2015 THE CITY OF WINNIPEG ANNUAL FINANCIAL REPORT

Winnipeg

Vision

To be a vibrant and healthy city which places its highest priority in quality of life for all its citizens.

Corporate Mission

Working together to achieve affordable, responsive and innovative public service.

Table of Contents

Manitoba Cataloguing in Publication Data. Winnipeg (MB).
Corporate Finance Dept. Annual Report.
Annual Report year ends December 31.
Continues: Winnipeg (Man.). Finance Dept. Annual Report.

ISSN: 1201-8147 =	Annual Report-City of Winnipeg.
1. Winnipeg (Man.) -	Appropriations and expenditures-Periodicals.
2. Finance, Public -	Manitoba-Winnipeg-Periodicals
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Message from the Mayor

I am so proud of Winnipeg. In 2015, Winnipeggers showed Canada, and the world, an energy, creativity, and compassion, we can **all** be proud of.

The Globe and Mail hails Winnipeg as a "city that's defying the odds", having "built a solid economic foundation on a range of industries", with "a new wave of entrepreneurs. . .driving a renaissance in the capital. . . ." *The Globe* calls Winnipeg, "Canada's unlikely economic sweet spot." For anyone who knows Winnipeg – our sound fundamentals, diversified economy, and dynamic business community – the city's growing success comes as no surprise.

Our population continues to grow. We are benefiting from historically high levels of immigration, thanks to the Provincial Nominee Program. The Conference Board of Canada forecasts an eight-year high in Real Gross Domestic Product growth in 2016, with growing strength in manufacturing, construction, and the service industries.

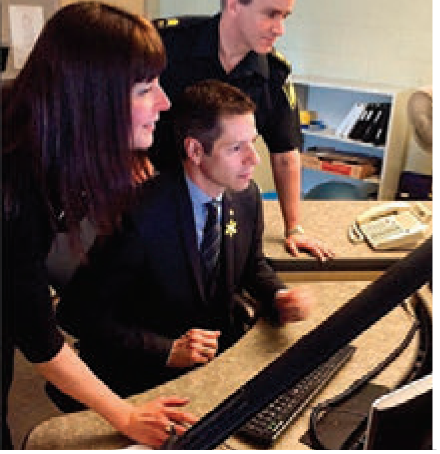
Our downtown is in a period of unprecedented growth. The University of Winnipeg's Institute of Urban Studies' recent *Downtown Winnipeg: Developments and Investments, 2005-2015 Update* tracks the incredible progress downtown is making, with substantial and continuing investment in both residential development, and downtown amenities – including the exciting and potentially transformative development we see advancing at True North Square. People are choosing to live downtown again: with over 16,000 people now calling downtown home, up from a low of only 9,000 a few short years ago.

Winnipeg offers clear competitive advantages. KPMG's *Competitive Alternatives 2016* report, singles Winnipeg out as the clear leader in cost competitiveness for the entire Western Canadian/Midwest U.S. region. Add to that, our skilled workforce and excellent employee retention rates; the sheer range of our economic activity over ten key sectors; our accessibility as a transportation hub with three class-one railways, some of Canada's largest trucking companies, an award-winning airport, and the emergence of CentrePort Canada, Canada's only tri-modal inland port, and what you've got is a city that is alive with economic opportunity.

Best of all, Winnipeg has an incredibly innovative and supportive business community that is making its mark on a national and global scale. I'm extremely proud that, this year, Winnipeg is one of three Canadian finalists in the Intelligent Community Forum's Intelligent Community of the Year Award. Also this year, the World Trade Centre Winnipeg's Centrallia conference is bringing over 30 countries, 550 businesses, and approximately 1,000 participants from businesses worldwide to the newly-expanded RBC Convention Centre, to discover new ways to tap into international markets.

In Winnipeg, we believe in the power of teamwork. It is the Winnipeg way. There's tremendous openness, and eagerness, on the part of business, government, educational institutions, and community organizations, to work together for the future. This April, I led an energetic delegation of business organizations to Montreal to showcase Winnipeg opportunities. This was the first of several more delegations we're embarking on, to increase trade, investment, and business with cities and provinces across Canada.

Winnipeg is growing and thriving because Winnipeggers are making it happen. As a civic government, we're working to support this trend with better planning and a disciplined, responsible approach to budgeting for the services citizens have told us they need. The 2016 operating and capital budget represents a record investment in local and regional street



renewal. It funds our share of the Southwest Rapid Transitway, and increases support for the public transit system as a whole. It increases our investment in policing, fire/paramedic services, and the work of the Public Works Department, while making provision for the continuing renewal of our water, wastewater, and solid waste management systems.

As a civic government, we are continuing to make the case for a fair share and a fair say in how provincial infrastructure dollars are allocated and invested in our community. Gaining access to revenue that grows along with our economy is crucial, if we are ever to close the significant infrastructure gap that we (like all other Canadian cities) face. And we know that infrastructure renewal is essential to our continued growth and prosperity, and to our health and safety as a community.

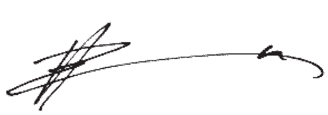
Given the magnitude of our infrastructure challenges and the structural deficit we inherited, difficult budgetary choices stretch into the foreseeable future. But, in consultation with Winnipeggers, we will keep working hard to chip away at that deficit. We will keep seeking efficiencies, like the $11.1 million in administrative efficiencies we found in the 2016 budget, which we were able to apply to civic infrastructure. And we will keep seeking new and innovative ways to improve efficiency, responsiveness, and accountability in service delivery, each year: a purpose for which we established the Innovation Capital Fund.

We are determined to meet and overcome every challenge. There is a sense of renewal and confidence that is building in Winnipeg, that won't be denied. In 2015, we hosted an amazing Grey Cup party, and welcomed the world to the FIFA Women's World Cup Canada. Now, we're looking forward to the NHL's 2016 Heritage Classic at Investors Group Field, and the Canada Games in 2017. It's an exciting time, to be a Winnipegger; *National Geographic* named Winnipeg one of the "best trips on earth", for 2016 – the only Canadian city to make the list!

Proud as I am of our hospitality, I'm even prouder of the big hearts I see Winnipeggers showing, every day. I was inspired by the way citizens have risen to respond to the needs of Syrian refugees this year. I was moved by the passion and commitment of the Community Task Force to End Homelessness, as they developed a comprehensive *Plan to End Homelessness*.

Most of all, I'm finding strength and pride in the way Winnipeggers are contributing to the dialogue that's arising as we work to make 2016 a Year of Reconciliation. Reconciliation is never an easy process, especially when real hurts and misunderstandings and pain stretch back for generations. But building a City we can all be proud of, requires genuine understanding and reconciliation – and I am so encouraged by the heartfelt contributions I've seen and heard and felt, in schools and community centres and gatherings large and small, all over Winnipeg.

It is this kind of dialogue, understanding, and spirit of inclusion, that will keep us thriving, and keep us growing, toward our very best future.



Brian Bowman
MAYOR



Message from the Chief Administrative Officer

Like municipalities across Canada, the role of Winnipeg's Public Service is inextricably bound up with civic infrastructure: its development, use, maintenance, and eventual replacement. Like municipalities across Canada, the City of Winnipeg's asset management cycle has historically been subject to the interruptions and insufficiencies that accompany uncertain funding.

Given their mandated responsibilities and allocated resources, local Councils are subject to a startling fiscal imbalance. Local Councils are responsible for 60% of infrastructure, but receive only eight cents out of every tax dollar governments collect.

As Councillor Morantz, Chair of the Standing Policy Committee on Finance, noted in connection with the 2016 operating and capital budgets, "Revenue sources for the budget remain limited and antiquated. That is why we continue to work with other municipalities. . . to underscore the importance of a provincial government providing a fair share and a fair say. . .in how provincial infrastructure dollars are invested in our communities."

In the 2016 operating and capital budgets, Council made a strong policy statement about the centrality of infrastructure as a civic priority. It authorized a record investment of $105.2 million in local and regional street renewal, representing a 24.9% increase since 2014; a record level of investment in local sidewalk renewal, representing an increase of $1.6 million; and funding for future payments on the Southwest Rapid Transitway.

As a Public Service, we have been providing support for Council's infrastructure priorities through both the overall budget process, and through the new asset management process. The goal in both cases is to ensure that we make the most of taxpayers' dollars, on all capital projects.

Council has adopted a new Asset Management Policy, which sets out the overall vision for our asset management system, its principles, and its commitment to service for citizens. The Public Service has enacted a new Administrative Standard regarding asset management, to offer clear guidance to staff. We have developed manuals to provide instruction and support in investment planning, and project management.

Presently, the Public Service is in the process of developing and offering training programs to provide staff with further assistance and guidance in asset management. We are strengthening our accountability-structures in this area, and developing information technology resources to support improved practice.

The goal of all these activities is really a simple one: robust, transparent, defendable decision-making. It is our goal to avoid errors that beset asset management in the past; provide Council with clear and high-quality information on which to base decision-making; and to ensure that maximum value for money is realized in the City's capital projects.

The City is really at a crossroads in terms of its infrastructure renewal, with a host of crucial projects in progress or scheduled to commence. The Waverley Underpass will relieve traffic congestion, improve travel times, and improve safety. A new Transportation Management Centre will allow remote monitoring and signal-timing adjustment; better response to atypical and emergency service; better coordination with the Winnipeg Police Service and the Winnipeg Fire Paramedic



Service; and speedier response, when traffic signal system repairs are needed. The Centre will provide helpful information to road users through traditional and social media, traffic-focussed apps, and GPS-based navigation systems.

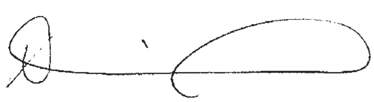
The Southwest Rapid Transitway is, as Mayor Bowman has said, "a key, strategic infrastructure investment required to support a more modern public transit network that is essential for a modern, growing, city." It will offer passengers high speed, high reliability, high frequency, and real-time information – making Transit use appealing and practical for ever-growing sections of the population.

The City is undertaking the largest-ever upgrade to its sewage treatment plants, with required upgrades projected to cost upwards of $1 billion.

At the same time, the City is partnering with other levels of government in support of Parmalat Canada's new dairy processing facility, in the St. Boniface Industrial Park Phase 2. This development has many benefits for the City. An aging industrial facility is being removed from a residential area, as are the noise and truck traffic that goes with it. Winnipeg jobs are being preserved, the new facility will be more environmentally friendly, and the new industrial area affords great potential for additional (and more sustainable) development.

As focal, and crucial, as infrastructure development is for all aspects of civic life, the demand for civic services of *all* kinds continues to increase. From policing, to fire and paramedic services, to neighbourhood development and community recreation, the Public Service has been working hard to make the most effective use of the resources entrusted to us – each and every day. We will continue to do so, as 2016 progresses.

On behalf of all of us in the Public Service, I would like to thank Council; the community partners who impart such energy and commitment to every conceivable project for civic improvement; and most of all, our fellow citizens, for the opportunity to contribute to Winnipeg's future.



Doug McNeil, P.Eng.
CHIEF ADMINISTRATIVE OFFICER

2014–2018

14th Council of The City of Winnipeg Members and Appointments (As at December 31, 2015)

Mayor Brian Bowman
Chairperson, Executive Policy Committee
Secretary of Intergovernmental Affairs

Matt Allard
ST. BONIFACE WARD

Jeff Browaty
NORTH KILDONAN WARD
Chairperson, Standing Policy Committee on Innovation

Shawn Dobson
ST. CHARLES WARD

Ross Eadie
MYNARSKI WARD

Jenny Gerbasi
FORT ROUGE-EAST FORT GARRY WARD
Deputy Speaker
Chairperson, Winnipeg Housing Steering Committee
Secretary of Urban Aboriginal Opportunities

Scott Gillingham
ST. JAMES-BROOKLANDS-WESTON WARD
Chairperson, Winnipeg Police Board
Councillor Responsible for the Assiniboine Park Conservancy

Cindy Gilroy
DANIEL MCINTYRE WARD
Secretary of the End Homelessness Strategies

Janice Lukes
ST. NORBERT WARD
Acting Deputy Mayor
Chairperson, Standing Policy Committee on Infrastructure Renewal and Public Works
Councillor Responsible for the Capital Region

Brian Mayes
ST. VITAL WARD
Chairperson, Standing Policy Committee on Water and Waste, Riverbank Management and the Environment

Marty Morantz
CHARLESWOOD-TUXEDO-WHYTE RIDGE WARD
Chairperson, Standing Policy Committee on Finance

John Orlikow
RIVER HEIGHTS-FORT GARRY WARD
Chairperson, Standing Policy Committee on Property and Development, Heritage and Downtown Development

Mike Pagtakhan
POINT DOUGLAS WARD
Deputy Mayor
Chairperson, Standing Policy Committee on Protection, Community Services and Parks

Jason Schreyer
ELMWOOD-EAST KILDONAN WARD

Devi Sharma
OLD KILDONAN WARD
Speaker

Russ Wyatt
TRANSCONA WARD

2015 Senior Administrators (As at December 31, 2015)

Doug McNeil
Chief Administrative Officer

Michael Jack
Chief Operating Officer

Michael Ruta
Chief Financial Officer

Krista Boryskavich
Director, Legal Services / City Solicitor

Linda Burch
Director, Corporate Support Services

Mel Chambers
Director, Assessment and Taxation / City Assessor

Devon Clunis
Chief, Winnipeg Police Service

Lester Deane
Acting Director, Public Works

Moira Geer
Acting Director, Water and Waste

John Kiernan
Director, Planning, Property and Development

John Lane
Chief, Winnipeg Fire Paramedic Service

Dave Wardrop
Director, Winnipeg Transit

Clive Wightman
Director, Community Services

Felicia Wiltshire
Director, Corporate Communications

Richard Kachur
City Clerk

Bryan Mansky
Acting City Auditor

Winnipeg – Its People and the Economy

“WINNIPEG SEES SURGE IN POPULATION GROWTH – Winnipeg’s population grew at one of the fastest rates in the country from July 2014 to July 2015”

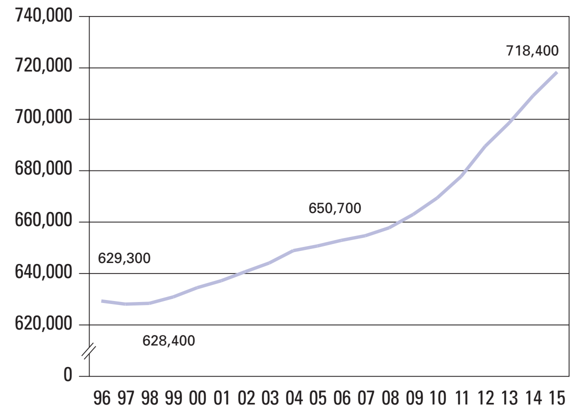
February 10, 2016 Winnipeg Free Press

Winnipeg’s population continues to grow. In 2015, Winnipeg’s population was estimated at 718,400 – an increase of almost 68,000 people over the past decade.

Over the last four years, the City has grown by about 10,000 people per year. This results in an annual rate of growth of 1.5% per year, which is significant. The primary reason for this robust population growth is historically high levels of immigration as a result of Manitoba’s Provincial Nominee Program.

ESTIMATED POPULATION OF THE CITY OF WINNIPEG

1996 TO 2015



Source: Statistics Canada, Demography Division

POPULATION FORECAST

According to the Conference Board of Canada’s October 2015 Long Term Population Forecast, the City of Winnipeg’s population is expected to grow by 88,000 people in the next 10 years, and by 204,200 in the next 25 years.

In the short term, the Conference Board is forecasting Winnipeg’s average population growth rate to be 1.3% over the next 5 years. This will result in an additional 52,000 people by 2020 for the city region.

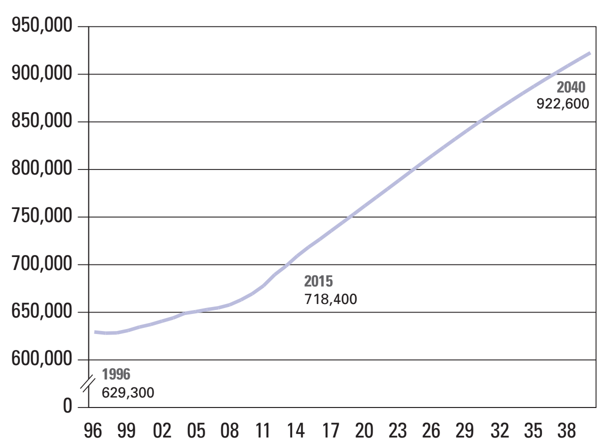
Relative to other large Canadian cities, Winnipeg has an average rate of growth. This is a change from the past where Winnipeg was at the lower end of growth rates for cities.

Interestingly, western Canadian cities have above average population growth rates relative to eastern Canadian cities.

It should be noted that Saskatoon and Regina are the cities with the highest average growth forecasted for the next 5 years – quite a change from the past.

POPULATION FORECAST FOR THE CITY OF WINNIPEG

1996 TO 2040

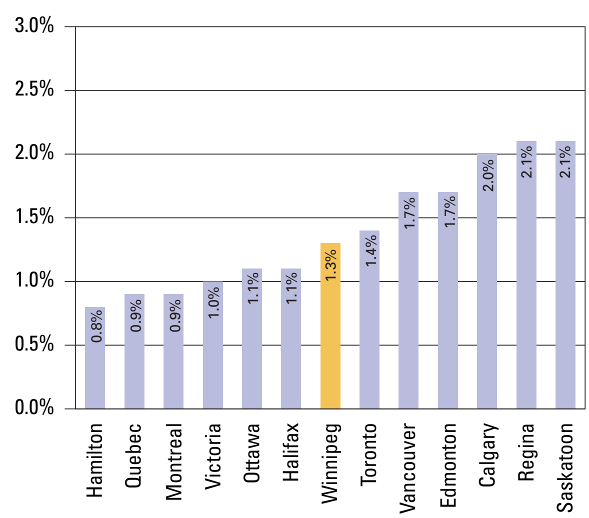


Source: Conference Board of Canada, Winnipeg Long-Term Forecast, Oct 2015

FORECASTED AVERAGE ANNUAL POPULATION

Growth Rates of Other Cities

2016f TO 2020f



Source: Conference Board of Canada, Metropolitan Outlook 1 – Spring 2016

f = forecast

MIGRATION (PEOPLE MOVING)

"Migration will be an increasingly important source of population growth, and Winnipeg's ability to attract new migrants will become an important determinant of its future economic potential."

Conference Board of Canada, Winnipeg long-term forecast, 2015

Migration has been the primary factor for the increase in Winnipeg's population.

- In 1996, Winnipeg saw a net loss of 4,600 people; but in 2015, Winnipeg saw a net gain of 8,400 people.
- With the success of the Provincial Nominee Program, which began in 1999, Winnipeg's immigration has quadrupled. In 2015, over 12,000 immigrants arrived in the city.
- Winnipeg's immigration level in 2015 is trending slightly above the Conference Board's forecast.

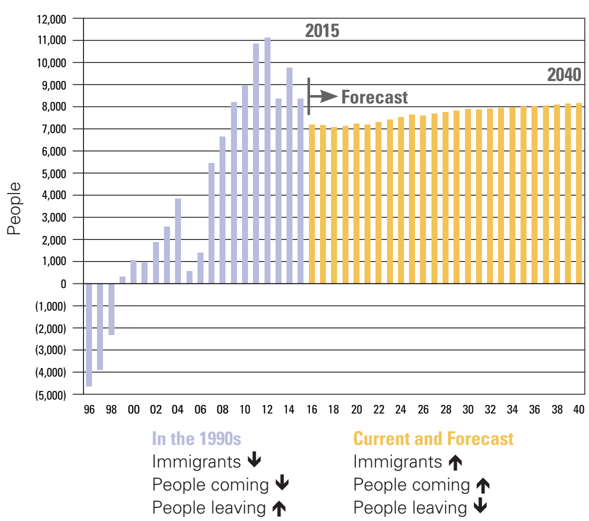
The trends in each of the three forms of migration are:

- **Intra-Provincial:** The net number of people moving to/from Winnipeg's Census Metropolitan Area and the rest of Manitoba has changed to a net positive of 760 people in 2015.
- **Inter-Provincial:** The net number of people moving to/from Winnipeg's Census Metropolitan Area and the other provinces in 2015 was a net negative of 5,400.
- **International:** The net number of people moving to/from Winnipeg and other countries has increased significantly from 2,200 in 1997 to over 11,000 in 2015.

NET MIGRATION

Net number of people, Winnipeg CMA

1996 TO 2040



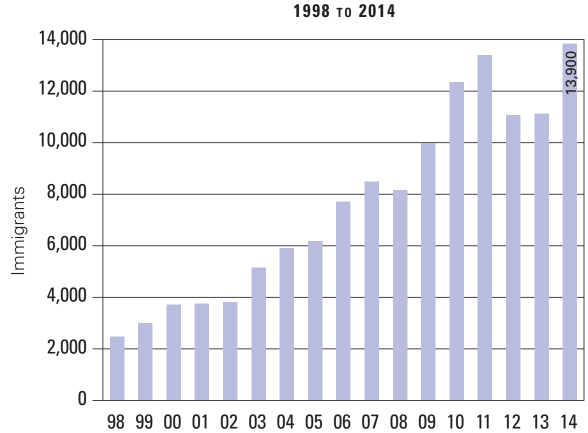
Source: CANSIM, and Conference Board of Canada, Long-Term Forecast, October 2015, actuals up to 2015

IMMIGRATION TO WINNIPEG

Number of people, Winnipeg CMA

January to December

1998 TO 2014



Source: Citizenship and Immigration Canada, Facts and Figures 2014

Note: CMA is the Census Metropolitan Area and represents the economic region. For Winnipeg CMA, the economic region includes Winnipeg and 10 neighbouring rural municipalities.

HOUSING

"CITY'S HOUSING MARKET REMAINS HOT – MLS sales just shy of 2007 record; shatters dollar-volume mark of 3.42 billion"

January 13, 2016, Winnipeg Free Press

Housing starts in the last four years were relatively strong.

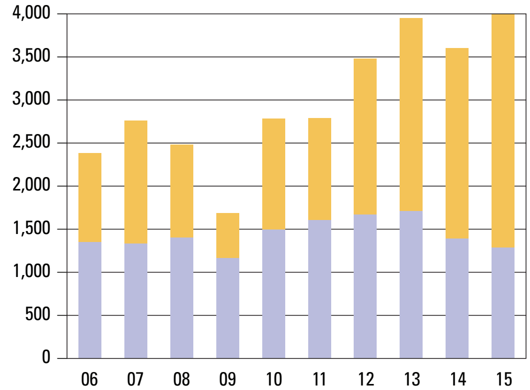
- In 2009, new home buyers were cautious due to the recession, but in 2010 the number of housing starts rebounded.
- From 2012 to 2015 there was a substantial increase in housing starts.
- Since 2012, multiple family dwellings outnumbered the amount of single family dwellings built. For example, in 2015, 68% of housing starts were multiples and the remaining 32% were singles.

Winnipeg's housing resale market returns to a 'balanced' market.

- Winnipeg had seen a significant increase in house prices over the last decade, but price increases have moderated over the last few years.
- The price increase for 2015 was only 1.8%
- As well, CMHC forecasts for 2016 and 2017 modest price increases of 1.3% and 1.4% respectively.

HOUSING STARTS

2006 to 2015



	06	07	08	09	10	11	12	13	14	15
Multiples	1,028	1,423	1,075	517	1,288	1,184	1,806	2,237	2,206	2,709
Singles	1,355	1,339	1,405	1,171	1,499	1,605	1,676	1,712	1,397	1,290

Source: CMHC – Housing Now

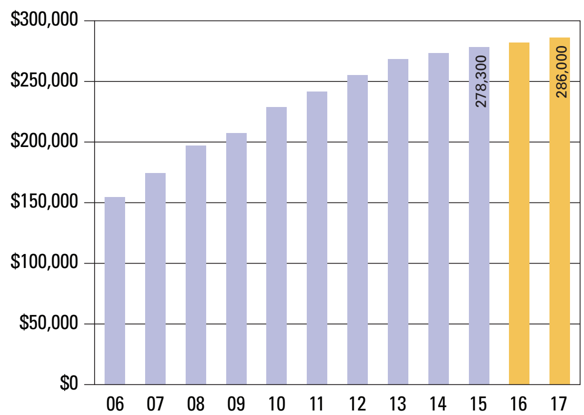
Although Winnipeg has experienced significant increases in the average price of a home, when compared to other larger cities across Canada, Winnipeg continues to be a city with one of the lowest housing prices in Canada.

A two-storey home in Vancouver costs 200% more than the same two-storey home in Winnipeg. There has been a flattening of house prices across Canada – less variance. Historically lower priced cities like Regina, Saskatoon, Quebec City, Hamilton, Halifax and Winnipeg have seen significant increases recently. The exception is Vancouver and Toronto where house prices continue to remain high.

AVERAGE RESALE HOUSE PRICE IN WINNIPEG

2006 to 2017

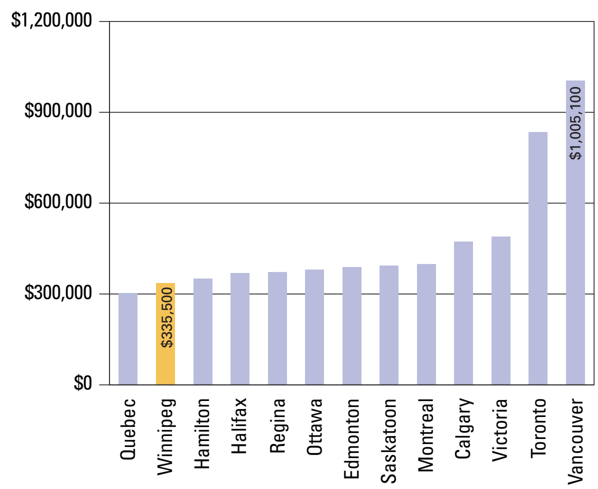
All homes



Source: CMHC, CMHC forecast

2015 AVERAGE RESALE PRICES IN OTHER CITIES

Standard two-storey house, 1500 Sq. Ft



Source: Royal LePage Survey Data, 2015, second quarter

ECONOMY

"Winnipeg's economy is expected to experience its strongest growth in nearly a decade and one of the best performances in the country this year, the latest forecast from the Conference Board of Canada says."

March 4, 2016, Winnipeg Free Press

Winnipeg's economy is one of Canada's most diversified economies. Overall, our economic indicators are positive relative to other parts of Canada.

In 2015, Winnipeg's economic growth was similar to Canada's as a whole.

As a result of growth in construction, real GDP in Winnipeg is expected to increase by 1.7% in 2016.

This is in contrast to Canada's overall slower economic growth, at 1.2%.

Over the next 5 years:

- Winnipeg's economy is expected to create just over 27,000 jobs.
- Population in the Winnipeg region is forecasted to grow by over 52,000 people.
- With robust population growth, Winnipeg's housing construction is expected to continue at a steady pace similar to the last 3 years.
- GDP growth is forecast to average 2.1% per year.

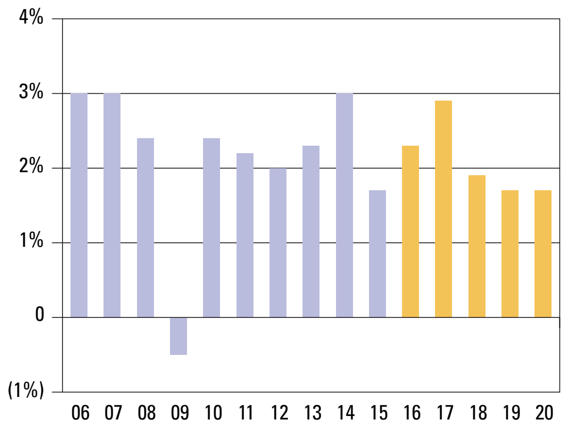
These are good numbers for Winnipeg.

WINNIPEG'S ANNUAL ECONOMIC GROWTH

Real Gross Domestic Product, annual % change

In constant 2007 dollars

2006 TO 2020



Source: Conference Board, Metropolitan Outlook 1 – Spring 2016-forecast

OTHER CITIES' REAL GDP GROWTH

Annual Growth	13 - 15 (average)	2016f	17f - 20f (average)
Vancouver	3.3%	3.2%	3.1%
Halifax	1.5%	2.8%	1.7%
Toronto	3.0%	2.6%	2.5%
Winnipeg	2.3%	2.3%	2.1%
Victoria	0.8%	2.3%	2.3%
Hamilton	1.6%	2.1%	2.0%
Montreal	1.4%	2.0%	2.0%
Quebec	1.3%	1.9%	2.0%
Ottawa	0.8%	1.6%	2.2%
Saskatoon	3.4%	0.9%	2.4%
Regina	3.1%	0.7%	2.3%
Edmonton	3.3%	-0.6%	2.5%
Calgary	2.4%	-1.0%	2.7%

Source: Conference Board, Metropolitan Outlook 1 – Spring 2016

ECONOMIC INDICATORS

Winnipeg CMA	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Real GDP (2007 $ millions)	34,659	35,694	36,304	37,133	38,202	38,942	39,611	40,278
% change	2.3%	3.0%	1.7%	2.3%	2.9%	1.9%	1.7%	1.7%
CPI % change	2.2%	1.9%	1.3%	1.8%	2.1%	2.1%	2.3%	2.1%
Retail Sales ($ millions)	10,582	11,172	11,358	11,864	12,209	12,570	12,972	13,390
% change	4.1%	5.6%	1.7%	4.5%	2.9%	3.0%	3.2%	3.2%
Personal Income per capita	$41,791	$42,966	$44,382	$45,135	$46,163	$47,366	$48,596	$49,924
% change	2.9%	2.8%	3.3%	1.7%	2.3%	2.6%	2.6%	2.7%
Labour Force	437,248	436,025	451,771	456,070	462,356	468,649	473,635	478,499
% change	1.0%	-0.3%	3.6%	1.0%	1.4%	1.4%	1.1%	1.0%
Employment	411,665	410,623	424,554	429,163	436,002	442,405	447,111	451,703
% change	0.6%	-0.3%	3.4%	1.1%	1.6%	1.5%	1.1%	1.0%
Unemployment Rate	5.9%	5.8%	6.0%	5.9%	5.7%	5.6%	5.6%	5.6%

Source: Conference Board, Metropolitan Outlook 1 – Spring 2016-forecast

"Winnipeg's export-oriented businesses are benefitting from a lower loonie. Heavy infrastructure spending will boost construction output."

Conference Board of Canada, Metropolitan Outlook 1 – Winter 2016

VALUE OF BUILDING PERMITS (IN MILLIONS OF DOLLARS)

	2008	2009	2010	2011	2012	2013	2014	2015
Residential	$ 511	$ 414	$ 601	$ 623	$ 762	$ 768	$ 861	$ 822
Non-Residential	$ 542	$ 697	$ 552	$ 536	$ 779	$ 1,014	$ 676	$ 614
Total	$ 1,053	$ 1,111	$ 1,153	$ 1,159	$ 1,541	$ 1,782	$ 1,537	$ 1,436

Source: City of Winnipeg Building Permit Survey

2016 Adopted City Government Major Capital Investments - six year plan (in millions)

Sewage Disposal	$ 1,000
Roads and Bridges	$ 998
Transit System	$ 218
Water System	$ 190
Police & Fire and Paramedic Service	$ 111
Community Services	$ 105
Community & Municipal Facilities	$ 97
Parks	$ 47
Other	$ 34
Active Transportation Facilities	$ 32
Land Drainage & Flood Control	$ 30
Solid Waste Disposal	$ 30
	$ 2,892

Other Major Capital Investments (in millions)

Manitoba Hydro Keeyask Generating Station	$ 6,500
Manitoba Core Infrastructure (over 5 years)	$ 5,500
Seasons of Tuxedo	$ 500
True North Square	$ 400
Main Street Towers	$ 165

In 2015, Winnipeg saw over $1.4 billion in building permit values.

- Residential permit values were down by 5%;
- The value in non-residential permits was also down by 9%; and
- Overall, there was a 7% decrease in building permit values, but still historically at a high level.

The City Government Infrastructure Projects over the next six years totals $2.9 billion, of which $1.2 billion is for 2016.

These projects, along with other significant major new capital investments in Winnipeg and the rest of the Province, requires the construction industry to continue ramping up its capacity.

Labour shortages continue to exist along with upward pressures on construction wages. The result is that base construction inflation is presently in the 5% range and is expected to remain at that level for the next few years.

Cost of Doing Business

KPMG's Competitive Alternatives 2016 examines location sensitive business costs in over 100 cities. It was determined that Winnipeg has the lowest business cost of cities in Western Canada.

In fact, Winnipeg has lower business costs than all 76 U.S. cities examined. The U.S. – Canada exchange rate used in the study was 1.34.

Service Highlights – 2015 Annual Report

INFRASTRUCTURE INVESTMENTS

South End Sewage Treatment Plant

Construction continued on a $335.6 million project at the South End Sewage Treatment Plant to add a biological nutrient removal (nitrogen and phosphorus) treatment process and expand the plant capacity to accommodate future population growth in the catchment area of the plant.

Water Main Renewals

$17 million was invested to replace 12.6 kilometres of water mains that were at the end of their life cycles.

Pedestrian Countdown Signals

55 new pedestrian countdown signals were installed city-wide. These signals provide pedestrians with information about the time available when crossing a street.

Transportation Management Centre

Construction began on the Transportation Management Centre which will help manage traffic flows and improve the movement of people, goods and services throughout the City by smoothing traffic flows and responding in real time to traffic snarls. The Centre is expected to be operational by the end of 2016.

One of the centre's components, the Signals Management System, was successfully tested and implemented with 400 of Winnipeg's 650 signalized intersections connected to it.

All signalized intersections and pedestrian corridors were refitted with gel-filled wire connectors eliminating flashing calls due to this wire connection point. In total, 139,000 gel-filled connectors were installed by the Traffic Signals Branch.

In addition, all signalized intersections and pedestrian corridor underground drawings were digitalized and geographically positioned to provide an overall map of traffic signal underground equipment.

Building and Maintaining Roadways

Road renewals, including reconstructions, rehabilitations, and thin bituminous overlays were completed on 149 regional, collector, alley, industrial and residential street locations.

In October, two lanes of Plessis Road at the CN Redditt Subdivision opened to traffic.

Bridge Planning and Operations

The Sturgeon Road Bridge over Sturgeon Creek underwent warranty work to replace the southbound bridge deck wearing surface, and the reconstruction of water main break induced damage of the northwest embankment and retaining wall.

The bridge deck was also rehabilitated on the northbound section of the Norwood Bridge over the Red River.

Piers and girders were repaired on the Nairn Avenue Overpass.

Grade Crossings

Railway crossings on Bishop Grandin Boulevard and Fermor Avenue were upgraded, while work began on the information-sharing portion of the Grade Crossing Regulation for railways.

Rapid Transit

The Southwest Transitway Stage 2 and Pembina Highway Underpass Project continued in the procurement phase. Funding agreements were outlined with the provincial and federal governments for this project. Three short-listed proponents were selected from the Request For Qualification, and subsequently the Request For Proposal was issued to them.

Bus Stop Platform Upgrades

Bus stop platforms were upgraded at approximately 100 bus stops to improve accessibility and allow the use of articulated buses.

Active Transportation

Construction of an active transportation corridor was completed on Pembina Highway from Bairdmore Boulevard to Kirkbridge Drive. The construction of an active transportation pathway incorporated with Transit upgrades was completed on University Crescent from Pembina Highway to Investors Group Field at the University of Manitoba.

Pedestrian Corridors

Construction of a speed table with a pedestrian corridor was completed on Dalhousie Drive at Ryerson Elementary School. Additionally, five new pedestrian corridors were installed throughout the city:

- Concordia Avenue west of Molson Street;
- King Street at Henry Avenue;
- Mountain Avenue at Charles Street;
- Dakota Street and South St. Vital Trail;
- St. Mary's Road at Carriere Avenue;
- Grant Avenue and the Assiniboine Forest, along with a half signal.

CUSTOMER SERVICE

Online Ambulance Invoice Payment

Based on customer feedback, the Winnipeg Fire Paramedic Service implemented a new payment tool that allows customers to settle their account online. The tool accepts most major credit cards as well as the INTERAC online service which makes it easier for customers to pay their invoices. The system only requires the customer ID and invoice number, both located on the invoice, in order to complete the payment. Customers can enter their email address to receive a confirmation.

311 French Call-back Feature

To improve service delivery to the Francophone community, 311 implemented a French call-back feature.

311 Receives Award

311's training program received the Best Training and Development Award at the 2015 Manitoba Excellence in Contact Centre Achievement Awards. The 311 Contact Centre is an industry leader, earning six organizational awards since opening in 2009.

Health & Wellness Award

The City was the recipient of the 2015 Human Resource Management Association of Manitoba's Safety, Health & Wellness award for Human Resource Planning and Services' work on the Body@Work Initiative.

PLANNING, ENVIRONMENT AND SUSTAINABILITY

Our**Winnipeg**

In July 2011, City Council approved Our**Winnipeg**, a development plan which will guide the physical, social, environmental and economic development of Winnipeg over 25 years. Our**Winnipeg** was created with the input of more than 40,000 Winnipeggers through the most creative and collaborative process ever undertaken in our city – SpeakUpWinnipeg. In 2015, the fourth annual *Our**Winnipeg** Report to the Community* was released, providing an update on Our**Winnipeg** related activities connected to key areas of the plan over the last year.

On November 21, 2015, the City of Winnipeg held its first workshop under the "Planning Ed" program, an initiative targeted at members of the public interested in learning how the City plans for growth and change. The City plans to hold further workshops in 2016.

Complete Communities

The Complete Communities Direction Strategy of Our**Winnipeg** is a practical and innovative "playbook" to guide land use and development in Winnipeg for the next 25 years. In 2015, significant planning and development activity was undertaken for many of the *Transformative Areas* identified in the Complete Communities Direction Strategy. This includes:

- The completion of precinct plans for Precinct I in North Transcona, Precinct K in St. Vital, and Precinct E in Garden City;
- The adoption of the Corydon-Osborne Neighbourhood Plan, the first plan for a Mature Community since the adoption of *Our**Winnipeg** and Complete Communities*. This plan will establish how the Corydon-Osborne area will develop in the future.

Permits and Inspections

Nearly 31,000 building permits, with a gross construction value of approximately $1.44 billion, were issued, while 112,000 inspections were conducted.

Heritage Conservation

The City placed 12 buildings on the List of Historical Resources, including:

- 88 Arthur Street – Anne (Blue Ribbon) Building;
- 128 James Avenue – DeLaval Company Warehouse;
- 423 Main Street – Canadian Wheat Board Building;
- 510 Main Street – Winnipeg City Hall;
- 54 Princess Street – Del Block Annex;
- 62 Princess Street – Del Block;
- 70 Princess Street – Bole Drug Company Warehouse;
- 188 Princess Street – Carnefac Block;
- 280 William Avenue – Maw Block;
- 284 William Avenue – Winnipeg Saddlery Building;
- 315 William Avenue – Tees and Persse Building;
- 339 William Avenue – Lauzon Block.

Landfill Gas System

In its second full year of operation, the landfill gas system at the Brady Road Resource Management Facility captured and flared 110,314 tonnes of carbon dioxide equivalents. This is equivalent to avoiding the carbon dioxide emissions of 23,224 passenger cars per year.

Yard Waste Composting

Nearly 33,500 tonnes of yard waste was composted on the nine-hectare compost pad at the Brady Road Resource Management Facility. This represents a 15% increase over the previous year.

Biosolids Composting

Composting of biosolids started at the new three-hectare pilot facility at the Brady Road Resource Management Facility. Of the more than 50,000 tonnes of the nutrient-rich end product of sewage treatment (biosolids) produced each year at the City's three sewage treatment plants, nearly 4,000 tonnes was composted.

Riverbank Engineering and Public Lands Protection

Phase II updates of the Riverbank Asset Management System were undertaken and included an evaluation of all 218 City-owned sites on the Red and Assiniboine Rivers.

An erosion protection project began in 2015 along 820 metres of riverbank in King's Park and completed in February 2016. The design for a stabilization and erosion protection along 160 metres of riverbank in Guay Park was completed with construction expected in the Winter of 2016 and restoration to be finished in the summer of 2016.

Tree Inventory

Data collection about Elm trees located on private property and natural areas, which was initiated in 2013, concluded. The Elm tree inventory includes location coordinates, Elm species and size classes. As of December 31, 2015, the city's total American Elm tree inventory is estimated to be 236,017, with 177,647 trees located on private property and in natural areas, and 58,370 located on boulevards, in parks and open spaces.

This updated and more comprehensive inventory is valuable in identifying resources required to continue to protect our urban forest from losses due to Dutch Elm Disease, and to determine where and how these resources are applied to effectively manage the disease to preserve our Elm tree canopy.

Insect Control Strategy

The mosquito larviciding program became 100% biological. This achievement completes one of the components of the 2005 City of Winnipeg's Insect Control Strategy which called for an aggressive larviciding program utilizing biological products. Larviciding is the most effective and environmentally friendly approach to controlling mosquitoes, as it targets mosquito larvae in the aquatic stage before they emerge as adults.

SAFETY AND EMERGENCY RESPONSE

Headquarters Move

December marked the beginning of the Winnipeg Police Service's move to its new headquarters building at 245 Smith Street. Over seven months, the 14 divisions will move into the 630,925-square-foot building. The increased space and centralization of divisions will allow for increased efficiency for both Service members and the public.

Strategic Plan

The Winnipeg Police Service and the Winnipeg Police Board collaborated to create the Service's five year Strategic Plan. The plan is a comprehensive and ambitious document providing direction for the next five years. The four key goals are: less crime and victimization; engaged communities; effective and efficient service; and a healthy organization. The Winnipeg Police Service and the Winnipeg Police Board will be working together to create a *Culture of Safety For All*.

Business Plan

In November, the Winnipeg Police Service released its 2016 Business Plan. The document sets out 59 initiatives that will contribute to achieving the goals of the Strategic Plan, along with quantitative and qualitative measures for tracking results over the year. The underlying theme of the Business Plan is Crime Prevention Through Social Development, which was identified as a priority by the Service and the Winnipeg Police Board, as well as by the public and community partners.

Fair and Impartial Policing

In September, the Winnipeg Police Service conducted Fair and Impartial Policing training, which addressed issues of implicit bias and how it manifests itself in society. Implicit bias can be something that one may not be aware of and can be present in people who consciously hold non-prejudiced attitudes. Workshops on implicit bias will be rolled-out throughout the Service in 2016 and will be mandatory training for all members of the Service. Ongoing training of this type will help the Winnipeg Police Service enhance community relationships and continue to build a Service that knows and reflects the communities it serves.

Smart Policing Initiative

The Winnipeg Police Service continued to build and improve the Smart Policing Initiative (SPI). SPI is an analytical, data-driven approach to preventing and reducing crime, disorder and traffic-related incidents. The evidence-based, intelligence-led model focuses on person and places of interest or "hotspots." Analysts sift through data to assist division commanders and officers to determine where and when police should direct their resources to reduce or eliminate specific problems (break-ins, vandalism, etc.) facing certain neighbourhoods. When not responding to calls, officers use this intelligence to do proactive police work. The Winnipeg Police Service is using what officers have learned so far to expand and sustain this across the city.

Fire Prevention

The Winnipeg Fire Paramedic Service's Fire Prevention Branch conducted 9,463 fire inspections, 1,927 more inspections than in the previous year.

The proactive inspection of Winnipeg's aging stock of converted residential dwellings, commonly known as rooming houses, continued with a total of 544 properties inspected over the course of the year.

The Fire Operations Branch conducted 3,369 operations inspections, an increase of approximately 1,000 inspections over the previous year.

PARTNERSHIPS, PROGRAMS AND INITIATIVES

Basement Flood Protection Subsidy

393 property owners improved their basement flood protection by taking advantage of the Basement Flood Protection Subsidy Program, funded by the City of Winnipeg and the Province, to add an in-line backwater valve and sump pit drainage system.

Residential Toilet Replacement Credit

1,546 credits were approved for property owners who took advantage of the Residential Toilet Replacement Credit Program to improve their water use efficiency by replacing an older water-guzzling toilet with a WaterSense labelled toilet.

Combined Sewer Overflow (CSO) Master Plan

In December, the Combined Sewer Overflow (CSO) Master Plan - Preliminary Proposal was submitted to the province, in which the City recommended the implementation of a CSO control limit defined as 85% capture in a representative year. It balances environmental, economic and social values, and will provide a responsible and reasonable recommendation for moving forward with this challenging regulatory issue.

Illegal Dumping CCTV Pilot Project

In the fall, the Alternative Service Delivery Committee approved Community By-law Enforcement Services' proposal for a two-year pilot project to install CCTV equipment at various locations throughout the city in order to deter illegal dumping activities and prosecute individuals found to be committing this act. The video evidence will assist the City with obtaining court-imposed penalties which will enable a recovery of the cleanup costs associated with illegal dumping and hold individuals accountable for their actions.

Pollution Prevention Planning Program

The Pollution Prevention Planning Program continued to work with various business sectors including concrete manufacturing, medical diagnostic and testing laboratories, funeral homes, dry cleaners and photo finishing service providers, to meet pollution prevention planning requirements. The program is part of a comprehensive plan to protect the sewage collection and treatment system, our rivers and lakes, and the environment.

Live Downtown Program

In the first year of program delivery, eight proposals were received in conjunction with the Live Downtown Program, a program to incent the development of up to 900 rental units in the downtown. With the first request for proposals closing on February 13, 2015, two successful proposals were conditionally approved that would see 99 potential units developed.

FIXIT Program

FIXIT was developed in 2015 as a grant program designed to encourage non-profit community organizations, veterinary clinics, animal hospitals, and educational institutions to undertake quality programs to spay/neuter high volumes of cats at a low cost to the community. In 2015, the Winnipeg Humane Society was awarded a FIXIT grant.

Cat Licensing Program

A cat licensing program was launched in January. More than 22,000 cats are now licensed in Winnipeg. The City of Winnipeg provides services for cat owners including lost cat reunification, injured animal emergency response, spay/neuter programming, and a facility to care for lost cats under a Service Agreement with the Winnipeg Humane Society.

Red River College Collaboration

A collaboration with Red River College veterinarians and Registered Animal Health Technologist students continued, whereby students came to Animal Services on a weekly basis to complete veterinary checkups of dogs at the facility. Not only is this beneficial for Animal Services, the program also gives hands-on experience to the students with all different types of dogs.

Automatic External Defibrillator (AED) Initiative

A new Automatic External Defibrillator (AED) course was developed and rolled out in response to numerous enquiries regarding AEDs. The program focuses on the importance of timely defibrillation and how to use the devices.

Food Truck Inspection Program

In cooperation with the Manitoba Office of the Fire Commissioner, the Food Truck Inspection Program was developed and piloted. The popularity of food trucks and recent tragedies in other jurisdictions led the Winnipeg Fire Paramedic Service to adopt a proactive approach in monitoring the industry.

F1 High Hazard Industrial Inspection Program

In the interest of increasing public safety, the F1 High Hazard Industrial Inspection Program was launched. In total, 70 industrial properties were screened and 30 were identified as currently meeting the criteria for F1 status.

Fire Prevention Public Education Initiative

Winnipeg Fire Paramedic Service's Fire Prevention Branch continued to identify and partner with community groups to effectively deliver fire prevention information. Age and Opportunity staff were trained in the use, maintenance and installation of smoke alarms so that they could provide this vital service to their clientele. Relationships were also established with the Professional Property Managers Association, the Canadian Condominium Association and Manitoba Daycare Coordinators to deliver information to targeted audiences.

Emergency Medical Services "Recent Arrivals" Initiative

A new "Recent Arrivals" presentation was developed and rolled out to meet the increasing needs of recent immigrants to Canada. It was designed to teach new immigrants how to access 911, when it is appropriate to access 911, and what emergency services can and can't do for them. The presentation includes discussion on the roles of hospitals, urgent care centres, walk-in clinics and family doctors.

Aboriginal Youth Carpentry Program

The City partnered with the provincial government and the private sector to deliver an Aboriginal youth carpentry program. Participants will gain a Level 1 Carpentry Apprenticeship certification and connections to employment in the carpentry/construction industry.

Oshki Annishinabe Nigaaniwak Celebration Event

In November, the sixth annual Oshki Annishinabe Nigaaniwak Celebration event was held, where the City honoured 55 Aboriginal youth who completed a City of Winnipeg internship, work placement or were a recipient of a civic scholarship or award in 2015.

Mayor's Award

The Community By-law Enforcement Services (CBES) Division of Community Services was the recipient of the Mayor's Biz Award. The Mayor's Biz award is a prestigious award which is presented annually to individuals, organizations and business that have made significant contributions to their local Business Improvement Zone. CBES was nominated by the Selkirk Avenue Biz, for the work that was done in their community.

This recognition was a result of the efforts made to nurture relationships with community groups in order to address community needs, priorities, and to coordinate services in way that supported local vision. CBES continues to build on the success of this community-based approach to improving neighbourhood cleanliness and safety, and is applying this model in other areas of the city.

Youth Matters Conference

In November, the Winnipeg Police Service's Missing Persons Unit hosted 300 students at the Youth Matters Conference. Students from across Winnipeg's school districts spent the day hearing from speakers on topics that included bullying and social media, sexual abuse, and addiction. The conference presented an opportunity to engage youth in a proactive way to help them to be better prepared for issues they face. As the majority of people reported missing are under the age of 18, the conference was one proactive method to strengthen Winnipeg Police Service's relationships with the youth of the city.

Restore Our Core

On May 29 and 30, the Winnipeg Police Service, community groups and a number of City of Winnipeg departments joined residents of the William Whyte, Dufferin and Lord Selkirk Park communities to clean up residential, business and public spaces adjacent to Selkirk Avenue. The participation of more than 150 volunteers showed a community-wide commitment to making sustainable positive social change through collaboration. Events like this help build relationships between citizens, non-profit organizations, the private sector and government in crucial ways, as the way towards a *Culture of Safety For All* requires the removal of social and economic barriers.

Homelessness Partnering Strategy

The City, acting as the Community Entity for the delivery of federal funding to local groups providing housing and support services to the homeless in Winnipeg, facilitated the implementation of Housing First program delivery (a major shift in providing housing with supports to the chronically and episodically homeless), based on the success of the Canadian Mental Health Commission's At Home/Chez Soi project.

The Homelessness Partnering Strategy team provided leadership and support for the first ever Winnipeg Street Census, involving 19 community organizations and over 300 volunteers, to identify people living without permanent housing in Winnipeg – a critical first step in trying to identify and address the causes of homelessness in our population.

LiveSAFE

Manitoba Children and Youth Opportunities by grant and the City of Winnipeg by service, agreed to support the continuation and expansion of the *Enhanced Recreation Programs for Winnipeg's Inner-City Initiative*. The initiative supports efforts to improve quality, diversity, and accessibility of recreation for children and youth in Winnipeg's inner-city, by increasing supervised programming and facility hours, introducing new programs at designated community recreation centres, and facilitating participation in program design and implementation.

The Community Services Department worked with community partners in the delivery of the following programs:

Local Innovative Recreation Programming

Increased program opportunities within recreation centres, schools and community centres plus the work of the Recreation Facilitator for the North End. The Community Services Department, along with partner organizations, provided varied recreation programs including sport, culture, music, art, play, and leadership development.

Sports Program in the Inner-City Neighbourhoods (SPIN)

SPIN provided inner-city youth aged 6-17 with free access to sports opportunities (soccer, basketball, ball hockey, water polo, softball, cricket, and volleyball) offering them a fun way to learn basic skill development, sportsmanship, teamwork, leadership, and fair play in a friendly, supportive environment.

Amber Trails Community School Trailblazers Sport Club

The City, in partnership with Amber Trails Community School, launched the Amber Trails Community School Trailblazers Sport Club. This hybrid program consists of a blended effort amongst Community Services Department recreation staff, Seven Oaks School Division staff, and SPIN coaches. The pilot development was initiated to address the need for sport within the Amber Trails School community and to address the importance of developing physical literacy in children in order for them to successfully participate in sports and physical activity throughout their lives. This marks the first SPIN program to address sport development needs outside of the inner-city community.

Youth Mentorship and Leadership Development Program

The City partnered with the University of Manitoba, Faculty of Kinesiology and Recreation Management to match university students with Aboriginal high school students to learn how to plan and deliver after-school drop-in programs for early years students in an inner-city school or recreation centre.

Community Art Initiative

With our partners Art City and Graffiti Art Program, the City brought creative arts programs into inner-city recreation centres and provided training to recreation leaders.

Turnabout Program

The Turnabout Program, provided by the Province of Manitoba in partnership with police agencies, offers a direct support and referral service to children under 12 years who have been in conflict with the law or are at risk. Turnabout's goals are to prevent a child from having further contact with police, to ensure the early identification of serious and persistent behavior, and to reduce the number of children under 12 coming into contact with the law. The City provided free recreational opportunities to 44 families. These opportunities included 126 facility passes and access to 20 recreation programs.

Thunderwing Hub

Thunderwing Hub is a committee with representation from various sectors and agencies that work with consenting families living within the William Whyte and Dufferin neighbourhoods in Winnipeg's North End. Thunderwing coordinated and mobilized existing resources across sectors to give families the support they need to prevent and permanently stabilize crisis situations.

RECREATION AND LEISURE

Transcona East End Community Club Arena Improvements

Renovations to the Transcona East End Community Club Arena were completed in September. Improvements included an additional 48,000-square-feet of space, a new rink with an additional sheet of ice, a 500-seat bleacher area, renovated locker and shower facilities, a new entrance and foyer, as well as 3,000-square-feet of new recreation programming space.

Garden City Community Centre Multi-Pad Arena Development

Development to the Garden City Community Centre Multi-Pad Arena was completed in September. Improvements included two 85 x 200-foot ice surfaces for year-round use, dressing rooms with shower facilities, team storage rooms, one club room, meeting rooms, leasable space for an athletic and high performance training centre or other suitable tenant, leasable retail space, a full-service canteen with lounge seating, a walking track on the second level, and an open community gathering area with workstations, public seating and Wi-Fi access.

East Elmwood Community Centre Redevelopment

In October, the East Elmwood Community Centre redevelopment was completed. Improvements to the community centre included a regulation-sized gymnasium, a multi-purpose room, kitchen, dressing rooms, an outdoor rink and many environmentally-friendly initiatives such as low-flow plumbing, high-efficiency heating and cooling systems, and parking spaces for 21 bicycles.

Aquatic Services

Four new Spray Pads were opened in 2015:

- Gateway Community Centre Spray Pad;
- West Kildonan Spray Pad;
- Waverley Heights Spray Pad; and
- Lindsey Wilson Park Spray Pad.

With the addition of four spray pads, the operating hours of spray pad free programming increased to 16,720 hours from 13,893 hours in the previous year.

Non-heated Outdoor Pools

Attendance continued to increase at non-heated outdoor pools due to the implementation of a two year pilot program of no admission fees for public swimming at designated sites. By reducing the fee barrier, there were noticeably more families in attendance and enjoying the facilities over the course of the summer compared to only children and youth attending alone. Attendance increased with a total of 38,296 compared to the 2011-13 average of 16,533 visits.

Community Centre Renovation Fund

Twenty-five community centres were approved for Community Centre Renovation Fund grants.

The Community Centre Renovation Fund, approved by Council on February 22, 2012, provides up to $965,000 in annual funding for community centres to access in support of repairs, upgrades, retrofits, safety improvements, and renovation projects. Applicants are eligible for 100% support of project costs to a maximum of $50,000 per project, per calendar year.

Leisure Guide Programming

Leisure Guide registration increased by 4.38% over the previous year and programming areas such as Cartown and Special Needs & Deaf Services, experienced 17.42% and 17.72% increases respectively in registration over the previous year. Leisure Guide Programs serve to enhance life skills, community leadership development, and the overall quality of life for citizens in our neighbourhoods.

Eve Werrier Duck Pond

The Eve Werrier Duck Pond in Assiniboine Forest, built in the mid-1980s, was replaced with a new shade structure and bench evocative of a bird's wing in flight.

Peguis Pavillion Pond

To complement the recent renovation of the Peguis Pavillion in Kildonan Park, the reflection pond was deepened and relined with ornamental concrete retaining walls. The winter of 2015-2016 marked a return of the signature skating pond after a four year absence.

St. Vital Park Boat Launch

After more than 30 years of service, the Boat Launch in St. Vital Park was rebuilt with a more expansive concrete approach, wider turnaround circle, and new floating docks. The improved and well-lit launch allows for uninterrupted use from the May long weekend until the end of boating season in the fall.

Play Structures

Play structures at 22 sites throughout the city were replaced, and three new installations at Bois-des-esprits Window Park, Van Hull Estate Park, and Inderjit Claire Park were added.

Park Upgrades

Several new features were added to Provencher Park, including a new park entrance plaza / farmers' market square, a new digital entrance sign, and an expanded spray pad apron.

Art McOuat Park's athletic field was also redeveloped.

Library Strategic Plan 2015–2020

After a year-long process, which included an extensive public engagement process, Library Services launched its new Strategic Plan in May. The plan articulates a vision and direction for Library Services that focuses on four priorities, 11 goals and nearly 50 actions that will set the future direction of Winnipeg Public Library for the next five years.

New Charleswood Library Opens

The new 14,000-square-foot Charleswood Library opened to the public in January. In its first year of operation, it experienced double digit increases in circulation, program attendance, information questions, and public use of the library.

Cornish & St. John's Library Celebrate 100 Years of Service

In June, both the Cornish Library and St. John's Library celebrated 100 years of service to their respective communities. Originally opened in 1915, these two libraries have been providing information and literacy-based services to Winnipeg residents for over a century. Originally built with funding from American industrialist and philanthropist, Andrew Carnegie, they were two of only 24 public libraries built with his funding in Canada. Plans are underway to renew these two libraries and make them more accessible for the next generation of library patrons.

Millennium Library Celebrates 10 Year Anniversary

The Millenium Library celebrated its 10 year anniversary with a Writer in Residence Reunion Lecture featuring Miriam Toews, a maker faire to showcase the library's new collaborative programming, and the renaming of its two Indigenous spaces by Elders Barbara and Clarence Nepinak.

St. Vital Library Changes

The St. Vital Library received a historical designation making it the first designated building in Winnipeg representing post–WWII modernist architecture. A public elevator was installed to improve accessibility, the first phase of a planned two-phase project designed to renovate and enhance the library. The second phase will get underway in 2016.

READ Program

In June, Library Services began a new partnership with the Health Science Centre Children's Hospital. As a part of clinic visits, pediatricians encouraged parents to read to their children and visit the public library. Information about the Library and a voucher for a free book from the Library were included. Books for the program were purchased with a grant from the Winnipeg Foundation's Literacy for Life Fund.

Maker-Space Programming

Maker-Space programming took-off and helped add Altered Books, Arduino, paper circuits, mindcraft, and magformers to the library's vocabulary. This interactive, collaborative programming helps inspire library users to build, design, and learn through collaboration, often using computers, technology, science, digital art, or electronic art. Winnipeg's libraries are developing programs and spaces where anyone can come and learn how to use new types of technology, or old types of technology in new ways.

Report From the Chief Financial Officer

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the following Financial Statement Discussion and Analysis, prepared by management. The following discussion and analysis of the financial performance of The City of Winnipeg (the "City") should be read with the audited consolidated financial statements ("Statements") and their accompanying notes and schedules. The Statements, as well as the accompanying materials, are prepared in accordance with Canadian public sector accounting standards for governments, established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

FINANCIAL REPORTING MODEL

The objective of financial statements is to describe to the user the organization's financial position, the results of its operations and the methods by which the economic resources for its various activities have been derived and consumed. The Statements provide information about the economic resources, obligations and accumulated surplus of the City. While similar to financial statements of private sector organizations, government financial statements are different, accounting for the unique aspects of their operations.

Consolidated Statement of Financial Position	Provides information to describe a government's financial position in terms of its assets and liabilities as at the end of the reporting period. Reporting net financial position and accumulated surplus are important indicators to determining the government's financial well-being.
Consolidated Statement of Operations and Accumulated Surplus	Provides information on a government's current period operations and the related achievement of objectives for the reporting period. It also describes the change in accumulated surplus.
Consolidated Statement of Cash Flows	Provides information about the impact of a government's activities on its cash resources in the current period.
Consolidated Statement of Change in Net Financial Liabilities	Provides information regarding the extent to which expenditures made in the period are met by the revenues recognized in the current period.

FUNDS, ENTITIES AND INVESTMENT IN GOVERNMENT BUSINESSES

As noted above, the Statements are consolidated, meaning they reflect all resources and operations controlled by the City. These consolidated statements include departments, special operating agencies, utility operations of the City, and entities that are controlled by the City, as well as the City's investment in government businesses. The following is a brief description of the major funds, entities and investments included in the Statements.

Funds

A fund is accountable and is used to report on resources that have been segregated for specific activities or objectives. The City, like other local governments, establishes these funds to demonstrate its accountability of the resources allocated for the services the particular fund delivers.

The General Revenue Fund reports on tax-supported operations, which include services provided by the City such as police, fire, ambulance, library and street maintenance. The General Capital Fund exists to account for tax-supported capital projects. The tax-supported capital program is made up of, but is not limited to, reporting on the acquisition and/or construction of streets, bridges, parks and recreation facilities. The utility operations are comprised of the Transit System, Waterworks System, Sewage Disposal System and Solid Waste Disposal Funds. Each utility accounts for its own operations and capital program.

There are four Special Operating Agency ("SOA") Funds included within the City's organization. Animal Services (established in 2000), Winnipeg Golf Services (2002), Fleet Management (2003) and Winnipeg Parking Authority (2005) deliver services as special operating units of the City.

The SOAs have been given the authority to provide public services, internal services, and regulatory and enforcement programs. SOA status is granted when it is in the City's interest that the service delivery model remains within the government, but it requires greater flexibility to operate in a more business-like manner. Each SOA is governed by its own operating charter, and each prepares an annual business plan for adoption by City Council.

City Council has approved the establishment of several Reserve Funds, which can be categorized into three types:

- Capital Reserves finance current and anticipated future capital projects, thereby reducing or eliminating the need to issue debt.
- Special Purpose Reserves provide designated revenue to fund the reserves' authorized costs.
- The Financial Stabilization Reserve assists in the funding of major unexpected expenses or revenue deficits reported in the General Revenue Fund.

Entities and Investment in Government Businesses

The civic corporations included in the Statements are the Assiniboine Park Conservancy Inc., Winnipeg Public Library Board, The Convention Centre Corporation, Winnipeg Enterprises Corporation, Winnipeg Arts Council Inc., and CentreVenture Development Corporation. Economic Development Winnipeg Inc. is a government partnership and is proportionately consolidated. These corporations are involved in various activities including economic development, recreation, tourism, entertainment and conventions.

The North Portage Development Corporation, Winnipeg Housing Rehabilitation Corporation and River Park South Developments Inc. are included in the Statements as investments in government businesses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Financial statements should present information to describe the government's financial position at the end of the accounting period. Such information is useful to evaluate the government's ability to finance its activities and to meet its liabilities and contractual obligations, as well as the government's ability to provide future services. To this end, governments need to understand the total economic resources they have on hand to deliver services. These resources can be financial (e.g., cash, accounts receivable) and non-financial (e.g., tangible capital assets).

At the same time, in respect of services delivered, governments will have liabilities to be settled in the future that will consume the financial resources. This is measured by the government's net financial asset/liability position. This measure must be considered in tandem with accumulated surplus to determine the government's ability to deliver services in the future. A significant portion of accumulated surplus includes the investment made in tangible capital assets which, for governments, represent service delivery capacity.

As at December 31, the City reports:

(in thousands of dollars)	2015	2014	Variance
Cash and cash equivalents	$348,995	$335,726	$13,269
Other financial assets	688,384	681,325	7,059
Financial assets	1,037,379	1,017,051	20,328
Liabilities	1,622,177	1,534,092	(88,085)
Net financial position	(584,798)	(517,041)	(67,757)
Non-financial assets	6,207,251	5,877,381	329,870
Accumulated surplus	$5,622,453	$5,360,340	$262,113

The following four sections elaborate on four key indicators in the Consolidated Statement of Financial Position – cash resources, net financial position, non-financial assets and accumulated surplus.

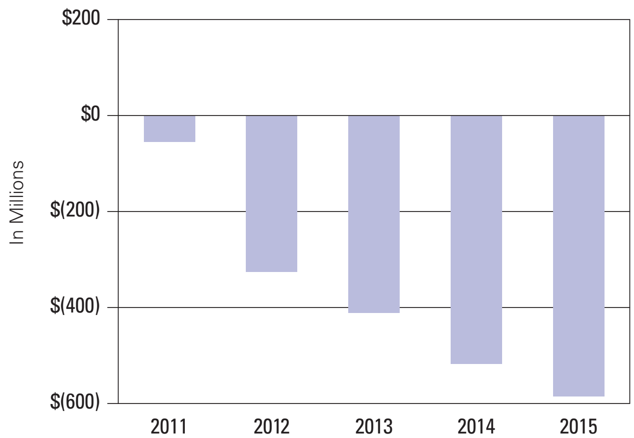
Cash Resources

The cash resources of the City are its cash and cash equivalents. It includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash equivalents are held for meeting short-term obligations rather than for other purposes like investing. During 2015, the City's cash increased by $13.3 million. This increase resulted primarily because cash arising from borrowing and operating activities exceeded cash used to construct and purchase tangible capital assets.

Net Financial Position

Net financial position is the difference between financial assets and liabilities, which indicate the affordability of additional spending. As at December 31, 2015, the City was in a net financial liability position of $584.8 million (2014–$517.0 million). The change in net financial position during the year resulted primarily from increased debt balances.

NET FINANCIAL POSITION



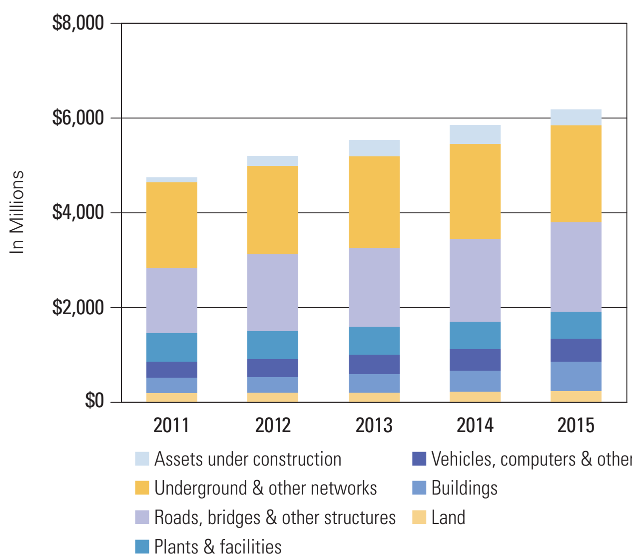
Non-Financial Assets

Non-financial assets of the City are assets that are, by nature, normally for use in service provision and include purchased, constructed, contributed, developed and leased tangible capital assets, inventories of supplies, and prepaid expenses. Tangible capital assets are the most significant component of non-financial assets.

As indicated in the chart to the right, the City continues to invest in its infrastructure. The acquisition of tangible capital assets is the result of a capital budget plan. The challenge in creating a capital budget is balancing infrastructure needs with fiscal responsibility. On March 23, 2015, City Council adopted the 2015 annual capital budget and the 2016 to 2020 five-year forecast. The six-year plan projected $2.9 billion in City capital projects, with $560.5 million authorized in 2015. Some of the projects included in the 2015 capital budget are:

- $103.3 million for regional and local street renewal, and $6.4 million for waterway crossings and grade separation.
- $2.4 million for active transportation facilities, $2.8 million for parks and recreation enhancements and $8.5 million at aquatic facilities are included in investments in parks and recreation.
- $5.0 million library refurbishment and redevelopment program.
- $217.3 million in sewage disposal treatment systems, as well as $64.2 million in waterworks systems.

TANGIBLE CAPITAL ASSETS (NET BOOK VALUE)



Also included in the capital investment plan over the six-year period is anticipated funding of $256.6 million under the Federal Gas Tax Agreement, $379.6 million of anticipated provincial funding and $542.9 million of cash funding.

During 2015, the City acquired $558.4 million of tangible capital assets (2014–$525.6 million), including contributed roads and underground networks totaling $111.0 million (2014–$64.5 million). These were capitalized at their fair value at the time they were received. As well, of the assets acquired, $296.9 million was for tax-supported projects (53%). Spending on tax-supported projects was primarily on roads, a priority of City Council.

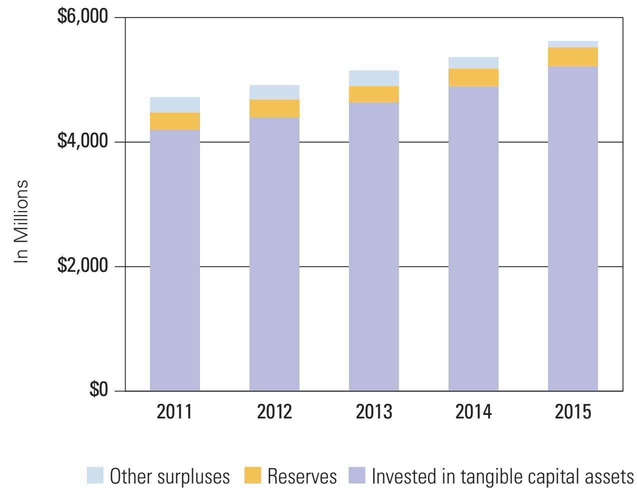
"Winnipeggers feel the impact of aging infrastructure every day, I am pleased that with this investment we were able to address some of the infrastructure needs in the Polo Park area." - Mayor Bowman, on completion of the Polo Park Infrastructure Improvements Project, December 3, 2015

Accumulated Surplus

Another important financial indicator on the Consolidated Statement of Financial Position is the accumulated surplus position. The accumulated surplus represents the net assets of the City, and the yearly change in the accumulated surplus is equal to the annual excess of revenues over expenses for the year (results of operations or annual surplus).

Accumulated surplus is comprised of all the accumulated surpluses and deficits of the funds, reserves and controlled entities that are included in the Statements, along with the City's unfunded liabilities such as vacation, retirement allowance, compensated absences and landfill liabilities. Accumulated surplus primarily consists of the City's investment in tangible capital assets (2015–93%; 2014–91%). Investment in tangible capital assets is a very important aspect of service delivery and is not intended or readily accessible for use in funding ongoing operations.

ACCUMULATED SURPLUS



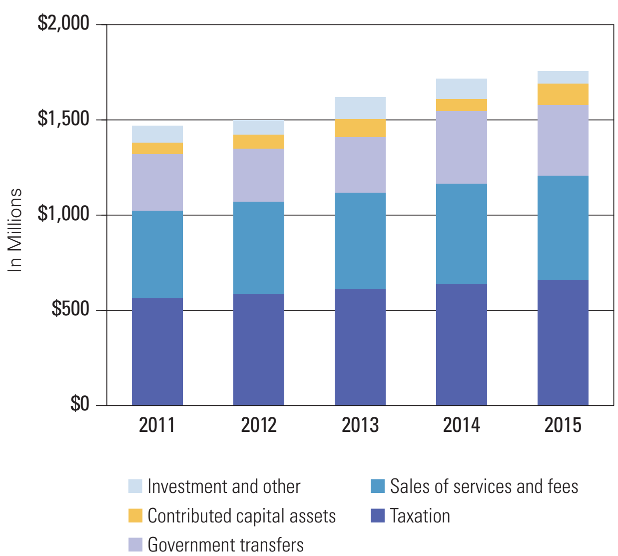
The City's accumulated surplus, through its investment in tangible capital assets, has grown over the period, indicating a strong foundation upon which services will continue to be delivered in the future.

CONSOLIDATED STATEMENT OF OPERATIONS

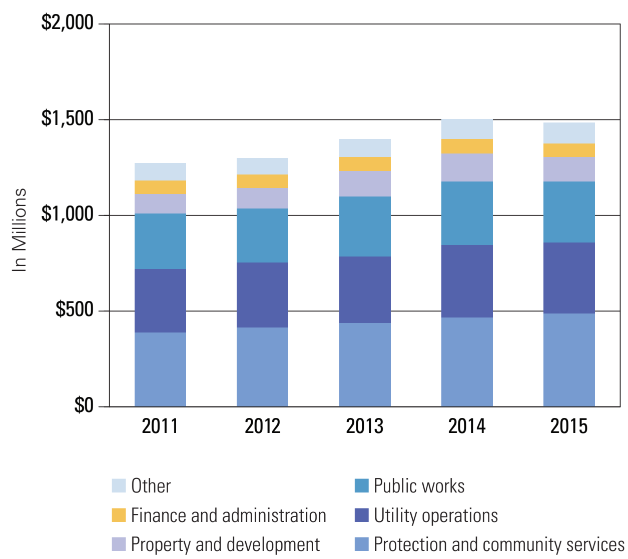
Financial statements should show how and where the government realizes its revenues. They provide information that is useful in gaining an understanding of a government's revenue sources and their contribution to operations. They also report the nature and purpose of a government's expenses in the period, demonstrating the allocation and consumption of resources.

Beyond government transfers, the City has a good balance of revenue sources, with the majority coming from taxation, sales of services and regulatory fees. PSAB has introduced indicators of financial condition to assist users of government financial statements to assess financial condition. Indicators of vulnerability measure a government's risk of over-dependency on sources of funding outside its control or influence or exposure to risks that could impair its ability to meet financial and service commitments. Over the five year period presented, government transfers as a percentage of total revenue has been stable, ranging from 18% to 22%.

REVENUE



EXPENSES

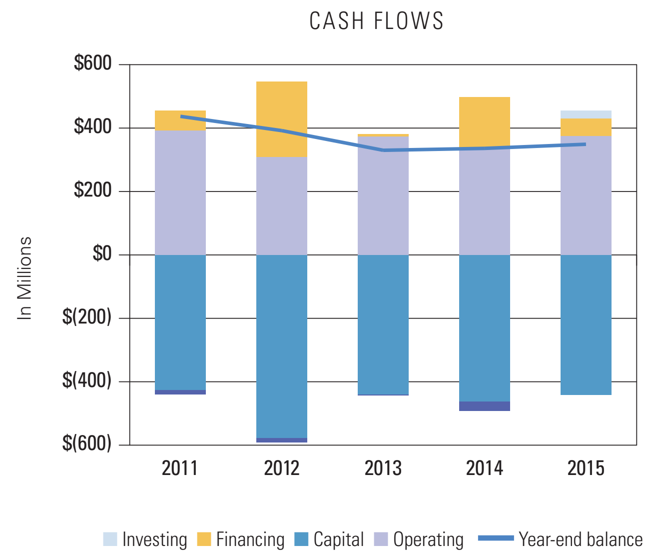


As the table above indicates, the City's protection and community services and public works expenses have increased over the five-year period presented, indicating City Council's priorities of public safety and roads.

CONSOLIDATED STATEMENT OF CASH FLOWS

A government finances its activities and meets its obligations by generating revenues, through external borrowing and by using existing cash resources. Cash resources are generated and consumed through operating, capital, financing and investing activities.

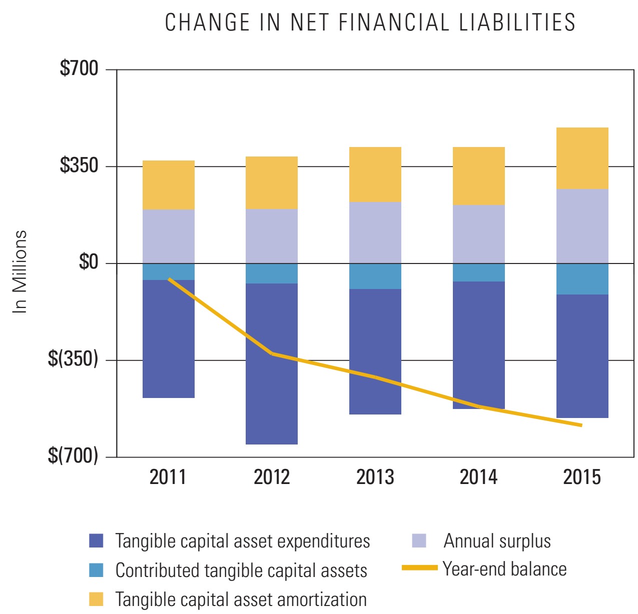
Capital investments have been more significant over the past five years, financed largely through operations, which include capital-related government transfers and a responsible amount of debt. Higher tangible capital asset acquisition noted to the right in 2012 is related to the Disraeli Bridges design, build, finance and maintain project. This project, which includes a service concession arrangement, also increased financing cashflows during 2012.



CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

As indicated earlier net financial liabilities is an important measure for governments. Representing the difference between the government's liabilities and its financial assets readily available to satisfy those liabilities, this statement explains why this change differs from the annual surplus produced by the government.

As previously discussed, the City has been making higher investments in its infrastructure over the past five years. With the investments being made exceeding financial assets generated through operations, the City has partially financed this difference through the assumption of more debt.



“In part, the ratings reflect our assessment of the City’s very strong economy, exceptional liquidity, strong financial management, moderate debt burden. The stable outlook reflects our expectation that, in the next two years, debt will remain moderate and that Winnipeg’s liquidity will remain exceptional and well above 100% of the following year’s annual debt service.” - Standard & Poor’s

Even though the City has assumed more debt in recent years, it has done so responsibly. This statement is reflected in the results of its credit rating review. Late in 2015, Standard & Poor’s (“S&P”) affirmed the City’s AA credit rating. The rationale for the rating was: “strong economic fundamentals”, “moderate debt burden” and “exceptional liquidity position” as well as “strong financial management”. However, S&P noted these strengths are offset somewhat by large capital expenditure requirements that limit the otherwise strong budgetary flexibility.

Moody’s Investors Service (“Moody’s”) announced in July 2015 it would be downgrading the City’s credit rating from Aa1 to Aa2. However this was due to a similar change to the Province of Manitoba’s rating. This change reflects the institutional and financial links between the two. Moody’s assessment of the City’s intrinsic strength remains unchanged.

These debt ratings contribute to the City’s ability to access capital markets and to obtain competitive and comparable borrowing terms.

Another indicator of financial condition introduced by PSAB measures flexibility. Flexibility is the degree to which the City can issue more debt or increase taxes to meet its existing financial and service commitments. Even with the assumption of more debt, the City’s public debt charges (interest expense)-to-revenues has remained constant over the past several years at a level between 0.03 to 0.04. This measure indicates the City has sufficient sources of revenue to meet its financial and service commitments. It also demonstrates the low interest rates on debt, not only reflecting the current market but also the City’s strong credit rating.

ANALYSIS OF STATEMENTS

The following analysis provides enhanced detail on the Statements.

Accounts Receivable

The accounts receivable balance has increased $34.4 million since the prior year, largely as a result of amounts owed by the Provincial government for funding of capital investments.

The largest component of accounts receivable is trade accounts and other receivables at 49% (2014–50%). Approximately 36% of trade accounts and other receivables result from water and sewer services. Management has determined credit risk to be low on these outstanding receivables and has provided an allowance for doubtful accounts of $400 thousand (2014–$400 thousand).

As at December 31, 2015, property, payments-in-lieu and business tax receivables, net of the estimated allowance for uncollectible amounts represented 16% (2014–16%) of total receivables. Taxation revenue is 38% (2014–37%) of total consolidated revenues.

TAXES RECEIVABLE

As at December 31 (in thousands of dollars)	2015	2014	2013	2012	2011
Taxes receivable	$ 58,121	$ 54,825	$ 49,592	$ 37,960	$ 34,747
Allowance for tax arrears	(4,255)	(6,183)	(3,694)	(3,351)	(2,629)
	$ 53,866	$ 48,642	$ 45,898	$ 34,609	$ 32,118

INVESTMENTS		
As at December 31 (in thousands of dollars)	2015	2014
Marketable securities		
Provincial	$ 11,797	$ 8,095
Municipal	69,529	90,863
	81,326	98,958
Manitoba Hydro long-term receivable	220,238	220,238
Other	11,638	18,855
	$ 313,202	$ 338,051
Market value of marketable securities	$ 84,660	$ 104,357

During 2002, Manitoba Hydro acquired Winnipeg Hydro from the City. The resulting long-term receivable from the sale included annual payments starting in 2002, which declined gradually to $16 million annually in perpetuity starting in 2011. The accounting value of the investment is based on the discounted sum of future cash flows that have been guaranteed by the Province, which coincides with the payments remaining at $16 million in perpetuity.

Marketable securities are generally long-term. These securities are being held to finance future anticipated costs, such as perpetual maintenance at the three cemeteries maintained by the City. City Council has approved an Investment Policy to provide the Public Service with a framework for managing its investment program. The Investment Policy provides guidance and parameters for developing a portfolio strategy; a performance measurement section, including benchmarks and objectives; an enhanced reporting framework; and additional categories of investments that can be made. Safety of principal remains the overriding consideration for investment decisions. Consideration is also given to risk/return, liquidity and the duration and convexity of the portfolio.

Debt

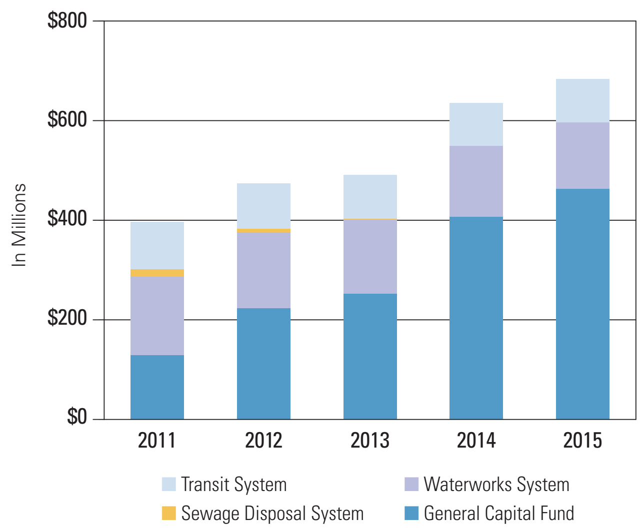
DEBT		
As at December 31 (in thousands of dollars)	2015	2014
Sinking fund debentures	$ 717,568	$ 745,568
Equity in sinking funds	(53,116)	(125,630)
	664,452	619,938
Serial and installment debt	19,392	24,240
Bank, Province of Manitoba and other loans	133,115	117,168
Capital lease obligations	24,844	25,474
Service concession arrangement obligations	154,158	155,814
	995,961	942,634
Unamortized premium on debt	20,816	18,435
	$ 1,016,777	$ 961,069

The City of Winnipeg has several types of debt obligations. The largest component of debt is sinking fund debentures. Under The City of Winnipeg Charter, the City is required to make annual payments towards the retirement of sinking fund debt for which the City maintains two sinking funds. One of the sinking funds is managed by The Sinking Fund Trustees of the City of Winnipeg. The second fund was created as a result of revisions to The City of Winnipeg Charter. This fund has been managed by the City for sinking fund arrangements since December 31, 2002. The City pays interest on the principal to the investors and contributes a set percentage of the principal into the sinking funds. The sinking fund contribution percentage is set at the time of debt issuance and is estimated to be sufficient to retire the debentures as they mature.

These annual sinking fund payments are invested primarily in government and government-guaranteed bonds and debentures. By investing in bonds and debentures of investees that are considered to be high quality, the City reduces its credit risk. Credit risk arises from the potential for an investee to fail or to default on its contractual obligations. However, The Sinking Fund Trustees of the City of Winnipeg is projecting a sinking fund deficiency of $17 million for the November 2017 debt retirement (series VU) due to the low interest rate environment that has persisted since the global economic crisis of 2008. At this time, the City expects it will refinance for this deficiency upon debt maturity in 2017. This November 2017 maturity is the last issue that will be retired based on the securities actively managed by the Trustees.

The Sinking Fund Trustees of the City of Winnipeg also manage debt related to Winnipeg Hydro, which will be fully retired by 2029. As part of the sales agreement with Manitoba Hydro, this sinking fund is required to hold Manitoba Hydro Electric Board bonds issued by Manitoba Hydro. These bonds were issued to enable the City to repay and defease the Winnipeg Hydro debt. The bonds have identical terms and conditions as to par value, interest, and date of maturity as the debt has. The bonds are guaranteed by the Province of Manitoba.

NET SINKING FUND DEBENTURES, SERIAL AND INSTALMENT DEBT



During 2015, the City issued one sinking fund debenture. The issue was for $60 million, maturing June 1, 2045, and carrying an interest rate of 3.8%.

Also in 2015, $88.0 million of sinking fund debt was retired. This debenture was issued in 1995 at a rate of 9.1%, it is the last of the sinking fund debentures issued in the 1990's with rates exceeding 8%.

The City has also incurred serial and installment debt having varying maturities up to 2019, and carrying a weighted average interest rate of 4.5% (2014–4.5%). Annual interest and principal payments are made on the debt.

Liquidity is an important measure of an organization's ability to readily service its debt obligations. Liquidity is measured by a debt service coverage ratio, comparing free cash and liquid assets to annual debt servicing (principal and interest). The following table presents the last five years:

Debt Service Coverage Ratio	2015	2014	2013	2012	2011
Free Cash and Liquid Assets/ Debt Service	618.6%	578.3%	427.4%	528.9%	646.6%

In its recent credit rating report, Standard and Poor's commented that the City maintains exceptional liquidity, which they report is expected to continue.

Reserves

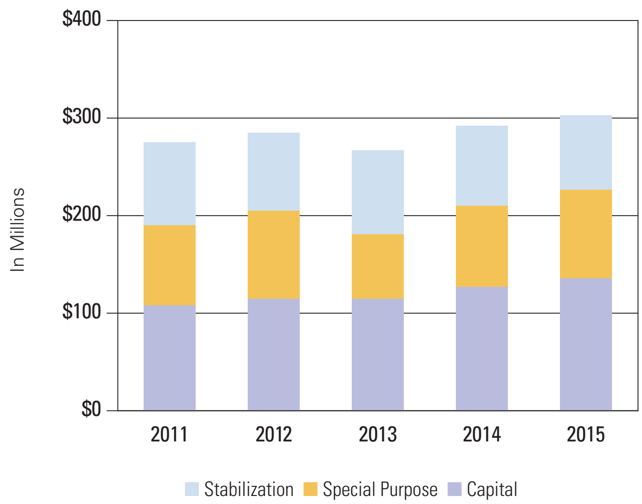
Reserve balances have increased overall by $11.3 million (2014–$25.2 million increase) from the prior year. The City's Capital Reserves and Special Purpose Reserves balances increased by $8.8 million and $8.7 million respectively, while the Financial Stabilization Reserve decreased $6.2 million.

The Financial Stabilization Reserve's accumulated surplus is projected to be $8.4 million (including projected net interest revenue) over its targeted level of 6% of the General Revenue Fund's adopted 2016 budget expenses. The City Council's adopted 2016 budget provides for a transfer of up to $5 million into the General Revenue Fund.

During 2013, a new reserve was established to track dedicated revenue for the sole purpose of funding the renewal of local streets, back lanes and sidewalks. The long-term proposal, subject to annual City Council approval, is to fund the Local Street Renewal Reserve Fund with dedicated annual 1% property tax increases over the long term.

In the 2014 budget, a similarly dedicated 1% property tax increase was introduced to fund a new Regional Street Renewal Reserve. Approximately 80% of the traffic volume in the City occurs on 1,800 lane kilometers of regional streets. The long-term proposal, subject to annual City Council approval, is to dedicate annual 1% property tax increases to the renewal of regional streets.

RESERVES



Consolidated Revenue and Expense Comparisons

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2015 on a comparative basis. The Statements indicate the City increased its accumulated surplus during the year because annual revenues exceeded expenses. The Statements include a consolidated budget, which provides additional transparency and accountability.

During 2015, the City recorded consolidated revenues of $1.755 billion (2014–$1.717 billion), which included government transfers and developer contributions-in-kind related to the acquisition of tangible capital assets. Consolidated expenses totaled $1.486 billion (2014–$1.504 billion).

Consolidated revenues before government transfers and developer contributions-in-kind totaled $1.443 billion (2014–$1.442 billion). As a result, the City reported a deficit before these other items of $43.1 million (2014– $61.6 million). This deficit is largely a result of accruing for unfunded liabilities such as landfill liabilities and future-oriented employee benefit liabilities. These future-oriented employee benefits, such as unused vacation and sick leave, are recorded on an accrual basis but are budgeted on a pay as you go basis. Similarly, amortization is recorded over the life of the tangible capital asset; however, the budget is developed to consider the cash flows associated with constructing the asset and servicing any associated debt.

CONSOLIDATED REVENUES

For the years ended December 31 (in thousands of dollars)	Budget 2015		Actual 2015		Actual 2014		Budget to Actual Variance	Actual to Actual Variance
Taxation	$ 660,243	38%	$ 660,323	38%	$ 640,801	37%	$ 80	$ 19,522
Sales of services and regulatory fees	550,604	31%	545,637	31%	526,330	31%	(4,967)	19,307
Government transfers - Operating	177,042	10%	171,582	10%	169,017	10%	(5,460)	2,565
Investment, land sales and other revenues	90,606	5%	65,378	4%	106,086	6%	(25,228)	(40,708)
Revenue before Other	1,478,495		1,442,920		1,442,234		(35,575)	686
Government transfers - Capital	205,418	12%	201,405	11%	209,830	12%	(4,013)	(8,425)
Developer contributions-in-kind	71,400	4%	110,960	6%	64,472	4%	39,560	46,488
	276,818		312,365		274,302		35,547	38,063
	$ 1,755,313		$ 1,755,285		$ 1,716,536		$ (28)	$ 38,749

Revenues were $38.7 million higher in 2015 due to several factors. One of the major reasons was increased taxation revenues. Included in taxation revenues are municipal realty taxes, which increased by $13.6 million year-over-year due to assessment roll growth, and a 2.30% increase in property tax rates.

Sales of services and regulatory fees rose over the prior year due to an $11.2 million increase reported in water and sewer sales resulting from increased rates. Park revenues from Assiniboine Park Conservancy and higher solid waste tipping and waste diversion fees also contributed.

The decreased investment, land sales and other revenues can be primarily attributed to less land sales concluding compared to budget and prior year.

Developer contributions-in-kind increased over the prior year and budget related to the timing of turnover of these assets from developers.

CONSOLIDATED EXPENSES

For the years ended December 31 (in thousands of dollars)	Budget 2015		Actual 2015		Actual 2014		Budget to Actual Variance	Actual to Actual Variance
Protection and community services	$ 477,569	31%	$ 488,583	33%	$ 466,817	31%	$ (11,014)	$ 21,766
Utility operations	392,477	25%	370,219	25%	378,584	25%	22,258	(8,365)
Public works	323,659	22%	318,018	21%	331,243	22%	5,641	(13,225)
Property and development	165,616	10%	128,800	9%	146,274	10%	36,816	(17,474)
Finance and administration	78,992	5%	71,291	5%	76,553	5%	7,701	(5,262)
Civic corporations	70,850	4%	61,810	4%	58,185	4%	9,040	3,625
General government	32,234	3%	47,265	3%	46,203	3%	(15,031)	1,062
	$ 1,541,397		$ 1,485,986		$ 1,503,859		$ 55,411	$ (17,873)

Consolidated expenses decreased by $17.9 million or 1.2% from the previous year and were $55.4 million under budget for the following reasons:

- The protection and community service expense category includes the Police Service, Fire Paramedic Service, Community Services and Museums. The Police Service and Fire Paramedic Service departments reported additional salaries and benefits expenses over the previous year, primarily due to contractual rate increases. The increase over budgeted expenses is mostly related to increased grants charged to this category, but budgeted in the property and development category.
- Utility operations were under budget mostly related to lower salaries and benefits expenses resulting from turnover and unfilled positions, as well as the delay in the opening of the Brady 4R Winnipeg depot.
- The decrease in Public Works expenses compared to 2014 is related to decreased streets maintenance costs for snow clearing and ice control.
- Property and development expenses are lower than prior year and budget primarily because of a decrease in grants and costs related to land sales. This includes those grants budgeted under property and development and charged to protection and community services as noted above.
- General government expenses were over budget due to increased workers compensation costs.

In 2015, the City adopted a new accounting standard, PS 3260 Liability for Contaminated Sites. In doing so, the City recognized an accrued liability for the remediation of some contaminated sites for the first time. The accounting change was recognized retroactively with an adjustment of $7.2 million, which was made to opening accumulated surplus.

CONSOLIDATED EXPENSES BY OBJECT

For the years ended December 31 (in thousands of dollars)	2015		2014		Variance
Salaries and benefits	$ 805,889	54%	$ 779,586	52%	$ 26,303
Goods and services	387,853	26%	428,012	28%	(40,159)
Amortization	221,358	15%	208,074	14%	13,284
Interest	56,130	4%	53,715	4%	2,415
Other expenses	14,756	1%	34,472	2%	(19,716)
	$ 1,485,986		$ 1,503,859		$ (17,873)

Increases in salaries and benefits expense resulted primarily from contractual pay increases to police, fire paramedic and transit employees.

Goods and services expenses decreased largely due to extreme winter conditions in the prior year, resulting in higher costs related to snow clearing and ice control, frozen services, and watermain repairs. A reduction in cost of land sold also contributed to the decrease.

A decrease in other expenses is related to decreased provision for bad debt related to payments in lieu of taxes for federal taxable properties as well as decreased expected appeal losses for property taxes.

RISKS AND RISK MITIGATION

Comprehensive Asset Management

The City faces a very significant infrastructure deficit to address infrastructure needs relating to roads, sidewalks, transit, buildings and parks. Based on an analysis performed in 2009, an investment of $7.4 billion is required over the next 10 years. To assist in addressing this issue, the City is using the aforementioned dedicated property taxes for local and regional roads (1% each). As well, the City has committed to comprehensive asset management as a key initiative to help address challenges associated with infrastructure maintenance and development and to set the stage to improve performance and organizational sustainability.

Asset management can be defined as an integrated optimization process of managing infrastructure assets to minimize the total cost of owning them, while continuously delivering the service levels citizens desire at an acceptable level of risk. In January 2015, City Council approved an Asset Management Policy. This policy will guide the City in incorporating best practices in asset management, in support of delivering services. Asset management will align the elements of governance, process and technology to deliver established levels of service at an acceptable level of risk. It is the process of thinking and carrying out business in a robust and transparent fashion. In fulfilling the policy's requirements, the following documents have been delivered:

- Asset Management Administrative Standard: This document establishes the City's approach to managing the City's physical assets.
- Investment Planning Manual: This manual provides a methodology to develop a consistent, efficient and effective process to develop Investment Plans (Capital Budget).
- Project Management Manual: This manual has been developed and is being implemented to provide consistency in project delivery in the City. It is to be used by all business units in all departments for delivery of capital projects in the City. This manual is largely based on the Project Management Body of Knowledge (PMBOK), which is generally considered to be best practices for project management in North America.
- Templates: These templates include various form documents to ensure consistency throughout the Public Service such as Business Case template and Basis of Estimate template. Templates include "how to" instructions.

The following documents will be delivered as part of the policy's requirements:

- Strategic Asset Management Plan: This document will provide the City's commitment and approach to achieving Council's approved policy. This will be approved by the CAO and submitted to Council as information.
- Customer Levels of Service: This document will provide the level to which front-line infrastructure supported services will be delivered. These will be approved by Council.
- Asset Management Plans: Corporate and Departmental Asset Management Plans document how assets are managed (with multi-disciplinary management techniques, including technical and financial) through their life cycle in support of the delivery of services.
- State of the Infrastructure Report: This document will provide information on the state of the City's physical assets for use in external reporting, in the annual budget and the long range financial planning process. This report will be approved by the CAO for all service areas and submitted to Council as information.

As well, the City has implemented processes that will result in better matching of approved capital budgets to the actual cash flows. Existing capital projects are regularly reviewed throughout the year to determine whether any surplus capital funds are available for other capital project purposes, or to minimize the impact on future capital program budgets.

"Demonstrating a continued commitment to increase accountability through greater openness and transparency, Mayor Brian Bowman today launched the Capital Expenditures Monthly Report, a new online tool that makes all active city infrastructure projects, with associated budgets and spending, accessible to the public in machine readable format." - News Release on Capital Project Management, September 30, 2015

Capital Project Management

One of the major functions of the City is the delivery on capital investments. This past year alone the City invested $0.6 billion in tangible capital assets, rehabilitating and investing in new assets such as roads, bridges and buildings. Tangible capital assets serve as key components to service delivery. While there have been recent examples of excellent project management in the delivery of major projects such as Phase 1 of the Southwest Transit Corridor, the Chief Peguis Trail Extension and the Disraeli Bridges, there have been challenges on others, for example the Fire Paramedic Stations Construction Project and the Winnipeg Police Headquarters Project.

The City understands the value derived from strong project management and has been working diligently to mitigate against capital project delivery problems associated with time, budget and scope by doing the following:

- The Public Service has been vigilant in the establishment of Major Capital Project Steering Committees to ensure project risks are being appropriately identified and addressed. As well, regular reporting to the Standing Policy Committee on Finance enhances public transparency.
- The City is transitioning to a system where all capital budget submissions require a supporting business case that can be challenged on the basis of need (level of service and risk), assumptions and recommended solutions.
- During 2014, City Council requested the external review of the Winnipeg Police Headquarters project. The review provided a series of recommendations approved by City Council. The Public Service has developed an implementation plan that includes periodic reporting to City Council, and it has made significant progress in addressing the recommendations.
- A comprehensive Project Management manual was implemented in 2014. The manual details best practice processes and procedures and defines how projects are to be delivered.
- Work is underway to develop an Open Capital Projects Dashboard. It will provide visually engaging financial and non-financial metrics to apprise stakeholders on the status of open capital projects.
- A new Capital Expenditures Monthly Report is now posted to the City's website to improve transparency and accountability. A version was made available through the City's Open Data Portal early in 2016.

Financial Management Plan

Continued sustainability is addressed in the Financial Management Plan (the "Plan") adopted by City Council on March 23, 2011. The Plan outlines the City's strategy for guiding financial decision-making, meeting long-term obligations and improving its economic position and financial stability. It sets forth guidelines upon which current and future financial performance can be measured. One of the eight targets included in the Plan is a manageable level of debt. Thus, a review of the City's forecasted net debt and debt servicing costs, including the financial implications of service concession arrangements, was conducted, and it is monitored on an ongoing basis.

Debt Strategy

To help manage debt responsibly and transparently, on October 28, 2015, City Council approved an updated debt strategy for the City. The following table provides the City Council-approved limits, the debt metrics as at December 31, 2015, and the forecasted peak based on the City Council-approved borrowing and 2016 Capital Budget and Five-Year Forecast.

Debt Metrics	Maximum	As at December 31, 2015	Forecasted Peak
Debt as a % of revenue			
City	90.0%	56.7%	82.4%
Tax-supported and other funds	80.0%	54.8%	60.0%
Self-supporting utilities	220.0%	41.9%	138.7%
Debt-servicing as a % of revenue			
City	11.0%	5.3%	9.4%
Tax-supported and other funds	10.0%	5.4%	5.4%
Self-supporting utilities	20.0%	4.0%	18.5%
Debt per capita			
City	$ 2,800	$ 1,384	$ 2,332
Tax-supported and other funds	$ 1,500	$ 928	$ 998
Self-supporting utilities	$ 1,500	$ 343	$ 1,286

Note: "City" includes "tax-supported and other funds", "Self-supporting utilities" and consolidated entities. "Tax-supported and other funds" includes Municipal Accommodations and Fleet Management. "Self-supporting utilities" includes Transit System, Waterworks System, Sewage Disposal System and Solid Waste Disposal. "Forecasted Peak" does not account for the implications of consolidated accounting entries.

The City has unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2015 is $27.2 million (2014–$23.2 million). The increase in guarantees during the year is related to a Winnipeg Soccer Federation project at Garden City Community Centre. Some of the capital projects related to guarantees are in progress at year-end, meaning that the full line of credit has not been used. The at risk amount is $54.0 million. The City does not anticipate incurring future payments on these guarantees.

Employee Benefit Programs

The City provides pension, group life insurance, sick leave and severance pay benefit plans for qualified employees. The cost of these employee benefits is actuarially determined each year. These calculations use management's best estimate of a number of assumptions including the long-term rate of investment return on plan assets, inflation, salary escalation and the discount rate used to value liabilities. As well, it includes certain employee-related factors such as turnover, sick leave utilization, retirement age and mortality. Management applies judgment in the selection of these assumptions based on past experience and on forecasts of future economic and investment conditions. As these assumptions relate to factors that are long-term in nature, they are subject to a degree of uncertainty. Differences between actual experience and the assumptions, as well as revisions to the assumptions resulting from changes in future expectations, may lead to adjustments to the City's pension, sick leave and severance pay benefits expense reported in future financial statements.

Pension Plans

The City has two major plans–The Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Plan. The Winnipeg Civic Employees' Benefits Program has similar characteristics to a defined contribution pension plan in that it is a multi-employer benefits program governed by an independent board of trustees and a trust agreement that limits the City's contribution rate. This structure limits the City's exposure to future unfunded liabilities.

The Winnipeg Civic Employees' Benefits Program's special-purpose reserves have been used to subsidize the cost of benefits. Since the inception of the Program, it has been recognized that these reserves would gradually diminish over time as they were drawn down, unless they were able to be replenished through actuarial surpluses generated by "excess" investment returns. In part due to the 2008 market downturn, the Program's reserve position is currently insufficient to continue to subsidize the cost of benefits on a sustainable basis.

As a result, a multi-faceted approach was approved consisting of increased employer and employee contributions and benefit adjustments, while considering forecasted investment returns and reserve balances. Contribution rate increases of one-half per cent each year for four years were approved, starting September 1, 2011, to an average of 10% of pensionable earnings for each of the participating employers and contributing plan members. The increases in 2012 to 2014 were effective January 1st.

The future service cost of the Winnipeg Civic Employees' Benefits Program in 2015 was 21.9% of pensionable earnings.

The Winnipeg Police Pension Plan (the "Plan") is a defined benefit plan to which the members contribute 8% of pensionable earnings, with the City being responsible for any unfunded liabilities. As at December 31, 2015, the market value of this pension fund's assets was $1,300.3 million (2014–$1,231.9 million), which is $81.4 million more (2014–$99.8 million more) than the accrued pension obligation.

Based on an interim valuation of the Plan as at December 31, 2014, the cost of benefits accruing under this Plan in 2015 represent 25.4% of pensionable earnings, of which the employees contributed 8% of earnings. In accordance with Provincial pension legislation, the Plan's Contribution Stabilization Reserve can be used to reduce the City's contributions to match the employees' contributions if this reserve is in excess of 5% of the Plan's solvency liabilities. The balance in the Contribution Stabilization Reserve has been below this threshold since May 2012. Further, in accordance with the Plan provisions and the actuarial report on the interim valuation, 1.79% of earnings was not required to be contributed. Therefore, the City contributed the balance of the cost–that is, 15.63% of pensionable earnings.

The date of the next actuarial valuation of the Plan required to be prepared and filed with the Manitoba Office of the Superintendent–Pension Commission is December 31, 2016. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. As of the last valuation date, December 31, 2013, the plan had a solvency deficiency under this wind-up scenario.

This deficiency had to be addressed over the five years following the valuation date by the City, either through an increase in contributions starting in 2014, or by obtaining a letter of credit with face value equal to the value of additional contributions cumulatively required. City Council has previously approved the letter of credit option and has obtained a letter of credit for $31.3 million as of December 31, 2015 with respect to the December 2013 valuation.

In December 2011, City Council approved a report entitled "Winnipeg Police Plan–Solvency Exemption". One of the recommendations of that report stated that in the event solvency exemption was not achieved, the City was to explore all options to reduce the significant financial impact related to solvency deficiency rules. In early 2013, the members of the Police Pension Plan voted in significant numbers to reject the election for solvency exemption. The City has engaged consulting assistance to explore options.

Group Life Insurance Plans

The City's group life insurance plan ("GLIP") was established in 1975 and is comprised of two separate plans: the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan. The GLIP historically treated its income as non-taxable since the net assets were considered to be an extension of the City's government. However, as a result of enquiries from one of the GLIP's investment managers seeking confirmation of this, the City engaged a tax professional to review the tax status of the GLIP. The review determined the GLIP may not be tax exempt. The City then voluntarily approached the Canada Revenue Agency ("CRA") to discuss the issue. CRA informed the City that, in its view, the assets held in the two plans constitute trust funds and, therefore, the income should be considered taxable. CRA agreed to grandfather the tax-exempt status assumed by the present GLIP and, acknowledging that the City was actively working to address this issue, granted an extension until the end of December 2015.

During the year, City Council approved by-law 80/2015 in respect of both group life insurance plans. The purpose of the by-law was to transfer the plans' administration from the Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Board to The Civic and Police Employees' Group Life Insurance Plans Corporation ("CPEGLIPCo"). The Province of Manitoba approved the establishing of the CPEGLIPCo as a municipal corporation. The benefits offered by the plans have not changed. This new structure intends to maintain the tax-exempt status of the GLIP.

Environmental Matters

The City's water distribution and treatment system is governed by a license issued under The Drinking Water Safety Act, and the sewage treatment plants are governed by licenses issued under The Environment Act.

The 2005 to 2016 capital budgets for the utilities and their 2017 to 2021 capital forecasts anticipate $890.6 million of future debt to fund projects mandated by the Province. During 2003, at the request of the Minister of Conservation, the Clean Environment Commission ("CEC") conducted public hearings to receive and review comments on the City's wastewater collection and treatment improvement program. The CEC made several recommendations to upgrade and improve the wastewater collection and treatment systems, which were subsequently supported by the Minister of Conservation. In response, Manitoba Conservation issued Environment Act Licenses to the City for the North End, West End, and South End Sewage Treatment Plants.

In 2011 "The Save Lake Winnipeg Act" (Bill 46) was passed, which further enforces limits and imposes treatment options for the North End Sewage Treatment Plant. In 2013, an additional license was issued under the Environment Act, which governs combined sewers and overflow structures. With this direction, a wastewater upgrade program is underway, which will address nutrient control, combined sewer overflow mitigation and biosolids management. Based on preliminary assessments, the upgrade program is estimated to cost between $1.2 to $1.8 billion, depending on market factors and interpretation of the compliance requirements.

Other major funding sources for these improvements will be provided by the Environmental Projects Reserve (which had a balance of $83.2 million at December 31, 2015), the Canada Strategic Infrastructure Fund, the Green Infrastructure Fund and accumulated surplus.

The City of Winnipeg operates one landfill, the Brady Road Resource Management Facility, and maintains and monitors several former landfill sites. The City estimates costs associated with future landfill closure and post-closure care requirements in the determination of its environmental liability. The Environment Act Licence issued on April 23, 2014 provides direction on closure and post closure requirements. In estimating future landfill closure costs, management has estimated the total cost to cover, landscape and maintain the site based upon remaining life and capacity. The liability is measured on a discounted basis using the City's average, long-term borrowing rate.

During the year, the City adopted PS3260, Liability for Contaminated Sites. The City recognizes a liability for remediation of contaminated sites when conditions are identified that indicate non-compliance with environmental legislation. This standard has been applied retroactively with an adjustment to the opening balance of the accumulated surplus. The impact is the accrued liability for the remediation of some contaminated sites for the first time.

Labour Negotiations

For the year ended December 31, 2015, 54% (2014–52%) of the City's expenses related to salaries and employee benefits. The City's annual average headcount was 10,253 (2014–10,206), the majority being represented by the eight unions and associations as follows:

Union/Association	Average Annual Headcount	Agreement Expiry Date
ATU	1,391	January 12, 2019
CUPE	4,637	December 24, 2016
MGEU	347	February 18, 2017
UFFW	926	December 24, 2016
WAPSO	661	October 17, 2015
WFPSOA	45	August 19, 2017
WPA	1,975	December 23, 2016
WPSOA	33	December 24, 2016
Other (non-union/association)	238	Not applicable

ATU–Amalgamated Transit Union Local 1505; CUPE–Canadian Union of Public Employees Local 500; MGEU–Manitoba Government and General Employees' Union, The Paramedics of Winnipeg, Local 911; UFFW–United Fire Fighters of Winnipeg Local 867; WAPSO–Winnipeg Association of Public Service Officers; WFPSOA–Winnipeg Fire Paramedic Senior Officers' Association; WPA–Winnipeg Police Association; and WPSOA–Winnipeg Police Senior Officers' Association

The collective agreements provide a process to revise wage and employee benefit levels through negotiations. In addition, collective bargaining disputes with certain bargaining units are resolved through compulsory arbitration at the request of either or both parties.

Corporate Risk Management Division

The City has a separate Risk Management Division reporting to the Chief Financial Officer. This division provides services designed to control and minimize the adverse financial effects of accidental or unforeseen events. Working with City departments and SOA's, this division strengthens the City's long-term financial performance through the development and provision of a solid framework of risk management and loss control techniques based on an informed balance of risk and cost. Identifying, understanding, and evaluating the City's risks allow the City to measure and prioritize them, and respond with appropriate actions to manage the risk through loss prevention and reduction strategies, insurance programs and contractual transfer.

FINANCIAL ACCOUNTABILITY

Audit Department

The Audit Department is independent of the Public Service with a direct reporting relationship to City Council through the Audit Committee. The department plays a key role in providing assurance on the performance of City operations in support of open, transparent and accountable government.

In 2015, the department began providing assurance on the implementation of past audit recommendations undertaken by the Public Service and reporting the results to Audit Committee on a quarterly basis.

The department continues to focus on the oversight of major capital projects using a proactive approach to auditing. This involves reviewing the capital budget estimate documentation supporting a new capital project to confirm it supports the identified class estimate. The department is also conducting a limited scope engagement to provide assurance on the Southwest Transitway Capital project.

The department will continue to deliver advisory, assurance and investigation services, based on periodic risk assessments, requests from the Public Service and as a result of Council directed projects.

Budget Process

Executive Policy Committee ("EPC"), a committee of City Council, is responsible for budget development. The budget is presented to City Council for consideration and adoption. Each year, both an operating and a capital budget are approved by City Council. Both budgets contain multi-year views. The capital budget includes six years of budget information, including the current-year adopted budget and five forecast years. The operating budget contains three years of budget information, including the current-year adopted budget and two projection years. The 2016 budget document includes a 2015 consolidated budget section that is prepared on the same basis as the consolidated financial statements.

LOOKING FORWARD

2016 Operating and Capital Budgets

On March 22, 2016, City Council adopted both budgets for The City of Winnipeg – the 2016 capital and operating budgets. In addition, the 2017-2021 capital forecast was approved in principle and the 2017 and 2018 operating projections were received as the preliminary financial plan for those years.

The 2016 capital budget and the 2017 to 2021 five-year forecast includes $2.9 billion in City capital projects with $1.2 billion authorized in 2016. Some of the projects included in the 2016 capital budget are $105.2 million for regional and local street renewal, including record level funding for local sidewalk renewal of $2.4 million. In addition, $6 million is set aside for the City's Freedom Road commitment.

The six-year capital investment plan includes $218.0 million for the transit system; $109.8 million for public safety; $104.8 million for community services, including libraries and recreation facilities; $28.8 million for land drainage and flood control; $31.9 million for active transportation facilities; and $29.6 million for the solid waste disposal system. Section 284(2) of The City of Winnipeg Charter requires that before December 31 of each fiscal year, City Council must adopt a capital budget for that year and a capital forecast for the next five fiscal years.

The 2016 operating budget continues with 1.0% tax increases for each of the Local Street Renewal and Regional Street Renewal Reserves. As well, a 0.33% property tax increase was approved for future payments for the southwest rapid transitway.

Construction of the southwest rapid transitway (stage 2) and Pembina Highway underpass will begin in 2016. The project has a budget of $587.3 million and is a public-private partnership project with funding being provided by all levels of government. Following a request for proposal process, a preferred bidder was chosen for construction. Completion of the project will represent a significant step forward in building the transportation network outlined in the City's Transportation Master Plan.

The 2016 budget plan decreases business tax rates from 5.6% to 5.3% and provides for the expansion of the small business tax credit program. The program provides a full municipal business tax rebate to business with a rental value of $32,220 or less (2014–$30 thousand), impacting 48% of Winnipeg businesses. The budget remains focused on the continuing priorities of public safety and city streets. Section 284(1) of The City of Winnipeg Charter requires City Council to approve the operating budget before March 31 of each fiscal year.

All municipalities are facing budget pressures in delivering quality public services. Winnipeg, in keeping taxes affordable, has included one-time revenues and deferral of spending and maintenance costs in City budgets. This is not a sustainable model, and it is the goal of the City to have new long-term growth revenue sources in the future to address the growing structural operating deficit.

GENERAL REVENUE FUND - BUDGET

For the years ended December 31 (in thousands of dollars)	2016	2015	2014	2013	2012
Revenues					
Property tax	$ 549,345	$ 529,168	$ 510,569	$ 482,885	$ 459,564
Government transfers	123,619	118,290	113,763	113,050	113,265
Sale of goods and services	63,170	59,008	64,486	67,788	62,761
Street renewal frontage levy	62,374	49,129	41,731	41,400	41,300
Business tax	57,267	58,366	59,688	58,371	57,584
Transfer from other funds	55,203	45,779	56,787	46,586	52,309
Regulation fees	50,758	45,329	43,227	40,852	37,634
Other taxation	24,955	24,290	25,390	21,963	28,772
Interest	17,102	13,387	11,228	11,432	11,394
Other	51,337	51,351	42,315	38,345	35,377
	1,055,130	994,097	969,184	922,672	899,960
Expenses					
Police service	280,670	263,978	259,113	242,548	220,184
Public works	215,521	204,447	187,638	181,976	169,043
Fire paramedic service	190,274	178,321	167,801	167,888	154,750
Community services	111,408	118,569	122,838	111,691	112,793
Corporate	72,356	46,866	60,284	48,825	59,166
Planning, property and development	45,528	48,513	40,554	42,064	41,221
Corporate support services	37,254	34,092	33,038	31,147	31,312
Water and waste	30,399	30,923	31,110	33,703	44,052
Assessment and taxation	19,986	20,520	19,623	18,209	25,572
City clerk's	14,550	12,948	13,465	10,930	10,897
Street lighting	12,963	12,522	11,970	11,618	11,100
Corporate finance	9,015	9,130	9,310	9,412	8,547
Other departments	15,206	13,268	12,440	12,661	11,323
	1,055,130	994,097	969,184	922,672	899,960
	$ -	$ -	$ -	$ -	$ -

Prior year figures have not been reclassified to conform with the 2016 figures.

Accounting Pronouncements

PSAB has issued several pronouncements which may impact the City's future financial statements. The pronouncements that the City will be reviewing to determine their impact on the Statements are as follows:

- In June 2011, PSAB approved two new standards: Section PS 3450, Financial Instruments and Section PS 2601, Foreign Currency Translation, and related financial statement presentation changes to Financial Statement Presentation, Section PS 1201. Both standards must be adopted in the same fiscal period. The new standards are effective for fiscal years beginning on or after April 1, 2019.
- In March 2015, PSAB issued two new standards: Section 2200 Related Party Disclosures and Section 3420 Inter-entity Transactions. The standards address recognition, measurement, and disclosure of related party transactions. The new standards are effective for fiscal years beginning on or after April 1, 2017.
- In June 2015, PSAB issued three new standards: Section 3210 Assets, Section 3320 Contingent Assets and Section 3380 Contractual Rights. These standards address recognition, measurement and disclosure of assets, contingent assets and contractual rights. The new standards are effective for fiscal years beginning on or after April 1, 2017.
- Also in June 2015, PSAB issued section 3430 Restructuring Transactions. This standard addresses recognition, measurement and disclosure of restructuring transactions including amalgamations and transfers of programs/operations. The new standard is effective for fiscal years beginning on or after April 1, 2018.

REQUEST FOR INFORMATION

The Financial Statement Discussion and Analysis and the Statements are designed to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances, and to show accountability for the funding it receives. Both the Annual Financial Report and the Detailed Financial Statements Document are available on-line at www.winnipeg.ca. Questions concerning the information provided in these reports should be addressed to Paul D. Olafson, CPA, CA–Corporate Controller, Corporate Finance Department, 4-510 Main Street, Winnipeg, Manitoba, R3B 1B9.

Michael Ruta, FCA
Chief Financial Officer
May 11, 2016

Responsibility for Financial Reporting

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The City of Winnipeg. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated Financial Statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian public sector accounting standards.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to City Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee. The Consolidated Financial Statements contained herein were approved by Audit Committee on May 11, 2016. In addition, the Audit Committee meets periodically with management and with both the City's internal and external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Audit Committee is readily accessible to external and internal auditors.

KPMG LLP, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and members of City Council and appears on the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian public sector accounting standards.

Michael Ruta, FCA
Chief Financial Officer
May 11, 2016

Independent Auditors' Report

To the Mayor and Members of City Council of The City of Winnipeg

We have audited the accompanying consolidated financial statements of The City of Winnipeg ("the City"), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The City of Winnipeg as at December 31, 2015, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants
May 11, 2016
Winnipeg, Canada

Consolidated Statement of Financial Position

As at December 31 (in thousands of dollars)	2015	2014
Financial Assets		
Cash and cash equivalents (Note 3)	$ 348,995	$ 335,726
Accounts receivable (Note 4)	334,131	299,753
Land held for resale	10,916	9,074
Investments (Note 5)	313,202	338,051
Investment in government businesses (Note 6)	30,135	34,447
	1,037,379	1,017,051
Liabilities		
Accounts payable and accrued liabilities (Note 7)	285,085	262,927
Deferred revenue (Note 8)	37,664	52,115
Debt (Note 9)	1,016,777	961,069
Other liabilities (Note 10)	77,814	73,190
Accrued employee benefits and other (Note 11)	204,837	184,791
	1,622,177	1,534,092
Net Financial Liabilities	(584,798)	(517,041)
Non-Financial Assets		
Tangible capital assets (Note 13)	6,180,915	5,851,649
Inventories	19,531	18,706
Prepaid expenses and deferred charges	6,805	7,026
	6,207,251	5,877,381
Accumulated Surplus (Note 14)	$ 5,622,453	$ 5,360,340
Commitments and contingencies (Notes 10, 15 and 16)		

See accompanying notes and schedules to the consolidated financial statements

Approved on behalf of the Audit Committee:

Mayor

Chairperson
Standing Policy Committee On Finance

Consolidated Statement of Operations and Accumulated Surplus

For the years ended December 31 (in thousands of dollars)	Budget 2015 (Note 20)	Actual 2015	Actual 2014
Revenues			
Taxation (Note 16)	**$ 660,243**	**$ 660,323**	$ 640,801
Sales of services and regulatory fees (Note 17)	**550,604**	**545,637**	526,330
Government transfers (Note 18)	**177,042**	**171,582**	169,017
Land sales and other revenue (Note 6)	**57,033**	**35,331**	70,393
Investment income	**33,573**	**30,047**	35,693
Total Revenues	**1,478,495**	**1,442,920**	1,442,234
Expenses			
Protection and community services	**477,569**	**488,583**	466,817
Utility operations	**392,477**	**370,219**	378,584
Public works	**323,659**	**318,018**	331,243
Property and development	**165,616**	**128,800**	146,274
Finance and administration	**78,992**	**71,291**	76,553
Civic corporations	**70,850**	**61,810**	58,185
General government	**32,234**	**47,265**	46,203
Total Expenses (Note 19)	**1,541,397**	**1,485,986**	1,503,859
Annual Deficit Before Other	**(62,902)**	**(43,066)**	(61,625)
Other			
Government transfers related to capital (Note 18)	**205,418**	**201,405**	209,830
Developer contributions-in-kind related to capital (Note 13)	**71,400**	**110,960**	64,472
	276,818	**312,365**	274,302
Annual Surplus	**$ 213,916**	**269,299**	212,677
Accumulated Surplus, Beginning of Year			
As previously reported		**5,360,340**	5,147,663
Change in accounting policy (Note 2p)		**(7,186)**	–
As restated		**5,353,154**	5,147,663
Accumulated Surplus, End of Year		**$ 5,622,453**	$ 5,360,340

See accompanying notes and schedules to the consolidated financial statements

Consolidated Statement of Cash Flows

For the years ended December 31 (in thousands of dollars)	2015	2014
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Operating		
Annual surplus	**$ 269,299**	$ 212,677
Add (deduct) items not impacting cash and cash equivalents		
Amortization of tangible capital assets	**221,358**	208,074
Developer contributions-in-kind related to capital	**(110,960)**	(64,472)
Change in other liabilities and employee benefits	**24,670**	24,516
Loss on sale tangible capital assets	**2,797**	1,503
Other	**(2,874)**	1,365
	404,290	383,663
Net change in non-cash working capital balances related to operations	**(29,117)**	(47,445)
Cash provided by operating activities	**375,173**	336,218
Capital		
Acquisition of tangible capital assets	**(447,449)**	(461,087)
Proceeds on disposal of tangible capital assets	**4,988**	1,496
Cash used in capital activities	**(442,461)**	(459,591)
Financing		
Sinking fund and serial debenture issued	**75,947**	180,473
Decrease in sinking fund investments	**72,514**	69,607
Debenture and serial debt retired	**(92,848)**	(95,381)
Service concession arrangements retired	**(1,656)**	(1,530)
Other	**1,751**	7,504
Cash provided by financing activities	**55,708**	160,673
Investing		
Decrease (increase) in investments	**24,849**	(31,235)
Cash provided by (used in) investing activities	**24,849**	(31,235)
Increase in cash and cash equivalents	**13,269**	6,065
Cash and Cash Equivalents, Beginning of Year	**335,726**	329,661
Cash and Cash Equivalents, End of Year	**$ 348,995**	$ 335,726

See accompanying notes and schedules to the consolidated financial statements

Consolidated Statement of Change in Net Financial Liabilities

For the years ended December 31 (in thousands of dollars)	Budget 2015 (Note 20)	Actual 2015	Actual 2014
Annual Surplus	$ 213,916	$ 269,299	$ 212,677
Amortization of tangible capital assets	217,718	221,358	208,074
Proceeds on disposal of tangible capital assets	2,350	4,988	1,496
Loss on disposal of tangible capital assets	1,900	2,797	1,503
Change in inventories, prepaid expenses and deferred charges	(2,000)	(604)	(4,169)
Tangible capital assets received as contributions (Note 13)	(71,400)	(110,960)	(64,472)
Acquisition of tangible capital assets	(527,539)	(447,449)	(461,087)
Increase In Net Financial Liabilities	(165,055)	(60,571)	(105,978)
Net Financial Liabilities, Beginning Of Year			
As previously reported	(509,896)	(517,041)	(411,063)
Change in accounting policy (Note 2p)	–	(7,186)	–
As restated	(509,896)	(524,227)	(411,063)
Net Financial Liabilities, End of Year	$ (674,951)	$ (584,798)	$ (517,041)

See accompanying notes and schedules to the consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2015

(all tabular amounts are in thousands of dollars, unless otherwise noted)

1. Status of The City of Winnipeg

The City of Winnipeg (the "City") is a municipality that was created on January 1, 1972 pursuant to The City of Winnipeg Act, a statute of the Legislature of the Province of Manitoba (the "Province"). The City continued as a body corporate by virtue of the enactment by the Province of The City of Winnipeg Charter on January 1, 2003. The City provides municipal services such as police, fire, ambulance, public works, urban planning, parks and recreation, library and other general government operations. The City owns and operates a number of public utilities, has designated reserves and provides funding support for other entities involved in economic development, recreation, entertainment, convention, tourism and housing activities.

2. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Basis of consolidation

The consolidated financial statements include the assets, liabilities, reserves, surpluses/deficits, revenues and expenses of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations based upon control exercised by the City except for the City's government partnerships and businesses. Inter-fund and inter-corporate balances and transactions have been eliminated.

i) Consolidated entities

The organizations included in the consolidated financial statements are as follows:

- Assiniboine Park Conservancy Inc.
- CentreVenture Development Corporation
- The Convention Centre Corporation
- Winnipeg Arts Council Inc.
- Winnipeg Enterprises Corporation
- Winnipeg Public Library Board

ii) Government partnerships

Economic Development Winnipeg Inc. is reported as a government partnership with the proportionate consolidation method being used. Accordingly, fifty percent of the assets, liabilities, revenues and expenses have been included.

iii) Government businesses

The investments in North Portage Development Corporation and River Park South Developments Inc. are reported as government business partnerships and Winnipeg Housing Rehabilitation Corporation as a government business enterprise. These businesses are accounted for using the modified equity method. Under this method, the government businesses' accounting principles are not adjusted to conform with those of the City and inter-corporate transactions are not eliminated (Note 6).

iv) Employees' pension funds

The employees' pension funds of the City are administered on behalf of the pension plans' participants by the Board of Trustees of the Winnipeg Civic Employees' Benefits Program (the "EBB") (Pension Fund) for the payment of pension benefits and accordingly are not included in the consolidated financial statements.

v) Group life insurance funds

The group life insurance funds of the City are administered on behalf of group life insurance plans' participants by the Civic and Police Employees' Group Life Insurance Plans Corporation for the payment of life insurance benefits and accordingly are not included in the consolidated financial statements.

2. Significant Accounting Policies (continued)

b) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

c) Cash equivalents

Cash equivalents consist of Crown corporation bonds; provincial government bonds; City of Winnipeg municipal bonds; other municipal bonds; schedule 1 bank bonds and bankers' acceptances; and asset-backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

d) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

e) Investments

Bonds are carried at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the remaining terms to maturity with annual amortization computed at amounts which, when combined with actual income received, result in a constant effective yield on the amortized book value.

f) Unamortized premium on debt

Debt is reported at face value and is adjusted by premiums which are amortized on a straight-line basis over the term to maturity of the respective debt instrument. The corresponding amortization is recorded as interest expense.

g) Solid waste landfills

The obligation to close and maintain solid waste landfill sites is based on estimated future expenses in current dollars, adjusted for estimated inflation, and is charged to expenses as the landfill site's capacity is used.

h) Contaminated sites

The City recognizes a liability for remediation of contaminated sites when conditions are identified which indicate non-compliance with environmental legislation. The liability reflects the City's best estimate of the amount required to remediate the site to the current minimum standard of use prior to contamination, as of the financial statement date.

Recorded liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual remediation costs incurred.

i) Deferred revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the acquisition and construction of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

j) Employee benefit plans

The Winnipeg Civic Employees' Benefits Program is a multi-employer contributory defined benefit program and accordingly contributions are expensed as incurred. The costs of other pensions and other retirement benefits have been accounted for based on actuarially determined amounts using the projected benefit method prorated on services and management's best estimate of retirement ages of employees, salary escalation and plan investment performance. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period.

In the case of the Winnipeg Police Pension Plan, this plan's by-law provides that, in the event of a funding surplus or deficiency, within certain prescribed constraints, the contribution stabilization reserve will be utilized and amendments made to the rate of cost-of-living adjustments to pensions according to specific rules set out in the by-law. Consequently, actuarial gains and losses are recognized immediately to the extent that they are offset by changes in the contribution stabilization reserve and changes in the plan's accrued benefit obligation for future cost-of-living adjustments to pensions.

2. Significant Accounting Policies (continued)

k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of 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 annual surplus, provides the consolidated change in net financial liabilities for the year.

i) 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 the asset. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 to 50 years
Vehicles	
Transit buses	18 years
Other vehicles	5 to 10 years
Computer hardware and software	5 to 10 years
Other	
Machinery and equipment	3 to 40 years
Land improvements	10 to 100 years
Water and waste plants and facilities	
Underground networks	50 to 100 years
Sewage treatment plants and lift stations	50 to 75 years
Water pumping stations and reservoirs	50 to 75 years
Flood stations and other infrastructure	50 to 75 years
Transportation	
Roads	10 to 50 years
Bridges and other structures	25 to 75 years

Assets under construction are not amortized until the asset is available for productive use.

In certain circumstances, capital project work is charged an administration fee equal to 1.25% of specific costs of the project to a maximum of $100 thousand on any individual project. In addition, interim financing charges of 2% are also capitalized as part of the project cost funded by the City.

Works of art and historical treasures are not recorded as tangible capital assets.

a) Contributions of tangible capital assets

Developer-contributed tangible capital assets are recorded at their fair value at the date of receipt. The contribution is recorded as revenue.

b) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

c) Service concession arrangements

Service concession arrangements are long-term performance-based approaches for procuring public infrastructure, where the City contracts with a private sector partner who assumes a major share of the responsibility for the delivery of the infrastructure. The operator is compensated over the period of the arrangements. The arrangements are governed by a contract that sets out performance standards and mechanisms for adjusting prices. The contract is binding on the parties to the arrangement and obliges the operator to maintain the tangible capital asset on behalf of the City.

In the case of tangible capital assets, where the operator bears the construction risk, the timing of initial recognition of the service concession asset by the City will be when the tangible capital asset is available for productive use.

2. Significant Accounting Policies (continued)

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

l) Tax revenues

Tax revenues result from non-exchange transactions that are compulsorily paid to governments in accordance with the laws and regulations established to provide revenue to the government for public services. The revenue is recognized when the tax has been authorized and the taxable event has occurred.

The City is required by The Public Schools Act to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province, and school division special levies on behalf of school divisions. The City has no jurisdiction or control over the school divisions' operations or their mill rate increases. Therefore, no tax revenue is recognized in these consolidated financial statements for amounts collected on behalf of school divisions, nor are the assets, liabilities, revenues and expenses, with respect to the operations of the school boards.

Property taxation revenue is based on market assessments that are subject to appeal. Therefore, a provision has been estimated for assessment appeals outstanding as at December 31. As well, estimates have been made of property tax amounts owing for prior years that have not yet been assessed at the end of the current fiscal year. By their nature, these estimates are subject to measurement uncertainty and the impact on future financial statements could be material (Note 2n).

m) Government transfers

Government transfers are transfers of monetary assets or tangible capital assets to or from the City that are not the result of an exchange transaction, a direct financial return, or expected to be repaid in the future.

Government transfers are recognized in the consolidated financial statements as revenue in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance requirements, and reasonable estimates of the amounts can be determined.

Stipulations attached to transfers to the City may give rise to an obligation on the City's behalf, in which case a liability will be recognized in the consolidated financial statements.

n) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions in such areas as employee benefits, the useful life of tangible capital assets, assessment appeals, lawsuits and environmental provisions. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

o) Budget

The 2015 budget is included on the consolidated statements of operations and accumulated surplus and change in net financial liabilities. The budget is compiled from the City Council-approved Operating Budget, estimates for controlled entities, adjustments to report the budget on a full accrual basis including capital revenue adjustments, assets capitalized on the statement of financial position, amortization of tangible capital assets and accruals for unfunded liabilities and administrative adjustments to provide for proper comparison to actual results presented herein.

p) Accounting policy changes

The Public Sector Accounting Board issued a new accounting standard, PS 3260 Liability for Contaminated Sites. The new standard applies to the City for the fiscal year beginning January 1, 2015, and, as such, has been utilized for the preparation of these consolidated financial statements. As permitted, this standard has been applied retroactively with an adjustment to the opening balance of the accumulated surplus. The impact is the accrued liability for the remediation of some contaminated sites for the first time.

3. Cash and Cash Equivalents

		2015		2014
Cash	**$**	**4,074**	$	6,423
Cash equivalents		**344,921**		329,303
	$	**348,995**	$	335,726

The average effective interest rate for cash equivalents at December 31, 2015 is 0.93% (2014–1.3%).

Cash and cash equivalents exclude $100.4 million (2014–$48.5 million) which has been received from various entities including EBB. The funds are invested on a pooled basis to obtain maximum investment returns.

Cash received for interest during the year is $30.4 million (2014–$35.8 million).

4. Accounts Receivable

		2015		2014
Property, payments-in-lieu and business taxes receivable	**$**	**58,121**	$	54,825
Allowance for property, payments-in-lieu and business taxes receivable		**(4,255)**		(6,183)
		53,866		48,642
Trade accounts and other receivables		**163,002**		148,857
Province of Manitoba		**118,411**		89,774
Government of Canada		**19,124**		24,574
Allowance for doubtful accounts		**(20,272)**		(12,094)
		280,265		251,111
	$	**334,131**	$	299,753

5. Investments

		2015		2014
Marketable securities				
Provincial bonds and bond coupons	**$**	**11,797**	$	8,095
Municipal bonds		**69,529**		90,863
		81,326		98,958
Manitoba Hydro long-term receivable		**220,238**		220,238
Other		**11,638**		18,855
	$	**313,202**	$	338,051

a) Marketable securities

The aggregate market value of marketable securities at December 31, 2015 is $84.7 million (2014–$104.4 million) and their maturity dates range from 2016 to 2053.

b) Manitoba Hydro long-term receivable

On February 27, 2002, City Council approved Manitoba Hydro's proposal to purchase Winnipeg Hydro. The terms of the proposal included payments to the City of $25 million per annum commencing in 2002 and for the next four years thereafter; $20 million per annum for years six through nine; and $16 million per annum for years ten and continuing in perpetuity.

5. Investments (continued)

The Manitoba Hydro investment represents the sum of the discounted future cash flows of the above annual payments to the City, discounted at the City's historical average long-term borrowing rate.

6. Investment in Government Businesses

a) North Portage Development Corporation

North Portage Development Corporation (the "NPDC") is a government partnership that is owned equally by the Government of Canada, the Province of Manitoba and The City of Winnipeg. The mission of NPDC is to act as a catalyst, encouraging activities for people in the downtown through public and private partnerships and to work to ensure financial self-sufficiency. NPDC is responsible for the continuing renewal and stewardship of two sites in Winnipeg's downtown: the North Portage area and The Forks. NPDC is involved in certain business and core activities regarding the ownership, development and management of its two sites that include land investment properties and public amenities.

The condensed supplementary financial information of NPDC is as follows:

	2015	2014
Financial position		
Property, plant and equipment and investment in properties and infrastructure enhancements	**$ 69,346**	$ 69,755
Short-term investments	**14,215**	15,487
Other assets	**1,378**	1,344
	$ 84,939	$ 86,586
Deferred contributions from shareholders	**$ 13,642**	$ 14,802
Long-term mortgage payable	**10,608**	10,991
Current and other liabilities	**3,722**	3,686
	27,972	29,479
Net equity	**56,967**	57,107
	$ 84,939	$ 86,586
Comprehensive income		
Revenues	**$ 11,123**	$ 10,560
Expenses	**9,423**	8,957
Operating income before the following	**1,700**	1,603
Interest expense	**(633)**	(655)
Amortization	**(2,173)**	(2,199)
Other	**966**	1,815
Net (loss) income for the year	**$ (140)**	$ 564

b) River Park South Developments Inc.

On April 21, 2011, the City and Qualico Developments (Winnipeg) Ltd. entered into an agreement to jointly develop and sell residential land owned by the partners in the River Park South community of Winnipeg.

6. Investment in Government Businesses (continued)

The condensed supplementary financial information of River Park South Developments Inc. is as follows:

		2015		2014
Financial position				
Assets	$	16,703	$	30,327
Liabilities and equity	$	16,703	$	30,327
Comprehensive income				
Land sales	$	11,918	$	9,903
Cost of sales		5,354		4,251
Operating income before the following		6,564		5,652
Interest and other income		38		182
Other expenses and adjustments		(1,086)		(1,033)
Net income for the year	$	5,516	$	4,801

c) Winnipeg Housing Rehabilitation Corporation

Winnipeg Housing Rehabilitation Corporation (the "WHRC") is a non-profit developer and manager of affordable housing in Winnipeg. WHRC was founded by the City. Pursuant to operating agreements, WHRC receives subsidies from Canada Mortgage and Housing Corporation and Manitoba Housing.

The condensed supplementary financial information of WHRC is as follows:

		2015		2014
Financial position				
Capital assets	$	22,182	$	23,898
Current and other assets		7,772		7,411
	$	29,954	$	31,309
Long-term debt	$	19,913	$	21,596
Current and other liabilities		4,234		4,323
		24,147		25,919
Replacement Reserves		4,604		4,313
WHRC Building and Acquisition Reserve		1,082		1,063
Unrestricted net assets		121		14
		5,807		5,390
	$	29,954	$	31,309
Results of operations				
Revenues	$	8,366	$	10,780
Expenses		8,260		10,604
Excess of revenues over expenses for the year		106		176
Change to Replacement Reserves during the year		291		(64)
Change to WHRC Building and Acquisition Reserve during the year		19		17
Net income for the year	$	416	$	129

During the year, the City paid WHRC an operating grant of $180 thousand (2014–$180 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2014–$2.0 million). As at March 31, 2015, WHRC has utilized $492 thousand of this line of credit (2014–$55 thousand).

6. Investment in Government Businesses (continued)

Summary of investment in government businesses

		2015		2014
North Portage Development Corporation (1/3 share)	$	18,989	$	19,036
River Park South Developments Inc. (1/2 share)		5,339		10,021
Winnipeg Housing Rehabilitation Corporation		5,807		5,390
	$	30,135	$	34,447

Summary of results of operations

		2015		2014
North Portage Development Corporation (1/3 share)	$	(47)	$	188
River Park South Developments Inc. (1/2 share)		2,758		2,400
Winnipeg Housing Rehabilitation Corporation		416		129
	$	3,127	$	2,717

The results of operations are included in the Consolidated Statement of Operations and Accumulated Surplus as land sales and other revenue. NPDC and WHRC report their activities based on a March 31 year-end.

7. Accounts Payable and Accrued Liabilities

		2015		2014
Accrued liabilities	$	144,390	$	135,774
Trade accounts payable		133,856		118,971
Accrued interest payable		6,839		8,182
	$	285,085	$	262,927

8. Deferred Revenue

		2015		2014
Federal gas tax transfer	$	14,937	$	22,440
Province of Manitoba		3,223		13,405
Prepayment for services and other		19,504		16,270
	$	37,664	$	52,115

9. Debt

Sinking fund debentures outstanding

Term	Maturity Date	Rate of Interest	Series	By-Law No.	2015	2014
1995-2015	May 12	9.125	VR	6620/95	**$ –**	$ 88,000
1997-2017	Nov. 17	6.250	VU	7000/97	**30,000**	30,000
2006-2036	July 17	5.200	VZ	183/04 and 72/06	**60,000**	60,000
2008-2036	July 17	5.200	VZ	72/06B and 32/07	**100,000**	100,000
2010-2041	June 3	5.150	WB	183/08	**60,000**	60,000
2011-2051	Nov. 15	4.300	WC	72/06, 183/08 and 150/09	**50,000**	50,000
2012-2051	Nov. 15	3.853	WC	93/11	**50,000**	50,000
2012-2051	Nov. 15	3.759	WC	120/09, 93/11 and 138/11	**75,000**	75,000
2013-2051	Nov. 15	4.391	WC	93/11 and 84/13	**60,000**	60,000
2014-2045	June 1	4.100	WD	144/11, 23/13 and 149/13	**60,000**	60,000
2014-2045	June 1	3.713	WD	100/12, 23/13 and 149/13	**60,000**	60,000
2014-2051	Nov. 15	3.893	WC	93/11 and 145/13	**52,568**	52,568
2015-2045	June 1	3.828	WD	144/11, 100/12, 23/13, 149/13, 5/15 and 61/15	**60,000**	–
					717,568	745,568
Equity in The Sinking Funds (Notes 9a and b)					**(53,116)**	(125,630)
Net sinking fund debentures outstanding					**664,452**	619,938
Other debt outstanding						
Serial and instalment debt issued by the City with varying maturities up to 2019 and a weighted average interest rate of 4.50% (2014–4.50%)					**19,392**	24,240
Bank loans, Province and other with varying maturities up to 2039 and a weighted average interest rate of 2.61% (2014–2.90%)					**133,115**	117,168
Capital lease obligations (Note 9c)					**24,844**	25,474
Service concession arrangement obligations (Notes 9d and 15d)					**154,158**	155,814
					995,961	942,634
Unamortized premium on debt (Note 9e)					**20,816**	18,435
					$ 1,016,777	$ 961,069

Debt segregated by fund/organization:

	2015	2014
General Capital Fund	**$ 671,683**	$ 625,415
Waterworks System	**134,397**	139,569
Transit System	**92,688**	88,389
Consolidated entities	**39,556**	37,394
Fleet Special Operating Agency	**30,311**	37,118
Solid Waste Disposal	**23,445**	10,239
Other	**24,697**	22,945
	$ 1,016,777	$ 961,069

9. Debt (continued)

Debt to be retired over the next five years:

	2016	2017	2018	2019	2020	2021+
Sinking fund debentures	$ –	$ 30,000	$ –	$ –	$ –	$ 687,568
Other debt	60,497	21,671	21,321	18,522	9,200	200,298
	$ 60,497	$ 51,671	$ 21,321	$ 18,522	$ 9,200	$ 887,866

a) As at December 31, 2015, sinking fund assets have a market value of $79.7 million (2014–$152.1 million). Sinking fund assets are mainly comprised of government and government-guaranteed bonds and debentures, which include City of Winnipeg debentures with a carrying value of $27.0 million (2014–$40.0 million) and a market value of $28.9 million (2014–$42.3 million).

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund Trustees of The City of Winnipeg on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed in a separate fund by the City. The City is currently paying between 1 to 3% on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Future minimum lease payments together with the balance of the obligation due under the capital leases are as follows:

	Capital Leases
2016	$ 2,476
2017	2,502
2018	2,553
2019	2,563
2020	2,680
Thereafter	29,783
Total future minimum lease payments	42,557
Amount representing interest at a weighted average rate of 8.18%	(17,713)
Capital lease obligations	$ 24,844

d) Service concession arrangement obligations are as follows:

	2015	2014
DBF2 Limited Partnership–Chief Peguis Trail Extension	**$ 48,089**	$ 48,625
Plenary Roads Winnipeg GP–Disraeli Bridges	**106,069**	107,189
	$ 154,158	$ 155,814

Chief Peguis Trail Extension

The City has entered into a fixed-price contract with DBF2 Limited Partnership ("DBF2") to design, build, finance and maintain the Chief Peguis Trail Extension. The contract was executed in September 2010 and terminates in January 2042. The Chief Peguis Trail Extension was commissioned for use in 2011.

The $107.8 million project will have been financed through a grant of $23.9 million from PPP Canada, a Provincial government transfer of $9.0 million, sinking fund debentures (Series WC) of $18.7 million, a $50.0 million service concession arrangement obligation to DBF2 and cash consideration paid by the City of $6.2 million. As at December 31, 2015, $105.6 million was capitalized (Note 9). Monthly capital and interest performance-based payments totalling $4.5 million annually, for the service concession arrangement obligation to DBF2 commenced in January 2012, commensurate with commissioning the project and are payable to termination of the contract with DBF2.

9. Debt (continued)

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the full $107.8 million project is 4.6%. Specifically, the sinking fund debt and service concession arrangement obligation to DBF2 bear a combined weighted average interest rate of 7.2%.

The City will also make a monthly performance-based maintenance payment to DBF2 as disclosed in Note 15d.

Disraeli Bridges

The City has entered into a fixed-price contract with Plenary Roads Winnipeg GP ("PRW") to design, build, finance and maintain the Disraeli Bridges. The contract was executed in March 2010 and terminates in October 2042. The Disraeli Bridges were commissioned for use in 2012 with decommissioning of the old structures and construction of a separate pedestrian bridge following in 2013.

The $195.0 million project will have been financed through sinking fund debentures (Series WC) of $25.0 million, a $109.4 million service concession arrangement obligation to PRW, Federal gas tax revenue of $50.0 million, and net cash consideration paid by the City of $10.6 million. As at December 31, 2015, $194.9 million was capitalized for commissioned works (Note 13). Monthly capital and interest performance-based payments totalling $9.8 million annually, for the service concession arrangement obligation to PRW commenced in October 2012, commensurate with commissioning the project and are payable to termination of the contract with PRW.

Overall, taking into account the various forms of funding and financing for the project, the effective interest rate incurred by the City based on the $195.0 million project is 5.2%. Specifically, the sinking fund debt and service concession arrangement obligation to PRW bear a combined weighted average interest rate of 7.5%.

The City will also make a monthly performance-based maintenance payment to PRW as disclosed in Note 15d.

e) Included in the Consolidated Statement of Financial Position are investments of $23.3 million (2014–$21.2 million) that will be used for making semi-annual debt service payments on the sinking fund debentures issued in 2012.

f) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2015 is $56.1 million (2014–$53.7 million) and cash paid for interest during the year is $57.5 million (2014–$55.3 million).

10. Other Liabilities

		2015		2014
Landfill	$	**41,745**	$	30,531
Expropriation		**21,400**		25,800
Contaminated sites		**7,356**		3,625
Developer deposits and other		**7,313**		13,234
	$	**77,814**	$	73,190

Included in landfill liabilities is the estimated total landfill closure and post-closure care expenses. The estimated liability for these expenses is recognized as the landfill site's capacity is used. Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the City's average, long-term, borrowing rate of 4.5% (2014–5.0%).

Landfill closure and post-closure care requirements have been defined in accordance with The Environment Act and include final covering and landscaping of the landfill, pumping of ground, methane gas and leachate management, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 109-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated capacity of the City's one remaining landfill, the Brady Road Landfill Site, is 93% of its total capacity and its remaining life is approximately 109 years, after which perpetual post-closure maintenance is required.

The Brady Landfill Site Rehabilitation Reserve was established for the purpose of providing funding for the future development of the Brady Road Landfill Site. The reserve is financed through a transfer from the Solid Waste Disposal Fund and is based upon residential and commercial tonnes. As at December 31, 2015, the reserve had a balance of $5.6 million (2014–$5.3 million).

11. Accrued Employee Benefits and Other

		2015		2014
Retirement allowance–accrued obligation	$	**96,012**	$	95,978
Unamortized net actuarial loss		**(5,869)**		(5,142)
Retirement allowance–accrued liability		**90,143**		90,836
Vacation		**52,248**		50,924
Workers' compensation		**42,170**		26,869
Compensated absences		**13,570**		10,329
Other		**6,706**		5,833
	$	**204,837**	$	184,791

Under the retirement allowance programs, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (excluding resignation). In addition, adjustments arising from plan amendments, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 11.5 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year the actuarial gains or losses occur.

The City measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation of the obligation was calculated as of July 31, 2014. The results of this valuation were extrapolated to the financial reporting date of December 31, 2015 using year-end assumptions.

Information about the City's retirement allowance benefit plan is as follows:

		2015		2014
Retirement allowance–accrued liability				
Balance, beginning of year	$	**90,836**	$	89,296
Current service cost		**5,112**		5,284
Interest cost		**2,806**		3,527
Amortization of net actuarial loss		**977**		1,116
Benefit payments		**(9,588)**		(8,387)
Balance, end of year	$	**90,143**	$	90,836

Retirement allowance expense consists of the following:

		2015		2014
Current service cost	$	**5,112**	$	5,284
Interest cost		**2,806**		3,527
Amortization of net actuarial loss		**977**		1,116
	$	**8,895**	$	9,927

11. Accrued Employee Benefits and Other (continued)

The significant actuarial assumptions adopted in measuring the retirement allowance obligation for the year ended December 31 are as follows:

	2015	2014
Discount rate on liability	**2.80%**	2.90%
General increases in pay	**2.50–3.00%**	2.50–3.00%

Demographic assumptions such as utilization of sick leave credits, salary increases as a result of increments and promotion, continuation of employment and the probability of retirement or death in future years are based on employment experience.

Compensated absences represent benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years.

12. Pension Costs and Obligations

a) Winnipeg Civic Employees' Benefits Program

The Winnipeg Civic Employees' Benefits Program (the "Benefits Program") is a multi-employer benefit program governed by an independent board of trustees and a trust agreement that limits the City's contribution rate. Accordingly, the Benefits Program is accounted for similar to a defined contribution benefits program. The Benefits Program provides pension and disability benefits to all City of Winnipeg employees, other than police officers, and to employees of certain other participating employers.

Members' contribution rates were 9.5% of their Canada Pension Plan earnings and 11.8% of pensionable earnings in excess of Canada Pension Plan earnings in 2015, and for future years, consistent with 2014. The City and participating employers are required to make matching contributions.

An actuarial valuation of the Benefits Program was prepared as at December 31, 2014, which indicated an excess of actuarial value of program assets over actuarial liabilities of $81.9 million. The Pension Trust Agreement specifies how actuarial surpluses can be used but does not attribute actuarial surpluses to individual employers. However, a portion of actuarial surpluses is allocated to a City Account that the City and other participating employers may use to finance reductions in their contributions. In the event of unfavourable financial experience, additional amounts may be transferred from the City Account to cover a funding deficiency.

The balance of the City Account at December 31, 2015 was $28.4 million (2014–$41.6 million).

Total contributions by the City to the Benefits Program in 2015 were $32.5 million (2014–$28.9 million), which were expensed as incurred.

b) Winnipeg Police Pension Plan

The Winnipeg Police Pension Plan (the "Plan") is a contributory defined benefit plan, providing pension benefits to police officers. Members are required to make contributions at the rate of 8% of pensionable earnings. The City is required to finance the cost of the Plan's benefits other than cost-of-living adjustments and to contribute 2% of pensionable earnings in respect of cost-of-living adjustments. A contribution stabilization reserve has been established to maintain the City's contribution rate at 8% of pensionable earnings, when permitted under provincial pension legislation. The Plan incorporates a risk-sharing arrangement under which actuarial surpluses are first allocated to maintain cost-of-living adjustments to pensions at 75% of the inflation rate and maintain the contribution stabilization reserve. Thereafter, actuarial surpluses are shared equally between the City and Plan members. Funding deficiencies are resolved through reductions in the contribution stabilization reserve and the rate of cost-of-living adjustments to pensions.

An actuarial valuation of the Plan was prepared as of December 31, 2014. The valuation revealed a funding deficiency, which, in accordance with the terms of the Plan, was resolved through a transfer from both the city account and the contribution stabilization reserve to the main account, and by decreasing the rate of cost-of-living adjustments to pensions from 47.8% to 44.9% of the inflation rate.

12. Pension Costs and Obligations (continued)

An actuarial valuation of the Plan as of December 31, 2015 is to be prepared but it is not required to be filed with the Office of the Superintendent–Pension Commission. In addition to a calculation of the actuarial surplus or funding deficiency, in accordance with pension legislation in Manitoba, the Plan must also be valued under the hypothetical scenario that the Plan is wound up and members' benefit entitlements settled on the valuation date. As of the date of the last valuation of the Plan, that was filed with the Office of the Superintendent–Pension Commission, December 31, 2013, the actuarial valuation showed that the Plan has a solvency deficiency at December 31, 2013 under this wind-up scenario, which would need to be addressed by the City over a period not to exceed five years either by an increase in contributions starting in 2014, or by obtaining a yearly renewable letter of credit with face value equal to the value of additional contributions cumulatively otherwise required. City Council has previously secured the letter of credit option and has obtained a letter of credit with respect to December 2013 valuation.

The results of the December 31, 2013 actuarial valuation of the Plan were extrapolated to December 31, 2015. In accordance with the terms of the Plan, extrapolated deficiencies are resolved through transfers from the contribution stabilization reserve and reductions in the rate of cost-of-living adjustments to pensions. The principal long-term assumptions on which the extrapolation was based were: discount rate of 5.50% per year (2014–5.75%); inflation rate of 2.00% per year (2014–2.00%); and general pay increases of 3.50% per year (2014–3.50%). The accrued pension obligation was valued using the projected benefit method pro-rated on services.

Based on this valuation and extrapolation, the Plan's assets, accrued pension obligation and pension expenses are as follows:

	2015	2014
Plan assets:		
Fair value, beginning of year	$ 1,231,868	$ 1,120,262
Employer contributions	24,080	23,141
Employee contributions and transfers	12,773	12,778
Benefits and expenses paid	(47,178)	(44,237)
Net investment income	78,748	119,924
Fair value, end of year	1,300,291	1,231,868
Actuarial adjustment	(81,387)	(99,758)
Actuarial value, end of year	$ 1,218,904	$ 1,132,110
Accrued pension obligation:		
Beginning of year	$ 1,132,110	$ 1,047,795
Interest on accrued pension obligation	39,556	62,638
Current period benefit cost	(47,178)	36,586
Actuarial loss	64,877	29,328
Benefits and expenses paid	29,539	(44,237)
End of year	$ 1,218,904	$ 1,132,110
Expenses related to pensions:		
Current period benefit cost	$ 39,556	$ 36,586
Amortization of actuarial gains	(2,781)	(687)
Less: employee contributions and transfers	(12,773)	(12,778)
Pension benefit expense	24,002	23,121
Interest on accrued benefit obligation	64,877	62,638
Expected return on plan assets	(64,799)	(62,618)
Pension interest expense	78	20
Total expenses related to pensions	$ 24,080	$ 23,141

The actuarial value of the Plan's assets is determined by averaging over five years differences between the pension fund's net investment income and expected investment income based on the expected rate of return.

12. Pension Costs and Obligations (continued)

Total contributions made by the City to the Plan in 2015 were $24.1 million (2014–$23.1 million). Total employee contributions to the Plan in 2015 were $12.8 million (2014–$12.8 million). Benefits paid from the Plan in 2015 were $46.3 million (2014–$43.4 million).

The expected rate of return on Plan assets in 2015 was 5.75% (2014–6.00%). The actual rate of return, net of investment expenses, on the fair value of Plan assets in 2015 was 6.42% (2014–10.74%).

As the City's contribution to the Plan each year are equal to its pension expense, no accrued pension asset or liability is reflected in the Consolidated Statement of Financial Position. As noted above, the Plan provides that within certain prescribed constraints, in the event of a funding deficiency, a transfer from the contribution stabilization reserve and amendments to the rate of cost-of-living adjustments to pensions will be utilized to resolve the deficiency. The above extrapolation anticipates that the funding deficiency at December 31, 2015 will be resolved through a further reduction in the rate of cost-of-living adjustment.

c) Councillors' Pension Plan

i) Pension Plan Established Under By-Law Number 3553/83

On November 2, 1992, the pension plan provided to members of City Council was terminated, thereby not allowing new members to be accepted to the plan and current members being entitled to receive retirement benefits once they become eligible. In 2015, the City paid out $0.3 million (2014–$0.3 million). An actuarially determined pension obligation of $3.9 million (2014–$3.9 million) has been reflected in the Consolidated Statement of Financial Position.

ii) Pension Plan Established Under By-Law Number 7869/01

On November 22, 2000, City Council adopted the policy that effective January 1, 2001, a Council Pension Plan be created for all members of City Council for The City of Winnipeg.

d) Group Life Insurance Plan

Employees of the City who are members of the Civic Employees' Pension Plan or the Winnipeg Police Pension Plan must become members of the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan, (the "Plans") respectively. These plans provide life insurance for members while employed and can be continued into retirement at the employees' option. Plan members and the City share the cost of basic life insurance. An actuarial valuation indicated that this post-retirement liability is fully funded.

During the year, City Council approved by-law 80/2015 in respect of the Plans. The purpose of the by-law was to transfer the plans' administration from the Winnipeg Civic Employees' Benefits Program and the Winnipeg Police Pension Board to The Civic and Police Employees' Group Life Insurance Plans Corporation ("CPEGLIPCo"). The Province of Manitoba approved the establishing of CPEGLIPCo as a municipal corporation. The benefits offered by the plans have not changed.

An actuarial valuation of the Plans was prepared as of December 31, 2013 and the results were extrapolated to December 31, 2015. The principal long-term assumptions on which the valuation was based were: discount rate of 3.45% per year (2014–3.30%); and general pay increases of 3.50% per year (2014–3.50%). The accrued group life insurance obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the funded status of the Plans is as follows:

	2015	2014
Group life insurance plan assets, at actuarial value	**$ 148,308**	$ 141,522
Accrued post-retirement life insurance obligations	**$ 119,313**	$ 117,731

13. Tangible Capital Assets

	Net Book Value	
	2015	2014
General		
Land	**$ 240,444**	$ 228,195
Buildings	**627,003**	438,862
Vehicles	**175,759**	161,326
Computer	**27,857**	31,566
Other	**274,694**	265,613
Infrastructure		
Plants and facilities	**573,667**	581,533
Roads	**1,307,029**	1,202,340
Underground and other networks	**2,041,867**	1,993,372
Bridges and other structures	**577,562**	548,418
	5,845,882	5,451,225
Assets under construction	**335,033**	400,424
	$ 6,180,915	$ 5,851,649

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 1).

During the year, $nil (2014–$nil) of tangible capital assets were written-down. Interest capitalized during 2015 was $4.9 million (2014–$3.7 million). In addition, roads and underground networks contributed to the City totalled $111.0 million in 2015 (2014–$64.4 million) and were capitalized at their fair value at the time of receipt.

Included in the above net book values are $281.8 million (2014–$286.6 million) of tangible capital assets that were acquired through service concession arrangements. The amount includes estimated, yet to be determined settlements for land expropriations.

Works of art and historical treasures are held by the City in various locations. Due to the subjective nature of the assets they are not included in the values shown on these statements.

14. Accumulated Surplus

Accumulated surplus consists of the following:

	2015	2014
Invested in tangible capital assets	**$ 5,217,274**	$ 4,890,347
Reserves (Schedule 2)	**302,932**	291,645
Manitoba Hydro long-term receivable (Note 5)	**220,238**	220,238
Other surplus accumulated in utility operations, consolidated entities and other	**109,866**	150,767
Equity in government businesses (Note 6)	**30,135**	34,447
Unfunded expenses to be funded from future revenues:		
Accrued employee benefits and other	**(199,016)**	(182,644)
Landfill	**(41,745)**	(30,531)
Contaminated sites	**(7,356)**	(3,625)
Canadian Museum for Human Rights grant	**(9,875)**	(10,304)
	$ 5,622,453	$ 5,360,340

Invested in tangible capital assets represents equity in non-financial assets, which is either a portion or the entire accumulated surpluses of specific funds consolidated in these statements. For those funds, where a portion of their accumulated surplus is allocated to invested in tangible capital assets, the amount is determined based on tangible capital assets less debt.

15. Commitments and Contingencies

The significant commitments and contingencies that existed at December 31, 2015 are as follows:

a) Operating leases

The City has entered into a number of lease agreements mainly for the lease of accommodations for civic offices and office equipment. Future minimum lease payments are as follows:

	Operating Leases
2016	$ 8,017
2017	7,409
2018	7,011
2019	5,509
2020	5,299
Thereafter	70,015
	$ 103,260

b) Legal obligations

As part of the normal course of operations, lawsuits are pending against the City. The final outcome with respect to actions that will arise from these lawsuits as at December 31, 2015 cannot be predicted with certainty. Where the occurrence of future events is considered likely to result in a loss with respect to an existing condition and the amount of loss can be reasonably estimated, amounts have been recorded in the consolidated financial statements.

c) Loan guarantees

The City has also unconditionally guaranteed the payment of principal and interest on capital improvement loans for several organizations. The outstanding balance on these loans as at December 31, 2015 is $27.2 million (2014–$23.2 million).

d) Service concession arrangements

(i) As disclosed in Note 9d, the City will pay PRW a monthly performance-based maintenance payment related to the Disraeli Bridges Project contract. The monthly payment totalling $1.8 million annually is to be adjusted by CPI and is payable commencing October 2012 until the termination of the contract with PRW in October 2042.

(ii) As disclosed in Note 9d, the City will pay DBF2 a monthly performance-based maintenance payment related to the Chief Peguis Trail Extension contract. The monthly payment totalling $1.4 million annually is to be adjusted by CPI and is payable commencing January 2012 until the termination of the contract with DBF2 in January 2042.

e) Veolia agreement

On April 20, 2011, the City entered into an agreement with VWNA Winnipeg Inc. ("Veolia") for the provision of expert advice to the City to assist with construction and operating improvements to the City's sewage treatment system (the "Program"). The agreement was effective May 1, 2011, and has a term of 30 years, subject to certain termination provisions.

The City's sewage treatment system treats and handles wastewater and resulting residuals at its existing three major sewage treatment facilities, the South End, West End and North End Water Pollution Control Centres (the "Facilities"). Veolia's role is to provide services to the City. Representatives of Veolia are working collaboratively with representatives of the City providing advice and recommendations in respect of the City's (i) management and operation of the Facilities (ii) assessment, planning and delivery of upgrades and capital modification to the Facilities; and (iii) assessment, planning and delivery of operational improvement to the Facilities during the term of this agreement. The Program does not include the City's supply of water or its waterworks system or work relating to the collection system or land drainage system.

Under the agreement, the City: retains complete ownership of all the sewage system assets; continues to exercise control over the sewage treatment systems by means of City Council budget approvals and by setting service quality standards that will be reported publicly on a regular basis; continues to control operating and maintenance parameters by which the sewage system shall operate; and retains full accountability for compliance with regulatory permits and licenses.

15. Commitments and Contingencies (continued)

Decisions for the sewage treatment system are to be made by the City based upon the best advice of City management and Veolia experts working together.

The agreement provides both parties with a variety of responsibilities, rights, protections, and obligations reflecting reasonable commercial terms.

Compensation to Veolia under the agreement includes the following components:

1. Reimbursement of Veolia's actual direct costs related to the Program ("Direct Costs");

2. An agreed-upon margin percentage which is applied to Direct Costs of the Program. The quantum of the margin percentage is dependent on the nature of the cost ("Fee");

3. For capital projects and operations under the Program, a target cost is to be set. Veolia is to receive a share of the savings when actual operating costs and/or capital costs are below target costs ("Gainshare"). Veolia is to receive a share of the expense when actual operating costs and/or capital costs are above target costs ("Painshare"); and

4. Key performance indicators ("KPIs") will be established under the Program. Veolia is to earn amounts for achieving or completing established KPIs ("KPI earnings"), and to be deducted amounts for failing to achieve minimum KPIs ("KPI Deductions").

The agreement only guarantees payment to Veolia in respect of the Direct Costs incurred in providing services as indicated in Item 1 in the above paragraph.

Amounts earned by Veolia over the term of the agreement (Fee, Gainshare, and KPI earnings) are credited to an Earning at Risk Account ("EARA"). Painshare and KPI deductions reduce the EARA. All of these amounts are not guaranteed to be paid to Veolia, and by their nature, are dependent on the financial and overall results of the Program.

Veolia's withdrawals of amounts from the EARA are subject to certain limits and security posting requirements.

If at the end of the 30-year term the EARA is negative, Veolia must repay the City this amount.

The agreement requires a Performance Guarantee Security ("PGS"), which is a letter of credit and performance bond that together provide security to the City. In addition to the PGS, Veolia provides a Parental Guarantee by its parent company.

f) Forgivable loans

The City has received funding from the federal and provincial governments for the purchase of certain properties. Repayment of this funding is not required as long as the properties operate as an affordable housing complex or offer services for the homeless. As at December 31, 2015, the forgivable loans totalled $3.8 million (2014–$5.3 million).

16. Taxation

	2015	2014
Municipal and school property taxes	$ 1,077,600	$ 1,037,506
Payments-in-lieu of property (municipal and school) and business taxes	51,297	49,356
	1,128,897	1,086,862
Payments to Province and school divisions	(606,821)	(579,245)
Net property taxes and payments-in-lieu of property taxes available for municipal purposes	522,076	507,617
Business taxes and license-in-lieu of business taxes	55,766	58,818
Local improvement and frontage levies	50,149	43,180
Electricity and natural gas sales taxes	20,117	20,109
Amusement and accommodation taxes and mobile home licences	12,215	11,077
	$ 660,323	$ 640,801

The property tax roll includes school taxes of $575.6 million (2014–$549.1 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2015 totalled $31.2 million (2014–$30.1 million) and are treated the same as school taxes. School taxes and payments-in-lieu of school taxes are remitted to the Province and school divisions based upon a formula and schedule set by the Province. If property taxes are reduced due to an assessment reduction, the City is required by legislation to fund the repayment of both the municipal and school taxes with applicable interest.

Business taxes do not include the amount of levy imposed for business improvement zones of $4.9 million (2014–$4.3 million).

17. Sales of Services and Regulatory Fees

	2015	2014
Water sales and sewage services	$ 254,987	$ 244,762
Other sales of goods and services	138,032	132,908
Transit fares	77,594	78,091
Regulatory fees	75,024	70,569
	$ 545,637	$ 526,330

18. Government Transfers

	2015	2014
Operating		
Province of Manitoba		
Ambulance, libraries and other	$ 65,545	$ 57,598
Building Manitoba Fund	52,368	57,104
Transit	37,110	37,854
Unconditional	26,494	26,494
Support	13,703	13,079
Support for provincial programs	(23,650)	(23,650)
	171,570	168,479
Government of Canada	12	538
Total Operating	171,582	169,017
Capital		
Province of Manitoba		
Building Manitoba Fund		
Manitoba Winnipeg Infrastructure Agreement	39,661	36,662
Road Improvements	30,946	16,690
Winnipeg Convention Centre	19,234	22,550
Other	17,183	17,972
	107,024	93,874
International Polar Bear Conservation Centre	–	30,000
Building Canada Fund	10,134	9,487
Manitoba Housing Renewal Corporation	520	1,227
	117,678	134,588
Government of Canada		
Federal gas tax revenue	47,452	41,014
Winnipeg Convention Centre	13,721	17,256
Building Canada Fund	10,579	15,436
Other capital funding	11,975	1,536
	83,727	75,242
Total Capital	201,405	209,830
	$ 372,987	$ 378,847

In accordance with the recommendations of the Public Sector Accounting Board, government transfers, to the extent a liability does not exist, and developer contributions-in-kind related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the tangible capital assets are acquired.

19. Expenses by Object

		2015		2014
Salaries and benefits	**$**	**805,889**	$	779,586
Goods and services		**387,853**		428,012
Amortization of tangible capital assets		**221,358**		208,074
Interest		**56,130**		53,715
Other expenses		**14,756**		34,472
	$	**1,485,986**	$	1,503,859

20. Budget

On March 22, 2016 Council approved the 2016 budget for the City of Winnipeg, including operating budgets for tax supported, utility, special operating agency and reserve operations as well as a capital budget. Included in the 2016 budget document is a 2015 consolidated budget that considers a number of adjustments for inter-fund transaction eliminations, tangible capital asset based revenues and amortization, controlled entity operations and the accrual of unfunded expenses. The resulting 2015 consolidated budget has been utilized in these consolidated financial statements.

21. Property and Liability Insurance

The City purchases comprehensive insurance coverage for property and liability with a self-insured retention level of $250 thousand per claim for most of the policies. The City has established an Insurance Reserve Fund (Schedule 2) that enables the City to carry a large self-insured retention level which mitigates the effect of poor claims experience in any given year.

22. Segmented Information

The City of Winnipeg is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance, public transit and water. For management reporting purposes the City's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Protection

Protection is comprised of the Police Service and Fire Paramedic Service departments. The mandate of the Police Service department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire Paramedic Service department is responsible for providing fire suppression service; fire prevention programs; and training and education related to prevention, detection or extinguishment of fires. It is also responsible for pre-hospital emergency paramedical care and the transport of the sick and injured; for handling hazardous materials incidents; for the mitigation of calamitous incidents; and for the evacuation of people when in charge at an incident.

Community Services

The Community Services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes to the information needs of the City's citizens through the provision of library services.

Planning

The Planning, Property and Development department provides a diverse bundle of services. It manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the downtown through city planning, community development and parks and riverbank planning. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes and building standards. It facilitates economic development by providing services for the approval of all land development plans, the processing of building permit applications and the provision of geomatics services, as well as providing cemetery services to citizens.

22. Segmented Information (continued)

Public Works and Water

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting. The Water and Waste department is responsible for land drainage and garbage collection operations.

Transit System Fund

The Transit department is responsible for providing local public transportation service.

Water and Waste Funds

The Water and Waste department consists of three distinct utilities–water, wastewater and solid waste disposal. The department provides drinking water to citizens of Winnipeg, collects and treats wastewater, and provides collection, disposal and waste minimization programs and facilities for solid waste. Their land drainage and garbage collection operations are reported in the General Revenue Fund and are included in the Public Works and Water segment.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfers from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 2. For additional information, see the Consolidated Schedule of Segment Disclosure–Service (Schedule 3).

23. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation made in the current year.

Consolidated Schedule of Tangible Capital Assets SCHEDULE 1

As at December 31 (in thousands of dollars)

	General					Infrastructure					Totals	
	Land	Buildings	Vehicles	Computer	Other	Plants and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	**2015**	2014
Cost												
Balance, beginning of year	$ 228,195	$ 765,015	$ 372,983	$ 154,747	$ 404,884	$ 851,027	$ 2,229,020	$ 3,003,363	$ 775,942	$ 400,424	**$ 9,185,600**	$ 8,672,135
Add: Additions during the year	13,754	216,797	40,517	3,454	40,066	9,362	164,701	92,295	42,854	(65,391)	**558,409**	525,559
Less: Disposals during the year	1,505	4,604	13,267	1,504	207	800	3,858	5,844	–	–	**31,589**	12,094
Balance, end of year	240,444	977,208	400,233	156,697	444,743	859,589	2,389,863	3,089,814	818,796	335,033	**9,712,420**	9,185,600
Accumulated amortization												
Balance, beginning of year	–	326,153	211,657	123,181	139,271	269,494	1,026,680	1,009,991	227,524	–	**3,333,951**	3,134,972
Add: Amortization	–	25,683	25,569	7,163	31,028	16,428	59,313	42,464	13,710	–	**221,358**	208,074
Less: Accumulated amortization on disposals	–	1,631	12,752	1,504	250	–	3,159	4,508	–	–	**23,804**	9,095
Balance, end of year	–	350,205	224,474	128,840	170,049	285,922	1,082,834	1,047,947	241,234	–	**3,531,505**	3,333,951
Net Book Value of Tangible Capital Assets	$ 240,444	$ 627,003	$ 175,759	$ 27,857	$ 274,694	$ 573,667	$ 1,307,029	$ 2,041,867	$ 577,562	$ 335,033	**$ 6,180,915**	$ 5,851,649

Consolidated Schedule of Reserves SCHEDULE 2

As at December 31 (in thousands of dollars)

	2015	2014
Reserves		
Capital Reserves		
Environmental Projects	$ 83,215	$ 73,006
Sewer System Rehabilitation	19,418	15,328
Transit Bus Replacement	11,552	16,766
Brady Landfill Site Rehabilitation	5,646	5,280
Watermain Renewal	5,161	3,562
Rapid Transit Infrastructure	4,729	8,914
Waste Diversion	2,369	1,312
Computer Replacement	1,260	1,221
Local Streets Renewal	1,236	850
Regional Street Renewal	617	188
Golf Course	453	496
Federal Gas Tax Revenue	173	128
	135,829	127,051
Special Purpose Reserves		
General Purpose	16,440	937
Perpetual Maintenance Fund - Brookside Cemetery	15,696	14,938
Land Operating *	12,952	21,313
Destination Marketing	10,676	8,036
Land Dedication	7,307	7,115
Workers Compensation	4,748	5,217
Commitment	4,685	3,739
Multi-Family Dwelling Tax Investment	4,600	5,536
Housing Rehabilitation Investment	4,136	2,158
Economic Development Investment	3,523	3,697
Insect Control Urgent Expenditures	2,654	2,004
Permit	1,510	1,014
Perpetual Maintenance Fund - St. Vital Cemetery	1,115	880
Perpetual Maintenance Fund - Transcona Cemetery	777	615
Insurance (Note 21)	509	5,244
Heritage Investment	143	304
Wading and Outdoor Pool Extended Season	–	63
	91,471	82,810
Stabilization Reserve		
Financial Stabilization	75,632	81,784
Total Reserves	$ 302,932	$ 291,645

* This excludes the investment held for the River Park South Developments Inc. government business partnership.

	2015	2014
Reserve balance as disclosed above	$ 12,952	$ 21,313
Investment held in River Park South Developments Inc. (Note 6)	5,339	10,021
	$ 18,291	$ 31,334

Consolidated Schedule of Segment Disclosure–Service SCHEDULE 3

For the Year-ended December 31, 2015 (in thousands of dollars)

	General Revenue Fund									
	Protection	Community Services	Planning	Public Works and Water	Finance and Administra-tion	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
Revenues										
Taxation	$ 280,388	$ 83,786	$ 5,090	$ 182,641	$ 109,819	$ –	$ –	$ 15,230	$ (16,631)	$ 660,323
Sales of services and regulatory fees	60,035	14,877	23,654	5,782	15,641	81,654	295,383	100,283	(51,672)	545,637
Government transfers (Note 18)	73,651	10,279	3,197	19,543	11,973	47,955	15,484	237,502	(46,597)	372,987
Transfer from other funds	6,196	1,896	17,100	16,049	3,567	68,491	41,278	377,648	(532,225)	–
Other	21,034	5,657	2,339	11,516	14,888	3,013	37,385	114,298	(33,792)	176,338
	441,304	116,495	51,380	235,531	155,888	201,113	389,530	844,961	(680,917)	1,755,285
Expenses (Note 19)										
Salaries and benefits	380,970	39,135	23,555	74,989	42,878	102,106	66,025	58,014	18,217	805,889
Goods and services	36,475	8,784	2,879	102,449	27,359	48,546	110,848	101,348	(50,835)	387,853
Interest	457	1,907	45	6,674	(123)	6,031	9,934	41,181	(9,976)	56,130
Transfer to other funds	19,435	47,336	24,835	70,505	72,188	6,680	101,150	9,514	(351,643)	–
Other	3,967	19,333	66	(19,086)	13,586	20,229	38,197	217,197	(57,375)	236,114
	441,304	116,495	51,380	235,531	155,888	183,592	326,154	427,254	(451,612)	1,485,986
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ 17,521	$ 63,376	$ 417,707	$ (229,305)	$ 269,299

Consolidated Schedule of Segment Disclosure–Service SCHEDULE 3

For the Year-ended December 31, 2014 (in thousands of dollars)

	General Revenue Fund									
	Protection	Community Services	Planning	Public Works and Water	Finance and Administra-tion	Transit System Fund	Water and Waste Funds	Other Funds and Corporations	Eliminations	Consolidated
Revenues										
Taxation	$ 272,844	$ 87,468	$ –	$ 201,950	$ 75,236	$ –	$ –	$ 17,024	$ (13,721)	$ 640,801
Sales of services and regulatory fees	58,117	15,272	22,420	6,344	12,831	81,194	279,726	103,838	(53,412)	526,330
Government transfers (Note 18)	72,305	10,297	–	19,385	15,915	45,275	8,527	240,051	(32,908)	378,847
Transfer from other funds	7,366	2,208	17,963	16,619	4,791	44,666	44,893	355,979	(494,485)	–
Other	16,125	4,342	1,933	9,132	28,991	479	33,696	106,740	(30,880)	170,558
	426,757	119,587	42,316	253,430	137,764	171,614	366,842	823,632	(625,406)	1,716,536
Expenses (Note 19)										
Salaries and benefits	367,909	38,468	23,290	74,447	41,480	98,267	66,804	55,135	13,786	779,586
Goods and services	37,357	8,705	3,015	135,157	16,980	51,469	115,252	111,961	(51,884)	428,012
Interest	498	655	76	9,288	244	6,419	11,366	36,146	(10,977)	53,715
Transfer to other funds	16,008	52,027	14,632	50,876	61,213	6,766	89,337	25,419	(316,278)	–
Other	4,985	19,732	1,303	(16,338)	17,847	19,909	41,359	221,937	(68,188)	242,546
	426,757	119,587	42,316	253,430	137,764	182,830	324,118	450,598	(433,541)	1,503,859
Annual Surplus	$ –	$ –	$ –	$ –	$ –	$ (11,216)	$ 42,724	$ 373,034	$ (191,865)	$ 212,677

Consolidated Financial Statements Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2015	2014	2013	2012	2011
1. Population (as restated per Statistics Canada)	**718,400**	709,253	698,696	689,575	677,830
Unemployment rate (as restated per Statistics Canada)					
- Winnipeg	**6.0%**	5.8%	5.9%	5.6%	5.8%
- National average	**6.9%**	6.9%	7.1%	7.3%	7.5%
2. Average annual headcount	**10,253**	10,206	10,143	10,080	10,039
3. Number of taxable properties	**226,736**	223,411	220,942	218,973	216,997
Payments-in-lieu of taxes					
Number of properties	**1,195**	988	1,042	1,317	1,181
4. Assessment (see note below)					
- Residential	**$ 60,492,101**	$ 59,439,781	$ 51,599,866	$ 50,738,087	$ 44,052,618
- Commercial and industrial	**15,295,925**	15,102,472	13,501,469	13,310,247	12,054,712
- Farm and golf	**330,042**	313,569	245,037	244,951	179,736
	$ 76,118,068	$ 74,855,821	$ 65,346,372	$ 64,293,285	$ 56,287,066
Assessment per capita (in dollars)	**$ 105,955**	$ 105,542	$ 93,526	$ 93,236	$ 83,040
Commercial and industrial as a percentage of assessment	**20.09%**	20.18%	20.66%	20.70%	21.42%
5. Tax arrears	**$ 58,121**	$ 54,825	$ 49,592	$ 37,960	$ 34,747
6. Tax arrears - per capita (in dollars)	**$ 80.90**	$ 77.30	$ 70.98	$ 55.05	$ 51.26
7. Municipal mill rate	**13.682**	13.372	14.600	14.056	15.295
- Adjustment for tax increase	**2.3%**	3.0%	3.9%	3.5%	0.0%
- Adjustment for general assessment	**0.0%**	-11.0%	0.0%	-11.2%	0.0%
8. Winnipeg consumer price index (per Statistics Canada - annual average)					
- 2002 base year 100	**126.6**	124.9	122.6	119.9	118.1
- Percentage increase	**1.3%**	1.9%	2.2%	1.5%	2.9%
9. Consolidated revenues					
- Taxation	**$ 660,323**	$ 640,801	$ 611,813	$ 587,578	$ 563,779
- User charges	**545,637**	526,330	507,869	483,339	460,452
- Government transfers	**372,987**	378,847	292,258	280,237	298,086
- Interest and other revenue	**176,338**	170,558	207,318	145,987	147,293
	$ 1,755,285	$ 1,716,536	$ 1,619,258	$ 1,497,141	$ 1,469,610
10. Consolidated expenses by function					
- Municipal operations	**$ 1,053,957**	$ 1,067,090	$ 994,365	$ 910,177	$ 891,823
- Public utilities	**370,219**	378,584	347,652	338,028	334,154
- Civic corporations	**61,810**	58,185	54,783	51,518	47,257
	$ 1,485,986	$ 1,503,859	$ 1,396,800	$ 1,299,723	$ 1,273,234
11. Growth in accumulated surplus	**$ 269,299**	$ 212,677	$ 222,458	$ 197,418	$ 196,376

Note: Current provincial legislation requires that a general assessment be performed every two years. A general assessment occurred in 2010, 2012 and 2014. In the year of a general assessment, the mill rate is adjusted to offset the effect of market value changes of the entire assessment base.

Consolidated Financial Statements Five-Year Review

December 31 ("$" amounts in thousands of dollars, except as noted) (Unaudited)	2015	2014	2013	2012	2011
12. Consolidated expenses by object					
Salaries and benefits	**$ 805,889**	$ 779,586	$ 730,133	$ 695,849	$ 664,221
Goods and services	**387,853**	428,012	376,614	344,217	357,008
Amortization of tangible capital assets	**221,358**	208,074	198,106	188,432	175,765
Interest	**56,130**	53,715	54,732	53,587	43,954
Other expenses	**14,756**	34,472	37,215	17,638	32,286
	$ 1,485,986	$ 1,503,859	$ 1,396,800	$ 1,299,723	$ 1,273,234
13. Payments to school authorities	**$606,821**	579,245	550,039	521,322	497,237
14. Debt					
Tax-supported	**$ 688,484**	$ 687,586	$ 557,781	$ 560,073	$ 334,359
Transit	**93,669**	97,125	103,936	109,709	110,449
City-owned utilities	**185,789**	198,737	248,719	296,868	285,799
Other	**81,135**	84,816	74,848	80,012	70,321
Total gross debt	**1,049,077**	1,068,264	985,284	1,046,662	800,928
Less: Sinking Funds	**53,116**	125,630	195,237	264,037	242,528
Total net long-term debt	**$ 995,961**	$ 942,634	$ 790,047	$ 782,625	$ 558,400
Percentage of total assessment	**1.31%**	1.26%	1.21%	1.22%	0.99%
15. Acquisition of tangible capital assets	**$558,409**	525,559	543,938	653,993	486,320
16. Net financial liabilities	**$ (584,798)**	$ (517,041)	$ (411,063)	$ (325,605)	$ (55,176)
17. Accumulated surplus					
Invested in tangible capital assets	**$ 5,217,274**	$ 4,890,347	$ 4,637,548	$ 4,397,884	$ 4,197,895
Reserves					
Capital	**135,829**	127,051	114,548	114,907	107,716
Special Purpose	**91,471**	82,810	77,863	90,219	81,981
Stabilization	**75,632**	81,784	85,753	80,404	85,305
	302,932	291,645	278,164	285,530	275,002
Surpluses					
Manitoba Hydro long-term receivable	**220,238**	220,238	220,238	220,238	220,238
Other surpluses	**140,001**	185,214	221,901	199,539	205,043
Unfunded expenses	**(257,992)**	(227,104)	(210,188)	(190,683)	(183,088)
	102,247	178,348	231,951	229,094	242,193
	$ 5,622,453	$ 5,360,340	$ 5,147,663	$ 4,912,508	$ 4,715,090
18. Government-specific indicators					
Assets-to-liabilities	**4.47**	4.49	4.79	4.85	5.62
Financial assets-to-liabilities	**0.64**	0.66	0.70	0.75	0.95
Public debt charges-to-revenues	**0.03**	0.03	0.04	0.04	0.03
Own-source revenues-to-taxable assessment	**0.02**	0.02	0.02	0.02	0.02
Government transfers-to-revenues	**0.21**	0.22	0.18	0.19	0.20

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