	-	2	69	30	224	207
CHANGE IN CAPITAL FUND	\$ -	\$ (30)	\$ -	\$ 30	\$ 2	\$ (17)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

MUNICIPAL WORKS

Development & Infrastructure

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ -	\$ 419	\$ 1,931	\$ -	\$ -
Debt - ACFA	-	-	-	980	5,862	-
Debt - internal	-	-	-	-	-	22
Debt - infrastructure	737	-	781	842	799	582
Developers levies	-	266	629	241	521	1,540
Government transfers	8,713	12,961	8,067	18,706	22,589	28,964
Land sales	-	2,089	5,464	4,479	7,168	8,145
Operating fund	200	-	271	179	235	-
Other	-	-	-	103	-	-
Reserves	-	2,125	12	-	7	(104)
TOTAL FINANCING	9,650	17,441	15,643	27,461	37,181	39,149
EXPENSES						
Engineered structures	9,550	16,412	14,993	26,050	31,854	37,583
Buildings	100	37	29	-	7	106
Machinery and equipment	-	447	218	193	210	182
Land improvements	-	74	65	1,309	-	-
Land	-	114	756	577	3,043	999
Major operating expenses	-	1	-	-	853	396
TOTAL EXPENSES	9,650	17,085	16,061	28,129	35,967	39,266
CHANGE IN CAPITAL FUND	\$ -	\$ 356	\$ (418)	\$ (668)	\$ 1,214	\$ (117)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PUBLIC SERVICES

Community Development, Parks, Fire Services, 911 Communications, Culture

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ 400	\$ 662	\$ 198	\$ -	\$ -
Debt - ACFA	-	-	-	145	-	775
Debt - infrastructure	1,618	-	1,713	1,017	1,484	2,620
Debt - internal	-	-	-	-	-	2
Developers levies	-	1,334	23	249	433	551
Government transfers	2,005	3,176	1,841	162	4	144
Land sales	-	307	896	1,769	2,107	3,791
Operations	-	-	65	-	-	43
Other	7	343	-	67	304	35
Reserves	-	3,145	317	-	197	25
TOTAL FINANCING	3,630	8,705	5,517	3,607	4,529	7,986
EXPENSES						
Engineered structures	50	585	692	63	2,625	5,886
Buildings	15	1,215	524	102	374	602
Machinery and equipment	1,115	204	357	282	803	268
Land	-	982	158	-	-	-
Land improvements	2,450	4,687	3,460	2,889	-	-
Mobile equipment	-	-	-	-	60	-
Major operating expenses	-	76	4	-	189	1,036
TOTAL EXPENSES	3,630	7,749	5,195	3,336	4,051	7,792
CHANGE IN CAPITAL FUND	\$ -	\$ 956	\$ 322	\$ 271	\$ 478	\$ 194

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

COMMUNITY DEVELOPMENT

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - infrastructure	\$ 98	\$ -	\$ 132	\$ 117	\$ 601	\$ 211
Government transfers	-	647	43	23	-	43
Operations	-	-	-	-	-	43
Other	7	343	-	67	304	35
Reserves	-	(203)	(7)	-	-	(3)
TOTAL FINANCING	105	787	168	207	905	329
EXPENSES						
Engineered structures	50	-	-	63	-	-
Buildings	15	620	6	-	75	24
Machinery and equipment	40	162	169	149	713	86
Mobile equipment	-	-	-	-	60	-
Major operating expenses	-	-	-	-	127	203
TOTAL EXPENSES	105	782	175	212	975	313
CHANGE IN CAPITAL FUND	\$ -	\$ 5	\$ (7)	\$ (5)	\$ (70)	\$ 16

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PARKS & OUTDOOR RECREATION

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ 400	\$ 662	\$ 198	\$ -	\$ -
Debt - ACFA	-	-	-	145	-	-
Debt - infrastructure	945	-	976	704	463	1,703
Debt - internal	-	-	-	-	-	2
Developers levies	-	1,334	(34)	-	174	90
Government transfers	1,605	2,513	1,798	139	4	41
Land sales	-	307	896	1,769	2,107	3,791
Other	-	-	-	-	-	-
Reserves	-	2,729	324	-	-	28
TOTAL FINANCING	2,550	7,283	4,622	2,955	2,748	5,655
EXPENSES						
Engineered structures	-	585	692	-	2,625	5,886
Buildings	-	459	(51)	39	-	(270)
Machinery and equipment	100	40	87	-	-	-
Land	-	982	158	-	-	-
Land improvements	2,450	4,687	3,460	2,889	-	-
Major operating expenses	-	76	4	-	89	19
TOTAL EXPENSES	2,550	6,829	4,350	2,928	2,714	5,635
CHANGE IN CAPITAL FUND	\$ -	\$ 454	\$ 272	\$ 27	\$ 34	\$ 20

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

FIRE SERVICES

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - infrastructure	50	-	206	133	39	169
Debt - internal	-	-	-	-	-	-
Government transfers	400	-	-	-	-	-
Other	-	-	-	-	-	-
Reserves	-	450	-	-	-	-
TOTAL FINANCING	450	450	206	133	39	169
EXPENSES						
Buildings	-	-	194	-	4	17
Machinery and equipment	450	2	12	133	6	142
Major operating expenses	-	-	-	-	38	64
TOTAL EXPENSES	450	2	206	133	48	223
CHANGE IN CAPITAL FUND	\$ -	\$ 448	\$ -	\$ -	\$ (9)	\$ (54)

9-1-1 COMMUNICATIONS

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - infrastructure	400	-	24	-	70	-
Operations	-	-	65	-	-	-
Reserves	-	-	-	-	-	-
TOTAL FINANCING	400	-	89	-	70	-
EXPENSES						
Buildings	-	-	-	-	-	-
Machinery and equipment	400	-	89	-	70	-
Major operating expenses	-	-	-	-	-	-
TOTAL EXPENSES	400	-	89	-	70	-
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CULTURAL DEVELOPMENT

Public Services

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 775
Debt - infrastructure	125	-	375	63	311	537
Government transfers	-	16	-	-	-	60
Land sales	-	-	-	-	-	-
Other	-	-	-	-	-	-
Third Party Contribution	-	-	57	249	259	461
Reserves	-	169	-	-	197	-
TOTAL FINANCING	125	185	432	312	767	1,833
EXPENSES						
Engineered structures	-	-	-	-	-	-
Buildings	-	136	375	63	295	831
Machinery and equipment	125	-	-	-	14	40
Major operating expenses	-	-	-	-	(65)	750
TOTAL EXPENSES	125	136	375	63	244	1,621
CHANGE IN CAPITAL FUND	\$ -	\$ 49	\$ 57	\$ 249	\$ 523	\$ 212

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

POLICE SERVICE

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt - infrastructure	-	-	7	59	800	69
Operating fund	-	35	82	234	-	-
Reserves	-	-	-	-	(18)	-
TOTAL FINANCING	-	35	89	293	782	69
EXPENSES						
Buildings	-	-	-	-	701	-
Machinery and equipment	-	21	89	299	105	55
Major operating expenses	-	-	-	-	23	87
TOTAL EXPENSES	-	21	89	299	829	142
CHANGE IN CAPITAL FUND	\$ -	\$ 14	\$ -	\$ (6)	\$ (47)	\$ (73)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

GAS

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ 1,900	\$ 2,250	\$ 1,350	\$ 1,350	\$ (7,956)	\$ 2,154
Developers levies	585	225	321	264	563	1,168
Government transfers	-	-	128	-	-	-
Land Sales	300	-	-	272	-	-
Operations	7,180	(915)	2,062	4,044	13,864	943
Other	-	83	(121)	-	646	262
Proceeds from sale of assets	-	-	-	33	424	335
Reserves	92,016	32,051	15,856	29,255	13,622	142,897
TOTAL FINANCING	101,981	33,694	19,596	35,218	21,163	147,759
EXPENSES						
Engineered structures	101,560	35,926	28,286	23,008	17,345	157,021
Machinery and equipment	421	307	371	99	487	255
Major operating expenses	-	-	-	-	(439)	819
TOTAL EXPENSES	101,981	36,233	28,657	23,107	17,393	158,095
CHANGE IN CAPITAL FUND	\$ -	\$ (2,539)	\$ (9,061)	\$ 12,111	\$ 3,770	\$ (10,336)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

ELECTRIC

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ 1,331	\$ 1,608	\$ 4,469	\$ 27,344	\$ 3,823	\$ 3,145
Debt - infrastructure	-	-	4	282	137	-
Developers levies	1,454	827	457	1,029	1,861	2,900
Government transfers	-	395	-	-	-	-
Land Sales	-	-	417	673	-	-
Operations	8,166	486	775	1,553	5,222	5,973
Other	1,135	(19)	186	-	539	543
Reserves	7,365	7,140	3,972	2,091	12,926	13,126
TOTAL FINANCING	19,451	10,437	10,280	32,972	24,508	25,687
EXPENSES						
Engineered structures	17,429	10,521	10,446	25,937	24,153	6,566
Buildings	700	27	730	11,349	1,752	352
Machinery and equipment	1,322	290	593	213	391	291
Land improvements	-	84	304	-	-	-
TOTAL EXPENSES	19,451	10,922	12,073	37,499	26,296	7,209
CHANGE IN CAPITAL FUND	\$ -	\$ (485)	\$ (1,793)	\$ (4,527)	\$ (1,788)	\$ 18,478

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

ENERGY SUSTAINABILITY

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Operations	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ -
TOTAL FINANCING	-	-	-	-	32	-
EXPENSES						
Engineered structures	-	-	-	30	2	-
TOTAL EXPENSES	-	-	-	30	2	-
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ (30)	\$ 30	\$ -

WATER

Environmental Utilities

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ -	\$ (10)	\$ 2,100	\$ 1,345	\$ -
Debt - ACFA	1,050	3,114	3,215	1,000	6,610	17,150
Debt - infrastructure	-	-	15	63	-	-
Developers levies	-	-	-	183	-	-
Government transfers	-	459	710	-	2,200	-
Land sales	-	16	195	721	1,463	2,012
Operations	300	(358)	2,847	1,291	499	252
Other	-	236	-	-	-	-
TOTAL FINANCING	1,350	3,467	6,972	5,358	12,117	19,414
EXPENSES						
Engineered structures	1,050	3,215	3,346	5,718	14,865	15,614
Buildings	-	28	1,317	-	228	-
Machinery and equipment	200	699	88	81	95	114
Land improvement	-	-	29	135	-	-
Land	-	14	-	-	-	-
Major operating expenses	-	-	-	-	-	5
TOTAL EXPENSES	1,250	3,956	4,780	5,934	15,188	15,733
CHANGE IN CAPITAL FUND	\$ 100	\$ (489)	\$ 2,192	\$ (576)	\$ (3,071)	\$ 3,681

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

SEWER

Environmental Utilities

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ -	\$ 22	\$ 1,790	\$ 2,518	\$ -
Debt - ACFA	1,050	3,716	5,490	6,325	568	4,761
Government transfers	-	776	13	-	6,194	-
Land sales	-	16	306	645	2,710	1,653
Operations	150	76	(987)	824	408	158
Other	-	-	-	(22)	-	-
TOTAL FINANCING	1,200	4,584	4,844	9,562	12,398	6,572
EXPENSES						
Engineered structures	1,050	5,382	1,449	8,065	15,070	5,389
Buildings	-	28	1,317	-	228	-
Machinery and equipment	100	100	99	-	-	-
Major operating expenses	-	-	-	-	-	-
TOTAL EXPENSES	1,150	5,510	2,865	8,065	15,298	5,389
CHANGE IN CAPITAL FUND	\$ 50	\$ (926)	\$ 1,979	\$ 1,497	\$ (2,900)	\$ 1,183

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

SOLID WASTE

Environmental Utilities

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Debt - ACFA	\$ 700	\$ 500	\$ 320	\$ 2,150	\$ -	\$ -
Debt - infrastructure	-	-	-	-	-	-
Operations	800	(24)	(1,184)	817	523	435
Other	-	-	-	3	-	-
TOTAL FINANCING	1,500	476	(864)	2,970	523	435
EXPENSES						
Engineered structures	-	6	2	32	39	8
Buildings	400	191	293	157	313	6
Machinery and equipment	400	534	369	1,482	101	47
Land						-
Land improvement	700	472	20	-	-	-
TOTAL EXPENSES	1,500	1,203	684	1,671	453	61
CHANGE IN CAPITAL FUND	\$ -	\$ (727)	\$ (1,548)	\$ 1,299	\$ 70	\$ 374

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2011

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

LAND & PROPERTIES

	2011 Budget	2011 Actual	2010	2009	2008	2007
FINANCING						
Contributed assets - private	\$ -	\$ 337	\$ 492	\$ -	\$ -	\$ -
Government transfers	-	-	107	-	-	-
Operations	-	1,658	325	-	-	-
Other	-	-	-	-	-	-
TOTAL FINANCING	-	1,995	924	-	-	-
EXPENSES						
Engineered structures	-	540	361	-	-	-
Buildings	-	515	177	-	-	-
Land improvement	-	-	61	-	-	-
Land	-	497	10	-	-	-
TOTAL EXPENSES	-	1,552	609	-	-	-
CHANGE IN CAPITAL FUND	\$ -	\$ 443	\$ 315	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

OUR VISION

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

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.

OUR VALUES

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

