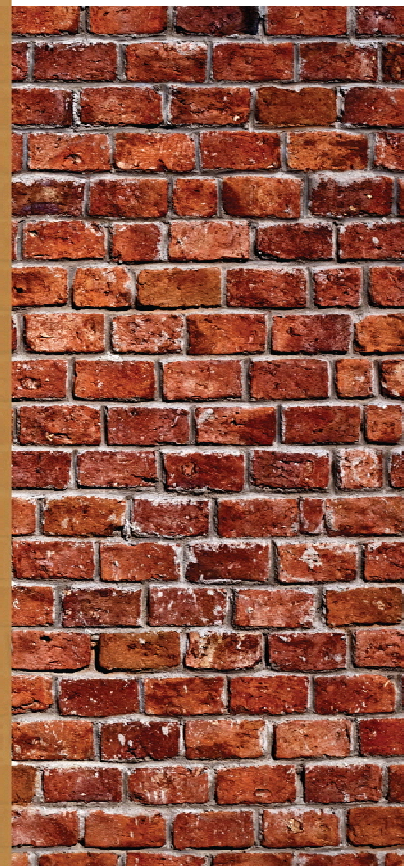


2018 Financial Report

December 31, 2018
City of Medicine Hat
Medicine Hat, Alberta, Canada



Medicine Hat
The Gas City

City of Medicine Hat, Alberta, Canada

2018 FINANCIAL REPORT

For the year ended December 31, 2018

*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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Back row: Brian Varga, Robert Dumanowski, Kris Samraj, Jim Turner, Julie Friesen, Darren Hirsch
Front row: Phil Turnbull, Ted Clugston, Jamie McIntosh

STANDING COMMITTEES

Audit Committee

Councillor D. Hirsch, Chair
 Councillor P. Turnbull, Vice Chair
 Councillor J. McIntosh
 B. Mastel, Corporate Services Commissioner, Advisor

Corporate Services Committee

Councillor R. Dumanowski, Chair
 Councillor D. Hirsch, Vice Chair
 Councillor B. Varga

Development & Infrastructure Committee

Councillor R. Dumanowski, Chair
 Councillor J. Turner, Vice Chair
 Councillor J. McIntosh

Energy & Utilities Committee

Councillor P. Turnbull, Chair
 Councillor J. McIntosh, Vice Chair
 Councillor J. Turner

Public Services Committee

Councillor J. Friesen, Chair
 Councillor J. Turner, Vice Chair
 Councillor K. Samraj

Heritage Resource Committee

Councillor J. McIntosh, Council Representative

Administrative & Legislative Review Committee

Councillor D. Hirsch, Chair
 Councillor J. Friesen, Vice Chair
 Councillor R. Dumanowski

Administrative Committee

T. Clugston, Mayor
 R. Nicolay, Chief Administrative Officer, Chair
 K. Charlton, Public Services Commissioner
 B. Mastel, Corporate Services Commissioner
 S. Schwartzenberger, Development & Infrastructure Commissioner
 C. Lenz, Energy & Utilities Division Commissioner
 B. Schmitt, City Solicitor
 A. Cruickshank, City Clerk
 C. Graham, Corporate Communications Manager, Advisor

SPECIAL COMMITTEES

Canadian Badlands: Councillors P. Turnbull & B. Varga

Chamber of Commerce: Councillor J. Turner

City Centre Development Agency: Councillor K. Samraj

Civic Functions: Councillor K. Samraj

Cypress View Foundation: Councillors J. Friesen & J. Turner

Friends of Medalta Society: Councillor J. McIntosh

Highway #3 Twinning Association: Councillor J. Turner

Medicine Hat Community Housing Society: Councillor K. Samraj

Medicine Hat Exhibition & Stampede: Councillor J. Turner

Medicine Hat Public Library: Councillor P. Turnbull

Municipal Names Committee: Councillor J. McIntosh

Municipal Planning Commission: Councillors B. Varga & D. Hirsch

Palliser Economic Partnership: Councillor J. Turner

Police Commission: Councillors J. Friesen & R. Dumanowski

Regional Drainage: Councillor K. Samraj

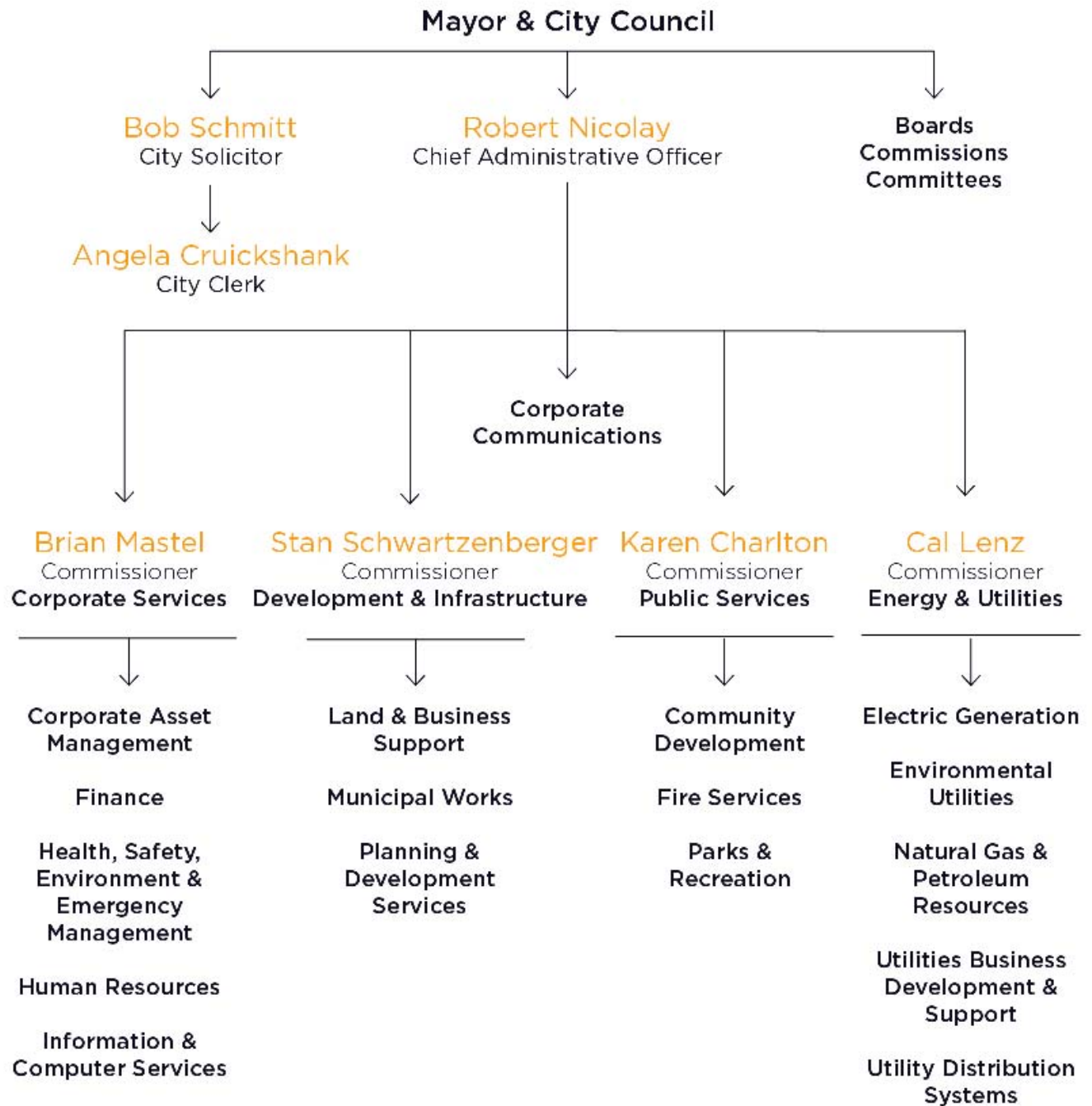
Shortgrass Library System: Councillor P. Turnbull

Subdivision & Devel. Appeal Board: Councillors J. McIntosh & J. Turner

Tourism Medicine Hat: Councillor B. Varga

Organizational Structure

As at December 31, 2018



Treasurer's Report

For the year ending December 31, 2018

INTRODUCTION

I am pleased to submit the City of Medicine Hat Consolidated Financial Statements for the fiscal year ended December 31, 2018. KPMG LLP has audited these financial statements and provided an unqualified audit opinion in their report dated April 16, 2019.

The City provides multiple services to its residents and surrounding area. At a municipal level it provides:

- protection to its citizens (Fire, Police and Bylaw Services, 9-1-1 Communications, Community Development),
- recreation and culture activities (Parks & Recreation and Community Development),
- road, bridge, sidewalk and trail maintenance (Municipal Works and Parks & Recreation),
- city planning and development (Planning, Building & Development),

The City also operates enterprise business units offering the following services:

- water, sewer and solid waste management (Environmental Utilities)
- land and property development and business support development,
- natural gas exploration and production (NGPR),
- natural gas and electric distribution services (Utility Distribution Systems),
- electric generation (GENCO)

The financial statements bring together the financial results of these activities. In doing so, the City is responsible for both accuracy of the data and 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 readers with clear insight to the financial results for the City for the fiscal year ended December 31, 2018. City administration strives to ensure that this report presents fairly the financial position of this City. The report compares how financial resources were used against budgets and past financial performance. This 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 Highlights** - Presents a review of the City of Medicine Hat's activities and financial position for the fiscal year ended December 31, 2018. 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 current year results with prior year comparatives as well as 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.



A stylized handwritten signature in black ink.

Brian Mastel
Corporate Services Commissioner

TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

CANADIAN GFOA AWARD FOR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Canadian Award for Financial Reporting to the City of Medicine Hat for its Annual Financial Report for the fiscal year ended December 31, 2017, the sixteenth year in a row. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

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



Canadian Award for Financial Reporting

Presented to
**City of Medicine Hat
Alberta**

For its Annual
Financial Report
for the Year Ended

December 31, 2017

Christopher P. Morill
Executive Director/CEO

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 continues to keep pace with community growth and the demand for services from residents. The use of technology, equipment and continued training and development of Police Service personnel ensures public and officer safety.

Fire Services provides life and property protection to the community through rapid response to fire or rescue emergency, and natural or man-made disasters. They provide community inspections, education and safety programs and preplanning for disasters and emergencies. Fire Services monitors growth patterns and recommend changes and improvements that will provide efficient and effective protection to meet City Council's established response guidelines to all areas of the city. In 2013, Council approved the Fire Service Response Coverage Optimization Plan, which resulted in significant response coverage improvements to residents and improved safety for fire fighters. As part of this plan, existing Fire Stations #1 and #2 were relocated to new locations. The relocation of Fire Station #2 was completed in February 2017 and Fire Station #1 was completed in September 2018.

The City operates a 9-1-1 Communications Centre, serving as a single point of contact for allocation of emergency and essential services to the residents of Medicine Hat, Redcliff, Cypress County, County of Forty Mile, Foremost and Bow Island, a regional population of approximately 83,000 residents. The aim is to maintain a level of service that meets or exceeds industry standards with respect to call answer times, prioritization and overall protocol compliance.

TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

(c) Treasury Management

Internally managed 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 FTSE TMX Canada 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 tri-annually and distributed to the Audit Committee and City Council.

In 2015, the City was included by Municipal Affairs in the Major Cities Investment Regulation which provides access to a broader range of investment opportunities, including public shares of companies. Prior to 2015, investments were limited to interest bearing securities. The Regulation expands the investment opportunities for the City's financial reserve funds. Further, in 2017 the City received ministerial approval to utilize the Alberta Investment Management Corporation (AIMCo.) as an external investment manager. Funds invested in assets permitted by the Major Cities Investment Regulation will be governed by Investment Policy #0157.

In addition, internal control procedures are designed to ensure that the daily handling of cash is managed securely. 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 Health, Safety and Environmental 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 focusing on both compliance and proactive excellence in matters of environmental stewardship.

(e) Market Commodity Prices

The City's revenues are affected by changes in market spot prices for natural gas and oil production and electric generation. The City engages in certain hedging activities to mitigate the impact to revenue from market price changes. Hedging policy #0159 provides the framework for guiding this risk management activity at the City. This policy outlines a set of triggers that guide hedging activities for each business unit. The hedge programs are designed for the specific requirement and constraints of Medicine Hat and focus on stabilizing the cost of commodities and/or stabilizing revenues, maintaining reliable supplies for operations/sales, and mitigating the financial risk exposure to the City.

TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

MANAGEMENT REPORTING AND CONTROL

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

(a) Strategic Planning and Budgeting

City Council developed a Strategic Plan highlighting priorities, strategies and goals for the planning period 2014 - 2018. Based on the direction set out by the Strategic Plan, two-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 primary 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. City Council has approved the adoption of a two year operating budget together with a two year projection, and a two year capital budget with an eight 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.

The Operating Budget lays out the revenues and expenses for the planning periods that will be required to deliver City services to residents.

A ten year Capital Plan is developed for all departments. The Capital Plans identify proposed capital project expenditures and their corresponding sources of funding.

For the 2017/18 budget period the City employed a capital ranking process for the tax supported departments. This process is intended to ensure that limited capital funding is allocated to the projects that will provide the highest value and benefit to the municipality.

(b) Accounting

The City of Medicine Hat manages the accounting function in five core divisions: Corporate Services, Public Services, Development and Infrastructure, Utilities and Natural Gas and Petroleum Resources, and Police Services. 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. Financial and accounting services are administered under the direction of the Commissioner of Corporate Services and delivered to each division based on requirements.

(c) Auditing

The "Municipal Government Act" requires municipal Councils to appoint an independent auditor. In 2015, Medicine Hat City Council appointed KPMG LLP as its external auditor, with the option of renewing for an additional four years. City Council approved KPMG LLP's appointment for the 2018 annual audit.

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.

TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

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

Financial progress is reported to the Audit Committee throughout the year on a tri-annual basis. These progress updates examine financial performance relative to approved budgets and forecast updates.

FINANCIAL HIGHLIGHTS

Financial Trend Summary 2018

The financial data below provides an overview of key financial information over the past two years. Readers should read this report in conjunction with the accompanying Consolidated Financial Statements and Note Disclosures located on the City's website at <http://www.medicinehat.ca/reports>.

Due to the decline in gas and oil commodity prices as well as the related economic downturn, the City is experiencing lower revenues from its Gas business. As a result, there is a \$23 million annual shortfall in the energy subsidy to the City's municipal operating budget. This annual shortfall was reduced by \$7 million in the 2017/18 budget period through a combination of cost containment measures, service level adjustments and increases to fees and taxes.

In 2016, Council adopted the key guiding principles of **Financially Fit for the Future** as a response to this financial challenge. Over the next decade, this framework will facilitate discussion around fiscal management and delivery of core services with a goal of becoming sustainable through reduced reliance on commodity based revenues for the delivery of municipal services.

The Public Sector Accounting Standards (PSAS) is silent on the treatment of resource properties. In order to better reflect the operations of the oil and gas properties and to provide more financial transparency, the City uses International Financial Reporting Standards (IFRS) to account for its oil and gas assets.

<i>In thousands of dollars</i>		
Consolidated Financial Position	2018	2017
Assets	\$ 468,736	\$ 494,256
Liabilities	670,324	649,962
Net financial debt	(201,588)	(155,706)
Non-financial assets	93,837	102,591
Net tangible capital assets	1,359,967	1,321,773
Total non-financial assets	1,453,804	1,424,364
Accumulated surplus	\$1,252,216	\$1,268,658

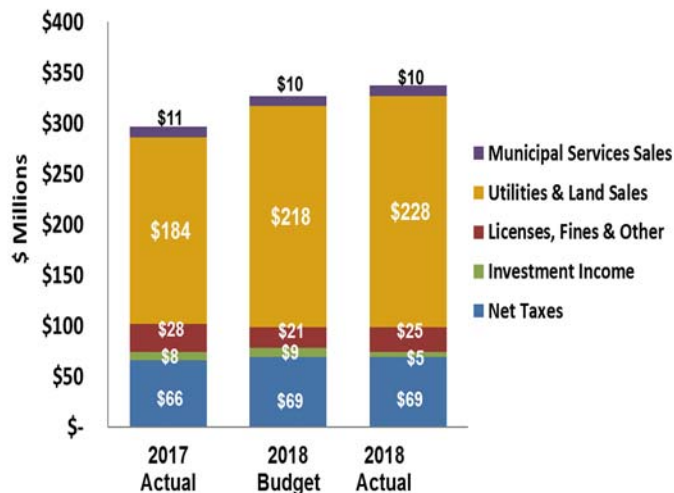
	Revenue	Expenses	Annual Surplus (Deficit)
2018 Operating Results			
General Fund	\$ 195,766	\$ 189,835	\$ 5,931
Utilities	272,048	327,788	(55,740)
Consolidation adjustments	(130,740)	(134,507)	3,767
Subtotal	337,074	383,116	(46,042)
Capital contributions and grants	29,698	-	29,698
Consolidation adjustments	(98)	-	(98)
Subtotal	29,600	-	29,600
Total	\$ 366,674	\$ 383,116	\$ (16,442)

The 2018 annual deficit is mainly a result of lower Natural Gas and Petroleum Resources revenues due to lower gas commodity prices and lower investment income due to less funds invested. Capital contributions and grants represents funding used for various capital projects such as the Airport runway rehabilitation, overland flood protection, northwest storm trunk, and Fire Station #1.

TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues



Revenue before capital contributions and grants was 10.1 million higher than budget (\$337.1 million versus budget of \$327.0 million) mainly due to higher electric revenues. Electric revenues were \$16.2 million higher than budget due to average prices at \$50.19 per megawatt hour versus budget at \$43.49 per megawatt hour. Gas revenues were \$8.4 million lower than budget primarily due to average gas prices at \$1.42 per gigajoule versus budget at \$2.29 per gigajoule and 8% lower volumes related to temporary and permanent shut in of gas wells.

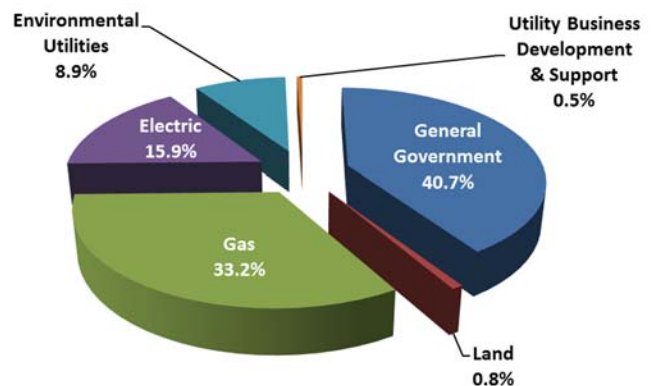
2018 revenues are higher than 2017 revenues by \$40.3 million primarily due to higher electric revenues as a result of higher commodity prices and volumes from full year operations of new electric generation turbine.

Expenses

Overall the City operating expenses for the year were \$0.5 million lower than budget mainly due to lower activity as a result of lower gas and oil commodity prices; lower amortization due to capital projects being deferred to 2019 or subsequent years offset by an impairment recognized on the natural gas and oil reserves.

2018 expenses are higher than 2017 expenses by \$36.9 million mainly due to recognition of a gain in 2017 on divested assets.

Consolidated Operating Expenses by Division



Expenses by Type

The Consolidated Expenses by Object Schedule details 2018 actual (\$383.1 million) and budget (\$383.6 million) by expense type. The chart to the right excludes non-cash items such as amortization, impairments and disposal expenses of \$98.7 million (2018 budget of \$89.3 million). Variances from budget for materials and supplies and salaries and benefits are mostly related to lower activity due to lower gas and oil commodity prices.

The 2018 actual expenses by type are higher than 2017 due to higher contracted services as a result of increased fleet vehicle maintenance; increased fleet fuel costs due to higher fuel prices; increased repairs on electric generation's unit 11 engine due to a failure; and increased residential recycling costs. As well, other operating expenses were higher due to increased gas purchases as a result of higher gas consumption as well as higher taxes in lieu due to increased electric sales to the Alberta Interconnected Electrical System.



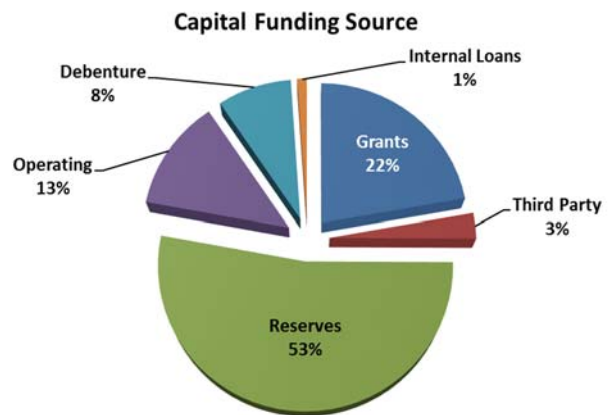
TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

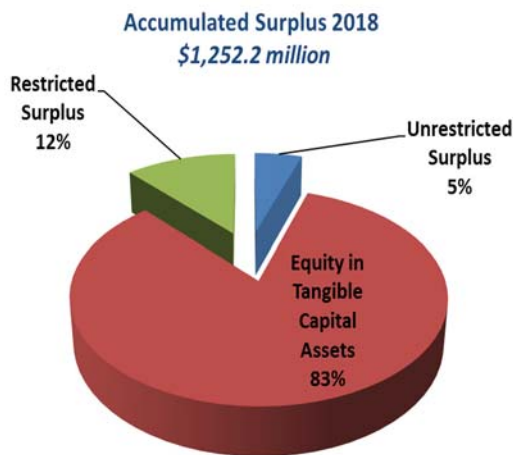
2018 Capital Expenditures

The City's approved 2018 budget for capital items was \$142.5 million. Actual capital expenditures for the year were \$132.5 million plus contributions from developers of \$0.1 million. The current year expenditures include \$95.9 million for projects carried forward from previous budget years.

The 2018 capital expenditures were funded by grants received from the Province of Alberta and the Federal Government of Canada, as well as reserves, operating funds, debenture borrowing, third party contributions and internal loans.



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 2018 the consolidated fund and equity balances decreased by \$16.4 million to \$1,252.2 million.

\$63.0 million of the accumulated surplus is unrestricted. This unrestricted amount is used as working capital to fund day to day operating activities of the City. The restricted amount is \$146.8 million and is largely dedicated to capital activities of the organization.

Equity in the City's tangible capital assets increased by \$41.9 million to \$1,042.4 million this year as a result of an increase in City assets, offset by accumulated amortization and debt.

Investments

Investments, Loans and Advances decreased \$33.7 million from 2017 to \$360.0 million largely as a result of funds being used for community projects including Airport runway rehabilitation, overland flood protection, NW storm trunk design and construction, and the construction and relocation of Fire Hall #1.

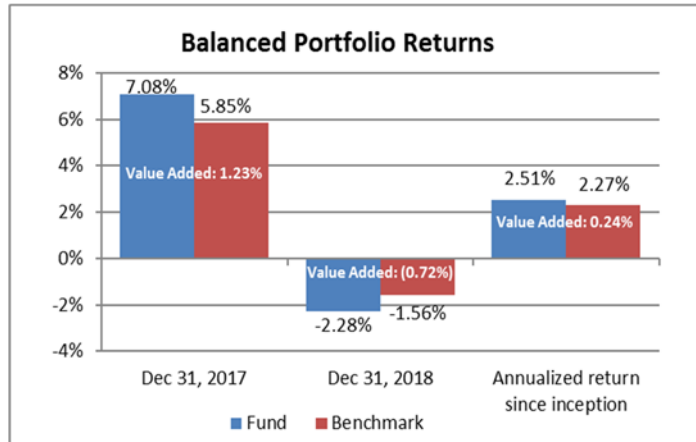


The City of Medicine Hat's return on internally managed investments for the year ended December 31, 2018 averaged 2.50 per cent, higher than the FTSE TMX Canada Universe Bond benchmark index of 1.12 per cent. The City's average portfolio return has outperformed the stated benchmark over the last four years. The exception in 2014 was due to the City's term to maturity being less than the benchmark.

TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

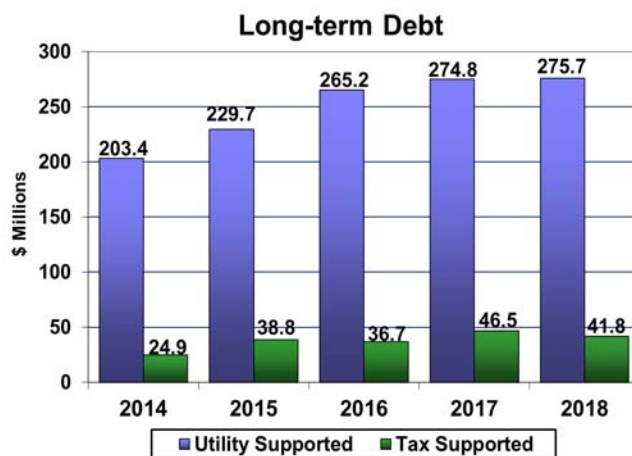
In 2018, the City continued to contribute to the externally managed investment portfolio, managed by the Alberta Investment Corporation (AIMCo). Overall, \$135.3 million has been invested with AIMCo (\$24.4 million in 2018 and \$110.8 million in 2017). The return for the year ended December 31, 2018 was (2.28%), 0.72% lower than the benchmark of (1.56%). Since inception (March 1, 2017 to December 31, 2018) the fund return was 2.51%, 0.24% higher than the benchmark return of 2.27%. The fund parameters are 40% money markets and fixed income and 60% equities.



Long-Term Debt

During 2018, total Long-term Debt decreased \$3.7 million to \$317.6 million with new debt issued of \$21.5 million being more than offset by debt principal repayments of \$25.2. New debt represents \$5.8 million for improvements to Environmental Utility assets, \$15.2 million relate to Electric Utility assets, and \$0.5 million for Gas Utility assets.

The Minister of Municipal Affairs has prescribed limits for total debt and debt servicing for municipalities in the province. The debt limit is defined as two times revenue, net of government transfers, and debt servicing is limited to 35 per cent of revenue, net of capital government transfers. For purposes of these calculations, actual total debt includes long and short-term debt as well as loan guarantees in the amount of \$2.2 million and letters of credit issued of \$40.4 million.



The City's 2018 debt limits are as follows:

	2018	
Debt Limit	\$ 674.1	
Actual Total Debt	360.2	
Amount Under Limit	\$ 313.9	47%
Debt Servicing Limit	\$ 118.0	
Actual Debt Servicing	36.4	
Amount Under Limit	\$ 81.6	69%

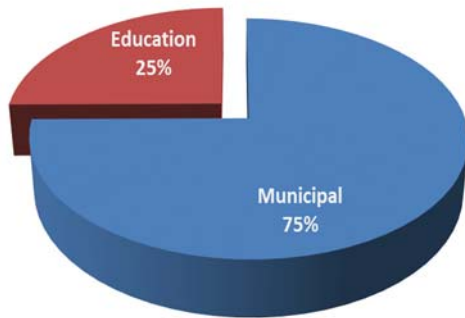
TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

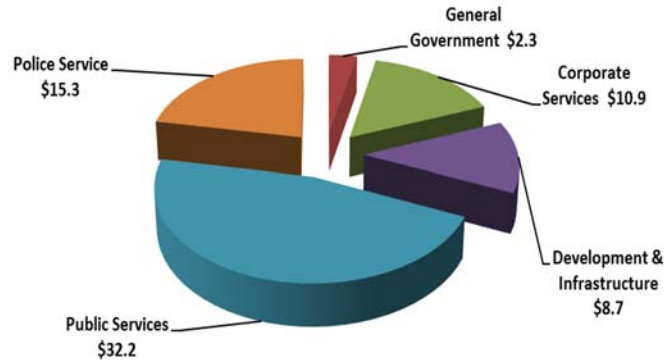
Use of Municipal Tax Revenue

Net municipal property tax revenue of \$69.4 million (44.4%) is used to fund the consolidated General Fund operating expenses of \$156.3 million. Other revenue sources mainly include investment interest, sales, government grants, fees and permits.

Where our property tax dollars went in 2018.

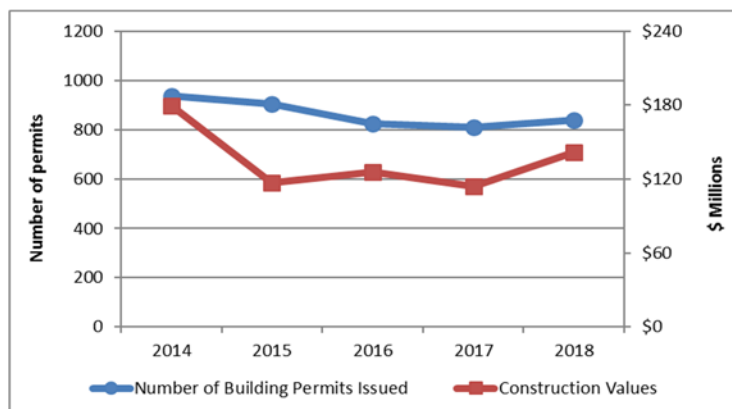
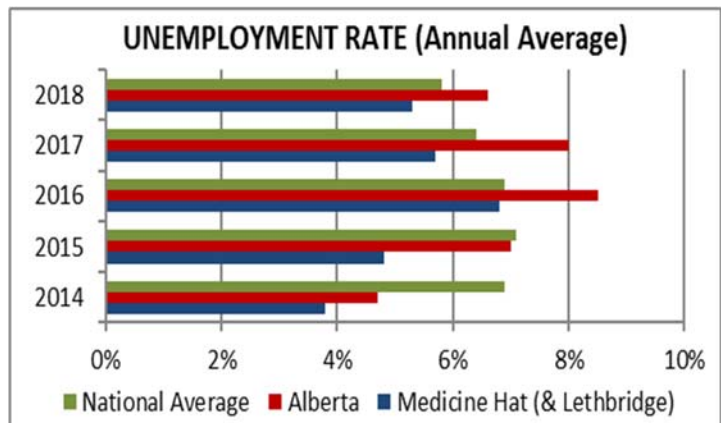


Use of Municipal Tax Revenue (Millions)



Economic Indicators

The combined unemployment rate for Medicine Hat and Lethbridge at the end of 2018 was 4.5%, while the 2018 average was 5.3%. The average Alberta unemployment rate for 2018 was 6.6% compared to 5.8% for Canada.



Number of Building Permits Issued and related Construction Values

In 2018, the number of building permits issued increased to 840 primarily due to new development. The related estimated value of construction in 2018 also saw an increase from prior year to \$141 million.

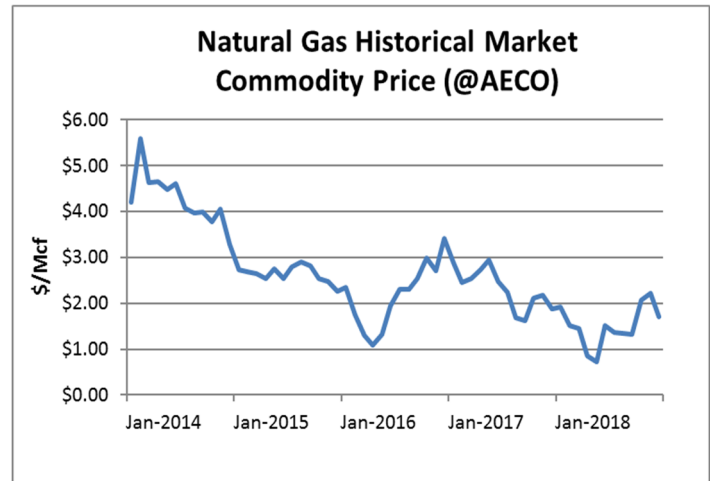
TREASURER'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

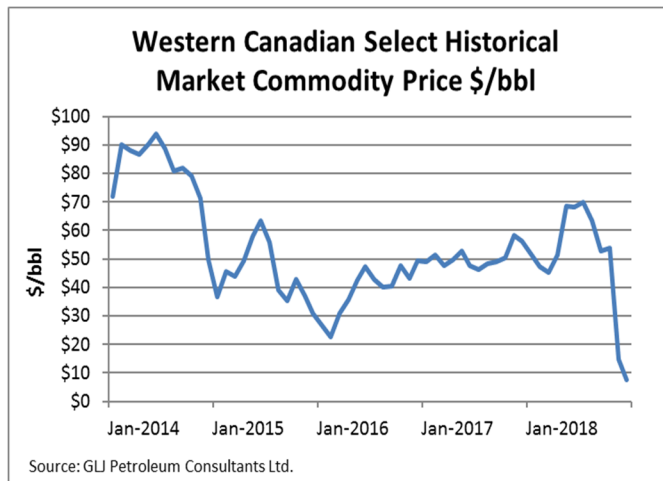
Gas

Natural gas prices continued to decline in 2018 with gas being stranded in Alberta due to numerous maintenance projects on the NOVA Gas Transmission Limited (NGTL) pipeline. Another factor for lower prices was due to an increase of US dry gas production of approximately 8.6 billion cubic feet (Bcf) per day to an average of 83.3 Bcf per day. The average AECO price for 2018 was \$1.50 per thousand cubic feet (Mcf).

2018 sales gas volume from production for the City of Medicine Hat was 9,149,666 Mcf. A \$1 per Mcf change in the commodity price would affect annual gross revenue by \$9.2 million.



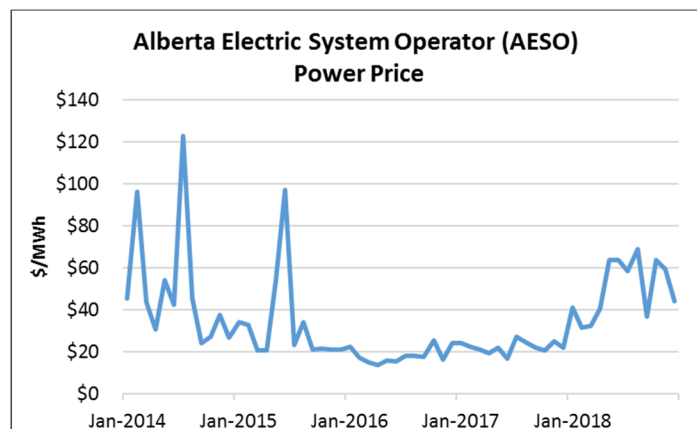
Oil



In 2018, the combination of oil storage in Alberta being at capacity through most of the year and the ongoing pipeline delays of Keystone XL, Enbridge Line 3, and Trans Mountain continued to impact the price of Canadian oil, Western Canadian Select (WCS). At the end of 2018 some refineries shut down for maintenance, which caused a drop in demand for Alberta oil leading to a \$15/barrel (bbl) net price in November and an \$8/bbl price in December. The average 2018 net WCS price was \$49/bbl.

2018 oil production for the City of Medicine Hat was 504,795 barrels. A \$1 per barrel change in the commodity price would affect annual gross revenue by \$504,795.

Power prices and volatility continued to increase in 2018 mainly due to coal units coming offline and increased carbon costs. This along with lower gas prices contributed to the City of Medicine Hat having a strong year in power exports.



Financial Statements

The world's largest chess set was made by the Medicine Hat Chess Club.

They hold a Guinness World Record.



Management's Responsibility for Reporting

For the Year Ended December 31, 2018

The City of Medicine Hat's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and the notes thereto. Management believes that the consolidated financial statements present fairly the City's financial position as at December 31, 2018 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The City Council carries out its responsibilities for review of the consolidated financial statements principally through its Audit Committee. This committee meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee with and without the presence of management. The City Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to His worship the Mayor with the members of Council of the City of Medicine Hat, outlines the scope of their examination and provides their opinion on the consolidated financial statements.



Chief Administrative Officer
April 16, 2019



Treasurer



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of City of Medicine Hat (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets (net debt) for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, changes in net financial assets (net debt), and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the *Annual Report*. The *Annual Report* is expected to be made available to us after the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

When we read the *Annual Report*, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Lethbridge, Canada

April 16, 2019

CONSOLIDATED
Statement of Financial Position
As at December 31, 2018 (in thousands of dollars)

	2018	2017
Financial assets		
Cash and temporary investments (Note 2)	\$ 56,375	\$ 42,654
Accounts receivable, net of allowances (Note 3)	45,955	50,888
Investments, loans and advances (Note 4)	359,996	393,694
Land held for resale	5,542	6,362
Inventories for resale (Note 5)	84	61
Deposits (Note 6)	784	597
Total financial assets	468,736	494,256
Liabilities		
Trade accounts payable	27,705	32,574
Accrued liabilities (Note 7)	18,377	16,134
Deferred revenue (Note 8)	44,316	38,169
Long-term debt (Note 10)	317,562	321,307
Other long-term liabilities (Note 11)	262,364	241,778
Total liabilities	670,324	649,962
Net financial debt	(201,588)	(155,706)
Non-financial assets		
Inventories for consumption	13,796	12,686
Prepaid assets	1,960	2,245
Land held for future development (Note 12)	16,714	15,536
Long lived assets	61,367	72,124
Tangible capital assets (Schedule 1) (Note 13)	1,359,967	1,321,773
Total non-financial assets	1,453,804	1,424,364
Accumulated surplus (Note 14)	\$ 1,252,216	\$ 1,268,658

Commitments, operating and capital (Notes 19 and 21)
Contingent asset and liabilities (Note 22)
Contractual rights (Note 23)

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

CONSOLIDATED

Statement of Operations

For the year ended December 31, 2018 (in thousands of dollars)

	2018 Budget	2018	2017
Revenue (Schedule 4)			
Municipal taxes (Schedule 2)	\$ 68,952	\$ 69,373	\$ 65,856
Sale of services			
General Government	9,923	10,485	11,459
Gas	63,406	55,053	60,902
Electric	100,527	116,702	67,673
Water	20,911	21,630	21,246
Sewer	17,729	17,367	16,029
Solid Waste	9,036	9,584	9,348
Land and Business Support	6,500	6,986	8,600
Other income			
Investment income	8,580	5,093	8,103
Licenses, fines and penalties	7,138	6,723	6,560
Insurance recovery	43	1,788	245
Development levies	1,972	3,089	1,609
Government transfers for operating (Schedule 3)	5,072	6,154	5,717
Other	7,215	7,047	13,454
Total revenue	327,004	337,074	296,801
Expenses (Schedule 4 and Schedule 5)			
General Government	170,866	156,254	155,783
Gas	109,815	126,883	103,229
Electric	61,015	60,945	49,976
Water	14,718	14,097	13,736
Sewer	12,547	13,585	13,007
Solid Waste	5,664	5,953	5,745
Utilities Business Development & Support	2,251	2,032	1,583
Land and Business Support	6,741	3,367	3,178
Total expenses	383,617	383,116	346,237
Deficiency of revenue over expenses			
- before other revenue	(56,613)	(46,042)	(49,436)
Other revenue (Schedule 4)			
Contributed tangible capital assets	-	105	690
Government transfers for capital (Schedule 3) (Note 8)	16,343	29,495	40,494
Total other revenue	16,343	29,600	41,184
Annual deficit	(40,270)	(16,442)	(8,252)
Accumulated surplus, beginning of year	1,268,658	1,268,658	1,276,910
Accumulated surplus, end of year	\$ 1,228,388	\$ 1,252,216	\$ 1,268,658

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

CONSOLIDATED

Statement of Change in Net Financial Debt For the year ended December 31, 2018 (in thousands of dollars)

	2018 Budget	2018	2017
Annual deficit	\$ (40,270)	\$ (16,442)	\$ (8,252)
Amortization of tangible capital assets	89,286	72,931	68,435
Impairments	-	25,033	28,416
Loss on disposal of tangible capital assets	-	746	16,852
Developers contribution of tangible capital assets	-	(105)	(690)
Acquisition of tangible capital assets	(142,461)	(132,461)	(137,186)
Proceeds from sale of tangible capital assets	-	1,886	392
Decrease in long lived assets	8,513	4,575	19,247
	(84,932)	(43,837)	(12,786)
Acquisition of inventories and supplies	(4,904)	(8,434)	(4,502)
Net acquisition of land held for future development	(2,154)	(1,220)	(264)
Acquisition of prepaid assets	(15,963)	(15,587)	(3,353)
Consumption of inventories and supplies	4,991	7,324	3,565
Use of prepaid assets	15,872	15,872	3,797
	(2,158)	(2,045)	(757)
Increase in net financial debt	(87,090)	(45,882)	(13,543)
Net financial debt, beginning of year	(155,706)	(155,706)	(142,163)
Net financial debt, end of year	\$ (242,796)	\$ (201,588)	\$ (155,706)

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

CONSOLIDATED

Statement of Cash Flows

For the year ended December 31, 2018 (in thousands of dollars)

	2018	2017
Net inflow (outflow) of cash related to the following activities:		
Operating		
Annual deficit	\$ (16,442)	\$ (8,252)
Non-cash items included in deficiency of revenues over expenses:		
Amortization of tangible capital assets	72,931	68,435
Impairments	25,033	28,416
Loss on disposal of tangible capital assets	746	16,852
Developers contribution of tangible capital assets	(105)	(690)
Non-cash items relating to capital and investing activities:		
Properties held for sale	-	(1,002)
Non-cash changes to operations (net change):		
Decrease (increase) in accounts receivable	4,933	(10,033)
Decrease (increase) in land held for resale	778	(525)
Decrease (increase) in inventories for resale	(23)	14
Decrease (increase) in deposits	(187)	92
Increase (decrease) in trade accounts payable	(4,869)	4,826
Increase in accrued liabilities	2,243	46
Increase (decrease) in deferred revenue	6,147	(4,546)
Increase (decrease) in other long-term liabilities	20,586	(37,467)
Increase in inventories for consumption	(1,110)	(937)
Decrease in prepaid assets	285	444
Increase in land held for future development	(1,178)	(177)
Cash provided by operating transactions	109,768	55,496
Capital		
Decrease in long lived assets	4,575	19,247
Acquisition of tangible capital assets	(132,461)	(137,186)
Proceeds from sale of tangible capital assets	1,886	392
Cash applied to capital transactions	(126,000)	(117,547)
Investing		
Decrease in restricted cash and temporary investments	372	6,909
Decrease in investments, loans and advances	33,698	39,885
Cash applied to investing transactions	34,070	46,794
Financing		
Long-term debt issued and assumed	21,545	41,955
Long-term debt repaid	(25,290)	(22,529)
Cash provided by financing transactions	(3,745)	19,426
Change in cash and equivalents during the year	14,093	4,169
Cash and cash equivalents, beginning of year	10,941	6,772
Cash and cash equivalents, end of year	\$ 25,034	\$ 10,941
Cash and cash equivalents consist of the following:		
Cash	\$ 56,375	\$ 42,654
Less: restricted portion of cash and temporary investments	(31,341)	(31,713)
Total	\$ 25,034	\$ 10,941

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

CONSOLIDATED
SCHEDULE OF TANGIBLE CAPITAL ASSETS
As at December 31, 2018 (in thousands of dollars)

	Land	Land Improvements	Buildings	Engineered Structures	Gas & Oil Properties	Machinery, Equipment & Furnishings	Vehicles	2018	2017
Cost:									
Balance, beginning of year	\$ 48,539	\$ 118,156	\$ 340,364	\$ 1,305,284	\$ 718,558	\$ 113,744	\$ 48,362	\$ 2,693,007	\$ 2,710,366
Acquisition of tangible capital assets	19	15,120	34,390	67,656	15,804	13,070	8,828	154,887	187,391
Construction-in-progress	-	(5,334)	(14,734)	(457)	538	(760)	(1,574)	(22,321)	(49,515)
Disposal of tangible capital assets	(109)	(677)	(1,881)	(13,871)	-	(7,961)	(4,170)	(28,669)	(138,860)
Write down of tangible capital assets	-	-	-	-	(18,809)	-	-	(18,809)	(16,375)
Balance, end of year	48,449	127,265	358,139	1,358,612	716,091	118,093	51,446	2,778,095	2,693,007
Accumulated amortization:									
Balance, beginning of year	-	45,746	88,784	538,592	621,586	49,277	27,249	1,371,234	1,424,415
Annual amortization	-	5,155	8,328	38,391	9,878	7,241	3,938	72,931	68,435
Accumulated amortization on disposals	-	(605)	(743)	(13,362)	-	(7,067)	(4,260)	(26,037)	(121,616)
Balance, end of year	-	50,296	96,369	563,621	631,464	49,451	26,927	1,418,128	1,371,234
Net book value of tangible capital assets	\$ 48,449	\$ 76,969	\$ 261,770	\$ 794,991	\$ 84,627	\$ 68,642	\$ 24,519	\$ 1,359,967	\$ 1,321,773
2017 net book value of tangible capital assets (Note 13)	\$ 48,539	\$ 72,410	\$ 251,580	\$ 766,692	\$ 96,972	\$ 64,467	\$ 21,113		\$ 1,321,773

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

CONSOLIDATED**Schedule 2**

Schedule of Municipal Taxes
For the year ended December 31, 2018
(in thousands of dollars)

	2018 Budget	2018	2017
Taxation			
Real property taxes	\$ 91,333	\$ 91,843	\$ 88,255
Linear property taxes	1,074	1,074	1,057
Special assessments and local improvement taxes	348	344	352
	<hr/> 92,755	<hr/> 93,261	<hr/> 89,664
Requisitions			
Alberta School Foundation	19,191	19,249	19,329
Catholic Board of Education	3,717	3,725	3,619
Cypress View Foundation	895	902	860
Designated Industrial Property	-	12	-
	<hr/> 23,803	<hr/> 23,888	<hr/> 23,808
Municipal taxes	<hr/> \$ 68,952	<hr/> \$ 69,373	<hr/> \$ 65,856

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

Schedule of Government Transfers

For the year ending December 31, 2018 (in thousands of dollars)

	2018			2017
	Provincial	Federal	Total	
Unconditional transfers				
Payment in place of taxes	\$ 980	\$ 68	\$ 1,048	\$ 1,155
Conditional operating				
Alberta Community Resilience Grant	121	-	121	-
Alberta Disaster Recovery Program (DRP)	281	-	281	(7)
Alberta Employment Programs	33	-	33	8
Alberta Foundation for the Arts	-	-	-	30
Alberta Foundation of the Arts Travelling Exhibition Program	160	-	160	146
Alberta Historic Resources Foundation	4	-	4	3
Alberta Museum's Association	12	-	12	25
Alberta Traffic Safety Fund	17	-	17	-
All Hazards Incident Management Team (AHIMT)	11	-	11	-
Archives Society of Alberta	13	-	13	15
Canada Council for the Arts	-	30	30	-
Canadian Heritage Grant	-	48	48	62
Child and Family Services Alberta (CFSA)	114	-	114	114
Emergency Management Preparedness Program	4	-	4	-
Family and Community Support Services (FCSS)	1,599	-	1,599	1,777
Fire Services & Emergency Preparedness Program (FSEPP)	-	-	-	3
GreenTrip	-	-	-	73
Municipal Policing Assistance	1,012	-	1,012	1,008
Municipal Sustainability Initiative (MSI)	-	-	-	109
Municipal Sustainability Initiative Operating (MSIO)	532	-	532	289
Natural Resources Canada	197	-	197	-
OHS Innovation and Engagement Grants (IE)	-	-	-	6
Police Officer Grant	400	-	400	400
Southern Alberta Flood Recovery Program (SAFRP)	-	-	-	(12)
Victims of Crime Fund Grant	150	-	150	156
911 Mobility Grant	368	-	368	357
	6,008	146	6,154	5,717
Conditional capital				
Airport Capital Assistance Program (ACAP)	-	5,567	5,567	3,978
Alberta Community Partnership (ACP)	-	-	-	220
Alberta Community Resilience Program	3,465	-	3,465	3,220
Basic Municipal Transportation Grant (BMTG)	624	-	624	-
Canada 150 Fund	-	-	-	200
Community Facility Enhancement Program	402	-	402	18
Enabling Accessibility Fund (EAF)	-	-	-	50
Gas Tax Fund (GTF)	1,567	-	1,567	2,738
GreenTrip	589	-	589	283
Local Flood Mitigation Measures (LFM)	-	-	-	2
Municipal Sustainability Initiative (MSI)	17,256	-	17,256	29,785
New Horizons for Seniors Program	-	25	25	-
	23,903	5,592	29,495	40,494
Total government transfers	\$ 29,911	\$ 5,738	\$ 35,649	\$ 46,211

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

Schedule of Segment Disclosures (Note 25) For the year ended December 31, 2018 (in thousands of dollars)

Schedule 4

	Tax Supported	Gas Utility	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Utilities Business Development Support	Land & Business Support	Consolidation Adjustments	2018 Consolidated
Revenue										
Municipal taxes	\$ 73,554	\$ -	\$ -	\$ 113	\$ 113	\$ -	\$ -	\$ -	\$ (4,407)	\$ 69,373
Sales of services	10,485	74,700	122,039	21,843	17,509	9,797	-	6,986	(25,552)	237,807
Investment income	2,793	1,411	898	-	-	-	18	-	(27)	5,093
Licenses, fines and penalties	6,717	-	-	-	-	-	-	6	-	6,723
Insurance recovery	860	-	928	-	-	-	-	-	-	1,788
Development levies	2,369	388	332	-	-	-	-	-	-	3,089
Government transfers for operating	5,671	46	176	11	53	-	197	-	-	6,154
Other	5,675	2,034	1,091	1,291	610	194	-	1,317	(5,165)	7,047
Internal recoveries	40,340	13	1,317	742	-	2,105	2,273	1,497	(48,287)	-
Transfer from Utilities and Land	47,302	-	-	-	-	-	-	-	(47,302)	-
	195,766	78,592	126,781	24,000	18,285	12,096	2,488	9,806	(130,740)	337,074
Expenses										
Salaries, wages and benefits	85,763	15,423	13,216	4,760	5,028	3,180	1,392	791	(226)	129,327
Contracted and general services	25,925	12,892	6,709	724	867	2,147	606	1,282	-	51,152
Materials, goods and utilities	6,551	4,566	12,429	1,326	1,592	192	36	4,789	(3,783)	27,698
Provisions for allowances	29	122	119	37	31	38	-	-	-	376
Bank charges and short term interest	241	67	23	-	-	-	-	12	-	343
Interest on long term debt	1,462	543	3,768	2,813	2,389	97	-	-	-	11,072
Total grants and other transfers	3,380	-	-	-	-	-	-	190	-	3,570
Other operating expenses	(405)	56,345	5,119	-	-	(191)	-	-	-	60,868
Amortization of tangible capital assets	33,659	11,834	19,255	4,045	3,658	435	1	44	-	72,931
Impairment	-	24,991	-	-	-	-	-	42	-	25,033
Loss on disposal of tangible capital assets	(198)	127	328	398	30	61	-	-	-	746
Gain on disposal of long lived assets	-	-	-	-	-	-	-	-	-	-
Internal charges and transfers	33,428	9,504	68,000	4,650	4,309	5,183	75	5,349	(130,498)	-
	189,835	136,414	128,966	18,753	17,904	11,142	2,110	12,499	(134,507)	383,116
Excess (deficiency) of revenue over expenses	\$ 5,931	\$ (57,822)	\$ (2,185)	\$ 5,247	\$ 381	\$ 954	\$ 378	\$ (2,693)	\$ 3,767	\$ (46,042)
Other										
Contributed assets	\$ 203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (98)	\$ 105
Government transfers for capital	29,495	-	-	-	-	-	-	-	-	29,495
Total other	29,698	-	-	-	-	-	-	-	(98)	29,600
Annual surplus (deficit)	\$ 35,629	\$ (57,822)	\$ (2,185)	\$ 5,247	\$ 381	\$ 954	\$ 378	\$ (2,693)	\$ 3,669	\$ (16,442)

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

Schedule of Segment Disclosures (Note 25) For the year ended December 31, 2017 (in thousands of dollars)

Schedule 4

	Tax Supported	Gas Utility	Electric Utility	Water Utility	Sewer Utility	Solid Waste Utility	Utilities Business Development Support	Land & Business Support	Consolidation Adjustments	2017 Consolidated
Revenue										
Municipal taxes	\$ 69,398	\$ -	\$ -	\$ 113	\$ 113	\$ -	\$ -	\$ -	\$ (3,768)	\$ 65,856
Sales of services	11,459	77,962	71,524	21,400	16,131	9,502	-	8,600	(21,321)	195,257
Investment income	3,175	4,334	932	-	-	-	14	-	(352)	8,103
Licenses, fines and penalties	6,547	-	-	-	-	-	-	13	-	6,560
Insurance recovery	245	-	-	-	-	-	-	-	-	245
Development levies	1,094	425	90	-	-	-	-	-	-	1,609
Government transfers for operating	5,717	-	-	-	-	-	-	-	-	5,717
Other	2,748	1,052	3,026	213	20	47	-	1,362	4,986	13,454
Internal recoveries	42,635	99	2,911	1,236	-	1,598	1,737	1,511	(51,727)	-
Transfer from Utilities and Land	44,252	-	-	-	-	-	-	-	(44,252)	-
	187,270	83,872	78,483	22,962	16,264	11,147	1,751	11,486	(116,434)	296,801
Expenses										
Salaries, wages and benefits	85,640	15,800	13,434	4,588	4,717	2,850	997	716	745	129,487
Contracted and general services	21,252	13,383	6,108	907	1,025	1,799	567	1,216	(160)	46,097
Materials, goods and utilities	9,375	5,563	9,665	1,606	1,399	548	10	6,417	(5,247)	29,336
Provisions for allowances	29	118	101	37	31	17	-	-	-	333
Bank charges and short term interest	109	19	-	-	-	-	-	2	-	130
Interest on long term debt	1,371	523	3,553	2,871	2,465	116	-	-	(352)	10,547
Total grants and other transfers	3,804	-	-	-	-	-	-	137	-	3,941
Other operating expenses	202	55,047	925	(35)	2	58	-	-	(310)	55,889
Amortization of tangible capital assets	31,222	13,918	15,995	3,726	3,177	356	1	40	-	68,435
Impairment	-	28,329	-	-	-	-	-	87	-	28,416
Loss on disposal of tangible capital assets	2,842	13,661	137	43	166	3	-	-	-	16,852
Gain on disposal of long lived liabilities	-	(43,226)	-	-	-	-	-	-	-	(43,226)
Internal charges and transfers	26,918	8,459	66,296	4,359	3,707	4,192	35	895	(114,861)	-
	182,764	111,594	116,214	18,102	16,689	9,939	1,610	9,510	(120,185)	346,237
Excess (deficiency) of revenue over expenses	\$ 4,506	\$ (27,722)	\$ (37,731)	\$ 4,860	\$ (425)	\$ 1,208	\$ 141	\$ 1,976	\$ 3,751	\$ (49,436)
Other										
Contributed assets	\$ 1,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (270)	\$ (346)	\$ 690
Government transfers for capital	40,467	-	27	-	-	-	-	-	-	40,494
Total other	41,773	-	27	-	-	-	-	(270)	(346)	41,184
Annual surplus (deficit)	\$ 46,279	\$ (27,722)	\$ (37,704)	\$ 4,860	\$ (425)	\$ 1,208	\$ 141	\$ 1,706	\$ 3,405	\$ (8,252)

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

CONSOLIDATED**Schedule 5****Schedule of Expenses By Object****For the year ended December 31, 2018***(in thousands of dollars)*

	2018 Budget	2018	2017
Expenses			
Salaries, wages and benefits	\$ 133,081	\$ 129,327	\$ 129,487
Contracted and general services	49,867	51,152	46,097
Materials, goods and utilities	36,113	27,698	29,336
Provisions for allowances	356	376	333
Bank charges and short term interest	221	343	130
Interest on long term debt	12,633	11,072	10,547
Total grants and other transfers	3,401	3,570	3,941
Other operating expenses (Schedule 5A)	58,659	60,868	55,889
Amortization of tangible capital assets	89,286	72,931	68,435
Impairments	-	25,033	28,416
Loss on disposal of tangible capital assets	-	746	16,852
Gain on disposal of long lived assets	-	-	(43,226)
Total expenses	\$ 383,617	\$ 383,116	\$ 346,237

CONSOLIDATED**Schedule 5A****Schedule of Other Operating Expenses****For the year ended December 31, 2018***(in thousands of dollars)*

	2018 Budget	2018	2017
Other Operating Expenses			
Natural Gas & Oil asset retirement obligation depreciation & accretion	\$ 18,281	\$ 21,424	\$ 23,756
Natural Gas purchases	13,829	16,101	12,711
Natural Gas & Oil surface and mineral leases	11,537	10,880	10,866
Natural Gas & Oil royalties	5,628	5,852	5,895
Taxes or taxes in lieu	4,090	5,191	822
Natural Gas & Oil transportation	2,723	1,971	2,327
Other	2,571	(551)	(488)
Total Other Operating Expenses	\$ 58,659	\$ 60,868	\$ 55,889

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

NOTES

For the year ended December 31, 2018

(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 Canadian Public Sector Accounting Standards. 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 debt of the reporting entity. This entity 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, Human Resources, Information & Computer Services, Health Safety & Environment, and Corporate Asset Management), Public Services (Fire Services, Community Development, Parks & Recreation), Development & Infrastructure (Municipal Works, Planning, Building & Development and Land and Business Support) and Police Service (Police Service and Bylaw Enforcement).

2. Utility Services

Self-supporting activities, which provide Electricity (Generation, Distribution and Retail), Natural Gas (Production, Distribution, and Marketing), Environmental Utilities (Water, Sewer and Solid Waste) and Utilities Business Development and Support (alternative and renewable energy and environmental education and outreach).

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 Municipal Taxes levied includes operating requisitions for the Alberta School Foundation, Catholic Board of Education, Cypress View Foundation as well as 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 15.

(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.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

2. Tax Revenues

Tax revenues are recognized once City Council passes the bylaw approving the current year's tax assessment and tax rate. Tax rate categories include: real property taxes (residential and non-residential), linear property taxes and local improvement taxes. Requisitions operating as flow through arrangements are excluded from revenue.

Taxes receivable are measured once the tax rate bylaw is passed. The property owner's share of the improvement is recognized as revenue, and recorded as receivable, in the period that the project expenditures are completed. Taxes receivable are measured at their net realizable value. Net realizable value excludes individually identified taxes in arrears considered uncollectable through the tax recovery process. Taxes received in advance of the next tax year are recorded as a customer credit and liability until the bylaw is passed.

3. 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 1F.

(C) INVESTMENTS, LOANS AND ADVANCES

Portfolio investments are comprised of investments in qualifying instruments as defined in the City's Investment Policies #0110 and #0157. Included in investments are internally managed portfolios consisting of investments in money market instruments and bonds. The City also has externally managed investment portfolios by Alberta Investment Management Corporation (AIMCo) consisting of short and long term investments including money market securities, bonds, and other fixed income securities, Canadian and foreign equities and alternative investments. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis. 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.

Loans and advances result from the City providing financing to other entities that provide services which benefit the citizens of the City of Medicine Hat. These loans and advances are recorded at amortized costs less any allowances for doubtful accounts using the effective interest rate. Allowances for doubtful accounts are recognized when collection is in doubt and measured at the lower of cost and net recoverable value. Loans and advances are reviewed on an annual basis by management.

(D) INVENTORIES FOR RESALE / GAS IN STORAGE

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. The cost of land held for resale is determined on a specific item basis.

(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.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

(G) 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.

(H) OVER-LEVIES AND UNDER-LEVIES

Over-levies and under-levies arise from the difference between the actual tax 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.

(I) DECOMMISSIONING OBLIGATION

The City's oil and gas production activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of abandonment and site restoration and capitalized in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation as at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion whereas the increase/decrease due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(J) 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.

(K) 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.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

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, Environmental Utilities, 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:

Land Improvements	4 to 25 years
Buildings	15 to 50 years
Engineered Structures	7 to 75 years
Machinery, Equipment & Furnishings	5 to 25 years
Vehicles	3 to 20 years

Carrying costs directly attributable to the acquisition, construction, development/betterment, 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. Interest charges are not capitalized. No assets have been recognized at nominal value.

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

The City 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.

2. Oil & Gas Exploration and Evaluation (E&E) Assets and Property, Plant and Equipment (PP&E)

As the Public Sector Accounting Standards (PSAS) is silent on the treatment of resource properties, to better reflect the operations of the oil and gas properties and to provide more financial transparency, the City has elected to adopt the guidance provided under International Financial Reporting Standards (IFRS).

(i) Exploration and Evaluation (E&E) Assets

Costs incurred prior to acquiring the legal right to explore an area are charged directly to net income.

Costs incurred after the legal right to explore is obtained but before technical feasibility and commercial viability of the area has been established are capitalized as E&E assets. These costs generally include unproved property acquisition costs, geological and geophysical costs, sampling and appraisals, related drilling and completion costs and directly attributable internal costs.

Once an area is determined to be technically feasible and commercially viable the accumulated costs are tested for impairment. The carrying value, net of any impairment, is then reclassified to PP&E as a Developed and Producing (D&P) asset. If an area is determined not to be technically feasible and commercially viable, or the City discontinues its exploration and evaluation activity, any unrecoverable costs are charged to net income.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

(ii) Property, Plant and Equipment (PP&E) Assets

Property, plant and equipment, which include oil and gas development and production assets, are measured at cost less accumulated depletion, depreciation and impairment losses. The cost of D&P assets includes transfers from exploration and evaluation assets, the cost to complete and tie-in the wells, facility costs, the cost of recognizing provisions for future restoration and decommissioning geological and geophysical costs, and directly attributable overheads.

D&P assets are grouped into cash generating units (CGU) for impairment testing. The City has grouped its development and production assets into the 10 CGUs. When significant parts of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in the statement of operations.

(iii) Subsequent Costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in net earnings as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in operating expenses as incurred.

(iv) Depletion and Depreciation

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the period to the related total proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production and the estimated salvage value of the assets at the end of their useful lives. Future development costs are estimated taking into account the level of development required to produce the reserves.

Proved and probable reserves are reviewed a minimum of every three years (or sooner if there is a major acquisition or some other significant event) by independent qualified reserve evaluators and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

(v) Impairment

E&E Assets:

E&E assets are tested for impairment when indicators of impairment exist or when technical feasibility and commercial viability are established and the assets are reclassified to PP&E. The impairment test compares the E&E assets' carrying value to their recoverable amount plus any excess recoverable amounts on D&P assets. E&E assets that are determined not to be technically feasible and commercially viable are charged to net income.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

PP&E:

The carrying amounts of the City's oil & gas related non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped into cash generating units (CGU), the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the greater of its value in use or its fair value less cost to sell.

Fair value less cost to sell is determined as the amount that would be obtained from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties. The fair value less cost to sell of oil and gas assets is generally determined as the net present value of the estimated future cash flows expected to arise from the continued use of the CGU, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by an appropriate discount rate which would be applied by such a market participant to arrive at a net present value of the CGU.

Value in use is determined as the net present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the City's continued use and can only take into account approved future development costs. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices and expected production volumes. The latter takes into account assessments of field reservoir performance and includes expectations about proven and unproven volumes, which are risk-weighted utilizing geological, production, recovery and economic projections.

An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Reversals of impairments are recognized when factors or circumstances that triggered the original impairment have changed. Impairments can only be reversed in future periods up to the carrying amount that would have been determined, net of depletion and depreciation, had no impairment losses been previously recognized. Goodwill impairments are not reversed.

(L) USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the year. 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.

The City uses significant estimates with regards to the accounting for its operations. Significant estimates related to those operations are outlined below.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

1. Gas Utility

Amounts recorded for depletion and depreciation and amounts used for impairment calculations are based on estimates of oil and natural gas reserves and future prices and costs required to develop those reserves. The estimates of reserves are subject to measurement uncertainty including estimates of future prices, costs, discount rates and related cash flows. The impact of this measurement uncertainty could be material to the financial statements in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

Amounts recorded for decommissioning obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of decommissioning expenditures. Other provisions are recognized in the period when it becomes probable that there will be a future cash outflow.

IFRS requires that the City's oil and gas assets be aggregated into cash generating units, based on their ability to generate largely independent cash flows, which are used to assess the assets for impairment. The determination of the City's cash generating units is subject to management's judgment.

Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

2. Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Net costs to remediate include, but are not limited to: assessment costs, maintenance and monitoring costs, and internal and external direct operating and/or capital costs relating to remediation and/or reclamation.

Amounts recorded for remediation efforts on contaminated sites are based on estimates of costs required to assess and risk manage or remediate. The cost, prediction, and timing of future outflow estimates are based on a combination of in house expertise, judgment and assumptions, past experience, and external quotes and are subject to measurement uncertainty. The recognition of the liability assumes the City is responsible or accepts responsibility for the contamination and that it will incur future costs to remediate. The impact of this measurement uncertainty could be material to the financial statements in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Liabilities for contaminated sites are included in other long term liabilities in the Consolidated Statement of Financial Position (Note 11C).

(M) FUTURE ACCOUNTING CHANGES

1. Restructuring Transactions

PSAS approved PS 3430 which comes into effect for fiscal years beginning on or after April 1, 2018. PS 3430 provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, along with related operating or program responsibilities. This section is to be adopted prospectively. The City has not yet adopted this standard or determined the effect on the Financial Statements.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

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

PSAS 1201 comes into effect for fiscal years beginning on or after April 1, 2021. This includes adoption of PS 3450 Financial Instruments, PS 2601, Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments. While early adoption is permitted, all four 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. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the City. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for de-recognition of financial liabilities.

PS 2601 Foreign Currency Translation establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency and non-monetary items at fair value denominated in a foreign currency to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses.

PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. The City has not yet adopted these standards or determined the effect on the Financial Statements.

3. Portfolio Investments

PSAS 3041 comes into effect for fiscal years beginning on or after April 1, 2021. Early adoption is permitted, however this standard must be adopted at the same time as PSAS Section 2601 and PSAS Section 3450. This section is to be adopted prospectively. This section replaces the existing PSAS Section 3040 Portfolio Investments. The new sections provide for the removal of the distinction between temporary and portfolio investments, with the implication that when temporary investments are not cash equivalents they are accounted for as portfolio investments. This section was amended to conform to Financial Instruments (PSAS 3450) and now includes pooled investments. This entails an examination of the rights associated with units within a pooled investment fund, rather than the funds underlying the investment. The City has not yet adopted these standards or determined the effect on the Financial Statements.

4. Revenue

PSAS approved PS 3400, which comes into effect for fiscal years beginning on or after April 1, 2022. PS 3400 provides guidance on when to recognize revenue arising from exchange transactions and from unilateral transactions. This section is to be adopted retroactively or prospectively. The City has not yet adopted this standard or determined the effect on the Financial Statements.

5. Asset Retirement Obligations

PSAS approved PS 3280, which comes into effect for fiscal years beginning on or after April 1, 2021. PS 3280 provides guidance on when to recognize, how to calculate, and what to disclose for all asset retirement obligations. Asset retirement obligations occur, if an entity chooses to discontinue use of its tangible capital asset and must incur a cash outlay to do so. This section is to be adopted prospectively. The City has not yet adopted this standard or determined the effect on the Financial Statements.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

(N) ADOPTION OF NEW ACCOUNTING STANDARDS

The City has prospectively adopted the following standards effective April 1, 2017:

- PS 2200 - Related party disclosures, defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- PS 3210 - Assets, provides guidance for applying the definition of assets set out in PS 1000 - Financial statement concepts and establishes general disclosure standards for assets.
- PS 3320 - Contingent assets, defines and establishes disclosure standards for contingent assets.
- PS 3380 - Contractual rights, defines and establishes disclosure standards on contractual rights.

NOTE 2: CASH AND TEMPORARY INVESTMENTS

	2018	2017
Cash	\$ 25,034	\$ 10,941
Temporary Investments	31,341	31,713
TOTAL	\$ 56,375	\$ 42,654

Temporary investments represent restricted amounts aggregating \$31,006 (2017 - \$31,385) for programs including the Municipal Sustainability Initiative Capital Fund Program, Federal Gas Tax Fund, Alberta Community Resilience Program for overland flooding, which are held exclusively for eligible capital projects, Municipal Sustainability Initiative Operating Grant Program for operating activities, and restricted amounts aggregating \$335 (2017 – \$328) for Alberta Disaster Recovery program funding for the 2014 flood damages and related mitigation measures.

These investments have an average yield of 2.46 (2017 – 1.42) per cent and an average term of 95 (2017 - 322) days to maturity.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 3: ACCOUNTS RECEIVABLE, net of allowances

(A) TAXES AND BUSINESS IMPROVEMENTS LEVIES RECEIVABLE

	2018	2017
Current Taxes Receivable	\$ 3,979	\$ 3,310
City Centre Development Agency	15	16
Less: Allowance for Tax Adjustments	(3)	(4)
SUB-TOTAL	\$ 3,991	\$ 3,322

(B) ACCOUNTS RECEIVABLE

	2018	2017
Trade Accounts Receivable	\$ 43,038	\$ 48,585
Less: Allowance for Doubtful Accounts	(1,074)	(1,019)
SUB-TOTAL	\$ 41,964	\$ 47,566
TOTAL	\$ 45,955	\$ 50,888

Each year an analysis of the accounts receivable accounts are undertaken to identify accounts that are considered uncollectible. An account is deemed uncollectible when all collection avenues have been exhausted or a customer is in receivership or bankruptcy. In some cases, a judgement through Small Claims has been rewarded with no ability to collect. Every effort is made to collect monies and procedures are reviewed to streamline the billing and collection options.

The accounts receivable written off was \$298 (2017 - \$652); the tax receivable written off was \$6 (2017 - \$3).

NOTE 4: INVESTMENTS, LOANS AND ADVANCES

	2018		2017	
	Cost	Market Value	Cost	Market Value
Federal Government and Agencies	\$ 14,369	\$ 19,299	\$ 14,984	\$ 18,940
Provincial Government and Agencies	-	-	1,999	2,031
Managed Portfolio Funds	135,259	136,853	110,833	115,660
Canadian Banks	152,058	152,456	240,998	241,540
Others	58,310	58,310	24,880	25,713
TOTAL	\$ 359,996	\$ 366,918	\$ 393,694	\$ 403,884

These investments include both internally and externally managed funds. The internally managed funds are fixed income and bond investments recorded at cost with interest rates from 1.65 per cent to 9.98 per cent and mature in periods 2019 through 2108. The investments have an average expected yield of 2.67 (2017 – 2.51) per cent and an average term of 1.88 (2017 – 1.89) years to maturity. The managed portfolio funds are externally managed by Alberta Investment Management Corporation (AIMCo). These investments are recorded at cost and are in a balanced portfolio of 40 per cent fixed income and 60 per cent equity securities.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

The amounts categorized as others in investments, loans and advances includes \$659 of prepayment security from Rainbow Energy Marketing Corporation, which forms part of a 2017 energy purchase agreement between the City of Medicine Hat and Rainbow Energy Marketing Corporation as well as loans receivables of \$505 (2017 - \$533). In 2018, an allowance for doubtful accounts of \$0 (2017 - \$0) related to the loans receivables was recognized. These loans are forgiven once the amount is repaid. The following table provides details of the loans receivable.

	2018			2017			Original Loan	Term (Years)	Year Loaned	Interest Rate
	Balance	Valuation Allowance ¹	Principal Payments	Balance	Valuation Allowance ¹	Principal Payments				
Loyal Order of Moose	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ 150	20	1998	5.30%
Medicine Hat Public Library	-	-	-	-	-	9	109	10	1999	5.88%
SALTA Gymnastics Club	31	6	8	38	7	8	150	20	2003	4.27%
Medicine Hat YMCA	259	71	25	268	87	20	500	20	2003	6.00%
Medicine Hat Public Library	-	-	5	5	-	5	41	18	2009	4.00%
Cypress View Foundation	-	-	-	-	-	1,901	2,444	25	2008	5.50%
City Centre Development Authority	91	9	-	90	10	20	200	11	2011	5.50%
Cypress View Foundation	-	-	-	-	-	223	336	10	2012	5.50%
Medicine Hat Curling Club	124	-	8	132	-	8	140	15	2016	2.25%
SUB-TOTAL	\$ 505	\$ 86	\$ 46	\$ 533	\$ 104	\$ 2,201				

¹ Valuation Allowances related to interest free loans

NOTE 5: INVENTORIES FOR RESALE

	2018	2017
Gas Inventory	\$ 1	\$ -
Concessions	83	61
TOTAL	\$ 84	\$ 61

NOTE 6: DEPOSITS

	2018	2017
Postage	\$ 29	\$ 6
Refundable Containers	32	33
Operating Deposits	699	525
Gas Royalty Deposits	24	33
TOTAL	\$ 784	\$ 597

NOTE 7: ACCRUED LIABILITIES

	2018	2017
Wages and Salaries	\$ 4,125	\$ 3,368
Vacation Pay	6,359	6,227
Interest on Long-Term Debt	1,898	1,962
Deferred Charges	138	-
Royalties	81	253
Other Liabilities	5,776	4,324
TOTAL	\$ 18,377	\$ 16,134

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 8: DEFERRED REVENUE & GOVERNMENT TRANSFERS

(A) DEFERRED REVENUE

	Balance 2017	Additions 2018	Reductions 2018	Balance 2018
Deposits	\$ 941	\$ 9,157	\$ 486	\$ 9,612
Deferred Revenue	5,465	18,337	20,450	3,352
Affordable Housing Grant	74	1	-	75
Alberta Cities Transportation Program	611	13	624	-
Alberta Community Partnership	16	200	13	203
Alberta Community Resilience Grant	4,146	32	3,530	648
Alberta Transportation – Safety Fund	-	13	-	13
All Hazards Incident Management Team (AHIMT) Grant	-	201	160	41
Bell West	9	-	-	9
Community Facility Enhancement	245	1	246	-
Community Warmth Deposits	2	20	22	-
Federal Gas Tax Fund	4,994	3,462	5,001	3,455
Green TRIP	-	4,481	770	3,711
Local Flood Mitigation	328	7	-	335
Municipal Sustainability Initiative	21,299	18,927	17,366	22,860
New Horizons for Seniors Program	26	-	26	-
Pitch Trust	2	-	-	2
Theatre Donations	11	-	11	-
TOTAL	\$ 38,169	\$ 54,852	\$ 48,705	\$ 44,316

Funds from Alberta Housing Grant, Alberta Cities Transportation Program, Alberta Community Partnership, Alberta Community Resilience Grant, Federal Gas Tax Fund, and Municipal Sustainability Initiative are restricted to eligible capital projects as approved under the funding agreement. Unexpended funds related to the advances are supported by temporary investments (note 2) of \$31,006 (2017 - \$31,385) held exclusively for these projects. An additional \$335 (2017 – \$328) is held for funding flood damages and mitigation measures.

(B) GOVERNMENT TRANSFERS

Major government transfers recognized by the City during the year were: Municipal Sustainability Initiative Capital Grant (used primarily for the construction and relocation of the Fire Station, construction of the Municipal Works Building, and storm sewer infrastructure), Municipal Sustainability Initiative Operating Grant (used primarily for sidewalk maintenance and bridge maintenance), Family and Community Support Services (used for not for profit organizations providing social services), Municipal Policing Assistance and Police Officer grant (used to support police services), Federal Gas Tax Grant (used primarily for storm water infrastructure upgrades and parks infrastructure), GreenTRIP (used for Transit); Airport Capital Assistance Program (used for the airport runway rehabilitation), and Alberta Community Resilience Grant (used for River Berms).

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 9: 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 \$50 million, by way of prime rate based loans and/or Letters of Credit (in Canadian dollars). This facility is secured by Bylaw No. 4230.

At December 31, 2018, there were Letters of Credit issued in the amount of \$40,413 (2017 – \$17,523) and a Municipal Operating Loan Facility of \$9,587 (2017 - \$10,000).

NOTE 10: LONG-TERM DEBT

(A)

	2018	2017
Tax Supported	\$ 41,817	\$ 46,484
Utilities Rate Supported		
- Electric	118,549	113,635
- Gas	15,406	15,741
- Water	74,085	76,155
- Sewer	65,565	66,666
- Solid Waste	2,140	2,626
Total Utilities	275,745	274,823
TOTAL DEBT	\$ 317,562	\$ 321,307
Comprised of:		
- Alberta Capital Finance Authority	\$ 317,562	\$ 321,307
TOTAL DEBT	\$ 317,562	\$ 321,307

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

	Principal	Interest
2019	25,725	10,685
2020	22,562	9,750
2021	22,470	8,909
2022	22,920	8,057
2023	21,080	7,194
2024-2048	202,805	46,015
TOTAL	\$ 317,562	\$ 90,610

The debentures have interest payable at rates ranging from 1.088 per cent to 6.75 per cent per annum before Provincial Subsidy, and mature in periods 2019 through 2048. The average annual interest rate for 2018 is 4.06 (2017 – 4.08) 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 2018 was \$11,072 (2017 – \$10,547).

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

(C) DEBT PER CAPITA

(not in thousands of dollars)

	2018	2017
Tax Supported Debentures	\$ 661	\$ 738
Rate Supported Debentures	4,359	4,362
TOTAL	\$ 5,020	\$ 5,100

Debt per capita is based on the official census of 63,260 for 2018 (63,018 for 2017) for 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 2.0 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 and Letters of Credit issued.

	2018	2017
Debt Limit	\$ 674,148	\$ 593,602
Loan Guarantees (Note 10 E)	2,240	2,240
Letters of Credit Issued (Note 9)	40,413	17,523
Actual Total Debt	317,562	321,307
AMOUNT UNDER LIMIT	\$ 313,933	\$ 252,532

Debt Servicing Limit	\$ 117,976	\$ 103,880
Actual Debt Servicing (Long and Short-Term Debt)	36,410	36,190
AMOUNT UNDER LIMIT	\$ 81,566	\$ 67,690

(E) LOAN GUARANTEES

Section 266 of the Municipal Government Act allows municipalities to guarantee the repayment of a loan between a lender and a non-profit organization or one of its controlled corporations. The City of Medicine Hat has passed the following Bylaws guaranteeing loans to non-profit organizations to a maximum of \$2,240.

Bylaw Number	Bylaw Passed by City Council	Guarantee	Maximum Loan Amount	2018 Balance
Bylaw 3790	May 23, 2007	Medicine Hat Musical Theatre and the Medicine Hat Firehall Theatre Society	\$ 500	\$ -
Bylaw 4187	September 3, 2013	Connaught Golf & Country Club	965	801
Bylaw 4138	November 6, 2012	Medicine Hat Golf & Country Club	675	546
Bylaw 4436	June 20, 2017	Medicine Hat Golf & Country Club	100	92
TOTAL			\$ 2,240	\$ 1,439

The Loan Guarantees identified above are at various interest rates with a maximum repayment term of 20 years. All loans are in good standing at December 31, 2018.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 11: OTHER LONG-TERM LIABILITIES

(A)

	2018	2017
Offsite Contributions	\$ 12,105	\$ 4,363
Asset Retirement Obligation - Gas	236,588	223,809
Contaminated Sites - Abandonment & Restoration	1,438	867
Deferred Charges	1,777	2,112
Employee Retirement Benefits Liability (Note 18)	5,835	5,814
Sanitary Landfill - Site Abandonment and Restoration	4,621	4,813
TOTAL	\$ 262,364	\$ 241,778

(B) At December 31, 2018 the estimated undiscounted cash flows required to settle the decommissioning obligations with respect to the Gas Utility were \$319,128 (2017 - \$336,358), calculated using an inflation rate of 1.47 (2017 - 1.54) per cent per annum. The estimated fair value of this liability was \$236,588 (2017 - \$223,809) after discounting the estimated cash flows at a rate of 5.21 (2017 - 5.29) per cent. At December 31, 2018, the expected timing of payment for settlement of the obligations ranges from 1 to 61 years. The City has not designated assets for settling decommissioning obligations.

(C) At December 31, 2018 the estimated undiscounted cash flows required to settle the contaminated sites were \$2,040 (2017 - \$915), calculated using an inflation rate of 1.47 (2017 - 1.54) per cent per annum. The estimated fair value of this liability was \$1,438 (2017 - \$867) after discounting the estimated cash flows at a rate of 2.18 (2017 - 2.33) per cent. The amount of anticipated recoveries included in this estimate is \$nil. The City has not designated assets for settling decommissioning obligations.

The sources of the contamination for which the liability has been recorded include: a site where underground storage tanks have leaked, a site where soil contamination (benzene) has been identified; and a site where polycyclic aromatic hydrocarbons (PAHs) and petroleum hydrocarbons (PHCs) exceeded the remediation guidelines. Two new sites have been identified this year, one where polycyclic aromatic hydrocarbons (PAHs) and petroleum hydrocarbons (PHCs) exceeded the remediation guidelines, and the other where trichloroethylene (TCE) was observed in soil samples and in the groundwater. At December 31, 2018, the expected timing of payment for settlement of the obligations ranges from 1 to 10 years.

Operational sites which are still being used productively (Water Treatment Plant, Power Plant, Airport, fuelling stations) will be revaluated annually to determine if a decommissioning obligation is required. Factors which would require a decommissioning liability include, but are not limited to: a communicated plan to decommission, technological improvements, legislation changes and the ability to sell or rent the operations to a third party.

Additional sites where liabilities have not been recognized as estimated costs to clean up the site are not readily available or obtainable through analysis of historical or similar operations include: three snow dump sites; a site where hydrocarbon values exceed Alberta Tier 1 guideline; a site where the soil lead impacts exceed current guidelines; a former electric transformer repair building where old tanks and barrels/drums could potentially contain polychlorinated biphenyl (PCBs); a compost facility near the Landfill and a former shooting range, where there is potential soil and groundwater contamination. It was recommended that the City of Medicine Hat monitor the site until more information is revealed about the extent of such costs.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

- (D) 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 3.37 (2017 - 3.16) per cent assuming inflation of 1.47 (2017 – 1.54) per cent.
- (E) The following summarizes the total net present value for the estimated costs of Sanitary Landfill closure and post closure care:

	2018		2017	
Estimated Site Capacity m ³ (000's)	4,525		4,525	
Estimated Capacity used m ³ (000's)	2,848		2,774	
Estimated Capacity remaining m³ (000's)	1,677	37.1%	1,751	38.7%
Estimated Closure Costs	\$	9,360	\$	9,360
Estimated Post Closure Costs	3,685		3,685	
Estimated Total Costs	13,045		13,045	
Portion of Total Liability remaining to be recognized	8,424		8,232	
ACCRUED LIABILITY PORTION	\$	4,621	35.4%	\$ 4,813 36.9%

The total capacity of the site is estimated at 4,525,000 cubic meters. The estimated remaining capacity of the landfill site is 1,676,613 (2017 – 1,751,067) cubic meters. The existing landfill site is expected to reach capacity in approximately the year 2035. The City has not designated assets for settling closure or post closure liabilities.

NOTE 12: 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.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 13: TANGIBLE CAPITAL ASSETS

	2018 Net Book Value	2017 Net Book Value
Land	\$ 48,449	\$ 48,539
Land Improvements	76,969	72,410
Buildings	261,770	251,580
Engineering Structures	794,991	766,692
Gas and Oil Properties	84,627	96,972
Machinery, Equipment and Furnishings	68,642	64,467
Vehicles	24,519	21,113
TOTAL	\$ 1,359,967	\$ 1,321,773

The net book value of capital assets not being amortized and under construction changed by \$22,321 (2017 – \$49,515). 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 \$105 (2017 - \$690). 2018 contributed capital assets relate primarily to private subdivision developers contributing storm systems, roads, curbs and sidewalks.

In 2018, the City did not capitalize any interest. The City did recognize an impairment of \$25.0 million (2017 - \$28.4 million), which primarily relates to the oil and gas assets as a result of the continually declining current and forward market commodity price for natural gas and oil.

NOTE 14: ACCUMULATED SURPLUS

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

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	Total 2018	Total 2017
Balance, beginning of year	\$ 54,975	\$ 213,217	\$ 1,000,466	\$ 1,268,658	\$ 1,276,910
Annual (deficit) surplus	(16,442)	-	-	(16,442)	(8,252)
Unrestricted funds designated for future use	(46,304)	46,304	-	-	-
Restricted funds used for operations	112,729	(112,729)	-	-	-
Funded tangible capital assets	(117,140)	-	117,140	-	-
Contributed tangible capital assets	(105)	-	105	-	-
Disposal of tangible capital assets	2,632	-	(2,632)	-	-
Impairment	25,033	-	(25,033)	-	-
Annual amortization expense	72,931	-	(72,931)	-	-
Long term debt repaid	(25,290)	-	25,290	-	-
BALANCE, END OF YEAR	\$ 63,019	\$ 146,792	\$ 1,042,405	\$ 1,252,216	\$ 1,268,658

1. Unrestricted Surplus

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

The General Fund Policy directs that special one-time grants and any surplus not required in order to maintain the unrestricted target balance of seven per cent of prior year's budgeted gross expenses be designated a restricted amount. In 2018 there were no excess surplus funds designated as restricted (2017 - \$0).

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

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 2018, the Electric Utility reported an excess surplus of \$7,444, which was designated as a restricted amount. In 2017, the Electric Utility did not have an excess surplus to designate as a restricted amount.

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 2018 there were no excess surplus funds designated as restricted (2017 - \$12,422).

UNRESTRICTED SURPLUS (DEFICIT)	2018	2017
General Government	\$ 12,667	\$ 11,688
Utilities Business Development & Support	288	122
Gas	10,499	9,092
Electric	5,507	5,726
Water	8,995	5,242
Sewer	(1,555)	(877)
Solid Waste	7,706	5,834
Land & Business Support	18,912	18,148
TOTAL	\$ 63,019	\$ 54,975

2. Restricted Surplus

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

	2018	2017
Restricted Surplus - Capital	\$ 2,958	\$ 43,346
Restricted Surplus - Reserves	143,834	169,871
TOTAL	\$ 146,792	\$ 213,217

Restricted Surplus - Capital

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

RESTRICTED SURPLUS (DEFICIT) - CAPITAL	2018	2017
General Government	\$ 6,342	\$ 20,317
Gas	3,940	3,722
Electric	924	2,094
Water	(5,880)	5,036
Sewer	(6,277)	6,353
Solid Waste	3,115	5,045
Land & Business Support	794	779
TOTAL	\$ 2,958	\$ 43,346

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

Restricted Surplus - Reserves

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

RESTRICTED SURPLUS - RESERVES	Balance 2017	2018 Additions	2018 Reductions	Balance 2018
Employee Development	\$ 1,763	\$ -	\$ 20	\$ 1,743
Victim Assistance	19	1	-	20
Second Street Properties	84	-	-	84
Fleet Replacement	10,326	5,571	6,947	8,950
Art Acquisitions	109	52	22	139
Infrastructure	16,309	5,041	5,458	15,892
Employee Benefits	5,695	247	21	5,921
Community Capital	23,622	4,681	6,870	21,433
Tax Rate Stabilization	19,059	19,241	16,163	22,137
Heritage Savings	3,259	18,958	-	22,217
Nature's Best	866	214	-	1,080
Electric Facility and Equipment	29,197	7,663	3,900	32,960
Gas Depletion	59,563	-	48,305	11,258
TOTAL	\$ 169,871	\$ 61,669	\$ 87,706	\$ 143,834

3. Equity in Tangible Capital

EQUITY IN TANGIBLE CAPITAL ASSETS	2018	2017
Tangible capital assets (Schedule 1)	\$ 2,778,095	\$ 2,693,007
Accumulated amortization (Schedule 1)	(1,418,128)	(1,371,234)
Long-term debt (Note 10)	(317,562)	(321,307)
TOTAL	\$ 1,042,405	\$ 1,000,466

NOTE 15: TRUST FUNDS

Funds held in trust are 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 held 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, 2018 are \$2,073 (2017 - \$2,111). Trust investments and liabilities are not included in the City's financial statements.

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

	Balance 2017	Additions	Interest Earned	Funds Released	Balance 2018
Cemetery - Perpetual Care	\$ 2,055	\$ 1	\$ 39	\$ 79	\$ 2,016
Seniors Foundation	56	-	1	-	57
TOTAL TRUST FUNDS	\$ 2,111	\$ 1	\$ 40	\$ 79	\$ 2,073

NOTES

For the year ended December 31, 2018
(in thousands of dollars)

NOTE 16: SALARY AND BENEFITS DISCLOSURE

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

	2018			2017		
	2018 Salary ¹	Benefits & Allowances ²	Total 2018	2017 Salary ¹	Benefits & Allowances ²	Total 2017
Mayor Ted Clugston	\$ 69	\$ 50	\$ 119	\$ 68	\$ 55	\$ 123
Councillor:						
Cocks, W	-	-	-	19	17	36
Dumanowski, R	23	19	42	23	21	44
Friesen, J	23	20	43	23	25	48
Hirsch, D	23	20	43	3	2	5
Mcintosh, J	23	20	43	21	19	40
Pearson, L	-	-	-	19	14	33
Samraj, K	23	19	42	3	2	5
Symmonds, C	-	-	-	18	17	35
Turnbull, P	23	16	39	3	4	7
Turner, J	23	22	45	21	21	42
Varga, B	23	24	47	21	21	42
Chief Administrative Officer (CAO)	370	59	429	328	34	362
Designated Officers (7)	1,311	246	1,557	1,271	201	1,472

¹ Salary includes regular base pay and vacation pay-outs.
The CAO salary and benefits are higher in 2018 due to the overlap of the transition from the previous CAO to the new CAO.

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 17: 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 259,714 members in 2017 (253,862 in 2016) and 420 employers in 2017 (417 in 2016). The Police Officers are members of the Special Forces Pension Plan (SFPP) and serves about 7,285 members in 2017 (7,187 in 2016) and 7 employers. The Plans are financed by employer and employee contributions and investment earnings of the LAPP and SFPP Fund.

During 2018 the City of Medicine Hat was required to make current service contributions to the Local Authorities Pension Plan of 10.39 per cent of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.84 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 2018 were \$11,391 (2017 - \$12,107). Total current service contributions by the employees for 2018 were \$10,461 (2017 - \$11,182).

At December 31, 2017 LAPP disclosed an actuarial surplus of \$4.84 billion.

At December 31, 2017 SFPP disclosed an actuarial surplus of \$71.1 million.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 18: EMPLOYEE BENEFIT OBLIGATIONS

The City has a defined benefit life insurance plan covering substantially all of its employees. The plan is unfunded. In 2018, an actuarial accounting valuation for the plan was performed for the year ended December 31, 2018 with a projection for 2019. Information about the plan is as follows:

	2018	2017
Accrued Benefit Obligation		
Balance, Beginning of Year	\$ 5,814	\$ 5,618
Current Service Cost	171	164
Interest Cost	233	224
Benefits Paid	(129)	(192)
Unrecognized Actuarial Gains	(254)	-
BALANCE, END OF YEAR	\$ 5,835	\$ 5,814

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

	2018	2017
Discount Rate	4.00%	4.00%
Rate of Compensation Increases	3%	3%
Expected Average Remaining Service Life	7.56 years	8.56 years

NOTE 19: OPERATING COMMITMENTS

The City of Medicine Hat is committed to purchase natural gas and electrical energy under existing purchase contracts. The commitment for 2018 was \$142 (Gas) and \$9,166 (Electric) (2017 - \$322 and \$9,014).

NOTE 20: OPERATING BUDGET

Operating budget data presented in these consolidated financial statements are based upon the 2018 operating budget approved by Council. Adjustments to budgeted values were required to provide a comparative budget value based on the full accrual basis of accounting and reconciles the approved operating budget with the budget figures as presented in these consolidated statements. Note 21 provides the approved capital budget for 2018.

	2018 Budget
Revenue	
Approved operating budgets	\$ 513,613
Adjustments	(186,609)
	327,004
Expense	
Approved operating expenses	572,160
Adjustments	(188,543)
	383,617
Other revenue	
Contributed capital assets	-
Government transfers for capital	16,343
	16,343
ANNUAL DEFICIT	\$ (40,270)

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 21: CAPITAL COMMITMENTS

(A) 2018 CAPITAL BUDGET

Following guidelines set out by the Public Sector Accounting Board, the budget reported on the Statement of Change in Net Financial Debt is the 2018 approved Capital Budget. The actual expenditures of \$132,566 (2017 - \$137,876) includes amounts carried forward from previous budget years, as well as costs related to the 2018 Budget and developer contributions of tangible capital assets.

(B) INCOMPLETE CAPITAL PROJECTS

As at December 31, 2018 a number of capital projects were in progress and will be completed in 2019 or subsequent years. The unexpended appropriation related to these projects is \$260,139 (2017 - \$292,142). Significant projects are:

- **Gas Utility**

Oil and Gas Drilling (\$33,822), Oil and Gas Facilities (\$9,134), Facility & Pipeline Repair & Abandonment (\$17,414), Well Repair and Abandonments (\$6,167), Projects Operated by Third Parties (\$14,285) and Exploitation G&E (\$2,292).

- **Electric Utility**

Unit 14 Engine (\$6,992), Control System Upgrade (\$2,782), 13kV Distribution Systems (\$3,755), Distribution Transmission System (\$1,687), Distribution Substations (\$9,837) and Electric Building Renovations (\$3,349).

- **Municipal Works**

Infrastructure Rehabilitation Program (\$2,514), Storm Water Infrastructure Upgrade and Rehab Program (\$1,639), Storm Trunk Design and Construction (\$3,677); South Railway Street Upgrade (\$1,716), Flood Mitigation Projects (\$4,750) and Runway Rehabilitation (\$2,513).

- **Parks**

Parks Infrastructure Rehabilitation Program (\$1,149).

- **Corporate Asset Management**

Moose Rec Centre – Ice Slab Replacement (\$1,200), City Hall Replace Parkade Roofing (\$1,465), Bus Wash and Transit Service Lane Upgrades (\$1,023), Arena Ice Slab Replacement (\$1,152), Municipal Works Building (\$1,053) and Fleet Services 2016 to 2018 Mobile Equipment Replacement Programs (\$15,565).

- **Information and Computer Services (ICS)**

Cityworks (\$1,147).

- **Water Utility**

Water Main Replacements (\$12,949), Water Treatment Plant Projects (\$1,689), Water Treatment Plant Electrical System Upgrade (\$1,269) and Water Treatment Plant Solids Handling Facility (\$2,639).

- **Sewer Utility**

Sewer Main Replacements and Lift Stations (\$16,296), Brier Park Bypass (\$8,119), Waste Water Treatment Plant Projects (\$2,189) and Waste Water Treatment Plant Motor Control Replacements (\$1,850).

- **Solid Waste Utility**

Landfill Enhancements and Improvements (\$3,165).

- **Land & Properties**

Unspent budgets relating to subdivisions being developed for sale include: Ranchlands (\$12,031), Southlands (\$4,150), Saamis Heights 7 (\$2,497), Riverwalk (\$3,302), Airport (\$4,493), and Brier Run (\$4,588).

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

(C) CAPITAL IMPROVEMENT PLAN

The following is the City Council approved 2018 Capital Improvement Plans with projections for 2019 – 2025 for the Gas Utility, the Electric Utility, the Environmental Utilities, General Government and Land and Properties:

2018	\$ 142,461
2019	99,549
2020 - 2025 Projection	658,209
TOTAL	\$ 900,219

Financing sources identified:

	2018	2019
Government Grants	\$ 19,014	\$ 12,050
Current Revenues	12,808	25,622
Debentures		
Tax Supported	1,443	2,060
Utilities Rate Supported	49,634	24,371
Reserves	57,654	28,343
Direct Charges and Other	1,908	7,103
TOTAL	\$ 142,461	\$ 99,549

NOTE 22: CONTINGENT ASSETS AND LIABILITIES

(A) Contingent Assets

Contingent assets are disclosed, when a future event is likely to confirm the existence of the asset. These possible assets arise from conditions existing as at the financial statement date or situations involving current uncertainty.

The City has not disclosed an asset for certain future events as the dates of reimbursement and the extent of the settlements cannot be reasonably determined at this time.

(B) Contingent Liabilities

Various claims have been made against the City as at December 31, 2018. If proven, it is possible that these claims may have a materially adverse effect on the financial position of the City. The City is disputing the claims and as the outcome is not determinable at this time, no amount has been accrued in the financial statements.

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

Contaminated Sites are not accrued as liabilities in the Consolidated Statement of Financial Position, if there is uncertainty about contamination exceeding a standard, costs, and/or the responsible party. Continued efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites or changes in the assessments of existing sites. Any additional liabilities will be accrued in the year in which they become known and can be reasonably estimated.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

Southridge Recreation and Wellness Centre:

In the event that the YMCA defaults in respect to its duties and obligations under the agreement between the YMCA as Operator of the Southridge complex and the City of Medicine Hat as Landlord, or in the event the YMCA's term as Operator is terminated by way of voluntary or involuntary termination, the City is required to return to the YMCA the value of all its initial contribution at construction of \$1.8 million, together with an additional contribution at opening of \$24,654. However if the relationship naturally expires in 2044, no repayment is required.

There has been an additional \$1.2 million contributed by the YMCA through a 2016 Budget Amendment approved by Council, for the renovation and expansion of the weight and cardio room at the complex. In the event that the YMCA defaults in respect to its duties and obligations under the agreement between the YMCA as Operator of the Southridge complex and the City of Medicine Hat as Landlord, or in the event the YMCA's term as Operator is terminated by way of voluntary or involuntary termination, the City is required to return to the YMCA the unamortized amount (according to the agreement) in that calendar year.

The above contingent liabilities for The Southridge Recreation and Wellness Centre are not accrued as liabilities in the Consolidated Statement of Financial Position as there is uncertainty of whether the agreement will terminate prior to 2044.

NOTE 23: CONTRACTUAL RIGHTS

The City has entered into the following agreements:

- a) Property development agreements, which require the developers to contribute various infrastructure assets to the City. The timing and extent of these future contributions will vary depending on development activity and fair value of the assets received at time of contribution and therefore cannot be reasonably determined at this time.
- b) Utility agreements to sell natural gas, crude oil, and electricity production to third parties. The timing and extent of future revenues will vary due to uncertain commodity market prices and volumes and therefore cannot be reasonably determined at this time.

NOTE 24: FINANCIAL INSTRUMENTS

The City, as part of its operations, carries a number of financial instruments. It is management's opinion that 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.

The City engages in certain hedging activities to mitigate the impact to revenue from market price changes. Hedging policy #0159 provides the framework for guiding this risk management activity at the City. This policy outlines a set of triggers that guide hedging activities for each business unit. The hedge programs are designed for the specific requirement and constraints of Medicine Hat and focus on stabilizing the cost of commodities and/or stabilizing revenues, maintaining reliable supplies for operations/sales, and mitigating the financial risk exposure to the City.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

NOTE 25: 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:
 - General Government is comprised of Corporate Administration, Mayoral and Aldermanic services, City Clerk and Legal, and Corporate Communications.
 - Corporate Services is comprised of Finance, Information and Computer Services, Corporate Asset Management (Building Services and Fleet Services), Health Safety & Environment, and Human Resources.
 - Development & Infrastructure is comprised of Planning, Building and Development, and Municipal Works (municipal operations and airport).
 - Public Services is comprised of Fire Services, Community Development (social development, senior services, transit, cultural development, and 9-1-1 communications), and Parks & Recreation (facilities maintenance and management, arboriculture, horticulture, campground and cemetery, and indoor recreation and leisure).
 - Police Service comprised of all police services and bylaw enforcement.
- 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.
- d) Utility Business and Development Support 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 Business Support 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 department is operated on a self-sustaining basis and Business Support department is supported by property taxes.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

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

A) REVENUE

- **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 earned on account of short term and long term deposits and investments.
- **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.
- **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.
- **Internal recoveries** include recoveries for services provided by one City department to another.
- **Transfers from Utilities and Land** include contributions from Utilities and Land 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 life of the asset.

NOTES

For the year ended December 31, 2018

(in thousands of dollars)

- **Impairment** is the expense recorded to reduce the value of assets when the assets are worth less on the market than the value listed on the company's balance sheet. A test is completed each year to compare the carrying amount of the asset to the market value. If the carrying amount is higher than the market value then the asset is considered impaired and must be written down to its fair value.
- **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.
- **Gain on disposal of long lived assets** reflects the reduction in the decommissioning liabilities associated with the disposal of the Gas properties.
- **Internal charges and transfers** include costs of services provided by one department to another, as well as transfers between City departments.

NOTE 26: APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.

Financial and Statistical Schedules

(unaudited)

*The new Veiner Centre
building opened in July 2018*

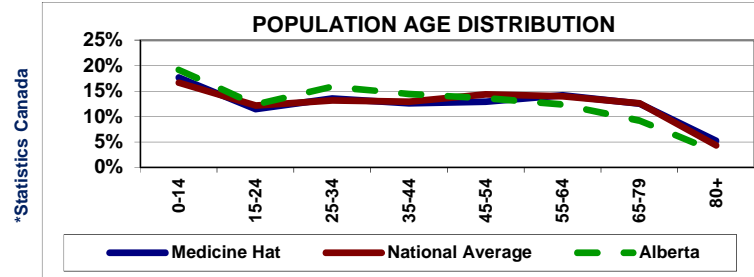
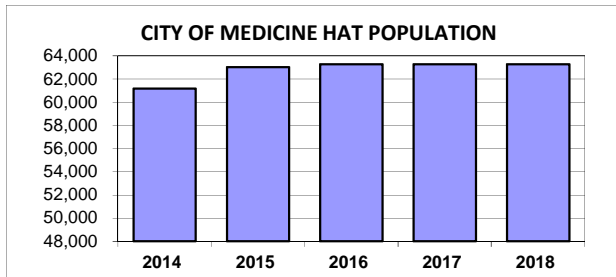


FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

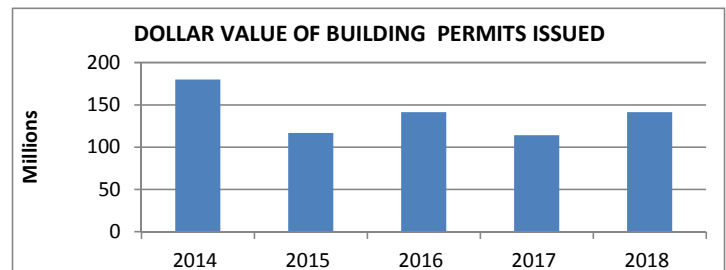
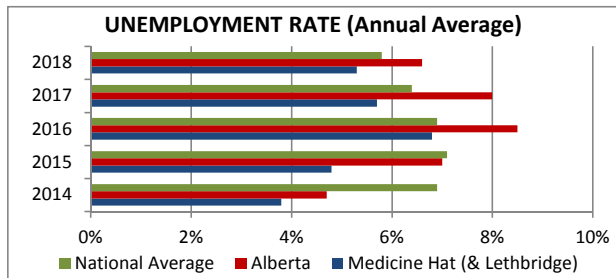
FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

DEMOGRAPHICS & OTHER INFORMATION

2011-2016 Medicine Hat Census



*Statistics Canada



OTHER

Area, square kilometers
Km of wastewater mains
Km of water mains
Km of storm drainage mains

	2014	2015	2016	2017	2018
Area, square kilometers	112	112	112	112	112
Km of wastewater mains	398	400	402	404	404
Km of water mains	428	429	429	429	429
Km of storm drainage mains	248	248	252	255	275

LARGEST CORPORATE TAX PAYERS IN MEDICINE HAT

Primaris Management Inc. (Mall & Dunmore Rd Properties)
Meadowlands Development Corporation
Boulevard Real Estate Equities Ltd.
South Country Co-op Limited
Wal-Mart Canada Corporation

Royop (Southlands) Development Ltd.
Canadian Tire Properties Inc.
Chinook Village Housing Society
Bayfield Southview Centre Inc.
Cancarb Limited

LARGEST EMPLOYERS IN MEDICINE HAT

Public

Medicine Hat Regional Hospital
City of Medicine Hat
Medicine Hat School District
Medicine Hat College
Province of Alberta

Private

South Country Co-op (all locations)
The Real Canadian Superstore
Canadian Pacific Railway
Wal-Mart
Goodyear

CITY OF MEDICINE HAT PERMANENTLY ESTABLISHED POSITIONS 2014 - 2018

	2014	2015	2016	2017	2018
General Government	36	39	43	43	41
Corporate Services	167	170	173	172	178
Public Services	259	268	274	275	275
Police	154	152	150	150	151
Development & Infrastructure	88	88	89	89	89
Total Tax Supported Permanent Positions	704	717	729	729	734
Gas Utility ¹	148	144	134	-	-
Electric Utility ²	91	102	107	-	-
Utility Distribution Systems ³	-	-	-	93	89
Natural Gas and Petroleum Resources	-	-	-	97	97
Electric Generation	-	-	-	46	45
Utility Business Development & Support	-	-	-	11	15
Environmental Utilities	102	105	105	107	106
Land & Business Support	5	6	6	6	6
Total Utility Permanent Positions	346	357	352	360	358
Total Permanent Positions	1,050	1,074	1,081	1,089	1,092

2017 & 2018 information has been represented to reflect the change as a result of a major organizational restructuring in the Utility Division.

Note 1: 2013 - 2016 included Gas Distribution and Natural Gas and Petroleum Resources

Note 2: 2013 - 2016 included Electric Distribution, Electric Generation, and Utility Business Development and Support

Note 3: 2017 & 2018 includes Gas Distribution and Electric Distribution

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 2014 - 2018

(In thousands of dollars)

STATEMENT OF FINANCIAL POSITION

	2018	2017	2016	2015	2014
Financial assets					
Cash and temporary investments	\$ 56,375	\$ 42,654	\$ 45,394	\$ 40,366	\$ 59,753
Accounts receivable (net of allowances)	45,955	50,888	40,855	49,696	58,055
Advances to subsidiary	-	-	-	-	10,166
Investment in subsidiary	-	-	-	-	12,533
Investments, loans & advances	359,996	393,694	433,579	457,392	458,971
Land held for resale	5,542	6,362	5,924	6,544	6,608
Inventories for resale	84	61	75	66	97
Deposits	784	597	689	941	3,875
Properties held for sale	-	-	701	-	-
Total financial assets	\$ 468,736	\$ 494,256	\$ 527,217	\$ 555,005	\$ 610,058
Liabilities					
Trade accounts payable	\$ 27,705	\$ 32,574	\$ 27,748	\$ 34,826	\$ 35,784
Accrued liabilities	18,377	16,134	16,088	13,892	19,184
Liabilities Associated with Properties Held for Sale	-	-	1,703	-	-
Deferred revenues	44,316	38,169	42,715	39,161	41,335
Long-term debt	317,562	321,307	301,881	268,460	228,269
Other long-term liabilities	262,364	241,778	279,245	263,856	201,656
Total liabilities	670,324	649,962	669,380	620,195	526,228
Net financial (debt) assets	(201,588)	(155,706)	(142,163)	(65,190)	83,830
Non-financial assets					
Inventories for consumption	13,796	12,686	11,749	11,489	11,045
Prepaid assets	1,960	2,245	2,689	2,181	2,644
Land held for future development	16,714	15,536	15,359	13,349	13,316
Long lived asset	61,367	72,124	103,325	108,080	78,469
Tangible capital assets	1,359,967	1,321,773	1,285,951	1,236,755	1,151,530
Total non-financial assets	1,453,804	1,424,364	1,419,073	1,371,854	1,257,004
Accumulated Surplus	\$ 1,252,216	\$ 1,268,658	\$ 1,276,910	\$ 1,306,664	\$ 1,340,834

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FINANCIAL COMPARISON 2014 - 2018

(In thousands of dollars)

STATEMENT OF OPERATIONS

	2018	2017	2016	2015	2014
REVENUE FROM:					
Taxes	\$ 93,261	\$ 89,664	\$ 86,109	\$ 81,637	\$ 77,422
Less - requisitions	(23,888)	(23,808)	(22,985)	(22,010)	(21,886)
	69,373	65,856	63,124	59,627	55,536
Sale of services					
General Government	10,485	11,459	10,800	8,618	9,756
Gas	55,053	60,902	87,565	87,728	129,588
Electric	116,702	67,673	59,630	72,610	89,548
Water	21,630	21,246	18,227	19,123	17,223
Sewer	17,367	16,029	15,189	14,997	14,178
Solid Waste	9,584	9,348	8,757	8,207	8,049
Land and Business Support	6,986	8,600	3,321	6,751	10,533
Other income					
Investment income	5,093	8,103	9,469	12,130	15,347
Investment in subsidiary	-	-	-	5,119	3,483
Licenses, fines and penalties	6,723	6,560	6,703	6,317	6,395
Insurance recovery (clawback)	1,788	245	234	(925)	3,490
Development levies	3,089	1,609	2,162	3,453	9,368
Charitable gifts	-	-	-	-	3,000
Government transfers for operating	6,154	5,717	5,759	7,503	9,061
Other	7,047	13,454	13,268	18,133	18,572
Total revenue	\$ 337,074	\$ 296,801	\$ 304,208	\$ 329,391	\$ 403,127
EXPENSES:					
General Government	\$ 156,254	\$ 155,783	\$ 149,834	\$ 143,113	\$ 141,250
Gas	126,883	103,229	123,972	175,640	169,831
Electric	60,945	49,976	48,928	52,224	60,860
Utilities Business Development & Support	2,032	1,583	968	434	531
Water	14,097	13,736	12,164	11,881	12,040
Sewer	13,585	13,007	12,152	11,558	11,323
Solid Waste	5,953	5,745	5,821	6,479	7,328
Land and Business Support	3,367	3,178	3,061	1,870	1,693
Total expenses	\$ 383,116	\$ 346,237	\$ 356,900	\$ 403,199	\$ 404,856
(Deficiency) Excess of revenue over expenses					
- before other revenue	\$ (46,042)	\$ (49,436)	\$ (52,692)	\$ (73,808)	\$ (1,729)
Other					
Contributed tangible capital assets	105	690	2,456	371	1,152
Government transfers for capital	29,495	40,494	20,482	39,267	31,024
Total other	29,600	41,184	22,938	39,638	32,176
Annual (deficit) surplus	\$ (16,442)	\$ (8,252)	\$ (29,754)	\$ (34,170)	\$ 30,447

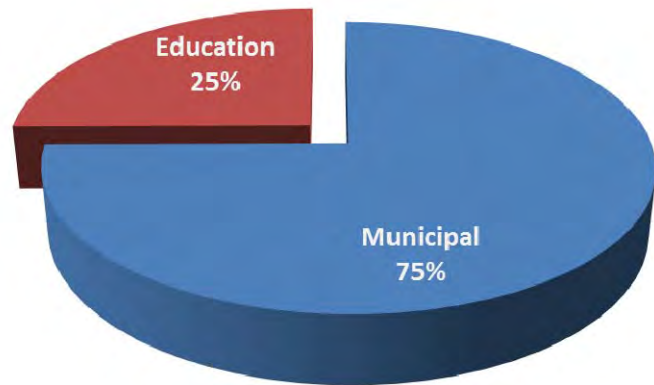
Trends:

Revenues and expenses have decreased from 2014 to 2017 mainly due to lower revenues in Gas & Electric due to continued pressure on commodity prices and the divestiture of a portion of gas producing assets in 2017. In 2018 revenues have increased mainly due to higher Electric revenues as a result of higher commodity prices. Expenses also increased in 2018 due to an impairment recognized on the gas and oil assets and increased activity in Electric resulting in higher taxes in lieu as well as higher amortization due to the implementation of a new simple cycle generation project.

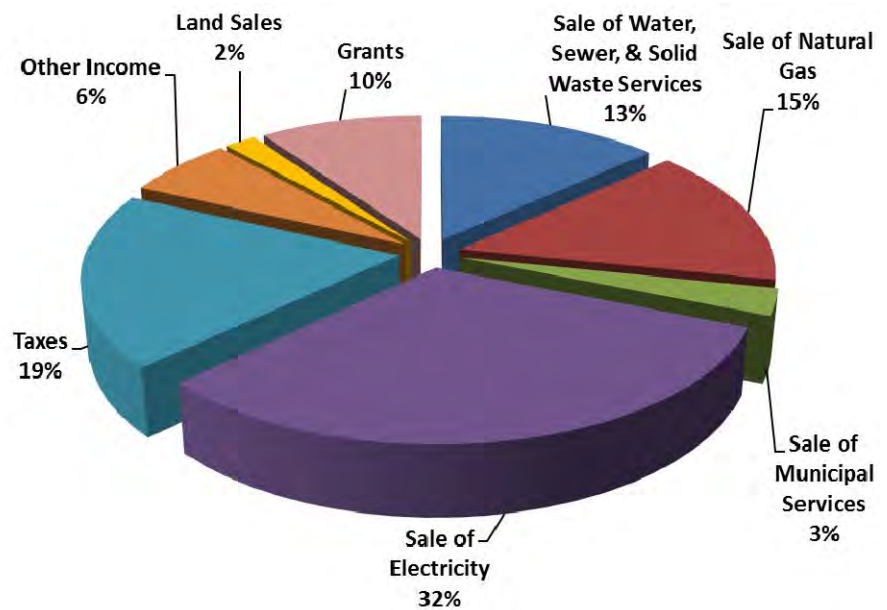
FINANCIAL SYNOPSIS 2018

Operating Activities

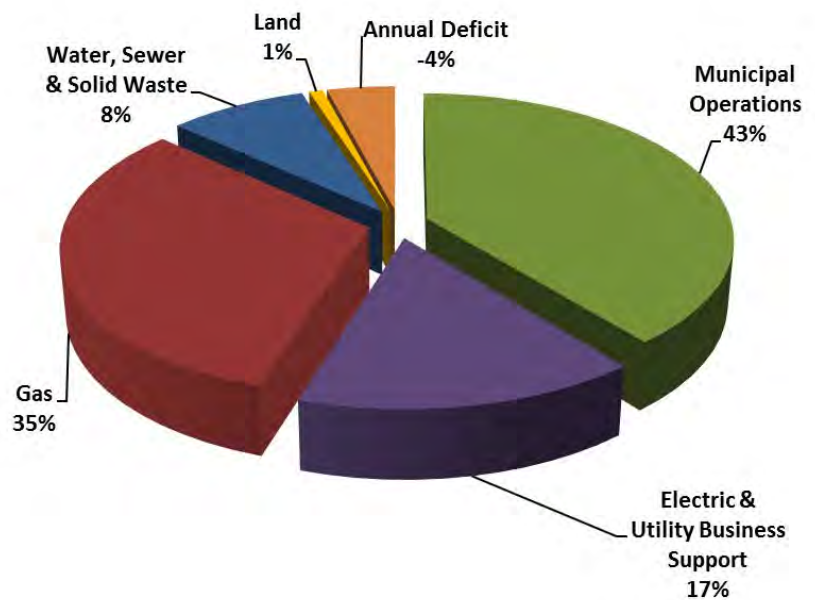
Where our tax dollars went in 2018
Education / Municipal
Property Tax



Where the money comes
from \$367 Million



Where the money goes
\$367 Million



FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

TAXATION & ASSESSMENT

MILL RATES

	2018	2017	2016	2015	2014
MUNICIPAL					
Single family	6.6563	6.4139	6.1569	6.0257	6.0536
Apartments	8.4588	7.9800	7.4770	7.1917	7.2300
Farmland	32.2613	30.6477	28.8641	27.7597	26.2393
Commercial and industrial	15.3104	15.0271	14.4213	13.5598	13.6415
EDUCATION					
Single family	2.5249	2.4789	2.3924	2.3602	2.5121
Apartments	2.5249	2.4789	2.3924	2.3602	2.5121
Farmland	2.5249	2.4789	2.3924	2.3602	2.5121
Commercial and industrial	3.4146	3.8474	3.7349	3.4391	3.8626
OTHER					
Single family	0.1038	0.0999	0.0975	0.0957	0.1035
Apartments	0.1038	0.0999	0.0975	0.0957	0.1035
Farmland	0.1038	0.0999	0.0975	0.0957	0.1035
Commercial and industrial	0.1038	0.0999	0.0975	0.0957	0.1035

PROPERTY TAXES LEVIED

(In thousands of dollars)

PROPERTY TAX LEVY	2018	2017	2016	2015	2014
Municipal	\$ 67,954	\$ 64,447	\$ 61,649	\$ 58,210	\$ 54,233
Education	22,974	22,948	22,158	21,214	21,078
Other	914	860	827	796	808
TOTAL REAL PROPERTY	\$ 91,842	\$ 88,255	\$ 84,634	\$ 80,220	\$ 76,119
Current taxes collected	88,937	86,003	83,139	78,979	74,548
% of current taxes collected	95.72%	96.30%	96.95%	97.16%	96.73%
OTHER MAJOR TAXES LEVIED	2018	2017	2016	2015	2014
Linear property taxes	\$ 1,074	\$ 1,057	\$ 1,124	\$ 1,067	\$ 947
Local improvements	344	352	348	350	356
TOTAL MAJOR TAX LEVIED	\$ 1,418	\$ 1,409	\$ 1,472	\$ 1,417	\$ 1,303

ASSESSED VALUE FOR GENERAL MUNICIPAL PURPOSES

	2018	2017	2016	2015	2014
Residential	\$ 6,623,705,015	\$ 6,589,676,450	\$ 6,528,357,231	\$ 6,327,792,004	\$ 5,894,794,196
Multi-family	283,264,172	282,360,100	269,857,171	252,347,841	253,713,060
Farmland	2,079,900	2,582,900	5,900,334	7,428,524	3,148,194
Commercial and industrial	1,802,923,977	1,735,553,696	1,773,582,591	1,776,602,802	1,696,172,475
TOTAL TAXABLE ASSESSMENT	\$ 8,711,973,064	\$ 8,610,173,146	\$ 8,577,697,327	\$ 8,364,171,171	\$ 7,847,827,925

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

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SUMMARY OF UNRESTRICTED SURPLUS AND RESTRICTED SURPLUS - RESERVES

UNRESTRICTED SURPLUS	2018	2017	2016	2015	2014
General	\$ 12,667	\$ 11,688	\$ 11,298	\$ 10,656	\$ 10,640
Utilities Business Development & Support	288	122	(24)	54	41
Gas	10,499	9,092	7,643	8,820	8,835
Electric	5,507	5,726	5,480	6,135	5,657
Water	8,995	5,242	2,576	4,623	3,585
Sewer	(1,555)	(877)	369	2,778	4,108
Solid Waste	7,706	5,834	5,810	5,170	6,447
Land & Business Support	18,912	18,148	12,444	10,611	13,861
TOTAL UNRESTRICTED SURPLUS	63,019	54,975	45,596	48,847	53,174
RESTRICTED SURPLUS - RESERVES					
Employee development	1,743	1,763	1,644	1,490	1,533
Victim assistance	20	19	17	19	19
Second street properties	84	84	84	84	84
Fleet replacement	8,950	10,326	1,840	1,338	3,444
Art acquisitions	139	109	99	86	78
Infrastructure	15,892	16,309	21,372	23,176	21,759
Employee benefits	5,921	5,695	6,440	6,532	6,782
Community capital	21,433	23,622	26,346	30,572	41,324
Event Centre	-	-	-	74	12,536
Tax Rate Stabilization Reserve	22,137	19,059	-	21,730	42,813
Heritage Savings	22,217	3,259	-	-	-
Natures Best Reserve	1,080	866	870	993	1,045
Electric facilities and equipment	32,960	29,197	68,935	78,651	78,848
Gas depletion	11,258	59,563	61,631	72,489	103,369
Equity in subsidiary company	-	-	-	-	12,527
TOTAL RESTRICTED SURPLUS - RESERVES	143,834	169,871	189,278	237,234	326,161
TOTAL RESERVES & SURPLUS	\$ 206,853	\$ 224,846	\$ 234,874	\$ 286,081	\$ 379,335

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

LONG TERM DEBT

	2018	2017	2016	2015	2014
LONG TERM DEBT					
Debt supported by taxes	\$ 41,817	\$ 46,484	\$ 36,662	\$ 38,805	\$ 24,901
Debt supported by utilities	275,745	274,823	265,219	229,655	203,368
TOTAL TAX SUPPORTED AND UTILITIES DEBT	\$ 317,562	\$ 321,307	\$ 301,881	\$ 268,460	\$ 228,269

DEBT PER CAPITA

(not in thousands of dollars)

	2018	2017	2016	2015	2014
Tax supported	\$ 661	\$ 738	\$ 582	\$ 616	\$ 407
Utility supported	4,359	4,362	4,209	3,644	3,324
TOTAL DEBT PER CAPITA	\$ 5,020	\$ 5,100	\$ 4,791	\$ 4,260	\$ 3,731

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

	2018	2017	2016	2015	2014
Actual debt servicing (long and short term)	\$ 36,410	\$ 36,190	\$ 33,211	\$ 33,047	\$ 30,509
Total operating expenses	383,116	346,237	356,900	403,199	404,856
PERCENTAGE	9.50%	10.45%	9.31%	8.20%	7.54%

LEGAL DEBT LIMIT

	2018	2017	2016	2015	2014
Debt limit	\$ 674,148	\$ 593,602	\$ 608,416	\$ 671,261	\$ 847,382
Loan guarantees	2,240	2,240	2,140	2,640	2,640
Letters of credit issued	40,413	17,523	38,816	38,816	18,466
Actual debt	317,562	321,307	301,881	268,460	228,269
AMOUNT UNDER LIMIT	\$ 313,933	\$ 252,532	\$ 265,579	\$ 361,345	\$ 598,007
Percentage used	53.43%	57.46%	56.35%	46.17%	29.43%

DEBT SERVICING LIMIT

	2018	2017	2016	2015	2014
Debt servicing limit	\$ 117,976	\$ 103,880	\$ 106,473	\$ 117,471	\$ 148,292
Actual debt servicing (short and long term)	36,410	36,190	33,211	33,047	30,509
AMOUNT UNDER LIMIT	\$ 81,566	\$ 67,690	\$ 73,262	\$ 84,424	\$ 117,783
Percentage used	30.86%	34.84%	31.19%	28.13%	20.57%

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

CONSOLIDATED EXPENSES BY OBJECT

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
Salaries, wages and benefits	\$ 133,081	\$ 129,327	\$ 129,487	\$ 129,360	\$ 125,450	\$ 123,167
Contracted and general services	49,867	51,152	46,097	51,262	52,547	60,982
Materials, goods and utilities	36,113	27,698	29,336	42,337	42,510	61,431
Provisions for allowances	356	376	333	289	670	30
Bank charges and short-term interest	221	343	130	1,684	205	168
Interest on long-term debt	12,633	11,072	10,547	9,970	9,648	9,399
Grants and other transfers	3,401	3,570	3,941	3,940	3,391	4,100
Other operating expenses	58,659	60,868	55,889	40,639	46,358	50,990
Amortization of tangible capital assets	89,286	72,931	68,435	63,035	66,530	65,071
Impairment	-	25,033	28,416	13,610	55,388	28,383
Loss (gain) on disposal of tangible capital assets	-	746	16,852	774	502	1,135
Gain on disposal of long lived liabilities	-	-	(43,226)	-	-	-
TOTAL EXPENSES	\$ 383,617	\$ 383,116	\$ 346,237	\$ 356,900	\$ 403,199	\$ 404,856

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GENERAL FUND

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
General Government	\$ 92,846	\$ 135,181	\$ 128,256	\$ 79,284	\$ 75,961	\$ 143,098
Corporate Services	37,373	37,001	34,716	29,233	27,911	24,600
Development & Infrastructure	3,892	6,473	7,383	7,698	10,817	15,202
Public Services	13,298	13,422	13,204	12,563	14,055	16,850
Police Services	3,723	3,689	3,711	7,407	7,567	6,970
TOTAL REVENUE	151,132	195,766	187,270	136,185	136,311	206,720
EXPENSES						
General Government	10,603	17,177	10,994	7,641	5,973	5,420
Corporate Services	56,408	50,449	48,438	42,770	39,303	35,557
Development & Infrastructure	35,058	32,131	34,276	32,093	33,781	34,338
Public Services	71,240	65,627	65,228	63,184	59,084	56,946
Police Services	25,380	24,451	23,828	24,717	24,756	23,645
TOTAL EXPENSES	198,689	189,835	182,764	170,405	162,897	155,906
Excess (deficiency) of revenue over expenses	\$ (47,557)	\$ 5,931	\$ 4,506	\$ (34,220)	\$ (26,586)	\$ 50,814

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

GENERAL GOVERNMENT

CAO & Commissioners, City Solicitor & City Clerk; Corporate Communications; General Municipal Revenues; Mayor & Councillors

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
CAO & Commissioners	\$ 4,786	\$ 4,588	\$ 4,523	\$ 974	\$ 412	\$ 381
City Solicitor & City Clerk	898	902	886	1,154	1,201	1,370
Corporate Communications	358	360	353	349	359	337
General Municipal Revenues	86,804	129,331	122,494	76,807	73,989	141,010
Mayor and Councillors	-	-	-	-	-	-
TOTAL REVENUE	92,846	135,181	128,256	79,284	75,961	143,098
EXPENSES						
CAO & Commissioners	5,936	5,744	5,603	2,330	1,732	1,619
City Solicitor & City Clerk	1,652	1,633	1,735	1,679	1,722	1,602
Corporate Communications	634	609	614	614	555	495
General Municipal Revenues	1,686	8,495	2,379	2,368	1,321	1,076
Mayor and Councillors	695	696	663	650	643	628
TOTAL EXPENSES	10,603	17,177	10,994	7,641	5,973	5,420
Excess (deficiency) of revenue over expenses	\$ 82,243	\$ 118,004	\$ 117,262	\$ 71,643	\$ 69,988	\$ 137,678

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CAO & COMMISSIONERS

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Other income						
Internal recovery	\$ 4,786	\$ 4,588	\$ 4,523	\$ 973	\$ 412	\$ 379
Other revenue	-	-	-	1	-	2
TOTAL REVENUE	4,786	4,588	4,523	974	412	381
EXPENSES						
Salaries, wages and benefits	2,062	1,958	1,909	2,045	1,496	1,371
Contracted and general services	144	64	70	50	35	76
Materials and Supplies	51	19	18	31	26	28
Internal charges	3,679	3,703	3,606	204	175	144
TOTAL EXPENSES	5,936	5,744	5,603	2,330	1,732	1,619
Excess (deficiency) of revenue over expenses	\$ (1,150)	\$ (1,156)	\$ (1,080)	\$ (1,356)	\$ (1,320)	\$ (1,238)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CITY SOLICITOR, CITY CLERK & BOARDS & COMMITTEES

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Other income						
Internal recovery	\$ 892	\$ 892	\$ 872	\$ 1,149	\$ 1,194	\$ 1,364
Other revenue	6	10	10	5	7	6
Government transfers						
Government transfers for operating	-	-	4	-	-	-
TOTAL REVENUE	898	902	886	1,154	1,201	1,370
EXPENSES						
Salaries, wages and benefits	1,305	1,282	1,262	1,308	1,340	1,410
Contracted and general services	144	163	288	213	288	31
Materials and Supplies	28	34	44	38	38	58
Interest on long-term debt - infrastructure	-	-	-	-	8	5
Amortization	54	18	10	21	41	40
Internal charges	121	136	131	99	7	58
TOTAL EXPENSES	1,652	1,633	1,735	1,679	1,722	1,602
Excess (deficiency) of revenue over expenses	\$ (754)	\$ (731)	\$ (849)	\$ (525)	\$ (521)	\$ (232)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CORPORATE COMMUNICATIONS

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Other income						
Internal recovery	\$ 358	\$ 360	\$ 352	\$ 348	\$ 358	\$ 332
Other revenue	-	-	1	1	1	-
Government transfers						
Government transfers for operating	-	-	-	-	-	5
TOTAL REVENUE	358	360	353	349	359	337
EXPENSES						
Salaries, wages and benefits	505	490	489	496	432	401
Contracted and general services	76	66	62	79	78	62
Materials and supplies	8	3	11	7	11	11
Internal charges	45	50	52	32	34	21
TOTAL EXPENSES	634	609	614	614	555	495
Excess (deficiency) of revenue over expenses	\$ (276)	\$ (249)	\$ (261)	\$ (265)	\$ (196)	\$ (158)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

GENERAL MUNICIPAL REVENUES

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Net taxes	\$ 73,009	\$ 73,434	\$ 69,269	\$ 66,518	\$62,980	\$ 59,000
Sale of services	-	-	-	105	-	-
Other income						
Investment income	2,530	2,793	3,175	2,657	4,235	6,009
Licences, fines and penalties	4,487	3,569	4,023	533	262	279
Internal recovery	240	57	381	357	68	138
Other revenue	782	1,128	240	404	648	528
Charitable gifts	-	-	-	-	-	3,000
Contributions from utilities	4,708	47,302	44,252	4,809	4,988	70,653
Government transfers						
Government transfers for operating	1,048	1,048	1,154	1,424	808	1,403
TOTAL REVENUE	86,804	129,331	122,494	76,807	73,989	141,010
EXPENSES						
Salaries, wages and benefits	-	-	-	143	246	323
Contracted and general services	50	-	214	197	307	273
Materials and supplies	(424)	991	696	410	122	80
Provision for allowances	-	2	2	-	-	-
Other expenses	350	22	-	2	246	278
Internal charges	1,710	7,480	1,467	1,616	400	122
TOTAL EXPENSES	1,686	8,495	2,379	2,368	1,321	1,076
Excess of revenue over expenses	\$ 85,118	\$ 120,836	\$ 120,115	\$ 74,439	\$ 72,668	\$ 139,934

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

MAYOR, COUNCILLORS

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Other Income						
Internal recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	-	-	-	-	-	-
EXPENSES						
Salaries, wages and benefits	613	628	591	587	604	589
Contracted and general services	51	36	44	39	20	23
Materials and supplies	8	7	4	8	6	8
Internal charges	23	25	24	16	13	8
TOTAL EXPENSES	695	696	663	650	643	628
Excess (deficiency) of revenue over expenses	\$ (695)	\$ (696)	\$ (663)	\$ (650)	\$ (643)	\$ (628)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

CORPORATE SERVICES

Health, Safety & Environment; Finance; Information & Computer Services; Corporate Asset Management; Human Resources

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Health, Safety & Environment	\$ 1,130	\$ 1,140	\$ 1,106	\$ 1,099	\$ 1,096	\$ 803
Finance	8,876	8,478	8,621	6,251	6,478	6,639
Information & Computer Services	6,949	6,785	7,031	5,521	5,062	2,954
Corporate Asset Management	18,568	18,572	15,983	14,385	13,477	12,384
Human Resources	1,850	2,026	1,975	1,977	1,798	1,820
TOTAL REVENUE	37,373	37,001	34,716	29,233	27,911	24,600
EXPENSES						
Health, Safety & Environment	2,063	2,107	1,909	2,013	1,936	1,180
Finance	13,124	12,517	13,299	11,833	8,630	10,183
Information & Computer Services	8,074	6,768	7,786	6,515	5,675	3,626
Corporate Asset Management	29,297	24,868	22,073	19,078	19,705	17,418
Human Resources	3,850	4,189	3,371	3,331	3,357	3,150
TOTAL EXPENSES	56,408	50,449	48,438	42,770	39,303	35,557
Excess of revenue over expenses	\$ (19,035)	\$ (13,448)	\$ (13,722)	\$ (13,537)	\$ (11,392)	\$ (10,957)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

HEALTH, SAFETY & ENVIRONMENT

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 31	\$ 31	\$ 31	\$ 31	\$ -	\$ -
Other Income						
Internal recovery	1,094	1,094	1,072	1,048	967	76
Other revenue	-	-	1	1	31	30
Government transfers						
Government transfers for operating	5	15	2	19	93	697
Flood Assistance	-	-	-	-	5	-
TOTAL REVENUE	1,130	1,140	1,106	1,099	1,096	803
EXPENSES						
Salaries, wages and benefits	1,502	1,588	1,424	1,547	1,505	351
Contracted and general services	256	230	202	212	150	68
Materials and supplies	30	12	35	20	34	662
Amortization of tangible capital assets	151	141	140	140	139	69
Internal charges	124	136	108	94	108	30
TOTAL EXPENSES	2,063	2,107	1,909	2,013	1,936	1,180
Excess (deficiency) of revenue over expenses	\$ (933)	\$ (967)	\$ (803)	\$ (914)	\$ (840)	\$ (377)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

FINANCE

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 493	\$ 660	\$ 562	\$ 495	\$ -	\$ -
Other income						
Internal recovery	8,198	7,628	7,867	5,537	5,730	5,898
Insurance recovery	-	-	-	1	-	-
Other revenue	185	186	204	206	708	717
Government transfers						
Grants - federal and provincial	-	-	-	-	20	-
Government transfers for operating	-	4	(12)	12	20	24
TOTAL REVENUE	8,876	8,478	8,621	6,251	6,478	6,639
EXPENSES						
Salaries, wages and benefits	8,060	7,896	8,058	7,784	7,732	7,994
Contracted and general services	3,599	3,221	487	764	402	377
Materials and supplies	256	817	755	332	252	261
Provision for allowances	27	27	27	27	27	50
Bank charges	61	66	(38)	1,510	(1,482)	46
Interest on long-term debt - infrastructure	-	-	-	26	52	37
Other operating expenses	91	(561)	(12)	46	340	(17)
Amortization of tangible capital assets	109	28	40	47	46	124
Loss on disposal of tangible capital assets	-	-	29	-	-	-
Internal charges	921	1,023	3,953	1,297	1,261	1,311
TOTAL EXPENSES	13,124	12,517	13,299	11,833	8,630	10,183
Excess (deficiency) of revenue over expenses	\$ (4,248)	\$ (4,039)	\$ (4,678)	\$ (5,582)	\$ (2,152)	\$ (3,544)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

INFORMATION & COMPUTER SERVICES

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Other income						
Internal recovery	\$ 6,949	\$ 6,785	\$ 7,029	\$ 5,475	\$ 5,054	\$ 2,934
Insurance recovery	-	-	-	-	(1)	-
Other revenue	-	-	2	38	9	15
Government transfers						
Government transfers for operating	-	-	-	8	-	5
TOTAL REVENUE	6,949	6,785	7,031	5,521	5,062	2,954
EXPENSES						
Salaries, wages and benefits	3,507	3,110	3,581	3,754	3,386	2,159
Contracted and general services	2,066	2,137	1,977	1,548	1,370	1,195
Materials and supplies	59	82	315	376	365	40
Interest on long-term debt - infrastructure	104	9	79	38	15	9
Other operating expenses	510	8	22	-	5	-
Amortization of tangible capital assets	1,631	1,145	858	528	289	130
Loss on disposal of tangible capital assets	-	38	768	-	-	-
Internal charges	197	239	186	271	245	93
TOTAL EXPENSES	8,074	6,768	7,786	6,515	5,675	3,626
Excess (deficiency) of revenue over expenses	\$ (1,125)	\$ 17	\$ (755)	\$ (994)	\$ (613)	\$ (672)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

CORPORATE ASSET MANAGEMENT

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 213	\$ 391	\$ 223	\$ 251	\$ 208	\$ 230
Other income						
Internal recovery	18,080	16,595	15,127	13,433	12,764	10,453
Developer Levies	275	801	470	-	-	-
Insurance recovery	-	696	151	101	(44)	1,598
Other revenue	-	28	12	600	95	68
Government transfers						
Grants - federal and provincial	-	-	-	-	454	-
Government transfers for operating	-	61	-	-	-	35
TOTAL REVENUE	18,568	18,572	15,983	14,385	13,477	12,384
EXPENSES						
Salaries, wages and benefits	5,259	4,545	4,547	4,396	4,386	3,492
Contracted and general services	3,427	7,100	4,593	3,839	4,509	4,820
Materials and supplies	4,759	1,134	1,297	727	1,244	588
Interest on long-term debt - ACFA	210	492	290	273	276	205
Other operating expenses	214	106	140	65	(69)	41
Amortization of tangible capital assets	13,229	9,359	8,540	8,542	8,284	7,403
Loss (gain) on disposal of tangible capital assets	-	(277)	1,098	(52)	(221)	(260)
Internal charges	2,199	2,409	1,568	1,288	1,296	1,129
TOTAL EXPENSES	29,297	24,868	22,073	19,078	19,705	17,418
Excess (deficiency) of revenue over expenses	\$ (10,729)	\$ (6,296)	\$ (6,090)	\$ (4,693)	\$ (6,228)	\$ (5,034)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

HUMAN RESOURCES

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ -	\$ -	\$ 92	\$ -	\$ -	\$ -
Other income						
Internal recovery	1,675	1,824	1,734	1,837	1,781	1,783
Other revenue	175	195	149	133	17	20
Government transfers						
Government transfers for operating	-	7	-	7	-	17
TOTAL REVENUE	1,850	2,026	1,975	1,977	1,798	1,820
EXPENSES						
Salaries, wages and benefits	2,593	2,747	2,349	2,348	2,478	2,262
Contracted and general services	802	970	525	511	399	339
Materials and supplies	90	75	60	68	80	149
Interest on long-term debt - infrastructure	-	-	-	-	12	15
Amortization of tangible capital assets	8	5	74	141	150	160
Internal charges	357	392	363	263	238	225
TOTAL EXPENSES	3,850	4,189	3,371	3,331	3,357	3,150
Excess (deficiency) of revenue over expenses	\$ (2,000)	\$ (2,163)	\$ (1,396)	\$ (1,354)	\$ (1,559)	\$ (1,330)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

DEVELOPMENT & INFRASTRUCTURE

Planning, Building & Development; Municipal Works

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Planning, Building & Development	\$ 2,625	\$ 3,092	\$ 2,460	\$ 2,525	\$ 2,406	\$ 3,347
Municipal Works	1,267	3,381	4,923	5,173	8,411	11,855
TOTAL REVENUE	3,892	6,473	7,383	7,698	10,817	15,202
EXPENSES						
Planning, Building & Development	5,526	4,511	4,440	4,583	4,473	4,777
Municipal Works	29,532	27,620	29,836	27,510	29,308	29,561
TOTAL EXPENSES	35,058	32,131	34,276	32,093	33,781	34,338
Excess (deficiency) of revenue over expenses	\$ (31,166)	\$ (25,658)	\$ (26,893)	\$ (24,395)	\$ (22,964)	\$ (19,136)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

PLANNING, BUILDING & DEVELOPMENT

Development & Infrastructure

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of Services	\$ 6	\$ 25	\$ 17	\$ 9	\$ -	\$ -
Other income						
Licences, fines and penalties	2,512	3,040	2,409	2,440	2,013	2,614
Internal recovery	-	10	17	40	50	403
Insurance recovery	-	-	-	-	2	32
Developer levies	40	-	-	-	-	-
Other revenue	67	17	17	12	297	292
Government transfers						
Government transfers for operating	-	-	-	24	44	6
TOTAL REVENUE	2,625	3,092	2,460	2,525	2,406	3,347
EXPENSES						
Salaries, wages and benefits	4,222	3,840	3,810	3,987	3,786	3,561
Contracted and general services	216	169	171	197	270	724
Materials and supplies	108	56	59	59	79	79
Other expenses	450	1	-	-	-	5
Interest on long-term debt - ACFA	-	-	1	1	-	-
Amortization of tangible capital assets	133	8	10	10	11	15
Internal charges	397	437	389	329	327	393
TOTAL EXPENSES	5,526	4,511	4,440	4,583	4,473	4,777
Excess (deficiency) of revenue over expenses	\$ (2,901)	\$ (1,419)	\$ (1,980)	\$ (2,058)	\$ (2,067)	\$ (1,430)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

MUNICIPAL WORKS

Development & Infrastructure

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 697	\$ 939	\$ 855	\$ 1,040	\$ 464	\$ 515
Taxes	136	119	129	158	131	135
Other income						
Internal recovery	43	25	3,168	2,597	4,974	4,228
Insurance recovery	-	90	1	27	112	44
Developer levies	-	1,344	302	1,182	1,410	4,928
Other revenue	263	270	70	198	674	699
Government transfers						
Government transfers for operating	128	594	398	(29)	646	1,306
TOTAL REVENUE	1,267	3,381	4,923	5,173	8,411	11,855
EXPENSES						
Salaries, wages and benefits	5,494	5,583	5,729	5,534	5,101	4,945
Contracted and general services	1,883	2,352	3,860	3,084	3,635	3,572
Materials and supplies	218	256	1,827	1,719	2,190	3,745
Interest on long-term debt - ACFA	527	526	537	520	594	654
Interest on long-term debt - infrastructure	-	-	-	-	65	53
Other operating expenses	550	38	1	9	68	20
Amortization of tangible capital assets	16,525	14,644	13,456	12,867	12,066	11,218
Loss (gain) on disposal of tangible capital assets	-	40	791	368	190	344
Internal charges	4,335	4,181	3,635	3,409	5,399	5,010
TOTAL EXPENSES	29,532	27,620	29,836	27,510	29,308	29,561
Excess (deficiency) of revenue over expenses	\$ (28,265)	\$ (24,239)	\$ (24,913)	\$ (22,337)	\$ (20,897)	\$ (17,706)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY DEPARTMENT

PUBLIC SERVICES

Community Development; Parks & Recreation; Fire Services; Public Organizations

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Community Development	\$ 7,249	\$ 6,631	\$ 6,739	\$ 6,418	\$ 6,622	\$ 6,897
Parks & Recreation	5,623	6,524	5,978	5,704	7,008	9,537
Fire Services	426	267	487	441	425	416
Public Organizations	-	-	-	-	-	-
TOTAL REVENUE	13,298	13,422	13,204	12,563	14,055	16,850
EXPENSES						
Community Development	20,392	19,368	19,333	19,336	18,649	18,913
Parks & Recreation	33,034	28,851	28,677	26,352	24,001	21,966
Fire Services	14,873	14,442	14,275	14,334	13,709	13,222
Public Organizations	2,941	2,966	2,943	3,162	2,725	2,845
TOTAL EXPENSES	71,240	65,627	65,228	63,184	59,084	56,946
Excess (deficiency) of revenue over expenses	\$ (57,942)	\$ (52,205)	\$ (52,024)	\$ (50,621)	\$ (45,029)	\$ (40,096)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

COMMUNITY DEVELOPMENT

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 4,350	\$ 3,786	\$ 3,922	\$ 3,766	\$ 3,638	\$ 3,894
Other income						
Internal recovery	160	139	154	146	142	139
Insurance recovery	-	6	1	23	28	5
Developer levies	4	1	6	-	-	-
Other revenue	374	349	49	143	554	759
Government transfers						
Government transfers for operating	2,361	2,350	2,607	2,340	2,260	2,100
TOTAL REVENUE	7,249	6,631	6,739	6,418	6,622	6,897
EXPENSES						
Salaries, wages and benefits	10,641	10,282	10,090	10,643	10,106	10,062
Contracted and general services	2,875	2,933	2,818	2,638	2,950	3,378
Materials and supplies	625	628	1,427	2,095	2,148	2,447
Other expenses	11	5	-	22	129	1
Bank charges	61	107	93	62	58	63
Interest on long-term debt - ACFA	-	-	-	-	-	5
Interest on long-term debt - infrastructure	-	-	-	-	12	-
Grants and other transfers	443	219	693	489	173	187
Amortization of tangible capital assets	551	480	478	476	369	260
Loss on disposal of tangible capital assets	-	-	88	-	-	(2)
Internal charges	5,185	4,714	3,646	2,911	2,704	2,512
TOTAL EXPENSES	20,392	19,368	19,333	19,336	18,649	18,913
Excess (deficiency) of revenue over expenses	\$ (13,143)	\$ (12,737)	\$ (12,594)	\$ (12,918)	\$ (12,027)	\$ (12,016)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

PARKS & RECREATION

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 3,719	\$ 4,379	\$ 5,271	\$ 4,702	\$ 3,886	\$ 4,707
Other income						
Internal recovery	151	152	155	173	1,120	1,034
Insurance recovery	43	7	56	38	(628)	1,741
Developer levies	154	222	316	-	-	-
Other revenue	1,556	1,758	180	646	1,730	766
Government transfers						
Government transfers for operating	-	6	-	145	900	1,289
TOTAL REVENUE	5,623	6,524	5,978	5,704	7,008	9,537
EXPENSES						
Salaries, wages and benefits	9,472	10,252	10,168	9,737	8,942	8,514
Contracted and general services	2,675	3,710	3,665	3,089	3,042	3,926
Materials and supplies	1,433	1,508	1,700	1,939	1,856	2,069
Bank charges	26	65	52	38	35	30
Other expenses	17	(1)	51	53	204	4
Interest on long-term debt - ACFA	402	394	420	443	224	165
Interest on long-term debt - infrastructure	-	-	-	-	27	12
Grants and other transfers	261	214	211	179	-	207
Amortization of tangible capital assets	13,870	7,532	7,346	6,600	4,147	2,301
Loss on disposal of tangible capital assets	-	-	-	102	32	(9)
Internal charges	4,878	5,177	5,064	4,172	5,492	4,747
TOTAL EXPENSES	33,034	28,851	28,677	26,352	24,001	21,966
Excess (deficiency) of revenue over expenses	\$ (27,411)	\$ (22,327)	\$ (22,699)	\$ (20,648)	\$ (16,993)	\$ (12,429)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

FIRE SERVICES

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 405	\$ 259	\$ 478	\$ 386	\$ 392	\$ 380
Other income						
Internal recovery	-	8	-	5	5	6
Insurance recovery	-	-	-	-	3	3
Other revenue	21	-	9	7	25	12
Government transfers						
Government transfers for operating	-	-	-	43	-	15
TOTAL REVENUE	426	267	487	441	425	416
EXPENSES						
Salaries, wages and benefits	12,544	12,131	12,043	12,385	11,948	11,477
Contracted and general services	267	277	289	288	123	130
Materials and supplies	197	177	270	356	337	312
Interest on long-term debt - ACFA	-	-	-	2	4	6
Interest on long-term debt - infrastructure	-	-	-	-	-	1
Amortization of tangible capital assets	185	157	154	137	144	175
Loss (gain) on disposal of tangible capital assets	-	-	66	27	-	-
Internal charges	1,680	1,700	1,453	1,139	1,153	1,121
TOTAL EXPENSES	14,873	14,442	14,275	14,334	13,709	13,222
Excess (deficiency) of revenue over expenses	\$ (14,447)	\$ (14,175)	\$ (13,788)	\$ (13,893)	\$ (13,284)	\$ (12,806)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

PUBLIC ORGANIZATIONS

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	-	-	-	-	-	-
EXPENSES						
Salaries, wages and benefits	-	1,942	1,965	1,994	1,892	-
Contracted and general services	-	47	24	33	39	-
Materials and supplies	-	2	108	113	-	-
Interest on long-term debt - ACFA	40	39	44	47	50	53
Grants and other transfers	2,697	719	626	810	578	2,792
Internal charges	204	217	176	165	166	-
TOTAL EXPENSES	2,941	2,966	2,943	3,162	2,725	2,845
Excess (deficiency) of revenue over expenses	\$ (2,941)	\$ (2,966)	\$ (2,943)	\$ (3,162)	\$ (2,725)	\$ (2,845)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

POLICE SERVICE

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of Services	\$ 10	\$ 17	\$ 8	\$ 15	\$ -	\$ -
Other income						
Licences, fines and penalties	138	108	115	3,729	4,015	3,497
Internal recovery	171	181	184	176	183	199
Insurance recovery	-	61	36	42	58	7
Other revenue	1,875	1,735	1,804	1,872	1,784	1,733
Government transfers						
Government transfers for operating	1,529	1,587	1,564	1,573	1,527	1,534
TOTAL REVENUE	3,723	3,689	3,711	7,407	7,567	6,970
EXPENSES						
Salaries, wages and benefits	20,645	19,432	19,593	20,105	19,835	19,525
Contracted and general services	2,118	2,494	1,986	1,938	2,399	1,827
Materials and supplies	661	754	859	1,044	914	995
Other expenses	41	1	1	5	13	38
Interest on long-term debt - infrastructure	-	-	1	1	2	1
Amortization of tangible capital assets	147	142	118	108	97	105
Internal charges	1,768	1,628	1,270	1,516	1,496	1,154
TOTAL EXPENSES	25,380	24,451	23,828	24,717	24,756	23,645
Excess (deficiency) of revenue over expenses	\$ (21,657)	\$ (20,762)	\$ (20,117)	\$ (17,310)	\$ (17,189)	\$ (16,675)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

GAS

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 82,720	\$ 74,700	\$ 77,962	\$ 102,568	\$ 106,184	\$ 157,701
Investment in subsidiary	-	-	-	-	5,119	3,483
Other income						
Investment income	6,050	1,411	4,334	5,148	5,806	6,518
Internal recoveries	(56)	13	99	144	32,455	531
Development levies	-	388	425	(71)	365	642
Other revenue	494	2,034	1,052	1,516	1,563	(643)
Government transfers for operating	-	46	-	-	(3)	17
TOTAL REVENUE	89,208	78,592	83,872	109,305	151,489	168,249
EXPENSES						
Salaries, wages and benefits	16,784	15,423	15,800	15,969	16,382	16,754
Contracted and general services	17,542	12,892	13,383	20,681	21,131	24,704
Materials, goods and utilities	7,208	4,566	5,563	17,377	17,780	31,079
Provisions for allowances	122	122	118	73	482	(249)
Bank charges and short term interest	71	67	19	70	55	27
Interest on long term debt	553	543	523	548	523	439
Other operating expenses	52,127	56,345	55,047	44,551	45,966	47,396
Amortization of tangible capital assets	15,408	11,834	13,918	13,501	19,482	22,968
Impairment	-	24,991	28,329	13,432	55,376	28,383
Loss on disposal of tangible capital assets	-	127	13,661	105	88	172
Gain on disposal of long lived assets	-	-	(43,226)	-	-	-
Internal charges and transfers	8,005	8,085	7,129	5,966	38,651	6,297
TOTAL EXPENSES	117,820	134,995	110,264	132,273	215,916	177,970
Excess (deficiency) of revenue over expenses before Contribution	(28,612)	(56,403)	(26,392)	(22,968)	(64,427)	(9,721)
Contribution to General	1,302	1,419	1,330	1,278	1,251	23,621
Excess (deficiency) of revenue over expenses after Contribution	\$ (29,914)	\$ (57,822)	\$ (27,722)	\$ (24,246)	\$ (65,678)	\$ (33,342)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

ELECTRIC

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 100,527	\$ 122,039	\$ 71,524	\$ 63,558	\$ 77,126	\$ 94,494
Other income						
Investment income	-	898	932	1,934	2,288	2,955
Internal recoveries	1,955	1,317	2,911	2,561	2,960	4,908
Development levies	1,200	332	90	506	923	2,692
Insurance Recovery	-	928	-	-	-	-
Government transfers for operating	-	176	-	3	231	131
Other revenue	536	1,091	3,026	2,496	5,867	7,298
TOTAL REVENUE	104,218	126,781	78,483	71,058	89,395	112,478
EXPENSES						
Salaries, wages and benefits	13,326	13,216	13,434	13,672	13,764	14,762
Contracted and general services	6,596	6,709	6,108	6,602	7,218	10,086
Materials, goods and utilities	12,769	12,429	9,665	11,297	10,001	14,898
Provisions for allowances	119	119	101	102	104	118
Bank charges and short term interest	-	23	-	-	-	-
Interest on long term debt	4,512	3,768	3,553	2,951	2,959	3,186
Other operating expenses	4,090	5,119	925	684	2,827	3,331
Amortization of tangible capital assets	19,603	19,255	15,995	13,385	15,133	14,478
Loss on disposal of tangible capital assets	-	328	137	250	420	411
Internal charges and transfers	29,781	28,910	25,468	22,207	24,998	33,902
TOTAL EXPENSES	90,796	89,876	75,386	71,150	77,424	95,172
Excess (deficiency) of revenue over expenses before Contribution	13,422	36,905	3,097	(92)	11,971	17,306
Contribution to General	9,025	39,090	40,828	912	1,552	40,123
Excess (deficiency) of revenue over expenses after Contribution	\$ 4,397	\$ (2,185)	\$ (37,731)	\$ (1,004)	\$ 10,419	\$ (22,817)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

UTILITIES BUSINESS DEVELOPMENT & SUPPORT

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Investment income	\$ -	\$ 18	\$ 14	\$ 14	\$ 16	\$ 16
Internal recoveries	2,319	2,273	1,737	1,024	486	614
Government transfers for operating	-	197	-	-	-	-
Transfer from Utilities and Land	-	-	-	-	-	200
TOTAL REVENUE	2,319	2,488	1,751	1,038	502	830
EXPENSES						
Salaries, wages and benefits	1,561	1,392	997	541	121	107
Contracted and general services	659	606	567	80	43	37
Materials, goods and utilities	30	36	10	8	1	4
Other operating expenses	-	-	-	335	268	380
Amortization of tangible capital assets	1	1	1	1	1	1
Internal charges and transfers	68	75	35	276	108	117
TOTAL EXPENSES	2,319	2,110	1,610	1,241	542	646
Excess (deficiency) of revenue over expenses	\$ -	\$ 378	\$ 141	\$ (203)	\$ (40)	\$ 184

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

WATER

Environmental Utilities

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Taxes	\$ 114	\$ 113	\$ 113	\$ 113	\$ 113	\$ 114
Sale of services	20,911	21,843	21,400	18,384	19,304	17,421
Other income						
Internal recovery	1,098	742	1,236	859	1,246	702
Other revenue	212	1,291	213	383	(15)	525
Developer levies	-	-	-	265	429	1,106
Government transfers						
Government transfers for operating	-	11	-	(7)	297	16
TOTAL REVENUE	22,335	24,000	22,962	19,997	21,374	19,884
EXPENSES						
Salaries, wages & benefits	4,720	4,760	4,588	4,477	4,208	4,670
Contracted and general services	1,203	724	907	1,129	1,360	771
Materials and supplies	1,353	1,325	1,606	1,478	1,622	1,890
Provisions for allowances	37	37	37	37	34	48
Interest on long-term debt	3,161	2,813	2,871	2,929	2,872	2,677
Other expenses	-	-	(35)	13	(4)	17
Amortization of tangible capital assets	4,244	4,046	3,726	3,413	3,132	2,829
Loss on disposal of tangible capital assets	-	398	43	19	41	472
Internal charges and transfers	3,992	3,626	3,365	3,382	3,577	3,497
TOTAL EXPENSES	18,710	17,729	17,108	16,877	16,842	16,871
Excess (deficiency) of revenue over expenses before Contribution	3,625	6,271	5,854	3,120	4,532	3,013
Contribution to General	1,024	1,024	994	994	920	852
Excess (deficiency) of revenue over expenses after Contribution	\$ 2,601	\$ 5,247	\$ 4,860	\$ 2,126	\$ 3,612	\$ 2,161

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

SEWER

Environmental Utilities

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Taxes	\$ 114	\$ 113	\$ 113	\$ 113	\$ 113	\$ 114
Sale of services	17,729	17,509	16,131	15,294	15,117	14,310
Other income						
Internal recovery	-	-	-	3	(18)	-
Other revenue	5	610	20	64	30	58
Developer levies	-	-	-	282	326	-
Government transfers						
Government transfers for operating	-	53	-	-	34	455
TOTAL REVENUE	17,848	18,285	16,264	15,756	15,602	14,937
EXPENSES						
Salaries, wages & benefits	4,777	5,028	4,717	4,349	3,914	3,922
Contracted and general services	427	867	1,025	769	892	1,149
Materials and supplies	1,649	1,592	1,399	1,583	1,511	1,628
Provisions for allowances	31	31	31	31	29	45
Interest on long-term debt	2,968	2,389	2,465	2,342	2,051	1,914
Other expenses	8	-	2	-	15	7
Amortization of tangible capital assets	2,687	3,658	3,177	2,647	2,615	2,385
Loss on disposal of tangible capital assets	-	30	166	1	-	-
Internal charges and transfers	3,977	3,521	2,942	2,782	2,622	2,389
TOTAL EXPENSES	16,524	17,116	15,924	14,504	13,649	13,439
Excess (deficiency) of revenue over expenses before Contribution	1,324	1,169	340	1,252	1,953	1,498
Contribution to General	788	788	765	765	722	681
Excess (deficiency) of revenue over expenses after Contribution	\$ 536	\$ 381	\$ (425)	\$ 487	\$ 1,231	\$ 817

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

SOLID WASTE

Environmental Utilities

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 9,036	\$ 9,797	\$ 9,502	\$ 8,914	\$ 8,388	\$ 8,247
Other income						
Internal recovery	1,621	2,105	1,598	862	874	768
Other revenue	19	194	47	34	25	36
Government transfers						
Government transfers for operating	-	-	-	(13)	(1)	4
TOTAL REVENUE	10,676	12,096	11,147	9,797	9,286	9,055
EXPENSES						
Salaries, wages & benefits	2,754	3,180	2,850	2,775	2,800	2,738
Other Personnel Costs						-
Contracted and general services	1,618	2,147	1,799	1,798	1,703	1,282
Materials and supplies	237	192	548	581	839	1,118
Provisions for allowances	17	38	17	17	(14)	18
Interest on long-term debt	156	97	116	134	132	129
Other expenses	200	(191)	58	(431)	204	1,219
Amortization of tangible capital assets	682	435	356	334	337	362
Loss on disposal of tangible capital assets	-	61	3	2	3	1
Internal charges and transfers	4,161	4,778	3,799	2,392	2,087	1,798
TOTAL EXPENSES	9,825	10,737	9,546	7,602	8,091	8,665
Excess (deficiency) of revenue over expenses before Contribution	851	1,359	1,601	2,195	1,195	390
Contribution to General	405	405	393	393	393	393
Excess (deficiency) of revenue over expenses after Contribution	\$ 446	\$ 954	\$ 1,208	\$ 1,802	\$ 802	\$ (3)

The above represents actual transactions before consolidation eliminations

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF OPERATING REVENUE & EXPENSES BY OBJECT

LAND & BUSINESS SUPPORT

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
REVENUE						
Sale of services	\$ 6,500	\$ 6,986	\$ 8,600	\$ 3,321	\$ 6,751	\$ 10,533
Other income						
Licences fines and penalties	1	6	13	1	26	5
Other revenue	645	1,317	1,362	2,432	1,172	841
Internal recovery	1,497	1,497	1,511	1,386	-	2
Government transfers						
Provincial	-	-	-	7	-	-
Flood assistance	-	-	-	-	7	2
TOTAL REVENUE	8,643	9,806	11,486	7,147	7,956	11,383
EXPENSES						
Salaries, wages and benefits	736	791	716	687	590	784
Contracted and general services	1,176	1,282	1,216	1,274	1,261	2,140
Materials and supplies	4,759	4,789	6,417	2,320	3,971	6,665
Other expenses	-	-	-	-	1	1
Provisions for allowances	3	-	-	-	-	-
Bank charges & short term interest	-	12	2	2	-	-
Grants & other transfers	-	190	137	141	20	2
Amortization of tangible capital assets	67	44	40	135	48	56
Impairment	-	42	87	178	12	-
Gain \ loss on sale of assets	-	-	-	(45)	(51)	-
Internal charges and transfers	806	923	895	1,283	881	930
TOTAL EXPENSES	7,547	8,073	9,510	5,975	6,733	10,578
Excess (deficiency) of revenue over expenses before Contribution	1,096	1,733	1,976	1,172	1,223	805
Contribution to General	-	4,426	-	-	-	5,033
Excess (deficiency) of revenue over expenses after Contribution	\$ 1,096	\$ (2,693)	\$ 1,976	\$ 1,172	\$ 1,223	\$ (4,228)

The above represents actual transactions before consolidation eliminations

SCHEDULE OF CAPITAL SEGMENTED REPORTING

FOR THE YEAR ENDED DECEMBER 31, 2018 (In thousands of dollars)

	Total Tax Supported	Gas Utility	Electric Utility	Utilities Business Development & Support	Water Utility	Sewer Utility	Solid Waste Utility	Land & Business Support	Consolidation Adjustments	2018 Consolidated
Financing										
Contributed assets - private	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105
Debt - ACFA	-	500	4,887	-	2,900	2,900	-	-	-	11,187
Debt - infrastructure reserve	1,219	-	-	-	-	19	-	217	-	1,455
Developer levies	2,329	388	332	-	-	-	-	-	-	3,049
Government transfers for capital	29,399	-	-	-	-	-	-	-	-	29,399
Land Sales	98	-	-	-	-	-	-	-	-	98
Operations	3,836	1,597	9,621	-	1,037	549	121	3	-	16,764
Other	595	-	-	-	-	(45)	-	-	-	550
Reserves	8,614	17,034	3,900	-	-	-	-	-	-	29,548
	46,195	19,519	18,740	-	3,937	3,423	121	220	-	92,155
Expenses										
Engineered structures	20,550	18,724	16,526	-	11,703	16,005	25	8	-	83,541
Buildings	16,079	-	3,002	-	150	36	172	217	-	19,656
Machinery and equipment	6,578	575	229	-	3,001	37	1,886	4	-	12,310
Land Improvements	9,710	-	153	-	(1)	(44)	(32)	-	-	9,786
Land	-	-	-	-	-	19	-	-	-	19
Mobile equipment	7,254	-	-	-	-	-	-	-	-	7,254
Major operating expenses	-	-	-	-	-	-	-	-	-	-
	60,171	19,299	19,910	-	14,853	16,053	2,051	229	-	132,566
Change in Capital Fund	(13,976)	220	(1,170)	-	(10,916)	(12,630)	(1,930)	(9)	-	(40,411)

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

GENERAL FUND

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
General Government	\$ 2,000	\$ -	\$ 24	\$ 55	\$ 368	\$ 23
Corporate Services	16,911	19,744	34,313	18,873	21,169	21,357
Development & Infrastructure	9,435	20,627	27,126	13,757	27,150	30,654
Public Services	6,008	5,358	5,421	11,886	53,590	54,198
Police Services	328	466	116	62	287	166
TOTAL FINANCING	34,682	46,195	67,000	44,633	102,564	106,398
EXPENSES						
General Government	2,000	-	24	55	368	23
Corporate Services	16,911	28,825	24,917	22,622	20,450	17,737
Development & Infrastructure	9,435	25,494	23,341	15,016	32,664	21,080
Public Services	6,008	5,386	5,421	11,785	51,717	54,671
Police Services	328	466	131	87	248	193
TOTAL EXPENSES	34,682	60,171	53,834	49,565	105,447	93,704
CHANGE IN CAPITAL FUND	\$ -	\$ (13,976)	\$ 13,166	\$ (4,932)	\$ (2,883)	\$ 12,694

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

GENERAL GOVERNMENT

General Municipal Revenues; CAO & Commissioners, City Solicitor & City Clerk; Corporate Communications; Mayor & Councillors

	2018 Budget	2018 Actual	2017 Restated Actual	2016 Restated Actual	2015 Restated Actual	2014 Restated Actual
FINANCING						
Debt - internal	\$ -	\$ -	\$ 24	\$ 55	\$ 368	\$ 23
Reserves	2,000	-	-	-	-	-
TOTAL FINANCING	2,000	-	24	55	368	23
EXPENSES						
Machinery and equipment	2,000	-	24	55	368	23
TOTAL EXPENSES	2,000	-	24	55	368	23
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GENERAL MUNICIPAL REVENUES

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Reserves	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL FINANCING	2,000	-	-	-	-	-
EXPENSES						
Machinery and equipment	2,000	-	-	-	-	-
TOTAL EXPENSES	2,000	-	-	-	-	-
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAO & COMMISSIONERS

General Government

No Capital

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CITY SOLICITOR & CITY CLERK

General Government

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - internal	\$ -	\$ -	\$ 24	\$ 55	\$ 368	\$ 23
TOTAL FINANCING	-	-	24	55	368	23
EXPENSES						
Machinery and equipment	-	-	24	55	368	23
TOTAL EXPENSES	-	-	24	55	368	23
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CORPORATE COMMUNICATIONS

General Government

No Capital

MAYOR & COUNCILLORS

General Government

No Capital

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

CORPORATE SERVICES

Health, Safety & Environment; Corporate Asset Management; Finance; Human Resources; & Information & Computer Services

	2018 Budget	2018 Actual	2017 Restated Actual	2016 Restated Actual	2015 Restated Actual	2014 Restated Actual
FINANCING						
Developers Levies	\$ 275	\$ 801	\$ -	\$ -	\$ -	\$ -
Debt - ACFA	-	-	9,804	(325)	6,450	3,550
Debt - internal	371	482	3,391	2,733	1,367	1,860
Government transfers	7,276	7,875	16,168	10,096	6,032	7,088
Operations	760	1,734	1,231	1,675	1,078	790
Other	-	595	867	608	-	1,236
Reserves	8,229	8,257	2,852	4,086	6,242	6,833
TOTAL FINANCING	16,911	19,744	34,313	18,873	21,169	21,357
EXPENSES						
Engineered structures	300	284	-	-	-	-
Buildings	5,050	15,408	20,000	12,362	7,879	5,323
Machinery and equipment	2,674	5,030	2,714	4,447	4,076	2,996
Land improvements	600	221	321	-	-	-
Mobile equipment	8,287	7,882	1,882	5,813	8,495	9,418
TOTAL EXPENSES	16,911	28,825	24,917	22,622	20,450	17,737
CHANGE IN CAPITAL FUND	\$ -	\$ (9,081)	\$ 9,396	\$ (3,749)	\$ 719	\$ 3,620

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

HEALTH, SAFETY & ENVIRONMENT

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Operations	\$ -	\$ -	\$ -	\$ -	\$ 108	\$ -
Government transfers	-	-	-	-	26	1,372
Reserves	-	(92)	-	-	-	-
TOTAL FINANCING	-	(92)	-	-	134	1,372
EXPENSES						
Buildings	-	-	-	-	26	-
Machinery and equipment	-	-	16	-	-	1,372
TOTAL EXPENSES	-	-	16	-	26	1,372
CHANGE IN CAPITAL FUND	\$ -	\$ (92)	\$ (16)	\$ -	\$ 108	\$ -

CORPORATE ASSET MANAGEMENT

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Developers Levies	\$ 275	\$ 801	\$ -	\$ -	\$ -	\$ -
Debt - ACFA	-	-	5,638	(325)	2,450	3,550
Debt - internal	325	257	2,770	1,320	1,105	342
Government transfers	7,276	7,320	15,870	10,096	6,006	5,716
Other	-	595	867	608	-	1,236
Operations	700	1,718	1,156	35	895	752
Reserves	8,144	8,264	2,483	4,089	6,239	6,833
TOTAL FINANCING	16,720	18,955	28,784	15,823	16,695	18,429
EXPENSES						
Engineered structures	300	284	-	-	-	-
Buildings	5,050	15,408	20,000	12,362	7,853	5,323
Machinery and equipment	2,483	2,249	617	-	-	246
Land improvements	600	221	321	-	-	-
Mobile equipment	8,287	7,882	1,882	5,813	8,495	9,418
TOTAL EXPENSES	16,720	26,044	22,820	18,175	16,348	14,987
CHANGE IN CAPITAL FUND	\$ -	\$ (7,089)	\$ 5,964	\$ (2,352)	\$ 347	\$ 3,442

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

FINANCE

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ (458)	\$ -	\$ 2,000	\$ -
Debt - internal	-	-	-	483	39	1,376
Operations	60	-	-	1,550	-	-
TOTAL FINANCING	60	-	(458)	2,033	2,039	1,376
EXPENSES						
Machinery and equipment	60	-	-	1,833	1,831	1,198
TOTAL EXPENSES	60	-	-	1,833	1,831	1,198
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ (458)	\$ 200	\$ 208	\$ 178

HUMAN RESOURCES

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Operations	\$ -	\$ -	\$ -	\$ 14	\$ -	\$ -
Reserves	85	85	-	-	-	-
TOTAL FINANCING	85	85	-	14	-	-
EXPENSES						
Machinery and equipment	85	-	-	14	-	-
TOTAL EXPENSES	85	-	-	14	-	-
CHANGE IN CAPITAL FUND	\$ -	\$ 85	\$ -	\$ -	\$ -	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

INFORMATION & COMPUTER SERVICES

Corporate Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ 4,624	\$ -	\$ 2,000	\$ -
Debt - internal	46	225	621	930	223	142
Government transfers	-	555	298	-	-	-
Reserves	-	-	369	(3)	3	-
Operations	-	16	75	76	75	38
TOTAL FINANCING	46	796	5,987	1,003	2,301	180
EXPENSES						
Machinery and equipment	46	2,781	2,081	2,600	2,245	180
TOTAL EXPENSES	46	2,781	2,081	2,600	2,245	180
CHANGE IN CAPITAL FUND	\$ -	\$ (1,985)	\$ 3,906	\$ (1,597)	\$ 56	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

DEVELOPMENT & INFRASTRUCTURE

Planning, Building & Development; & Municipal Works

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Contributed assets - private	\$ -	\$ -	\$ 481	\$ 1,574	\$ 269	\$ 448
Debt - ACFA	-	-	3,516	1,835	-	500
Debt - internal	375	45	108	450	1,729	597
Developers levies	-	1,344	-	1,080	-	4,928
Government transfers	7,810	18,401	22,143	4,491	19,675	14,814
Land sales	-	6	184	319	2,400	233
Operations	1,250	1,250	2,050	1,651	1,650	1,730
Other	-	-	186	-	1,410	-
Reserves	-	(419)	(1,542)	2,357	17	7,404
TOTAL FINANCING	9,435	20,627	27,126	13,757	27,150	30,654
EXPENSES						
Engineered structures	9,435	18,883	15,823	14,849	32,109	18,213
Buildings	-	-	-	-	-	2,813
Machinery and equipment	-	55	94	167	555	54
Land improvements	-	6,556	7,424	-	-	-
TOTAL EXPENSES	9,435	25,494	23,341	15,016	32,664	21,080
CHANGE IN CAPITAL FUND	\$ -	\$ (4,867)	\$ 3,785	\$ (1,259)	\$ (5,514)	\$ 9,574

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PLANNING, BUILDING & DEVELOPMENT

Development & Infrastructure

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - internal	\$ -	\$ 45	\$ 108	\$ 122	\$ -	\$ -
Reserves	-	-	200	-	-	225
TOTAL FINANCING	-	45	308	122	-	225
EXPENSES						
Machinery and equipment	-	55	94	167	180	-
TOTAL EXPENSES	-	55	94	167	180	-
CHANGE IN CAPITAL FUND	\$ -	\$ (10)	\$ 214	\$ (45)	\$ (180)	\$ 225

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

MUNICIPAL WORKS

Development & Infrastructure

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Contributed assets - private	\$ -	\$ -	\$ 481	\$ 1,574	\$ 269	\$ 448
Debt - ACFA	-	-	3,516	1,835	-	500
Debt - internal	375	-	-	328	1,729	597
Developers levies	-	1,344	-	1,080	-	4,928
Government transfers	7,810	18,401	22,143	4,491	19,675	14,814
Land sales	-	6	184	319	2,400	233
Operations	1,250	1,250	2,050	1,651	1,650	1,730
Other	-	-	186	-	1,410	-
Reserves	-	(419)	(1,742)	2,357	17	7,179
TOTAL FINANCING	9,435	20,582	26,818	13,635	27,150	30,429
EXPENSES						
Engineered structures	9,435	18,883	15,823	14,849	32,109	18,213
Buildings	-	-	-	-	-	2,813
Machinery and equipment	-	-	-	-	375	54
Land improvements	-	6,556	7,424	-	-	-
TOTAL EXPENSES	9,435	25,439	23,247	14,849	32,484	21,080
CHANGE IN CAPITAL FUND	\$ -	\$ (4,857)	\$ 3,571	\$ (1,214)	\$ (5,334)	\$ 9,349

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PUBLIC SERVICES

Community Development; Parks & Recreation; and Fire Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Contributed assets - private	\$ 135	\$ 105	\$ 209	\$ 106	\$ 102	\$ 704
Debt - ACFA	-	-	-	-	10,000	-
Debt - internal	450	401	557	936	531	850
Developers levies	-	185	-	-	-	356
Government transfers	4,525	3,122	2,156	5,895	12,721	7,055
Land sales	-	92	163	607	3,646	734
Operations	750	817	576	1,431	1,240	757
Other	-	-	14	461	1,012	5
Third party contribution	-	-	-	7	1	2
Reserves	148	636	1,746	2,443	24,337	43,735
TOTAL FINANCING	6,008	5,358	5,421	11,886	53,590	54,198
EXPENSES						
Engineered structures	860	1,383	442	-	-	-
Buildings	300	671	2,318	6,853	37,380	49,240
Machinery and equipment	728	399	474	1,349	5,006	756
Land	-	-	-	3,551	650	-
Land improvements	4,120	2,933	2,186	32	8,681	4,675
TOTAL EXPENSES	6,008	5,386	5,421	11,785	51,717	54,671
CHANGE IN CAPITAL FUND	\$ -	\$ (28)	\$ -	\$ 101	\$ 1,873	\$ (473)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

COMMUNITY DEVELOPMENT

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - internal	\$ -	\$ 60	\$ 25	\$ 88	\$ 112	\$ 275
Government transfers	650	304	73	333	443	1,290
Operations	-	52	11	215	320	-
Third party contribution	-	-	-	7	1	2
Reserves	-	(38)	10	(297)	297	685
TOTAL FINANCING	650	378	119	346	1,173	2,252
EXPENSES						
Engineered structures	100	-	38	-	-	-
Buildings	-	6	5	13	800	1,703
Machinery and equipment	550	361	76	256	126	547
Land improvements	-	55	-	-	-	2
TOTAL EXPENSES	650	422	119	269	926	2,252
CHANGE IN CAPITAL FUND	\$ -	\$ (44)	\$ -	\$ 77	\$ 247	\$ -

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

PARKS & RECREATION

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Contributed assets - private	\$ 135	\$ 105	\$ 209	\$ 106	\$ 102	\$ 704
Debt - ACFA	-	-	-	-	10,000	-
Debt - internal	450	341	473	243	419	575
Developers levies	-	185	-	-	-	356
Government transfers	3,875	2,818	2,083	5,562	12,278	5,765
Land sales	-	92	163	607	3,646	734
Operations	750	765	565	1,204	920	737
Other	-	-	14	461	1,012	5
Reserves	-	518	1,717	2,740	24,040	43,058
TOTAL FINANCING	5,210	4,824	5,224	10,923	52,417	51,934
EXPENSES						
Engineered structures	760	1,383	404	-	-	-
Buildings	300	665	2,313	6,840	36,580	47,537
Machinery and equipment	30	(58)	320	476	4,880	182
Land	-	-	-	3,551	650	-
Land improvements	4,120	2,878	2,186	32	8,681	4,673
TOTAL EXPENSES	5,210	4,868	5,224	10,899	50,791	52,392
CHANGE IN CAPITAL FUND	\$ -	\$ (44)	\$ -	\$ 24	\$ 1,626	\$ (458)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

FIRE SERVICES

Public Services

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - internal	\$ -	\$ -	\$ 59	\$ 605	\$ -	\$ -
Operations	-	-	-	12	-	20
Reserves	148	156	19	-	-	(8)
TOTAL FINANCING	148	156	78	617	-	12
EXPENSES						
Machinery and equipment	148	96	78	617	-	27
TOTAL EXPENSES	148	96	78	617	-	27
CHANGE IN CAPITAL FUND	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ (15)

POLICE SERVICE

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - internal	\$ 293	\$ 292	\$ 72	\$ 9	\$ 185	\$ 132
Operations	35	34	45	53	57	-
Third Party Contribution	-	-	-	-	45	60
Reserves	-	140	(1)	-	-	(26)
TOTAL FINANCING	328	466	116	62	287	166
EXPENSES						
Buildings	-	-	-	-	83	60
Machinery and equipment	328	466	131	87	165	133
TOTAL EXPENSES	328	466	131	87	248	193
CHANGE IN CAPITAL FUND	\$ -	\$ -	\$ (15)	\$ (25)	\$ 39	\$ (27)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

GAS

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ 1,984	\$ 500	\$ 1,500	\$ -	\$ 2,000	\$ 3,460
Developers levies	298	388	425	(71)	390	642
Operations	2,548	1,597	1,185	2,464	1,410	1,970
Other	-	-	-	-	(564)	65
Reserves	43,574	17,034	14,491	9,461	6,066	11,727
TOTAL FINANCING	48,404	19,519	17,601	11,854	9,302	17,864
EXPENSES						
Engineered structures	47,162	18,724	18,462	9,807	8,783	18,471
Machinery and equipment	1,242	575	831	415	1,771	2,768
TOTAL EXPENSES	48,404	19,299	19,293	10,222	10,554	21,239
CHANGE IN CAPITAL FUND	\$ -	\$ 220	\$ (1,692)	\$ 1,632	\$ (1,252)	\$ (3,375)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

ELECTRIC

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ 4,194	\$ 4,887	\$ 10,225	\$ 28,236	\$ 6,950	\$ 8,792
Developers levies	1,200	332	90	531	923	2,692
Government transfers	-	-	27	-	31	-
Land Sales	-	-	-	-	125	62
Operations	14,315	9,621	17,803	10,566	13,771	4,359
Other	-	-	-	-	(788)	(3,287)
Reserves	-	3,900	-	11,931	11,030	11,924
TOTAL FINANCING	19,709	18,740	28,145	51,264	32,042	24,542
EXPENSES						
Engineered structures	22,930	16,526	39,644	45,296	32,961	18,473
Buildings	-	3,002	1,227	921	997	1,844
Machinery and equipment	505	229	447	382	1,442	3,018
Land improvements	1,400	153	108	23	221	(171)
Land	-	-	212	-	-	555
TOTAL EXPENSES	24,835	19,910	41,638	46,622	35,621	23,719
CHANGE IN CAPITAL FUND	\$ (5,126)	\$ (1,170)	\$ (13,493)	\$ 4,642	\$ (3,579)	\$ 823

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

UTILITIES BUSINESS DEVELOPMENT & SUPPORT

No Capital

WATER

Environmental Utilities

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ 12,300	\$ 2,900	\$ 5,000	\$ 4,950	\$ 8,751	\$ 14,760
Developers levies	-	-	-	223	429	1,106
Government transfers	-	-	-	-	(51)	1,887
Land sales	-	-	-	-	460	186
Operations	1,850	1,037	1,355	3,327	1,921	300
Other	-	-	-	-	(429)	(1,106)
TOTAL FINANCING	14,150	3,937	6,355	8,500	11,081	17,133
EXPENSES						
Engineered structures	13,150	11,703	7,326	7,001	3,339	11,949
Buildings	150	150	-	-	-	18
Machinery and equipment	850	3,001	478	607	610	3,175
Land improvements	-	(1)	-	(27)	1,123	-
Land	-	-	-	-	20	-
TOTAL EXPENSES	14,150	14,853	7,804	7,581	5,092	15,142
CHANGE IN CAPITAL FUND	\$ -	\$ (10,916)	\$ (1,449)	\$ 919	\$ 5,989	\$ 1,991

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

SEWER

Environmental Utilities

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ 17,100	\$ 2,900	\$ 2,500	\$ 11,200	\$ 15,100	\$ 7,400
Debt - Infrastructure	-	19	-	-	-	-
Developers levies	-	-	-	528	326	-
Government transfers	-	-	-	-	858	180
Land sales	-	-	-	1	485	184
Operations	775	549	339	2,144	2,270	95
Other	-	(45)	-	-	(224)	-
TOTAL FINANCING	17,875	3,423	2,839	13,873	18,815	7,859
EXPENSES						
Engineered structures	17,725	16,005	14,505	10,663	4,160	4,865
Buildings	150	36	-	-	-	18
Machinery and equipment	-	37	-	119	53	110
Land Improvements	-	(44)	311	145	1,527	-
Land	-	19	-	-	-	-
TOTAL EXPENSES	17,875	16,053	14,816	10,927	5,740	4,993
CHANGE IN CAPITAL FUND	\$ -	\$ (12,630)	\$ (11,977)	\$ 2,946	\$ 13,075	\$ 2,866

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

SOLID WASTE

Environmental Utilities

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - ACFA	\$ -	\$ -	\$ -	\$ -	\$ 1,050	\$ -
Debt - infrastructure	-	-	-	-	104	414
Operations	860	121	1,054	1,028	2,065	-
TOTAL FINANCING	860	121	1,054	1,028	3,219	414
EXPENSES						
Engineered structures	-	25	139	6	(6)	-
Buildings	110	172	67	(105)	126	541
Machinery and equipment	750	1,886	79	64	46	222
Land improvement	-	(32)	89	82	19	408
TOTAL EXPENSES	860	2,051	374	47	185	1,171
CHANGE IN CAPITAL FUND	\$ -	\$ (1,930)	\$ 680	\$ 981	\$ 3,034	\$ (757)

The above represents actual transactions before consolidation eliminations.

FINANCIAL & STATISTICAL SCHEDULES (Unaudited)

FOR THE YEARS ENDED DECEMBER 31, 2014 - 2018

(In thousands of dollars)

SCHEDULE OF CAPITAL FINANCING & EXPENSES BY DEPARTMENT

LAND & BUSINESS SUPPORT

	2018 Budget	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2014 Actual
FINANCING						
Debt - internal	\$ -	\$ 217	\$ 68	\$ -	\$ -	\$ -
Operations	-	3	-	30	(262)	(129)
Other	-	-	40	-	-	-
TOTAL FINANCING	-	220	108	30	(262)	(129)
EXPENSES						
Engineered structures	-	8	512	-	944	-
Buildings	-	217	68	-	89	-
Machinery & Equipment	-	4	-	26	82	16
Land improvements	-	-	27	4	517	-
Land	-	-	(489)	510	(1,559)	1,133
TOTAL EXPENSES	-	229	118	540	73	1,149
CHANGE IN CAPITAL FUND	\$ -	\$ (9)	\$ (10)	\$ (510)	\$ (335)	\$ (1,278)

The above represents actual transactions before consolidation eliminations.

OUR VISION

To make Medicine Hat a “community of choice.”

OUR MISSION

To deliver value through exceptional public service.

OUR VALUES

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

- Respect
- Integrity
- Accountability
- Courage
- Caring

MEDICINE HAT COUNCIL’S STRATEGIC PLAN 2019 - 2022

Six strategic priorities:

- Fiscal Responsibility
- Economic Vitality
- Infrastructure Renewal
- Community Safety and Vibrancy
- Sunshine Hospitality
- City Government

