

CITY OF MEDICINE HAT

Annual Report

Year ended December 31, 2023



Medicine Hat

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Cover Photo

2023 Rise Up Festival by Colton McKee/Travel Alberta

Below

The sun sets over the South East Hill in fall



Corporate Governance



CITY COUNCIL



MAYOR
LINNSIE CLARK



COUNCILLOR
ROBERT DUMANOWSKI



COUNCILLOR
CASSI HIDER



COUNCILLOR
DARREN HIRSH



COUNCILLOR
ALLISON KNODEL



COUNCILLOR
ANDY MCGROGAN



COUNCILLOR
RAMONA ROBINS



COUNCILLOR
SHILA SHARPS



COUNCILLOR
ALISON VAN DYKE

CITY ADMINISTRATION



CITY MANAGER
ANN MITCHELL



DEVELOPMENT & INFRASTRUCTURE

MANAGING DIRECTOR
PAT BOHAN



CORPORATE SERVICES

MANAGING DIRECTOR
DENNIS EGERT



ENERGY, LAND & ENVIRONMENT

MANAGING DIRECTOR
ROCHELLE PANCOAST



PUBLIC SERVICES

MANAGING DIRECTOR
BRIAN STAUTH



CITY SOLICITOR
BENJAMIN BULLOCK



CITY CLERK
LARRY RANDLE

CITY COUNCIL'S MESSAGE

As we reflect on the past year and look toward the future, it is with great pride that we share the progress and collective efforts that contribute to the vibrancy and vitality of Medicine Hat. City Council, in close collaboration with administration, has actively pursued our strategic priorities set for 2023-2026, ensuring that our municipality sustains its vibrant character while evolving to adapt to new challenges and opportunities.

In 2023, our council remained steadfast in its commitment to addressing the real-time challenges faced by our residents, particularly in terms of affordability. We understand that economic pressures are impacting our community and we've implemented targeted measures to reduce these financial burdens. In response to community concerns regarding rising electricity prices, we approved \$33.2 million in cost relief distributed through City of Medicine Hat utility bills. We also took action to support affordability challenges by expanding the Fair Entry program, an initiative that ensures low-income families and individuals have reasonable access to a range of city services including recreation, arts and culture, and transit.



Economic evolution remains a cornerstone of our strategic vision. To this end, we have worked to strengthen and expand our partnerships both within and beyond our community boundaries. These relationships are vital, providing us with a robust network through which we can foster economic opportunities and ensure the long-term prosperity of our municipality. Our collaborative efforts are designed to cultivate a fertile ground for a dynamic and sustainable economic environment that benefits all.

Looking forward, we encourage each of you, our valued community members, to stay informed and engaged. Your voice is essential in shaping the future of Medicine Hat. We invite you to participate in our community events, public meetings, and various engagement opportunities. Participating in respectful and meaningful dialogue contributes to the vibrancy and inclusiveness of our community.

We would be remiss if we did not acknowledge the support and expertise of our municipal administration. Their dedication is fundamental to our achievements and the forward momentum of our strategic priorities. Ongoing collaboration between council and administration is imperative as we work together toward common goals.

Together, we are forging a path that honors our rich heritage while embracing the possibilities of tomorrow. Thank you for your continued participation in our journey towards a brighter and more prosperous Medicine Hat.



CITY MANAGER'S MESSAGE

I am pleased to present the City of Medicine Hat's 2023 Annual Report.

Every year, the Annual Report provides a summary of the achievements of the City's delivery of programs and services to the residents of Medicine Hat. It also provides a detailed account of the City's operating and financial activities for the fiscal year, demonstrating fiscal accountability, efficiency and transparency to Medicine Hat residents and businesses.

A unifying theme in 2023 was supporting affordability for our residents, while preserving the quality of life we have come to know and love in Medicine Hat.

Similar to other cities across the country, we are seeing the impacts of affordability in our community. The cost of living continues to rise, affecting families and businesses alike. To address this, we are committed to prudent use of resources while seeking innovative and efficient ways to ensure the continued provision of services and amenities that our community values. Medicine Hat is known for its outstanding quality of life – from our incredible parks and outdoor spaces to our recreational and cultural amenities – and we don't want to see that change.

Medicine Hat is blessed with natural beauty, abundant sunshine and a prosperous energy industry that has contributed to the wealth and comfort of this community. However, rising costs are also presenting challenges for City of Medicine Hat operations.

Making decisions with sustainability in mind is now a critical factor. This will be a theme for 2024 and beyond as we collectively and confidently tackle new challenges.

A focus on partnerships and collaboration is also key to our success. Partnerships help build thriving communities, and true collaboration goes beyond transactions; it involves working together to address complex issues. We continue to foster strong relationships locally, regionally, and beyond. Through



collaboration, we build stronger, more resilient communities – spaces where people thrive together. We also need meaningful engagement from you.

Our beautiful city flourishes when its residents are informed, engaged, and passionate – but this must be done with civility and respect. I encourage each of you to stay informed about local issues, participate in community events, and be ambassadors for Medicine Hat. Together, we can continue to build a vibrant and connected community.

Lastly, I want to express my heartfelt gratitude to our dedicated staff. Their hard work and commitment contribute to Medicine Hat's excellent quality of life. They truly care about this community and it shows.

Thank you for being part of our journey. Let's continue to make Medicine Hat a place we are all proud to call home.

A handwritten signature in black ink that reads "Ann Mitchell". The signature is stylized with a large, flowing "A" and a cursive "Mitchell".

Ann Mitchell
City Manager

STANDING COMMITTEES

The City's standing committees provide analysis and recommendations to Council.

Administrative Committee

Comprised of the administrative heads of the City organization and approves qualified tenders, authorizes initiation of legal proceedings more than \$50,000, recommends policies and programs, and directs the preparation of operating and capital budgets and long-range forecasts for presentation to Council.

Administrative and Legislative Review Committee

Focuses on legislation, administration and organization. Council appointees are Councillor Andy McGrogan (Chair), Councillor Allison Knodel (Vice-Chair) and Councillor Robert Dumanowski.

Audit Committee

Responsible for oversight of the appointment and performance of the independent auditor of the City's financial performance, system of internal controls and risk, ongoing financial reporting and any other matters referred to it by Council. Council appointees are Councillor Darren Hirsch (Chair) Councillor Shila Sharps (Vice-Chair) and Councillor Alison Van Dyke.

Corporate Services Committee

Responsible for matters related to finance (including assessment and taxation, financial control and reporting, supply chain [procurement], customer care and billing and treasury), information technology, corporate communications, engagement and marketing, fleet and facilities, corporate planning and performance and any other matters referred to it by Council. Council appointees are Councillor Robert Dumanowski (Chair), Councillor Cassi Hider (Vice-Chair) and Councillor Allison Knodel.



The Public Services Committee's large scope of responsibilities includes Parks & Recreation (and the City's extensive trail system)

Development and Infrastructure Committee

Responsible for matters related to water, waste water, solid waste and waste diversion, storm collector systems, roads, airports, municipal engineering, business licensing, safety codes and administrative matters relating to the City's land use and planning responsibilities, and any other matters referred to it by Council. Council appointees are Councillor Shila Sharps (Chair), Councillor Andy McGrogan (Vice-Chair) and Councillor Alison Van Dyke.

Emergency Advisory Committee

Meets as required (at least once annually) and is responsible to carry out the powers and duties detailed in City Bylaw No. 4319, the Emergency Management Bylaw. Responsibilities include:

- Providing guidance and direction to the City of Medicine Hat Emergency Management Agency;
- Providing recommendations for enhancement to community safety measures;
- Policy decisions related to emergency preparedness and emergency response; and
- Formal declaration, renewal, or termination of a State of Local Emergency.

Council appointees are Mayor Linnsie Clark, Councillor Ramona Robins and Councillor Darren Hirsch.

Energy, Land and Environment Committee

Responsible for matters related to energy (including but not limited to electric generation, oil and gas production and related well management, electric distribution, natural gas distribution, and energy marketing and analysis), the City's land and property management (including but not limited to real estate transaction and land development), and the City's environmental services (including compliance and strategy leadership) and any other matters referred to it by Council. Council appointees are Councillor Darren Hirsch (Chair), Councillor Alison Van Dyke (Vice-Chair) and Councillor Shila Sharps.

Public Services Committee

Responsible for matters related to community development, arts and culture, cemeteries, transit services, events programming, emergency services, fire safety codes services, 911 communication, parks and recreation, asset planning, facility operations and business and innovation and any other matters referred to it by Council. Council appointees are Councillor Ramona Robins (Chair), Councillor Robert Dumanowski (Vice-Chair) and Councillor Cassi Hider.

BOARDS

Community Vibrancy Advisory Board

Focuses on recreation, leisure, culture, arts and social matters in the community. Member responsibilities are found in Bylaw No. 4661. The board will consist of nine members and will meet at least eight times a year. Members are asked to participate in sub-committee work and community activities as well.

Assessment Review Boards

There are two types of assessment review boards that hear property assessment appeals. Local Assessment Review Board (LARB) hears and decides on complaints against assessments of residential property (three or fewer dwelling units), farmland and tax notices other than property tax notices, or improvement tax notices. Composite Assessment Review Board (CARB) hears and decides on complaints against residential property (four or more dwelling units) and non-residential (commercial) property.

Medicine Hat Public Library Board

Responsible for participating in discussion and decision making regarding library policy and expenditures and for all aspects of library operation. Complete roles and responsibilities of a library board member can be found on the Medicine Hat Public Library website. Council appointee is Councillor Ramona Robins.



Subdivision and Development Appeal Board

Hears subdivision and development appeals in accordance with provisions of the Municipal Government Act and Bylaw No. 3009. The current Council appointee is Councillor Cassi Hider.

COMMISSIONS

Combative Sports Commission

Acts in a regulatory capacity for Committee and Council with respect to regulating, governing, and controlling combative sports within Medicine Hat. Bylaw No. 4048 grants the commission the authority to regulate both professional and amateur combative sports (e.g., boxing and mixed martial arts), but the rules and regulations exempt well-established amateur governing bodies (e.g., Alberta Amateur Boxing Association), and provide the Commission the flexibility to exempt other governing bodies if required. The commission continually reviews their bylaw and rules and regulations and makes amendments to modernize and update operating procedures.

Medicine Hat Police Commission

Provides overall direction through support and guidance to the Chief of Police, ensuring a safe and secure community. Council appointees are Councillor Darren Hirsch and Councillor Robert Dumanwoski.

Municipal Planning Commission

Duties include exercising development powers and duties on behalf of the City in accordance with the Subdivision and Development Authorities Bylaw and carrying out such other functions and duties as assigned to the commission by Council. Council appointees are Councillor Andy McGrogan (Chair) and Councillor Shila Sharps.



Members of the Medicine Hat Police Service Downtown Patrol Unit

EXTERNAL APPOINTMENTS

Alberta Municipal Climate Leadership Council

Councillor Alison Van Dyke

Chamber of Commerce

Councillor Shila Sharps

Civic Functions

Councillor Allison Knodel

Community Futures Entre-Corp

Mayor Linnsie Clark

Cypress View Foundation

Mayor Linnsie Clark

Councillor Ramona Robins

Friends of Medalta

Councillor Allison Knodel

Highway 3 Twinning Association

Councillor Darren Hirsch

Inter-City Forum on Social Planning

Councillor Alison Van Dyke

Intermunicipal Committee

Mayor Linnsie Clark

Councillor Shila Sharps

Medicine Hat Community Housing Society

Mayor Linnsie Clark

Medicine Hat Exhibition & Stampede

Councillor Andy McGrogan

Municipal Names Committee

Councillor Cassi Hider

Palliser Economic Partnership

Mayor Linnsie Clark

Councillor Cassie Hider

Physician Attraction & Retention

Councillor Alison Van Dyke

Councillor Shila Sharps

Regional Drainage Committee

Councillor Alison Van Dyke

Shortgrass Library System

Councillor Alison Van Dyke

Tourism Medicine Hat Committee

Councillor Cassi Hider

WORKING GROUPS

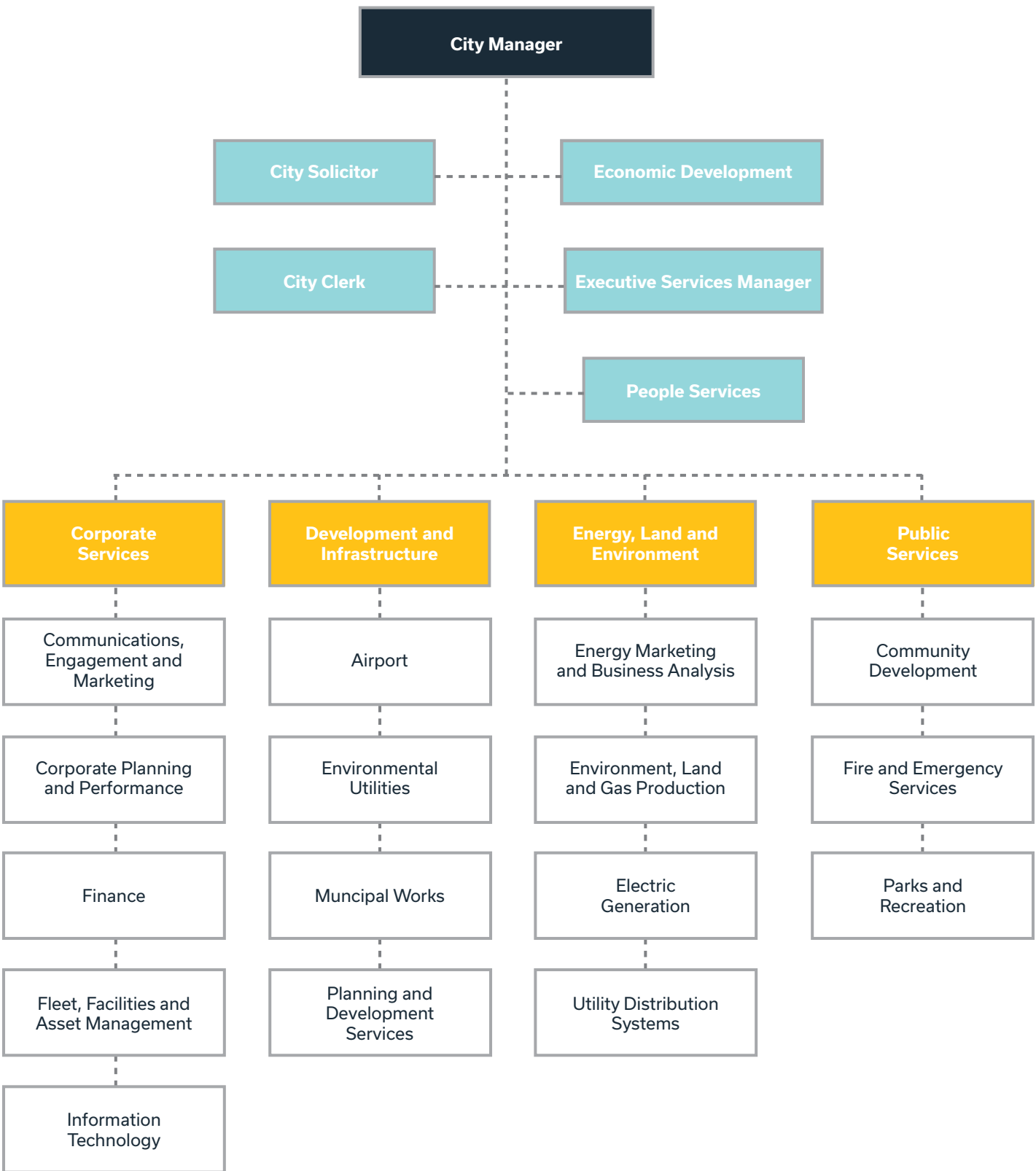
Working Group for Accessibility and Inclusion

The Working Group for Accessibility and Inclusion (WGAI) is an advisory body under the City of Medicine Hat's Community Development department. Its primary purpose is to advise and support City departments on issues related to persons with physical, developmental and mental health disabilities. The WGAI recognizes both visible and invisible disabilities. Its goals include equitable participation of persons with disabilities, and ensuring all of the City of Medicine Hat's public facilities, programs and services are accessible and inclusive.

Working Group for Heritage Resources

Our city is rich in heritage resources, both public and private. The Heritage Resources Working Group supports the protection of these valuable resources for future generations. Heritage resources include built structures, streetscapes, historical and archeological sites, landscapes, archeological specimens and natural features of heritage and historical significance. The group's mandate is to assist with promoting the conservation, preservation, restoration, retention, and awareness of local heritage resources. This work will be based upon the Province of Alberta's Historical Resources Act - R.S.A. 2000.

ORGANIZATIONAL
STRUCTURE



Strategic Priorities



INNOVATION



ECONOMIC
EVOLUTION



SERVICE
ORIENTATION



PARTNERSHIPS &
GOVERNANCE



COMMUNITY
WELLNESS



RESILIENCE &
SUSTAINABILITY

STRATEGIC OBJECTIVE ONE

INNOVATION

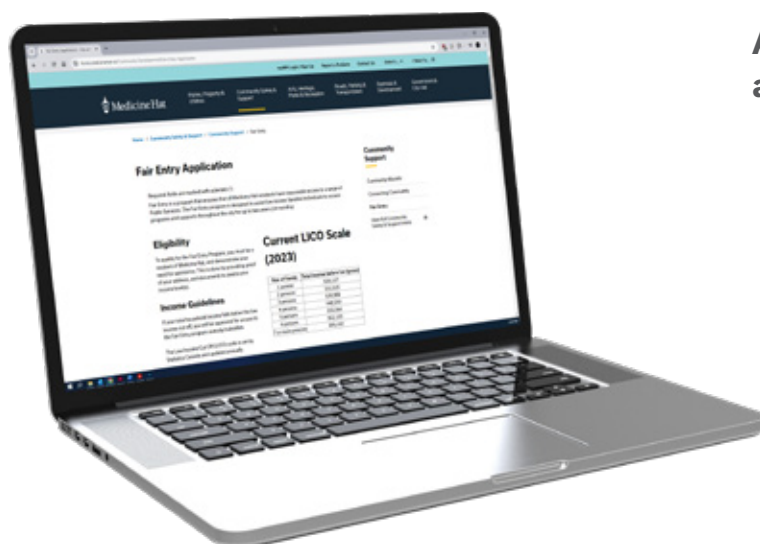
The City's organizational culture will encourage and celebrate innovation, creativity, and multidisciplinary collaboration. We will empower individuals in our organization and community to present solutions to problems.



Highlights of achievement for 2023:

- Completed the first year of the two-year **Strong Towns Community Action Lab**. The City of Medicine Hat is one of four communities, and the only Canadian city, selected from nearly two dozen applicants to participate in the inaugural program. In the first year, representatives from Strong Towns spent time educating and coaching 16 City staff members on various strong towns topics, case studies, and approaches to ensure Medicine Hat is financially strong and resilient with respect to urban development, and remains a prosperous, livable community.
- Installed two **Level 2 Electric Vehicle (EV) charging stations** each with two charging ports that can provide 8.3 kilowatts of charging power. Funding for this project was provided by the SouthGrow Regional Initiative, in partnership with the Municipal Climate Change Action Centre, and Natural Resources Canada, through the Zero Emission Vehicle Infrastructure Program.
- Passed Bylaw 4708 to establish a **Clean Energy Improvement** program (CEIP). The CEIP will allow residential property owners to obtain a loan from the City of Medicine Hat to make energy efficient renovations to their properties and make payments back through their property taxes. Upgrades can include lighting, solar PV, heating, ventilation, air conditioning, windows, insulation and more. The program is expected to launch in 2024.
- Committed up to \$850,000 to the **Energy Innovation Challenge** spearheaded by Decentralised Energy Canada (DEC). The three-year project leverages provincial and federal investment to bring to market innovative startup designs that support energy transition. The challenge invites proponents to submit proposals that address a pre-identified obstacle or problem in our area as it relates to energy transition. From there, successful applicants will use program funding to build and test small-scale demonstrations of their technology and then compete for further investment to fully develop their innovation.

Quick Facts



Accepted 8,398 online web forms and applications including:

- Fair Entry: 1,094
- Electricity or Natural Gas Rate Contracts: 708
- Business License Applications: 561
- Hat Smart: 382
- Solar PV System Size Review: 238
- Council Inquiry: 79
- Lighting for a Cause: 28

HAT Smart stats

- \$254,707 total funds distributed
 - \$168,273 Existing Homes Incentive
 - \$23,245 New Homes Incentive
 - \$29,200 EnerGuide Home Evaluations
 - \$33,989 Scratch & Win



Water bottle fill stations have proven especially popular in the downtown area

Water bottle fill stations

- 11 stations
- 403,130 water bottles filled (average 500ml)
- 201,565 litres of water use by public
- Total cost of water used: \$527.32
- Most-used locations:
 - City Hall (1)
 - Towne Square (2)

STRATEGIC OBJECTIVE TWO

ECONOMIC EVOLUTION

We will have a strong, diversified regional economy and an economic ecosystem that encourages entrepreneurship.



Highlights of achievement for 2023:

- Continued to carefully consider **energy transition** in the face of a changing energy market directed by Clean Electric Regulations (CER). With commodity prices expected to soften considerably due to new thermal generation and the build out of renewables across the province, the City must prepare not only for declining cash flows from its electric generation assets, but also the investment required to meet CER by 2035 and third-party debt and clean-up obligations. The City of Medicine Hat has diligently built financial reserves to address these pending challenges.
- Approved as a designated community for the **Rural Renewal** Stream of the Alberta Advantage Immigration Program, along with regional partners Cypress County, Town of Redcliff, and Town of Bow Island. Rural Renewal supports the attraction and retention of newcomers in rural Alberta through a community-driven approach that is responsive to local economic development needs and contributes to the economic growth of the community. The Southeast Alberta Rural Renewal Program, which will support local businesses by providing endorsement letters to qualified and financially secure immigrants who have a genuine desire to settle in Southeast Alberta, will launch in 2024.
- Committed to a **third-party review of City-owned energy business** to confirm overall strategic approach to ensure best value for the community. The request for proposal to conduct the review was awarded in early 2024, and the review will be complete by end of year.
- Launched a **refreshed vision for economic development** for the City of Medicine Hat focusing on workforce development, business development, investment attraction and investment growth and readiness. In addition to these four pillars, Medicine Hat Economic Development focused on regional collaboration and partnerships by leading the successful application of a provincial grant that will ensure the City of Medicine Hat and other south-eastern municipal partners and stakeholders collectively participate in the development of a regional economic development strategy.





➤ Continued efforts to position Medicine Hat as a carbon capture hub through **Project Clear Horizon**. Carbon capture is one of the few technologies available for hard-to-abate sectors, such as natural gas power generation and chemicals manufacturing, to achieve net zero by 2050 or as early as 2035 for electric generation. While it is first of its kind technology and higher risk, the City of Medicine Hat is investing in further due diligence and prepping to support the sustainability of municipal electric generation and support local industries who need to meet emission standards. In 2023, the City completed the technical evaluation of carbon capture technology providers and initiated a pre-front end engineering design study of post-combustion carbon capture at Unit 16 and 17.

Five well locations are under evaluation to determine how suitable they are for injecting and storing carbon. Test wells will be drilled in 2024 to further evaluate technical feasibility. If the evaluation work indicates that Project Clear Horizon is technically possible and economically viable, a final investment decision to decide whether or not to advance Project Clear Horizon to the next stage, construction and implementation will occur. If successful, this open access hub would allow all large emitters in the region access to a carbon mitigation solution.

➤ Adopted a **Strong Towns** approach, seeking to change the way the City is developed by advocating for good city planning in all realms including transportation, neighbourhoods, and city infrastructure – all with a focus on fiscal sustainability and overall community well-being.

Quick Facts



452

total development permits issued



643

total number of building permits issued



\$83 million

total value of building permits issued



464

number of new business licenses issued
(total of 3902 with renewals etc.)

STRATEGIC OBJECTIVE THREE

SERVICE ORIENTATION

We will be intentional and proactive. We will understand and be responsive to our community and changing circumstances and people will find it easy to deal with the City.



Highlights of achievement for 2023:

- Enhanced public engagement by hosting a **City-wide open house** showcasing City projects, actively recruiting for commissions and boards, and coordinating partner-hosted Town Halls with City Council — all designed to increase community involvement in local government and decisions.
- Improved public awareness of **development permits** by enhancing the notice process with onsite signage for major development permits, as well as newspaper ads, and online postings (with web map) on all proposed developments and land-use changes.
- Improved process to submit **inquiries to City Council** by creating convenient submission form on City website.
- Launched a digital feature, **Neat to Know**, a communication initiative that compiles relevant City-related news and information into a single, easily accessible page/link that is delivered to inboxes weekly.
- Launched **Public Matters**, a pilot podcast series featuring guests from the community as well as within the City of Medicine Hat organization, providing clear and concise information on current topics of interest.

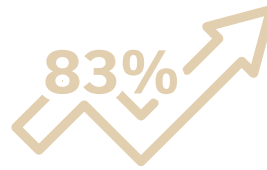
Quick Facts



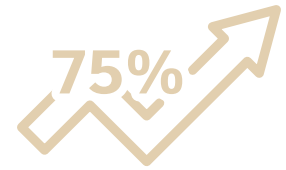
Re-opened the 1,100 square-foot **Heritage Pavilion** in Strathcona Park for public bookings



99,500
customers assisted by the **Customer Care Call Centre** in 2023



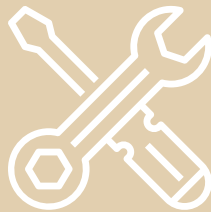
Utility customer satisfaction with **415** survey responses



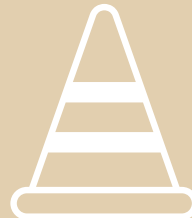
Utility billing customer satisfaction with **530** survey responses



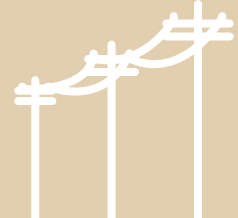
56.2%
of Utility billing customers on **eBilling**



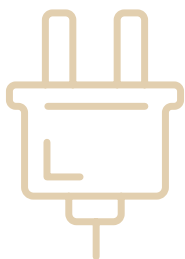
18,503
service requests logged in **CityWorks**
*Highest number were for **Solid Waste** (garbage and recycling) **3,381** or **18.06%***



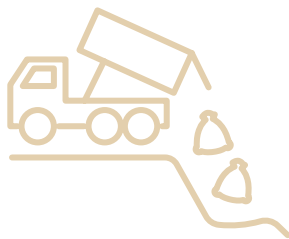
10,923
Safety codes inspections



716
Safety orientations for work near **powerlines**



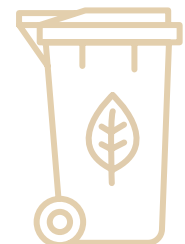
547
electric customer callouts responded to



34 million
kilograms of material **collected** in the landfill



23 million
kilograms of material **diverted** from the landfill



20.5 million
kilograms of **compost and organics** handled

Quick Facts



264

media inquiries
responded to



186

news releases
issued



1,881,857

web hits on
medicinehat.ca from
477,659 unique users



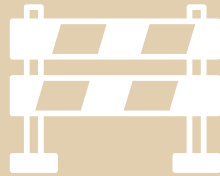
520

service requests
submitted **online**
through **Report a
Problem**



17,460

City iMap
web hits



1,464

Road Closure Map
web hits



2,817

City Projects Map
web hits



9,502

Crime Map web hits in
just two months (site
launched Oct 23, 2023)



11,303

**Property Tax
Assessment Map**
web hits through **eTax**

SOCIAL MEDIA STATS



Followers: **4,260**
Impressions: **210,275**
Page views: **18,412**



Followers: **21,381**
Reach in 2023: **1,035,289**
(up **83.9%** from 2022)



Followers: **2,902**
Reach in 2023: **12,459**



Post with highest reach: **217.2K**

"Great news! The Echo Dale Regional Park Swim Lake will open this Saturday, July 15!"

Video Stats: **9.8 thousand minutes watched** in 2023

STRATEGIC OBJECTIVE FOUR

PARTNERSHIPS & GOVERNANCE

We will succeed through collaboration with our community and government partners and be a trusted partner in our community and region.



Highlights of achievement for 2023:

- Participated in the **Strong Towns Community Action Lab**, encouraging administration and community to collectively make incremental improvements that benefit the community such as traffic calming measures, water bottle refill stations, community microgrants, finding a solution for public access to washrooms downtown, and more.
- Maintained active collaboration with provincial and federal partners like **Natural Resources Canada, Municipal Climate Change Action Centre Emissions Reduction Alberta, Alberta Municipalities**, and **Decentralised Energy Canada**. These relationships helped advance initiatives in 2023 such as Project Clear Horizon (carbon capture and storage), electric vehicle chargers at Towne Square, the Clean Energy Improvement Program, and the Energy Innovation Challenge.
- Amended Bylaw 4791, the **Responsible Animal Ownership Bylaw**, allowing for humane societies to develop “return/release” programs, where feral cats or feral domestic rabbits, once spayed or neutered, can be returned to the location where they were trapped. The bylaw only enables the development of these programs, which would not be administered or funded by the City of Medicine Hat.
- Adopted the **Urban Wildlife Management Bylaw** (Bylaw 4789) to promote responsible wildlife interaction. By discouraging feeding, the bylaw safeguards wildlife health and behavior, mitigates dependence, and minimizes human-wildlife conflicts. The bylaw aligns with best practices and complies with Alberta’s environmental regulations.
- Partnered with the Kinsmen Club of Medicine Hat, which sponsored **free family swimming** at Hill Pool and Strathcona pool for the months of July and August. Kinsmen also sponsored **free public skating** at Hockey Hounds, Big Marble Go Centre, Kinplex and Moose Recreation Centre from October – March.
- Celebrated the **Adopt-a-Rink** program, acknowledging 41 volunteers for their dedication during the 2022/2023 season. Together, these volunteers contributed 150.75 hours of service. Additionally, the introduction of Kensington Park Rink was received well by the community, marking a successful expansion of recreational facilities.
- Celebrated the completion of the **Rotary Centennial Trail** project, an important collaboration between the Medicine Hat Rotary Club, the City of Medicine Hat, Cypress County, and community members.



- Partnered with the Medicine Hat Public School Division to offer the **Medicine Hat Free Play program** for the second summer, transforming parks and playgrounds throughout the city into vibrant spaces for family connection, children's exploration, learning, and growth, leveraging the beauty of our city's parks.
- Hosted the **Jehovah's Witnesses Convention at Co-op Place** attracting over 8,500+ participants from across Western Canada and resulting in over \$4M in economic activity. Due to its success, the convention will return in July 2024.
- Completed the **sale of the Monarch Theatre** to 'The Monarch 1911 Society,' a non-profit organization led by members of the Rotary Clubs of Medicine Hat, ensuring the historic venue's preservation and continued community service.
- Hosted the **2023 Pickleball Canada Western Regional Championships** at the South Country Co-op Pickleball Courts and welcomed more than 500 players from across Western Canada.

- Received the **Triple Crown Award** from the Government Finance Officers Association for the year ending 2022. The Triple Crown is awarded to municipalities that receive all three financial reporting awards; Canadian Award for Financial Reporting; the Award for Outstanding Achievement in Popular Annual Financial Reporting; and the Distinguished Budget Presentation Award.



Ryan Davison has been volunteering with the City's Adopt-a-Rink program for close to 20 years at the outdoor rink in Kiwanis Central Park.

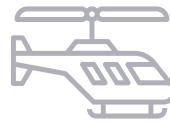
Quick Facts



\$870,000
via budget amendment



- Supported **Medicine Hat Curling Club** by approving a budget amendment in the amount of \$870,000 to purchase the Medicine Hat Curling Club building and implementing an operating and maintenance lease agreement with the club to ensure the viability of this long-standing recreational group.



\$500,000
in funding per year in 2023 & 2024



- Provided \$500,000 per year for 2023 and 2024 to **HALO** operations, helping to sustain lifesaving air ambulance services in Southern Alberta.

STRATEGIC OBJECTIVE FIVE

COMMUNITY WELLNESS

People will love living and being in our City. Our community will be vibrant and lifelong residents and newcomers alike, from all walks of life, will feel a sense of security and belonging in Medicine Hat.



Highlights of achievement for 2023:

- Responded to community need by providing \$33.2 million from financial reserves to a **cost pressure relief** program to address rising costs for area residents and small and medium businesses. Relief was delivered in the form of a credit through City of Medicine Hat utility accounts. The total relief amount was \$800 per residential account, and \$2,000 for small/medium businesses.
- Demonstrated commitment to **Truth and Reconciliation** by hosting five significant community events and conversations as part of the **Medicine Hat Ancestors Reburial Project**, a collaboration between the City of Medicine Hat, the Miywasin Friendship Centre, and the University of Alberta. This concerted effort aims to honor and restore the remains and burial artifacts of three ancestors to their rightful resting place in Medicine Hat, with a deep commitment to respect, community consultation, and engagement, reflecting a profound step forward in the journey towards Truth and Reconciliation.
- Launched **Crime Map** in October 2023 with 9,502 hits in only two months. This interactive community safety tool displays calls for service at cross-street locations throughout the community so citizens are better informed about what events are occurring in their neighborhood.
- Presented the **Facilities for the Future** report, outlining options for council consideration on the sequence of decisions needed to maintain, renew and replace City indoor and outdoor recreation facilities. Significant public engagement was completed to ensure future decisions that balance economics with values such as health impacts, social value, and maintaining a strong sense of place and community. Site selection and conceptual design of future facilities will begin in 2024 as a precursor before Council decision to proceed or not with the proposed facilities.
- Opened a new, inclusive **play structure at Big Marble Go Centre**, incorporating community feedback to create an adventurous and natural style play environment.
- Introduced a **traffic calming pilot project** to test the effectiveness of engineered measures to reduce vehicle speeds and improve safety for pedestrians, cyclists and residents. The measures are strategically placed to encourage drivers to be more cautious and attentive and were specifically targeted for three separate land uses: commercial, institutional, and residential. In 2023, the City installed curb extensions at the intersection of 3 Street SE and 4 Avenue SE downtown, and delineators on 8 Street NE near St. Francis Xavier School.

- Launched transit **Route 56** in the south to enhance service reliability during peak traffic periods, offering direct access from Southlands Boulevard and Masterpiece Lodge to key shopping areas, while also expanding Route 21 service to cover weekday evenings and Sundays to increase dependable hospital access.
- Initiated public engagement planning for the development of a **Community Well-Being Plan**, a document that will outline the community's goals and priorities in health and well-being. This plan will aim to set a refreshed vision and strategy for community well-being for the upcoming five to ten years.
- Opened the City's first **Pump Track** at the Gas City Campground consisting of two asphalt surface tracks: the beginner pump track (96.5m) and the intermediate/advances pump track (203m).
- Presented 11 community service awards to 13 individuals who have made an extraordinary contribution to the community, and who by their dedication, activities and/or accomplishments have enhanced the quality of life in Medicine Hat. The following individuals were presented with a **Community Spirit Award**:
 - Robert Pape - Arts/Culture
 - Willy and Cindy Taillon - Civic Pride
 - Kristen Sept - Community Inclusion
 - Kym Porter - Compassion
 - George Kovalev - Compassion
 - James & Coreen Sheardown - Sports/Recreation
 - Brenda Taylor - Volunteerism
 - Kendra Albrecht - Volunteerism
 - Terry Noble - Volunteerism
 - Donna Serr - Heart of Medicine Hat
 - Karen Saffran - Change Maker



Mayor Linnsie Clark presents Karen Saffran with the Change Maker award, one of two prestigious Community Spirit Awards of Excellence

Quick Facts

➤ Supported 26 unique applications facilitated through the **Community Microgrants** program, with expenditures totaling \$8,300 for Connecting Community initiatives and \$2,000 for Arts, Culture, and Heritage projects. The community saw a variety of events, such as beading workshops, block parties, backyard concerts, pop-up parks, Métis week celebrations, and more.



➤ Supported 13 unique applications through the **Community Vibrancy** program, disbursing \$50,000. This funding assisted various organizations in their mission to boost community spirit, spotlight opportunities that elevate the quality of life, and strengthen the sense of belonging within the community.

➤ Collected \$31,018 in donations for the **Community Warmth** program (overseen by the Salvation Army) which aided 39 families struggling to pay their utility bill. In 2023, 267 utility customers provide a monthly donation via their utility bill, contributing \$2,039 a month to the program.



RESILIENCE & SUSTAINABILITY

We understand the importance and interdependency of the success of our people, partnerships, environment, economy, and organization to accomplishing our goal of being a vibrant, sustainable, enduring community.



Highlights of achievement for 2023:

- Completed the **Environmental Framework** draft, a cohesive plan that successfully captures, reflects, and builds on the City's current foundational environmental guidelines and objectives, while providing strategic direction for integrated resource management and climate risk mitigation. The final framework will be complete in 2024.
- Partnered with the **Community Food Connections Association** to relocate the Kipling Community Garden to Osborne Park in Crescent Heights. Starting Spring of 2024, the tennis courts in Osborne Park will close, paving the way for the community garden.
- Upgraded the irrigation system at **Kiwanis Central Park**.
- Improved accessibility by replacing the steps at the East and West Entrances of **Kiwanis Centre** and installed a barrier-free ramp, and constructed an accessible asphalt trail at Megan Wahl Memorial Park.
- Rehabilitated **City trails**, including Saratoga, Ross Glen Coulee, and Ross Creek Coulee.
- Upgraded **Hillside Cemetery** with new irrigation system on the Northeast, renovations to the Columbarium, and the addition of a memorial wall, alongside significant improvements to the Scatter Garden.
- Replaced the main boiler at **Crestwood Recreation Centre** during the annual shutdown in July.
- Relunched the **Share the Trails campaign**, promoting courteous and safe trail use among residents. As part of the campaign, the City added two more yellow lines to McCutcheon and Viterro trail, initiated school contests for safe trail practices, hosted multiple community events at Towne Square, and restarted the parks and trails ambassador program in June.
- Launched the **"Clear Your Gear"** initiative with local resident Tom James, introducing recycling bins for fishing equipment along the river. By installing bins at Police Point Park and the Strathcona boat launch, with plans to expand to Echo Dale Regional Park and Connaught Pond, this effort aims to encourage anglers to responsibly dispose of tackle, supporting environmental protection and the well-being of local fish species for future generations.

- Upgraded **South Ridge Community Park** and replaced irrigation lines, upgraded the washroom building and enhanced the landscaping.
- Launched **new operating hours** for all City parks to ensure safety and upkeep of these public spaces in collaboration with the Medicine Hat Police Service.
- Reopened **Northwest Riverside Trail**, a development made possible through a \$100K contribution from the Trans Canada Trail program.
- Collaborated with eighth graders from **St. Mary's School**, providing them with a practical education session on the significance of plants to our well-being, coupled with hands-on gardening experience.
- Initiated the **"Litter Blitz"** campaign for Earth Day 2023, mobilizing residents to clean up the community from April to September. The City supported efforts by providing supplies, targeting parks and natural areas.
- Partnered with local residents, Grasslands Naturalists and partners, to champion the preservation of Medicine Hat's Natural Grasslands. Initiatives such as **Scenic Views of Medicine Hat** project tackled invasive species, promoted environmental stewardship, and enhanced recreational and educational opportunities.
- Proactively advanced funds to purchase two new fire engines to **mitigate extended delivery forecasts** and inflationary price increases. Council approved a tangible capital asset budget amendment to advance \$3,000,000 of fleet capital funds from 2024 and 2027, respectively, to 2023 to advance the purchase and effectively replace these assets over the next four years to meet recommended replacement guidelines.
- Re-opened the **Echo Dale boating lake** on September 1, after the work to replace the boat lake liner was completed.



Quick Facts



80

seconds it takes for a firefighter to gear up and be on the road



\$56.59M

worth of **property and infrastructure** that caught fire



\$54.54M

was **protected and saved** by MHFES



\$2.05M

was **lost** as a result of fire



2,752

Fire and Emergency Services **incident responses**



25

new **fire hydrants** added



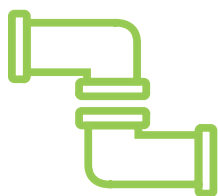
489

acres of **land mowed and weeds** whipped by Parks and Recreation



5,000

linear metres of **sidewalk repaired**



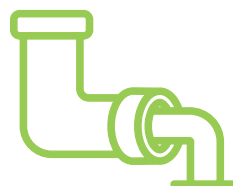
1,164

metres of **water mains** replaced



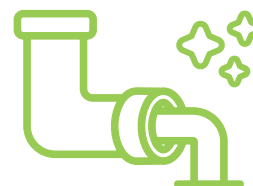
1,141

metres of **water mains** added



1,365

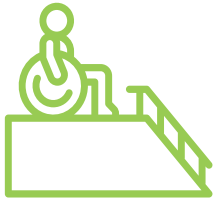
metres of **sewer mains** replaced



2,509

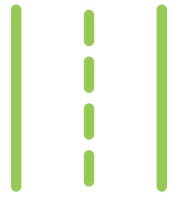
metres of **sewer mains** added

Quick Facts



66

**wheelchair ramps
upgraded**



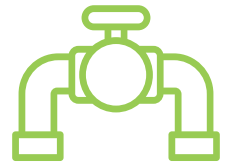
14,000

linear metres of **roads**
repaired/overlayed



8,500

linear metres of **storm**
sewers inspected



3.5 km

of **gas pipeline installed**



200

**streetlight poles
painted**



1,350

**streetlight poles
inspected**



170

power poles replaced



2,570

**Electric Utility Asset
Inspections completed**

Financial Report



CHIEF FINANCIAL OFFICER'S INTRODUCTION

I am pleased to submit the City of Medicine Hat Consolidated Financial Statements for the fiscal year ended December 31, 2023. MNP LLP has audited these financial statements and provided an unqualified audit opinion in their report dated April 22, 2024.

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

- protection to its citizens (fire, police and bylaw services, 9-1-1 communications, community development services)
- parks, recreation and culture activities
- road, bridge, sidewalk and trail maintenance
- city planning and development
- economic development

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

- water, sewer and solid waste management
- land and property development
- integrated commodity related businesses including natural gas exploration, production and procurement as well as electric generation
- natural gas and electric distribution services

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 readers with clear insight on the financial results for the City for the fiscal year ended December 31, 2023. City administration strives to ensure that this report presents fairly the financial position of this City, comparing how financial resources were used compared to budgets and past financial performance.

A stylized, handwritten signature in black ink, consisting of a large, sweeping initial 'D' followed by a series of loops and a horizontal line at the end.

Dennis Egert

Managing Director of Corporate Services
and Chief Financial Officer

CHIEF FINANCIAL OFFICER'S REPORT



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, 2022, for the 21st 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 receive a Canadian Award for Financial Reporting, a government entity must publish an easily readable and efficiently organized annual financial report with contents conforming to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

RISK MANAGEMENT

This section of the report details 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) Enterprise Risk Management

In 2021 the City engaged a consultant to support the development and implementation of an Enterprise Risk Management (ERM) framework. The ERM framework is the guiding document that defines the methodology, process and the related roles and responsibilities. It will support strong and well-informed governance decision making and ensure that enterprise risks and opportunities are identified, assessed and managed to an acceptable level. The implementation is progressing resulting in a framework, a risk register, and an approved risk action plan which will be incorporated into the strategic planning process.

(b) Operational Risk Management

As a result of continued insurance premium rate increases over the past few years, the City undertook a third-party review of its insurance program that included recommendations to self-insure certain components of the City's insurance program to reduce overall premium costs while remaining within the City's risk tolerance. The insurance program continues to provide insurance coverage for the majority of the City's major losses that involve third-party property damage or bodily injury and/or damage to City property (buildings/equipment/vehicles), contributing to long-term sustainability of City assets. To accommodate self-insuring certain components of the insurance program, a dedicated insurance reserve was established (included within the operating reserve) to fund future, large insurance claims.

(c) 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 and Emergency 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 and Emergency Services monitors growth patterns and recommends changes and improvements that will provide efficient and effective protection to meet City Council's established response guidelines.

to all areas of the city. The Fire Service Response Coverage Optimization Plan was implemented in 2013 and resulted in significant response coverage improvements to residents and improved safety for firefighters.

Fire and Emergency Services also operates the 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, County of Forty Mile, Foremost, and Bow Island – a regional population of approximately 77,000 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.

(d) Treasury Management

Portfolio investments are comprised of investments in qualifying instruments as defined in the City's Investment Policy #0167. 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 publicly traded shares of companies. The regulation expands the investment opportunities for the City's financial reserve funds.

In 2021, the City engaged a consultant to perform a review of its investment portfolio with the objective of assessing the appropriateness of the current asset mix policy and exploring alternative asset mixes while maintaining an appropriate balance between investment return and risk. The recommendation was to transition the City's investment portfolio from significant fixed income exposure to a more diverse portfolio including fixed income, equities, and alternative investments. This new portfolio has been structured to achieve the City's overall long-term objectives of optimizing investment returns through the investment cycle while maintaining an appropriate level of risk; generating sufficient investment returns to cover annual net spending; capital preservation; as well as conforming to all provincial statutes and regulations governing the investment of municipal funds.

Portfolio investments are comprised of investments in qualifying instruments as defined in the City's Investment Policy #0167. Included in investments are

internally managed portfolios of investments in money market and fixed income securities. The City also has external investment portfolios managed by third-party investment managers including Addenda Capital, Arrowstreet Capital, Brookfield Asset Management, Connor, Clark & Lunn Investment Management, Crestline Investors, Fidelity International, Igneo Infrastructure Partners, JP Morgan Investment Management, Manulife Investment Management, Mesirow Financial Investment Management, and Phillips, Hager & North Institutional. These funds are invested across the following asset classes: Canadian & global fixed income and equities, infrastructure, real estate, commercial mortgages, private credit, and currency. These funds are invested in assets permitted by the Major Cities Investment Regulation.

Investment performance is compared to market benchmarks that are replicable, measurable and fair comparisons to the portfolios being measured. 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 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.

(e) Environmental

The Environmental Strategy & Compliance team with the Environmental, Land & Gas Production department provides corporate support and ensures regulatory compliance with regard to environmental matters. The department completes the regulatory activities, 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.

(f) 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 revenues, maintaining reliable supplies for operations/sales, and mitigating financial risk exposure to the City.

MANAGEMENT REPORTING AND CONTROL



The following section describes the planning, reporting and audit process.

Strategic Planning and Budgeting

City Council developed a strategic plan highlighting priorities, strategies, goals and key results for the planning period 2023-2026. Based on the direction set out in the strategic plan, departmental business plans are prepared. These business plans communicate each department's alignment with the strategic plan and identify:

- department mandate and structure
- the core services/programs of the department and key performance indicators
- significant risks and trends faced by the department, including mitigation plans
- strategic objectives, rationale, indicators of success and action plans of the department.

Budget guidelines and long-range 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 with a two-year projection as well as 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 deliberation and approval.

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

A longer term capital and operating plan is developed for all departments. The capital plans identify proposed capital project expenditures and their corresponding sources of funding.

For the 2023-2024 budget period, the City employed a capital ranking process for all departments. This process is intended to ensure that available capital funding is allocated to the projects that will provide the highest value and benefit to the municipality.

(a) Accounting

The City of Medicine Hat manages the accounting function in five core divisions: Corporate Services; Public Services; Development and Infrastructure;

Energy, Land and Environment; Medicine Hat Economic Development; as well as Medicine Hat Police Services, which is administered through the Police Act. 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 Managing Director of Corporate Services and delivered to each division based on requirements.

(b) Auditing

The Municipal Government Act requires municipal councils to appoint an independent auditor. MNP LLP was awarded a one-year Audit Contract in 2023 with an option to extend the engagement annually through 2027, subject to City Council's annual reappointment of auditors. City council approved MNP LLP's appointment for the 2023 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.

The Audit Committee, comprised of three members of City Council, is a standing committee of City Council. The Audit Committee mandate includes 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 2023

The financial data below provides an overview of key financial information over the past year with prior year comparatives. Readers should review this report in conjunction with the accompanying Consolidated Financial Statements and Note Disclosures located on the City's website at: medicinehat.ca/government/publications-plans-reports/financial-reports

In 2023 the City experienced higher than expected annual surplus despite the external pressures stemming from continued inflationary pressures, lingering impacts from COVID-19, the Government of Alberta reduction in municipal funding and market volatility impacting commodity prices and investment returns. The higher surplus is primarily due to increased revenues as a result of higher electric commodity prices; increased investment income due to higher returns and increased grants related to the electricity and natural gas rebate program.

In 2023 the City's municipal budget anticipated an \$11 million gap which was funded through financial reserves to achieve a balanced budget. The 2023 actual municipal deficit was \$15.1 million, which required an additional transfer of \$3.6 million from reserves to fully fund the deficit. The City continues to focus its efforts on identifying strategic opportunities including revenue growth, cost containment, service level clarity and related adjustments, and leveraging technology and digital innovation to reduce its reliance on the financial reserves to achieve a balanced budget.

As a result of the declining gas and oil commodity prices over the past few years, the City decided to accelerate the abandonment and reclamation of its uneconomic oil and gas properties. The budgeted cost of the program is expected to be \$125 million to be financed through a combination of working capital (\$45 million) and debenture borrowing (\$80 million). As of year-end 2023 the accelerated abandonment program is virtually complete with almost 1,900 wells fully abandoned and under reclamation. Technical and logistical issues continue to be examined for the remaining wells in the program and abandonment will occur as these issues are resolved. The program

ensures the City is fostering the wellbeing of the environment by safely meeting end of life obligations for its energy development activities. The Public Sector Accounting Standards (PSAS) is silent on the treatment of resource properties. In order to better reflect the operations of 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.

Financial Summary

In 2023 financial assets increased at a higher rate than financial liabilities resulting in a significant decrease in net financial debt of \$38.9 million from 2022. The increase in assets was due to an increase in financial investments as a result of higher contributions from our integrated commodity business and investment returns. Liability decreases were a result of a decrease in accounts payable and deferred revenue as well as long-term debt. Net financial debt has seen a decrease over the past 5 years primarily due to increased financial investments.

The 2023 annual surplus was \$63 million primarily due to higher electric commodity prices. Other revenue represents capital contributions and grant funding used for various capital projects such as: transition to clean energy; building rehabilitations; pedestrian trails and bridge rehabilitation; and sidewalk, roads and storm sewer rehabilitation.

Revenues

Revenue before capital contributions and grants was \$48.6 million higher than budget (\$510.8 million versus budget of \$462.2 million). This is mainly due to Utilities and Land Sales revenues being higher than budget by \$32.2 million as a result of higher electric revenues of \$51.5 million related to higher commodity prices. This is offset by lower land sales of \$3.1 million primarily due to lower lot sales. Investment income was lower than budget by \$4.8 million as a result of the markets continuing to recover from the 2022 economic downturn.

Revenues in 2023 are lower than 2022 revenues by \$15.1 million primarily due to easing gas and electric commodity prices offset by higher investment income.

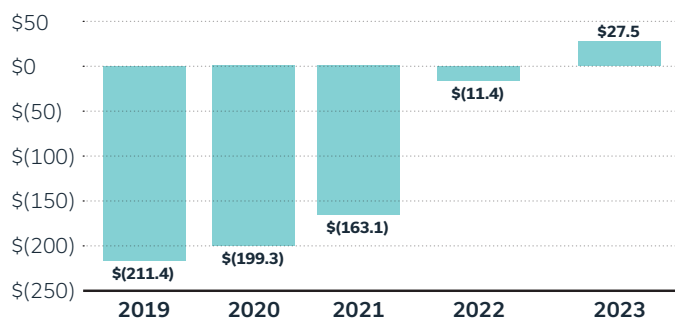
| Consolidated Financial Position | 2023 | 2022 |
|---------------------------------|---------------------|---------------------|
| Assets | \$ 800,350 | \$ 792,497 |
| Liabilities | 772,818 | 803,907 |
| Net financial assets (debt) | 27,532 | (11,410) |
| Non-financial assets | 39,890 | 35,825 |
| Long-lived assets | 42,112 | 7,355 |
| Net tangible capital assets | 1,393,337 | 1,422,663 |
| Total non-financial assets | 1,475,339 | 1,465,843 |
| Accumulated surplus | \$ 1,502,871 | \$ 1,454,433 |

(in thousands of dollars)

| Consolidated Operating Results | 2023 | 2022 |
|--------------------------------|------------------|-------------------|
| Revenue | \$ 510,837 | \$ 525,935 |
| Expenses | 473,429 | 391,509 |
| Subtotal | 37,408 | 134,426 |
| Other revenue | 25,560 | 26,698 |
| Annual Surplus | \$ 62,968 | \$ 161,124 |

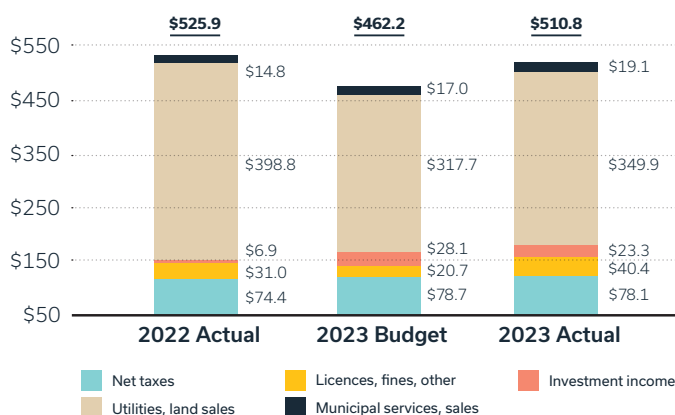
(in thousands of dollars)

Net Financial Assets (Debt)



Revenues

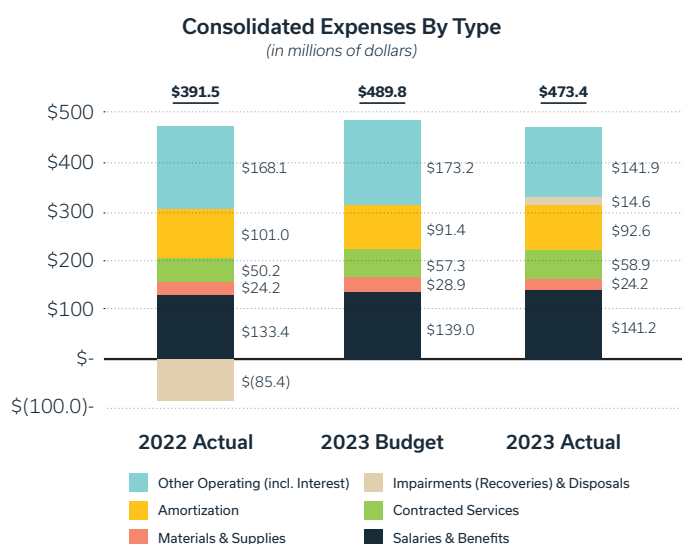
(in millions of dollars)



Expenses

The Consolidated Schedule of Expenses by Object details 2023 actual (\$473.4 million) and budget (\$489.8 million) by expense type. Variances from budget for salaries and benefits is primarily related to union contracts being settled at higher than budget. Materials and supplies are less than budget due to purchasing less electricity from power purchase agreements. Operating expense are less than budget primarily due to less natural gas purchases as a result of lower gas commodity prices.

The 2023 actual expenses are higher than 2022 primarily due to recognizing a \$14.6 million impairment on oil and gas properties whereas 2022 recognized an \$85.4 million recovery; higher salaries and benefits due to union contract settlements; and additional staff to maintain current service levels. This is somewhat offset by lower other operating expenses related to lower gas purchases as a result of lower gas commodity prices.

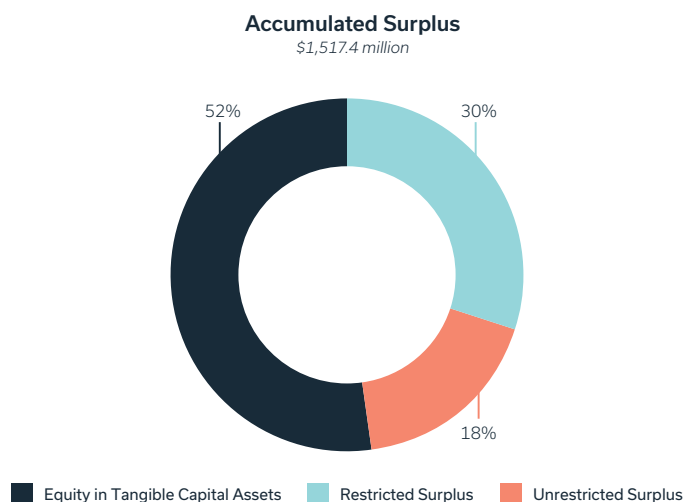


Accumulated Surplus

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 2023, the consolidated fund and equity balances increased by \$63 million to \$1,517.4 million.

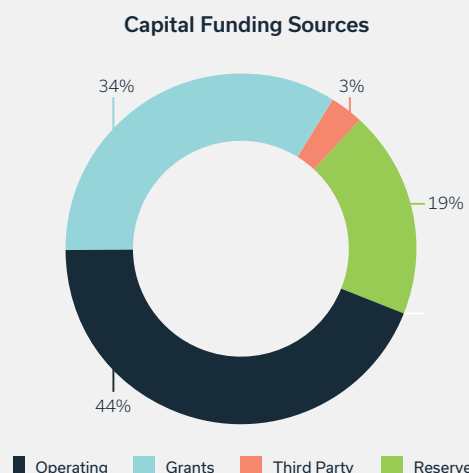
\$274 million of the accumulated surplus is unrestricted. This unrestricted amount is used as working capital to fund day to day operating activities of the City as well as asset retirement obligations. The restricted amount is \$452.2 million and is largely dedicated to capital activities of the organization.

Equity in the City's tangible capital assets decreased by \$212.9 million to \$791.2 million this year primarily as a result of the recognition of asset retirement obligations as per the new public sector accounting standards.



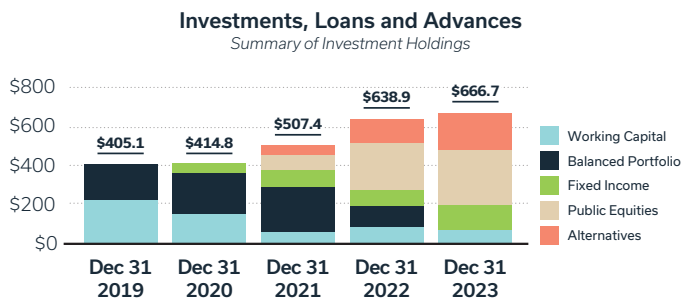
Capital Expenditures

The City's approved 2023 budget for capital items was \$125.5 million. Actual capital expenditures for the year were \$73.3 million plus contributions from developers of \$0.6 million. The current year expenditures also include \$42 million for projects carried forward from previous budget years. The 2023 capital expenditures were funded by grants received from the Province of Alberta and the Federal Government of Canada, as well as financial reserves, operating funds, and third-party contributions.



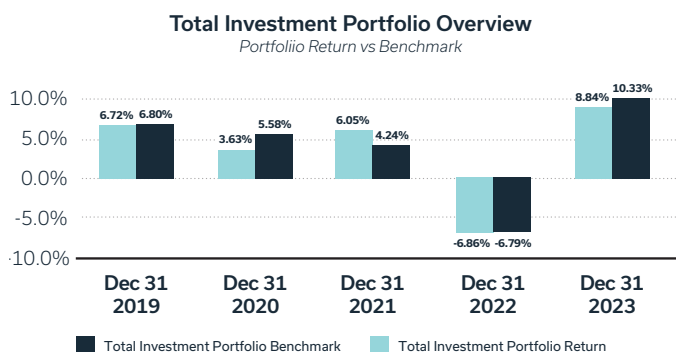
Investments

Investments, loans and advances increased \$27.7 million from 2022 to \$666.7 million largely due to higher contributions from our integrated commodity business.



The City of Medicine Hat generated a total investment portfolio return of 8.84% for the year ended December 31, 2023, which is below the corresponding benchmark of 10.33%. The returns have seen an increase in 2023 as the markets continue to recover from the economic downturn.

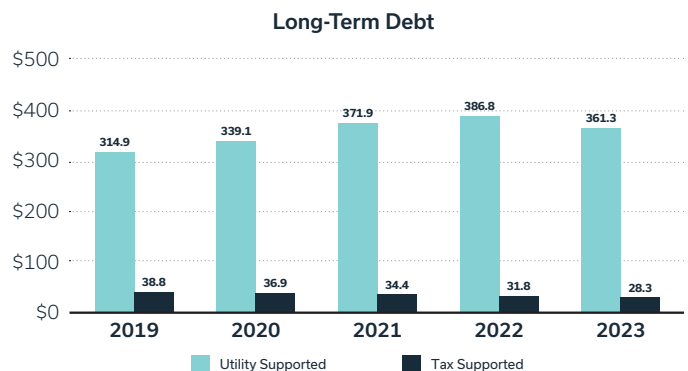
In 2021, the City approved an update to the Investment Policy to include a new strategic asset allocation consisting of public equities, fixed income, working capital, and alternatives. It is expected that the new investment portfolio asset allocation will earn an average nominal return of 5.5% annually measured over a rolling five-year period. The transition to the new asset allocation is a long-term strategy to optimize the risk-return ratio for the City.



Long-Term Debt

During 2023, total long-term debt decreased \$28.9 million to \$389.6 million as a result of debt principal repayments of \$28.9 million. No new debt was issued in 2023.

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% of revenue, net of capital government transfers. For the purpose of these calculations, actual total debt includes long-term debt as well as loan guarantees in the amount of \$1.1 million, credit card debt of \$0.7 million, and letters of credit issued of \$45.4 million.



The City's 2023 Debt Limits are as follows:

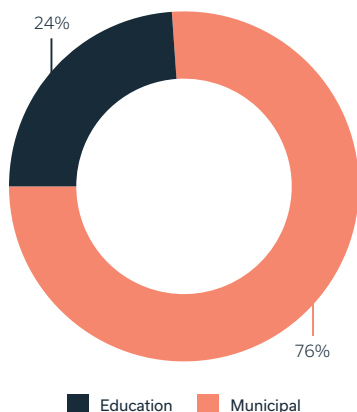
| | 2023 |
|---------------------------|-----------------|
| Debt Limit | \$ 1,021.7 |
| Actual Total Debt | 43% \$ 436.8 |
| Amount Under Limit | \$ 584.9 |

| | |
|---------------------------|-----------------|
| Debt Servicing Limit | \$ 178.8 |
| Actual Debt Servicing | 24% \$ 42.1 |
| Amount Under Limit | \$ 136.7 |

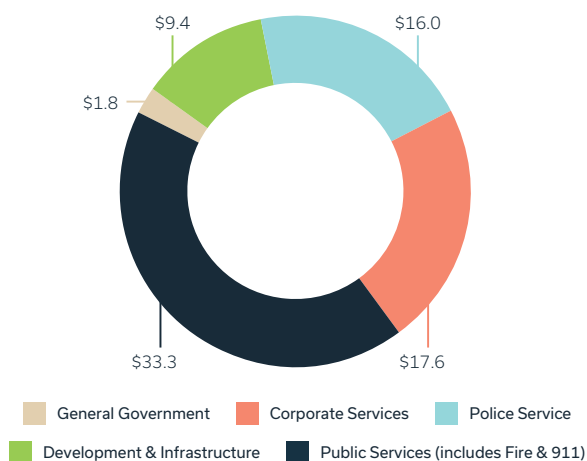
Use of Municipal Tax Revenue

Net municipal property tax revenue of \$78.1 million is used to fund the consolidated general fund operating expenses of \$227.3 million. Other revenue sources mainly include investment interest, sales, government grants, fees and permits.

Where our municipal property tax dollars went in 2023



Use of Municipal Tax Revenue
(in millions of dollars)



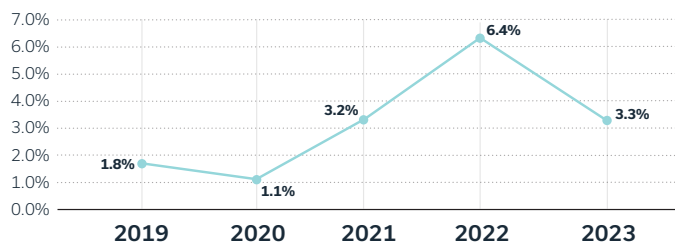
Number of Building Permits Issued and Related Construction Values

In 2023, the number of building permits issued decreased to 643 primarily due to a decrease in new development. The related estimated value of construction in 2023 saw an increase from prior year to \$83 million due to higher construction values.

Economic Indicators

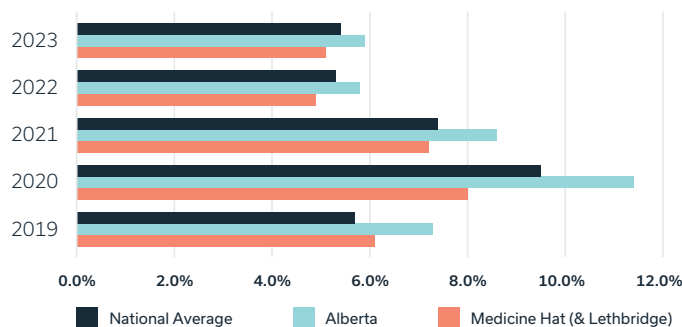
Alberta Consumer Price Index (CPI) saw an increase in 2021 and 2022 with a decline in 2023 as the economy started to recover from the past two years.

Alberta Consumer Price Index (CPI)
(all items)

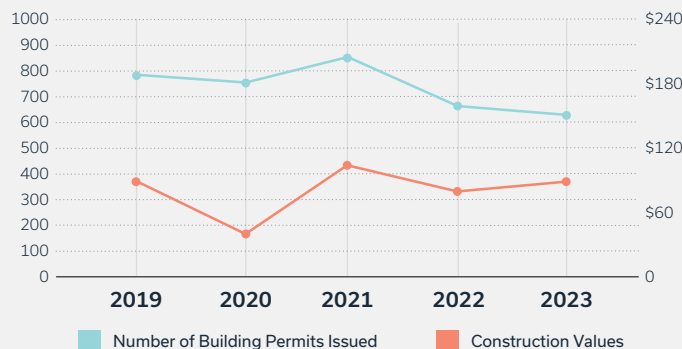


The combined unemployment rate for the Medicine Hat and Lethbridge region at the end of 2023 was 5.3%, while the 2023 average was 5.1%. The average Alberta unemployment rate for 2022 was 5.9% compared to 5.4% for Canada. These remained consistent with 2022 as the economy continues to recover from the COVID-19 pandemic.

Unemployment Rate
(annual average)

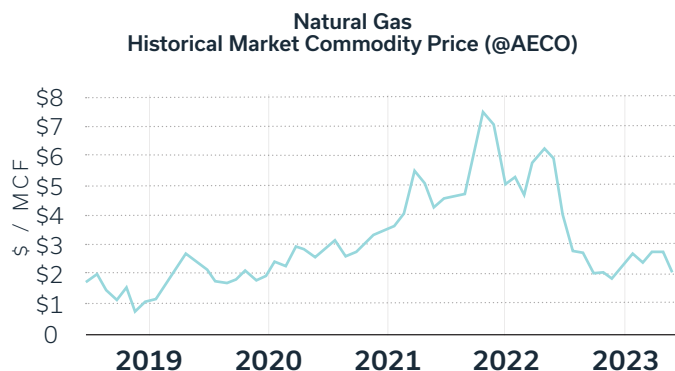


Building Permits and Construction Values



Gas

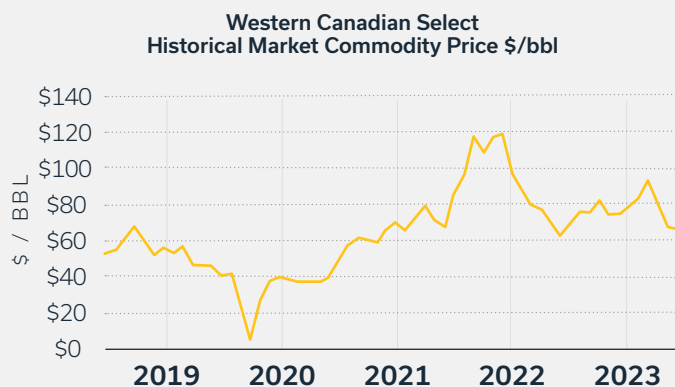
Natural gas prices have started to show signs of trending back to \$2.00/GJ levels with 2023 settling at \$2.53/GJ. Storage levels are at the high end of the five-year average due to supply currently outpacing demand. There is limited new demand available to offset the new supply in the market. This trend is expected to continue for 2024, or until the LNG Canada facility comes online creating new demand and export market aside from Eastern Canada and United States.



Source: GLJ Petroleum Consultants Ltd.

Oil

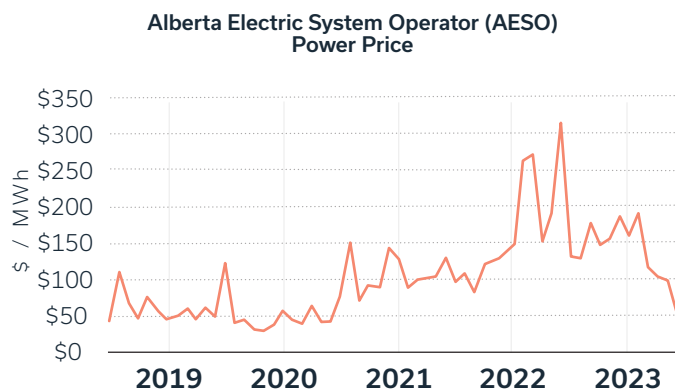
Oil prices declined to below the levels before the Russian/Ukrainian conflict. However, Russia is still able to supply the market and the market is in balance for supply and demand which has resulted in less volatility. If OPEC volume cuts were cancelled the market could see over supply and pricing could weaken. City of Medicine Hat has limited oil exposure currently as there are only two remaining oil wells in service as the Manyberries field is currently in the abandonment and reclamation stage.



Source: GLJ Petroleum Consultants Ltd.

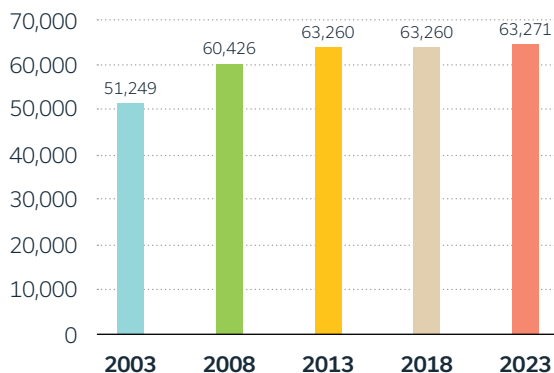
Power

Power prices in 2023 stabilized and trended back to historic levels towards the end of the year. System Marginal Price (SMP) ended 2023 at \$133.63/ MWh, Economic withholding early in the year had contributed to the higher pool prices. The projected forward curve price is expected to be lower due to increased supply from the new Cascade Energy Facility coming into full production in Q2 2024. This, however, could be somewhat offset by lower hydro electric supply as a result of lower than normal water reservoir levels and potential retirement of higher cost/low efficiency assets.



DEMOGRAPHICS & POPULATION

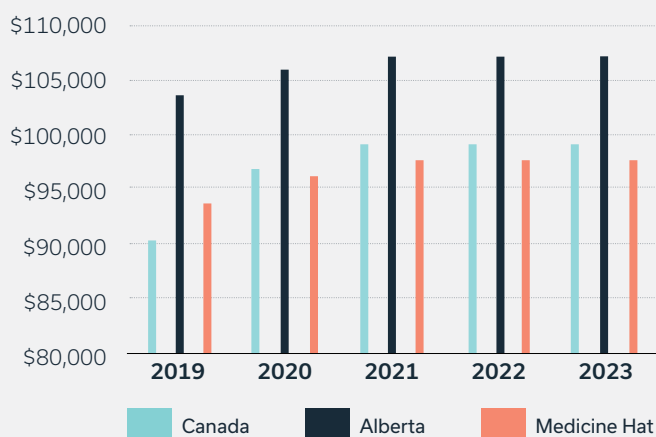
Population



Population Age

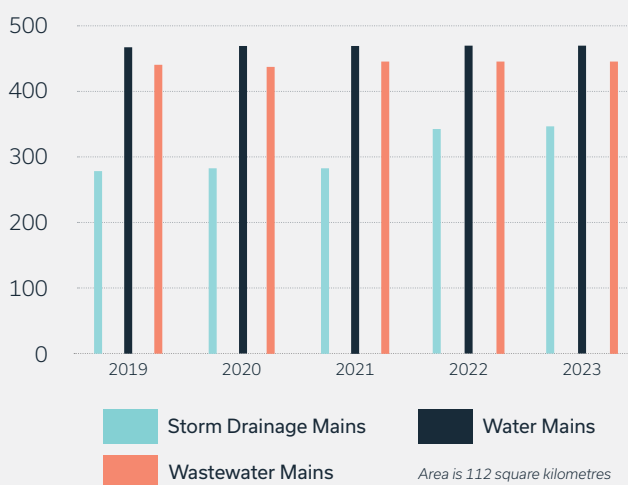
| | Medicine Hat | Alberta | Canada |
|--------------|---------------|------------------|-------------------|
| 0-14 | 10,635 | 809,640 | 6,012,795 |
| 15-24 | 7,075 | 498,505 | 4,215,230 |
| 25-34 | 7,420 | 598,725 | 4,940,345 |
| 35-44 | 8,555 | 646,610 | 4,910,750 |
| 45-54 | 7,330 | 540,540 | 4,672,520 |
| 55-64 | 8,985 | 539,390 | 5,218,910 |
| 65-79 | 9,775 | 486,680 | 5,319,491 |
| 80+ | 3,496 | 142,535 | 1,701,940 |
| Total | 63,271 | 4,262,635 | 36,991,981 |

Household Median Income



Note: Figures for 2022 and 2023 reflect total income figures for 2021 as data is not yet available.

Mains (km)



Area is 112 square kilometres

Largest Corporate Tax Payers in Medicine Hat

- Medicine Hat Mall Inc
- Aurora Sun (2105657 Alberta Ltd)
- The Meadowlands Development
- Skyline Retail Real Estate Holdings Inc
- South Country Co-op Limited
- Canadian Tire Properties Inc
- Avenue Living (2014) GP Ltd
- Cancarb Limited
- Wal-Mart Canada Corp
- Royop (Southlands) Development Ltd

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
- Goodyear
- Wal-Mart

City of Medicine Hat
Permanently Established Positions

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| General Government | 37 | 36 | 24 | 26 | 75 |
| Corporate Services | 191 | 201 | 149 | 155 | 197 |
| Public Services | 275 | 275 | 257 | 256 | 270 |
| Police | 150 | 150 | 148 | 154 | 154 |
| Invest Medicine Hat | 6 | 9 | 8 | 8 | - |
| Strategy, Management and Analysis | 20 | 20 | 79 | 86 | - |
| Energy, Land and Infrastructure | 325 | 313 | 359 | 365 | 177 |
| Development and Infrastructure | 83 | 83 | - | - | 209 |
| Total permanent positions | 1,087 | 1,087 | 1,024 | 1,050 | 1,082 |

Note: As part of the 2023 organizational restructuring, Invest Medicine Hat was split into General Government and Energy, Land and Environment. Strategy, Management and Analysis was reallocated to Corporate Services as well as Energy, Land and Environment. Human Resources was moved from Corporate Services to General Government. Numerous departments within Energy, Land and Environment were split into Development and Infrastructure.

FINANCIAL STATEMENTS

As at December 31, 2023 (in thousands of dollars)

| Consolidated Statement of Financial Position (unaudited) | 2023 | 2022 |
|---|---------------------|---------------------|
| Assets | \$ 800,350 | \$ 792,497 |
| Liabilities | 772,818 | 803,907 |
| Net financial debt | 27,532 | (11,410) |
| Non-financial assets | 39,890 | \$ 35,825 |
| Long lived assets | 42,112 | \$ 7,355 |
| Net tangible capital assets | 1,393,337 | 1,422,663 |
| Total non-financial assets | 1,475,339 | 1,456,440 |
| Accumulated surplus | \$ 1,502,871 | \$ 1,454,433 |
| Accumulated surplus consists of the following: | | |
| Unappropriated Surplus | 1,517,401 | 1,454,433 |
| Accumulated Remeasurement Gains (Losses) | (14,530) | - |
| Total Accumulated Surplus | \$ 1,502,871 | \$ 1,454,433 |

| Consolidated Statement of Operations (unaudited) | 2023 Budget | 2023 | 2022 |
|---|---------------------|---------------------|---------------------|
| Revenue | \$ 462,154 | \$ 510,837 | \$ 525,935 |
| Expenses | 489,828 | 473,429 | 391,509 |
| Surplus (deficiency) of revenue over expenses | | | |
| before other revenue | (27,674) | 37,408 | 134,426 |
| Other revenue | | | |
| Capital contributions and grants | 17,489 | 25,560 | 26,698 |
| Annual surplus | (10,185) | 62,968 | 161,124 |
| Accumulated Surplus (beginning of year) | 1,454,433 | 1,454,433 | 1,293,309 |
| Accumulated Surplus (end of year) | \$ 1,444,248 | \$ 1,517,401 | \$ 1,454,433 |

| Consolidated Statement of Change in Net Financial Debt (unaudited) | 2023 Budget | 2023 | 2022 |
|---|--------------------|------------------|--------------------|
| Annual surplus | \$ (10,185) | \$ 62,968 | \$ 161,124 |
| Acquisition of tangible capital assets | (124,520) | (73,261) | (76,309) |
| Change in long-lived assets | 3,358 | (17,012) | (20,421) |
| Amortization/Accretion/Impairments/Disposal of assets | 83,871 | 84,842 | 89,764 |
| | (47,476) | 57,537 | 154,158 |
| Acquisition/consumption of inventories and supplies | (3,014) | (3,013) | (1,303) |
| Net acquisition of land held for future development | (338) | (272) | (1,320) |
| Acquisition/consumption of prepaid assets | (779) | (780) | 186 |
| Accumulated remeasurement gains (losses) | - | (14,530) | - |
| | (4,131) | (18,595) | (2,437) |
| Increase (decrease) in net financial debt | (51,607) | 38,942 | 151,721 |
| Net financial debt, beginning of year | (11,410) | (11,410) | (163,131) |
| Net financial assets (debt), end of year | \$ (63,017) | \$ 27,532 | \$ (11,410) |

| Consolidated Statement of Cash Flows (unaudited) | 2023 | 2022 |
|--|------------------|------------------|
| Net inflow (outflow) of cash related to the following activities: | | |
| Operating | | |
| Annual surplus | \$ 62,968 | \$ 161,124 |
| Non-cash items included in annual surplus | 98,700 | 5,217 |
| Non-cash items relating to capital and investing activities | (14,530) | - |
| Non-cash changes to operations (net change) | 35,831 | (58,656) |
| Cash provided by operating transactions | 182,969 | 107,685 |
| Cash applied to capital transactions | (104,131) | (12,183) |
| Cash provided by (used by) investing transactions | (27,713) | (131,584) |
| Cash provided by (used by) financing transactions | (28,927) | 12,266 |
| Change in cash and equivalents during the year | 22,198 | (23,816) |
| Cash and cash equivalents, beginning of year | 44,188 | 68,004 |
| Cash and cash equivalents, end of year | \$ 66,386 | \$ 44,188 |

| Consolidated Statement of Remeasurement Gains and Losses (unaudited) | 2023 | 2022 |
|---|--------------------|-------------|
| Adjustment on adoption of the financial instruments standard | \$ (51,479) | - |
| Unrealized Gains (losses) | 42,567 | - |
| Realized Gains (losses) | (5,618) | - |
| Net change in remeasurement gains for the year | 36,949 | - |
| Accumulated remeasurement gains (losses), end of the year | \$ (14,530) | \$ - |

This is a new statement for 2023 that was adopted as per the new Public Sector Accounting Standards. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

TERMS & DEFINITIONS

Accumulated Surplus

The amount by which all assets (financial and non-financial) exceed all liabilities. An accumulated surplus indicates that the municipality has net resources that can be used to provide future services.

Amortization of Tangible Capital Assets

A way of representing, for accounting purposes, how capital assets decline in value over time due to wear and obsolescence.

Annual Deficit

Expenses exceed the revenues.

Annual Surplus

Excess of revenues over expenses

The annual surplus or deficit shows whether the revenues raised in the year were sufficient to cover the year's costs.

Cash Equivalents

Includes unrestricted cash in the bank and short term (90 days or less) investments. Cash is restricted when an external agency requires cash to be used for a specified purpose.

Impairments

Expenses recorded to reduce the value of assets when the assets are worth less on the market than the carrying value listed on the company's balance sheet. Reversal of impairments or recoveries are recorded when factors or circumstances that triggered the original impairment have changed.

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 (less than) the net proceeds on disposal, there is a loss (gain) on disposal.

Net Financial Assets

When the financial assets are greater than the municipality's liabilities. A net financial asset position indicates that the municipality has the necessary financial resources on hand for future operations.

Net Financial Debt

When the financial assets are less than the municipality's liabilities. A net financial debt position indicates that the municipality requires future revenues to pay for past transactions and events.



