# THE CITY OF WINNIPEG 2008 DETAILED FINANCIAL STATEMENTS

Companion to 2008 Annual Financial Report




Winnipeg

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# REPORT FROM THE CHIEF FINANCIAL OFFICER
# FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

I am pleased to present the following Financial Statement Discussion and Analysis, which has been prepared by management. The following discussion and analysis of the financial performance of The City of Winnipeg ("City") should be read in conjunction 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 generally accepted accounting principles for governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The Statements provide information about the economic resources, obligations and accumulated surplus of the City. They include departments of the City, special operating agencies, utilities, and corporations that are controlled by the City, as well as the City's investment in government businesses. A brief description of the major funds, entities and investments included in the Statements follows below.

## Funds, Entities, and Investment in Government Businesses

Funds

A fund is a grouping of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The General Revenue Fund reports on property tax-supported operations, which includes services provided by the City to citizens such as police, fire, ambulance, library and street maintenance. The General Capital Fund was created to account for tax-supported capital projects. The tax-supported capital program is made up of, but is not limited to, the 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 accounting for its own operations and capital program.

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

SOAs have been given the authority to provide direct public services, internal services, or regulatory and enforcement programs. SOA status is granted when it is in the City's interest that they remain within the government but require greater freedom to operate in a more business-like manner. Each SOA is governed by its own operating charter and prepares an annual business plan for adoption by City Council.

City Council has approved the establishment of Reserve Funds, which can be categorized into three types. Capital Reserves were established to finance current and anticipated future capital projects thereby reducing or eliminating the need to issue debt. Special Purpose Reserves were established to provide designated revenue to fund the Reserves' authorized costs. Stabilization Reserves were created to assist in the funding of major unexpected expenses or deficits recorded in the General Revenue Fund.

Entities and Investment in Government Businesses

The civic corporations included in the Statements are the Winnipeg Public Library Board, The Convention Centre Corporation, Destination Winnipeg Inc., Winnipeg Enterprises Corporation, Winnipeg Arts Council Inc., and CentreVenture Development Corporation. These corporations are involved in various activities including economic development, recreation, tourism, entertainment and conventions. North Portage Development Corporation ("NPDC") and Winnipeg Housing Rehabilitation Corporation ("WHRC") are included in the Statements as an investment in government businesses.

## Results of Operations

The Consolidated Statement of Operations and Accumulated Surplus reports the City's changes in economic resources and accumulated surplus for 2008, on a comparative basis. Since annual revenues exceeded expenses, the Statements indicate the City increased its accumulated surplus during the year.

During 2008, the City recorded consolidated revenues of $1.275 billion (2007 - $1.221 billion), which included government transfers and developer contributions-in-kind that related to the acquisition of tangible capital assets. Consolidated expenses totalled $1.065 billion (2007 - $1.034 billion). As a result, the City's accumulated surplus increased by $0.210 billion (2007 - $0.187 billion).

Consolidated Revenues
For the years ended December 31

| (in thousands of dollars) | 2008 | | 2007 | | Variance |
|---|---|---|---|---|---|
| Taxation | $ 521,684 | 41% | $ 515,197 | 42% | $ 6,487 |
| Sales of services and regulatory fees | 416,692 | 33% | 381,273 | 31% | 35,419 |
| Government transfers | | | | | |
| Operating | 122,722 | 10% | 117,195 | 10% | 5,527 |
| Capital | 90,588 | 7% | 71,368 | 6% | 19,220 |
| Investment, land sales and other revenues | 82,976 | 6% | 85,143 | 7% | (2,167) |
| Developer contributions-in-kind | 40,304 | 3% | 50,638 | 4% | (10,334) |
| | $1,274,966 | | $1,220,814 | | $ 54,152 |

Revenues improved in 2008 from 2007 by $54.2 million due to several factors. Sales of services and regulatory fees climbed by $35.4 million. Approximately $17.0 million of additional revenue was generated by sewer service rates that rose to $5.12 per 100 cubic feet from $4.46 per 100 cubic feet and an additional $6.0 million occurred because of increased water rates. Transit passenger revenue increased by almost $3.4 million due to revenue passengers that numbered over 42.6 million or a 3.5% increase from 2007. Also, effective January 1, 2008, regular cash transit fares increased by 25 cents to $2.25.

Government transfers related to the construction and acquisition of tangible capital assets increased by $19.2 million. The Province of Manitoba ("Province") contributed $23.9 million more in 2008, while there was a $4.7 million decline from the Government of Canada. The Provincial funds were used to partially finance significant projects like the Fort Garry Bridge rehabilitation - $10.0 million, and $12.4 million for regional street renewal and recreation and leisure infrastructure.

Government transfers related to operating activities increased by $5.5 million. This increase is primarily reported in the General Revenue Fund, which received increased funding of $4.0 million from the Province, including funding for 10 new police officers, Dutch Elm disease and mosquito control, and income tax sharing. The Transit System received additional funding based on the 50/50 funding formula between the Province and the City. The Transit System's costs increased from 2007, mainly because of salaries and benefits, and diesel fuel.

Developer contributions-in-kind revenue fell because of less infrastructure being completed during the year and turned over to the City by developers.

The major components of taxation revenues are property, business, electricity and natural gas taxes. Taxation revenues grew as the result of a 5% accommodation tax, which came into existence effective June 1, 2008. The accommodation tax is intended to generate revenue to support Destination Winnipeg Inc., The Convention Centre Corporation, and special events, including other organizations, projects, and events, that will encourage tourism to Winnipeg. During 2008, accommodation tax revenue raised by the City was $4.4 million, of which $2.6 million was transferred to the General Purpose Reserve. With the establishment of the Accommodation Tax Reserve in 2009, the funds will be subsequently transferred there and will be spent for the purposes already described.

Consolidated Expenses
For the years ended December 31

| (in thousands of dollars) | 2008 | | 2007 | | Variance |
|---|---|---|---|---|---|
| Protection and community services | $ 349,966 | 33% | $ 336,743 | 33% | $ 13,223 |
| Utility operations | 258,788 | 24% | 242,797 | 23% | 15,991 |
| Public works | 250,534 | 23% | 249,323 | 24% | 1,211 |
| Property and development | 93,738 | 9% | 90,001 | 9% | 3,737 |
| Finance and administration | 65,490 | 6% | 63,825 | 6% | 1,665 |
| Civic corporations | 29,383 | 3% | 25,000 | 2% | 4,383 |
| General government | 17,283 | 2% | 25,840 | 3% | (8,557) |
| | $1,065,182 | | $1,033,529 | | $ 31,653 |

Consolidated expenses grew by $31.7 million from the previous year, due partially to a $13.2 million increase in protection and community services expenses. This expense category includes the Police Service, Fire Paramedic Service, Community Service and Museum departments, which incurred an additional $14.2 million in salaries and employee benefits. Expenses for utility operations rose by $16.0 million, which can be attributed to the Transit System - $6.5 million and the Waterworks System - $6.6 million. As previously indicated, the Transit System's costs rose primarily because of higher wage rates and fuel prices. Meanwhile, the Waterworks System's expenses increased due to interest on climbing debt levels primarily as a result of the ongoing construction of the water treatment plant, as well as an increased number of staff positions and inflationary pressures on operating costs.

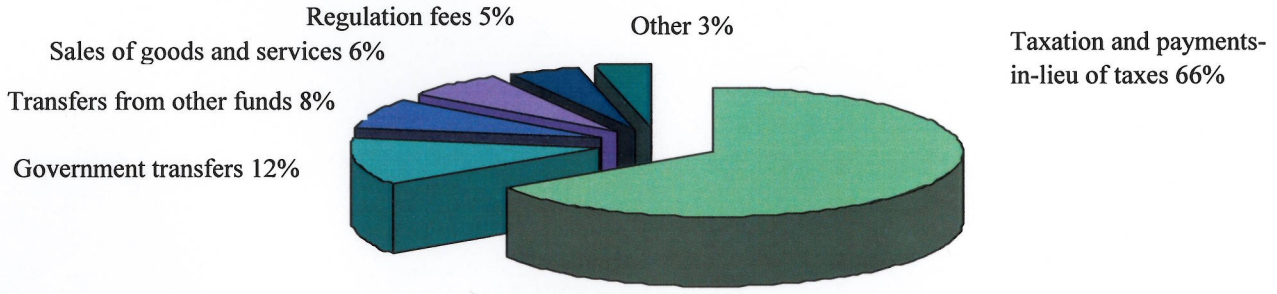
Amortization of tangible capital assets has risen by $7.5 million from the previous year. This can be explained by the capital projects undertaken in the General Capital Fund and the Sewage Disposal System. The General Capital Fund's 2008 amortization expenses increased by $4.6 million from 2007, while the Sewage Disposal System incurred an additional $1.2 million of amortization costs.

Consolidated Expenses By Object
For the years ended December 31

| (in thousands of dollars) | 2008 | | 2007 | | Variance |
|---|---|---|---|---|---|
| Salaries and benefits | $ 565,071 | 53% | $ 539,405 | 52% | $ 25,666 |
| Goods and services | 295,940 | 28% | 291,032 | 28% | 4,908 |
| Amortization | 141,099 | 13% | 133,635 | 13% | 7,464 |
| Interest | 50,952 | 5% | 46,950 | 5% | 4,002 |
| Other expenses | 12,120 | 1% | 22,507 | 2% | (10,387) |
| | $1,065,182 | | $1,033,529 | | $ 31,653 |

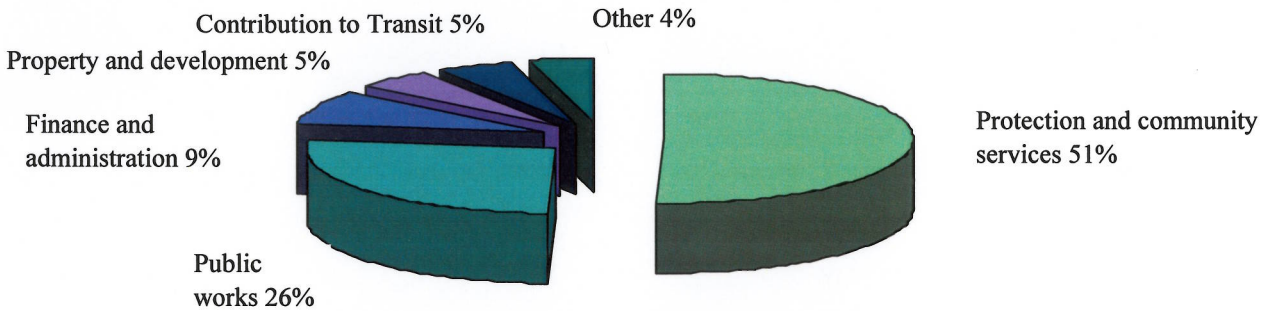
General Revenue Fund

As mentioned previously, the Statements incorporate the revenues and services reported in the General Revenue Fund. The 2008 budget for property tax-supported operations was adopted by City Council on March 26, 2008. During the budget process, the City faced several challenges to produce a balanced budget, including maintaining core service levels, infrastructure maintenance and renewal, and general price increases, while maintaining its commitment to a competitive tax environment. The result was the eleventh consecutive approved budget without an increase to property tax rates. The focus of the budget is on public safety, infrastructure, clean and green programs, and efficiencies in operations.



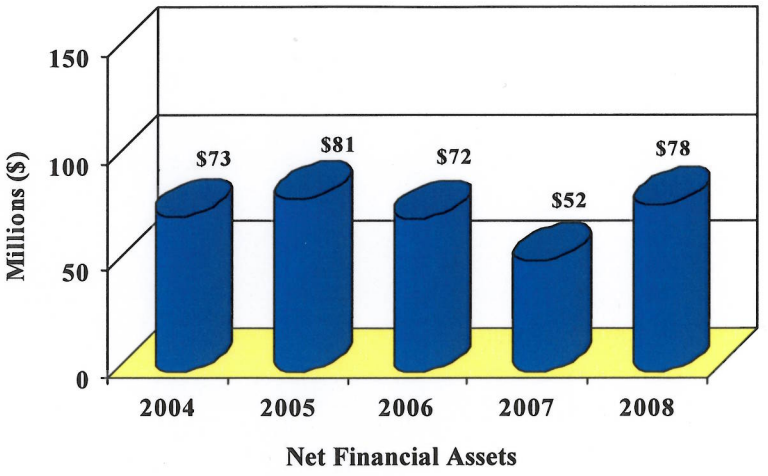

**General Revenue Fund 2008 Actual Revenues**

During 2008, the General Revenue Fund incurred revenues and expenses of $780.6 million (2007 - $756.3 million). Several unexpected positive events occurred that impacted the financial results of property tax-supported operations at the City, such as increased revenues from investments, regulation fees and government transfers. At the end of the year, the General Revenue Fund reported a net surplus of $12.8 million, which was transferred to the Mill Rate Stabilization Reserve. The purpose of the Mill Rate Stabilization Reserve is to fund potential deficits recorded in the General Revenue Fund; the last such deficit occurred in 1996.




**General Revenue Fund 2008 Actual Expenses**

## Financial Position

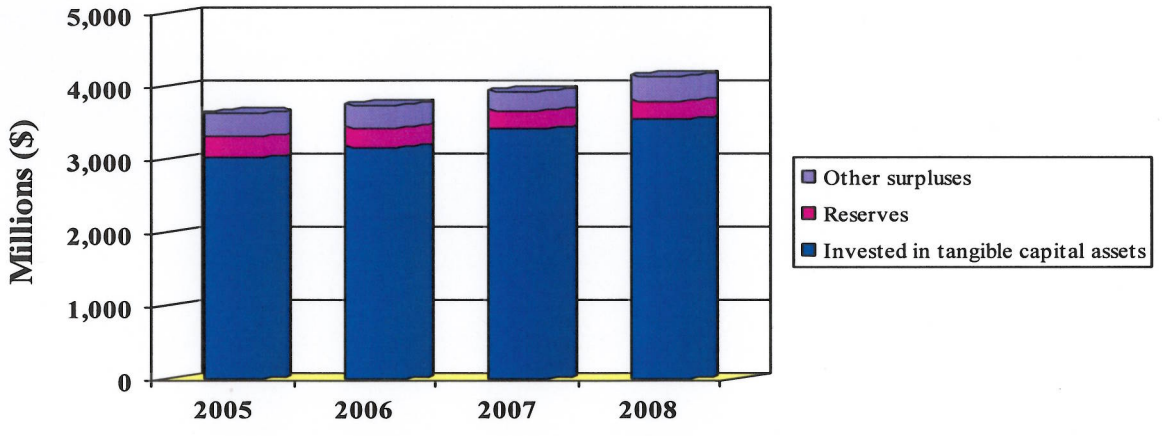


Net Financial Assets

The Consolidated Statement of Financial Position reports the City's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2008, on a comparative basis. This statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments. The City's net financial assets is an important indicator on the Consolidated Statement of Financial Position.

Net financial assets is the difference between financial assets and liabilities, which provides an indication of the affordability of additional spending. As at December 31, 2008, the City was in a net financial asset position of $77.9 million (2007 - $52.4 million). The change in net financial assets during the year resulted primarily from the excess of revenues over expenses of $209.8 million and amortization of tangible capital assets of $141.1 million, offset by the purchase of tangible capital assets, totalling $330.3 million.

Another important 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). In 2008, the accumulated surplus increased primarily as a result of surpluses realized in the Utility operations and investments made in tangible capital assets.



Accumulated Surplus

The following is a discussion on some of the items that are included on the Consolidated Statement of Financial Position.

## Accounts Receivable

As at December 31, 2008, property, payments-in-lieu of taxes and business tax receivables, net of the estimated uncollectible amounts, represented 17% (2007 - 20%) of total receivables. Taxation revenue is 41% (2007 - 42%) of total consolidated revenues. Taxes receivable dropped as a result of increased collection, partly due to increased participation in the Tax Installment Payment Plan ("TIPP").

Accounts Receivable
As at December 31

| (in thousands of dollars) | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Taxes receivable | $ 29,893 | $ 38,038 | $ 41,350 | $ 37,698 | $ 40,436 |
| Allowance for tax arrears | (3,657) | (6,228) | (6,326) | (6,364) | (6,394) |
| | $ 26,236 | $ 31,810 | $ 35,024 | $ 31,334 | $ 34,042 |

The City of Winnipeg Charter provides the Public Service with the authority to collect taxes due on real property in the city.

## Investments

In 2002, Manitoba Hydro acquired Winnipeg Hydro from the City. The resulting long-term receivable from the sale includes payments of $20 million per annum for 2007 to 2010 and $16 million annually thereafter in perpetuity. The investment is determined based on the discounted sum of future cash flows that have been guaranteed by the Province.

As at December 31

| (in thousands of dollars) | 2008 | 2007 |
|---|---|---|
| Marketable securities | | |
| Government of Canada | $ 11,963 | $ 10,883 |
| Provincial | 20,343 | 7,317 |
| Municipal | 27,358 | 1,850 |
| | 59,664 | 20,050 |
| Manitoba Hydro long-term receivable | 232,679 | 238,376 |
| Other | 3,251 | 2,288 |
| | $ 295,594 | $ 260,714 |
| Market value of marketable securities | $ 61,143 | $ 21,545 |

Marketable securities are generally long-term in nature. 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. An updated policy was approved by City Council on November 19, 2008. The update now provides for a medium-term 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

| As at December 31<br>(in thousands of dollars) | 2008 | 2007 |
|---|---|---|
| Net debt | | |
| Sinking fund debentures | $ 588,500 | $ 488,500 |
| Equity in The Sinking Fund | (276,158) | (248,686) |
| | 312,342 | 239,814 |
| Serial and installment debt | 84,833 | 98,539 |
| Province of Manitoba and bank loans | 47,873 | 38,113 |
| Capital lease obligations | 31,886 | 20,996 |
| | $ 476,934 | $ 397,462 |

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. These annual payments are invested primarily in government and government-guaranteed bonds and debentures, which include City of Winnipeg 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.

In 2008, the City issued a $100.0 million debenture with an interest rate of 5.2% for the new water treatment plant, which matures on July 17, 2036. Except for the $160.0 million in debt issued in 2006 and 2008 for the Waterworks System, which will mature in 2036, the remaining outstanding sinking fund debt will mature by 2017, including $135.5 million which will mature in 2009. The debt that matures in 2009 carries interest rates of 5.35% on $50.0 million and 10.0% on $85.5 million. Repayment of debt will be made in full from the sinking fund, except for the $50.0 million debenture, which will have a sinking fund shortfall of $31.0 million. It is anticipated the debenture will be refinanced in 2009.

Debt Retired Over The Next Five Years

| As at December 31<br>(in thousands of dollars) | 2009 | 2010 | 2011 | 2012 | 2013 | Thereafter |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 135,500 | $ - | $ - | $ - | $ 90,000 | $ 363,000 |
| Other debt | 32,752 | 21,622 | 22,223 | 24,395 | 22,405 | 41,195 |
| | $ 168,252 | $ 21,622 | $ 22,223 | $ 24,395 | $ 112,405 | $ 404,195 |

The City has also incurred serial and installment debt having varying maturities up to 2014, and carrying a weighted average interest rate of 4.6% (2007 - 4.6%). Annual interest and principal payments are made on the debt to the investors. Of the serial and installment debt that matured in 2007, there was a maturity shortfall of $17.5 million. It is anticipated this will also be refinanced in 2009. In addition, the City has guaranteed the payment of principal and interest on capital loans totalling $5.1 million (2007 - $5.6 million) for several third parties. The City does not anticipate incurring future payments relating to these guarantees.

The City has funds held in escrow of $16.0 million with respect to the cash contribution for the Canadian Museum for Human Rights ("CMHR"). These funds are governed by an escrow agreement that provides the terms under which the funds will be released. Of the funds held in escrow, $11.1 million was financed by the Province of Manitoba in the form of an interest free-loan. The loan will be repaid based on future payments-in-lieu of taxes received by the City on the museum facility.

Further, the City has agreed to sell, transfer and convey to the Government of Canada, for the price of one dollar, land located at the Forks, which will form part of the site on which the CMHR would be constructed. The Government of Canada will hold the land so long as the land is used for the purpose of creation, operation and maintenance of the CMHR. The City will also return development and permit fees up to an estimated value of $1.3 million.

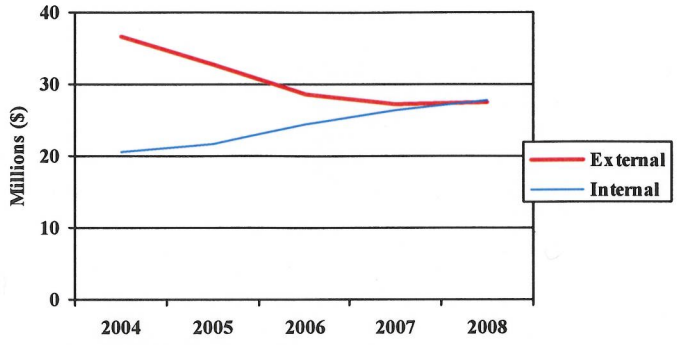
In 2008, Standard & Poor's ("S&P") advised the City that its credit rating would be maintained at AA/Stable/-. The rationale for the rating was attributed to "strong recent financial results, moderate and declining debt levels, robust and stable cash and investment holdings, and a lengthy record of solid economic performance." However, S&P noted these strengths are offset to some degree by "substantial infrastructure deficiencies that the City will need to address, and the increase in debt levels resulting from Winnipeg's capital plan, particularly for the utility's capital plan."

Comparative Analysis

| | |
|---|---|
| Hamilton, Ontario | AA/Positive/- |
| Ottawa, Ontario | AA+/Stable/- |
| Regina, Saskatchewan | AA+/Stable/- |
| Vancouver, British Columbia | AA+/Stable |
| Windsor, Ontario | AA/Stable/- |
| Auckland, New Zealand | AA/Stable/A-1+ |
| Christchurch, New Zealand | AA+/Stable/- |
| Geneva, Switzerland | AA-/Stable/- |

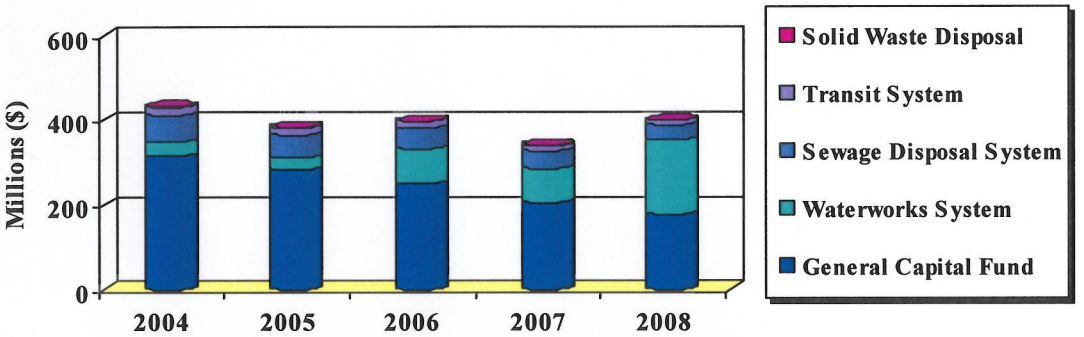
Source: S&P RatingsDirect Publication Date Nov. 14, 2008

Moody's Investors Service also announced it would be maintaining the City's credit rating at Aa1. These debt ratings contribute to the City's ability to access capital markets and to obtain competitive and comparable borrowing terms to other cities.




**General Capital Fund Interest Expense**

Beginning in 1998, the City discontinued issuing new tax-supported debt in the General Capital Fund. Under its capital plan, all tax-supported projects are financed internally except for Public Private Partnership projects ("P3") and local improvements. As a result, the level of tax-supported debt decreased by $300.0 million since 1999.




**Net Sinking Fund Debentures, Serial and Installment Debt**

In addition, the 2005 to 2009 utilities capital budget and the 2010 to 2014 capital forecast includes an additional $553.4 million of future debt to fund projects mandated by the Province of Manitoba through the Clean Environment Commission ("CEC"). During 2003, the CEC at the request of the Minister of Conservation, conducted public hearings to review and receive comments on the City's wastewater collection and treatment improvement program. At the conclusion of this process, the CEC recommended that the City implement these improvements, which is estimated to cost $1.2 billion, over a 25-year period. Other major funding sources for these improvements will be provided by the Environmental Projects Reserve, (which had a balance of $27.2 million at December 31, 2008), the Canada Strategic Infrastructure Fund ("CSIF"), and retained earnings.

## Tangible Capital Assets

The challenge in creating a capital budget is balancing infrastructure needs, protecting the environment, and ensuring fiscal responsibility. The 2008 capital budget and the 2009 to 2013 five-year forecast was adopted by City Council on December 18, 2007. The capital investment plan detailed $2.1 billion in spending over the next six years with $421.1 million in 2008. Areas of major capital investment included in the six-year plan are $887.8 million for the sewage disposal projects; $534.6 million for roads and bridges; $112.0 million for the water system; $149.9 million for the transit system; $79.1 million for land drainage and flood control; and $78.3 million for public safety and infrastructure.

The capital investment plan incorporated P3 opportunities by way of $34.0 million for the Disraeli Bridge and Overpass facility, $60.0 million for the Chief Peguis Trail extension, and $32.9 million for Police Service's four-district model building replacement program. Also included in the capital investment plan is $50.9 million of funding from the senior levels of government through the CSIF, which was applied towards the Nutrient Removal/Expansion South End Water Pollution Control Centre - $39.0 million and the recreation and leisure facilities - $11.9 million. It is anticipated that $70.0 million will be provided under the Manitoba/Winnipeg Infrastructure Program, $225.7 million under the Federal Gas Tax Agreement, and $154.0 million from unallocated Provincial funding.

During 2008, the City spent $330.3 million on capital projects (2007 - $352.1 million), which included $150.8 million for tax-supported projects. Spending on tax-supported projects was primarily on roads and bridges, water and waste infrastructure, buildings and information technology.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated residual value, of the tangible capital assets is amortized on a straight-line basis over the assets' estimated useful lives, ranging from 5 to 100 years.

During the year, there were no write-downs of tangible capital assets. Roads and underground networks contributed to the City totalled $40.3 million (2007 - $50.6 million), and were capitalized at their fair value at the time of receipt, along with $1.9 million (2007 - $1.8 million) of interest.

In 2006, the City early-adopted PSAB section PS 3150 - Tangible Capital Assets. This was an important step in the City's plan to develop its systems of managing capital assets. The City will be improving these systems in the future through enhanced reporting, including capturing information on asset condition. Information will include a physical condition rating assessment, and remaining average life expectancy of tangible capital assets. 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 reviewed annually to determine whether any surplus capital funds are available for other capital project purposes, or will impact future capital program budgets.

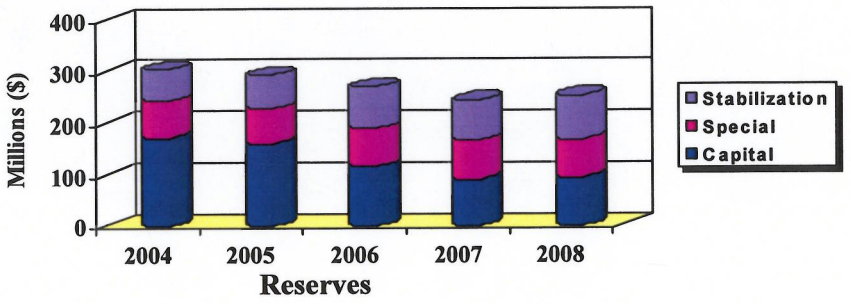
| Tangible Capital Assets<br>As at December 31<br>(in thousands of dollars) | 2008 | 2007 |
|---|---|---|
| General | | |
| Land | $ 169,529 | $ 173,030 |
| Buildings | 256,559 | 238,745 |
| Vehicles | 144,500 | 127,124 |
| Computer | 39,157 | 42,464 |
| Other | 63,830 | 40,170 |
| Infrastructure | | |
| Plants and facilities | 312,481 | 250,928 |
| Roads | 794,274 | 767,508 |
| Underground and other networks | 1,660,563 | 1,657,343 |
| Bridges and other structures | 308,620 | 307,211 |
| | 3,749,513 | 3,604,523 |
| Assets under construction | 308,806 | 272,667 |
| | $4,058,319 | $3,877,190 |

| Tangible Capital Assets by Fund<br>As at December 31<br>(in thousands of dollars) | 2008 | | 2007 | |
|---|---|---|---|---|
| General Capital Fund | $2,312,744 | 57% | $2,261,115 | 58% |
| Waterworks System Fund | 788,176 | 19% | 715,307 | 18% |
| Sewage Disposal System Fund | 754,722 | 19% | 725,530 | 19% |
| Transit System Fund | 107,273 | 3% | 97,920 | 3% |
| Other Funds | 95,404 | 2% | 77,318 | 2% |
| | $4,058,319 | | $3,877,190 | |

## Reserves

Reserve balances have increased overall by $9.0 million (decreased 2007 - $26.8 million) from the prior year. The City's Capital Reserve balances have improved by $4.3 million, the Special Purpose Reserves declined by $1.3 million, while the Stabilization Reserves rose by $6.0 million.

The Stabilization Reserves' accumulated surpluses have exceeded their combined targeted level of 10% of the General Revenue Fund's adopted budget expenses. Individually, the Fiscal Stabilization Reserve is at 91% of the target level and the Mill Rate Stabilization Reserve has surpassed the 5% target.



## Financial Indicators

An analysis of the Consolidated Statement of Financial Position and the Consolidated Statement of Operations and Accumulated Surplus provides an overview of the City's financial condition. The financial condition of the City is assessed by its ability to meet its existing financial obligations to creditors, employees and others in a timely manner, while continuing to meet its service obligations to the public. Financial condition is measured by a City's sustainability, flexibility and vulnerability.

| Government-specific indicators<br>As at December 31 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| Sustainability indicators | | | | |
| Assets-to-liabilities | **5.88** | 5.89 | 5.61 | 5.98 |
| Financial assets-to-liabilities | **1.09** | 1.06 | 1.09 | 1.11 |
| Flexibility indicators | | | | |
| Public debt charges-to-revenues | **0.04** | 0.04 | 0.04 | 0.05 |
| Own-source revenues-to-taxable assessment | **0.03** | 0.03 | 0.03 | 0.04 |
| Vulnerability indicators | | | | |
| Operating government transfers-to-operating revenues | **0.11** | 0.11 | 0.10 | 0.10 |
| Total government transfers-to-total revenues | **0.17** | 0.15 | 0.14 | 0.12 |

Sustainability is the degree to which the City can maintain its existing service and financial commitments without increasing the relative debt or tax burden on the economy. Sustainability indicators include the City's assets-to-liabilities ratio, which has exceeded one in the current year and over the past four years. This positive ratio indicates the City has not been financing its operations by issuing debt. The financial assets-to-liabilities ratio has also exceeded one, indicating that financial resources are on hand that can finance future operations.

Flexibility is the degree to which the City can change its debt or tax burden on the economy to meet its existing financial and service commitments. The City's public debt charges (interest expense)-to revenues has remained constant over the past several years at 0.04 to 0.05. This trend indicates the City has not chosen borrowing over other sources of revenues or transfers from senior levels of government to meet its financial and service commitments. Another flexibility indicator is the ratio of own-source revenues-to-taxable assessment. This ratio has remained constant over the last few years, indicating the City has not reduced its flexibility to access own-source revenues in the future.

Vulnerability is the degree to which the City is dependent on sources of funding outside its control or influence, or is exposed to risks that could impair its ability to meet financial and service commitments. The government transfers-to-total revenues ratio indicates the proportion of revenues that the City receives from the senior levels of government. Over the past several years this ratio has risen mainly because of funding for tangible capital assets. If the ratio is recalculated to exclude funding related to tangible capital assets, the ratio has remained relatively constant. This indicates the City has not increased its dependence on other levels of government for operating revenue.

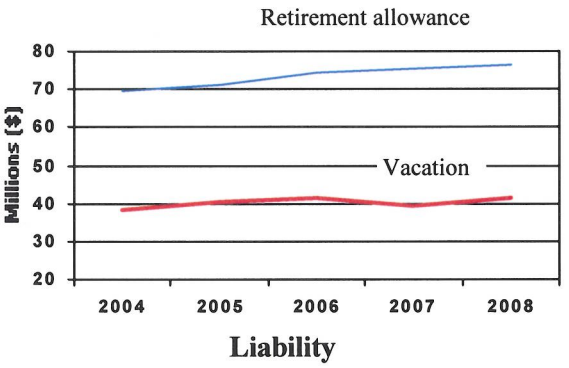
## Accounting Policies

The significant accounting policies used in preparing the City's consolidated financial statements are summarized in Note 2 to the Statements. The accounting policies section of the Statements sets out management's decisions concerning estimates that may significantly impact the City's financial results. The precision of these estimates and the likelihood of future changes depend on a number of underlying variables and a range of possible outcomes. The following is a discussion of these critical accounting estimates.

### *Employee Benefits*

The City provides pension, 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. The critical assumptions made by management are the long-term rate of investment return on plan assets, certain employee-related factors such as turnover, sick leave utilization, retirement age and mortality, inflation, salary escalation and the discount rate used to value liabilities. 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 in future years.

The City contributes to a number of pension plans. The two major plans are The Winnipeg Civic Employees' Pension Plan and the Winnipeg Police Pension Plan. Both plans have funded surpluses that allow the City to take advantage of decreased contributions to the plans. The Winnipeg Civic Employees' Pension Plan is similar to a defined contribution pension plan because it is a multi-unit pension plan governed by an independent board of trustees and a trust agreement that limits the City's contribution rate. This structure eliminates the City's exposure to future unfunded liabilities.



**Liability**

The Manitoba Pension Benefits Act requires that an actuarial report be prepared at least every three years, and that this report contain the results of actuarial valuations carried out on both a going-concern basis and a solvency basis. Therefore an actuarial report based on an actuarial valuation as at December 31, 2008 must be filed with the Manitoba Pension Commission by September 2009.

The Winnipeg Police Pension Plan is a defined benefit plan with the City being responsible for unfunded liabilities. As at December 31, 2008, the market value of the pension fund assets was $760.1 million, which is $95.1 million less than the accrued pension obligation. The actuarially determined value of the pension fund assets exceeded the accrued pension obligation and the City's contribution to the plan each year is approximately equal to its pension expense.

A solvency valuation is an actuarial valuation that shows the hypothetical position of a pension plan as if it were terminated on the valuation date and all benefit obligations of the plan were settled on that date. The projected solvency position of the Police Pension Plan as at December 31, 2008 assumes a 2008 rate of investment return of approximately -15%. Any differences between the Plan's actual investment income (on a market value basis) and expected investment income (based on the assumed rate of return) are averaged over a five-year period. Based on these projections and the ability to defer recognition of four-fifths of the 2008 investment loss (as permitted under clause 1.1(a) of the Pension Benefits Regulation), it is anticipated the Plan will not have a solvency deficiency as at December 31, 2008. As such, no special payments are expected to be required to be made by the City to fund deficiencies in 2009.

### *Tangible Capital Assets*

The City's management makes estimates about the expected useful lives, projected residual values and the potential for impairment of its tangible capital assets. In estimating the lives and expected residual values of assets, reliance is placed mainly on experience with the asset. Revisions to the estimates of the asset can be caused by maintenance and renewal expenditures that may result in a change in service levels, and can affect the life expectancy of the asset. Management evaluates these estimates and potential impairment on all tangible capital assets annually, and when events and circumstances indicate that the assets may be impaired. The effects of maintenance and renewal costs on estimated useful lives is not reported until the reduction in future economic benefits is expected to be permanent.

## Business Risks

### *Environmental Matters*

The City is subject to environmental laws, including the regulation of water consumption and treatment by the CEC, that will result in significant future capital acquisitions. As well, The City of Winnipeg operates one landfill, the Brady Landfill Site, and is required to monitor and maintain several former landfill sites. The City is responsible for future landfill closure and post closure care requirements defined in accordance with the Environmental Act. In determining the City's environmental liability, management has estimated the total cost to cover and landscape the landfill along with site maintenance, available site capacity, and remaining life. The liability is measured on a discounted basis using the long-term cost of borrowing at year-end.

### *Labour Negotiations*

For the year ended December 31, 2008, 53% (2007 - 52%) of the City's expenses related to salaries and employee benefits. The City employed approximately 8,400 staff, the majority being represented by eight unions and associations. The City has labour agreements in place with its unions and associations as follows:

| Union/Association | Number of Staff | Agreement Expiry Date |
|---|---|---|
| ATU | 1,142 | January 15, 2011 |
| CUPE | 3,545 | December 31, 2010 |
| PPAW | 206 | February 13, 2010 |
| UFFW | 931 | December 26, 2009 |
| WAPSO | 589 | October 11, 2011 |
| WFPSOA | 38 | February 22, 2010 |
| WPA | 1,663 | December 23, 2008 |
| WPSOA | 23 | December 19, 2008 |

ATU - Amalgamated Transit Union Local 1505; CUPE - Canadian Union of Public Employees Local 500; PPAW - Professional Paramedics Association of Winnipeg; 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 of the bargaining units are resolved through compulsory arbitration at the request of either or both parties.

## Organizational Changes

On April 25, 2007, City Council approved amendments to the City Organization By-law to support the implementation of the shared services model and administrative restructuring. Under the shared services model, the Corporate Services and Corporate Information Technology departments were consolidated into one department effective January 1, 2008.

On November 21, 2007, City Council approved the merger of the Property Assessment department and the Taxation and Revenue Branch of the Corporate Finance department into a single department named the Assessment and Taxation department, effective January 1, 2008. The citizens of Winnipeg received the benefits of the merger through a single service window for all matters related to assessment and taxation.

On January 23, 2008, City Council approved the consolidation of various by-law enforcement activities from Public Works, Water and Waste, Fire Paramedic Service, the Police Service, and Planning, Property and Development departments into a new unit - 'Community By-law Enforcement Services Unit' ("Unit") that will reside in the Community Services department. The Unit is being implemented in two phases. In its first phase, the Unit became operational on November 1, 2008, and enforced the new Neighbourhood Livability By-law, in addition to thirteen other existing by-laws. The ten-month implementation phase was required to harmonize the staff, review human resource issues, develop work flow methods, new forms and policy on enforcement methods, train staff, and will implement technology/communications systems. On March 31, 2009, phase two began to be implemented and will involve the integration of resources, development of by-law support programs, cross training of staff, and development of performance reporting measurements. The organizational change emphasizes the importance of making better customer service a feature of enforcement.

On September 24, 2008, City Council approved changes to the Winnipeg Public Service's organizational structure. The structure streamlines senior management decision-making and promotes integration of activity between business units. The model rationalizes administrative systems and allows the Chief Administrative Officer to focus on strategy and the long-term requirements of the City. The model also starts the movement to a flexible and agile management structure that allows the Public Service to be more responsive to City Council's needs but proactive in anticipating the future requirements of the community.

Under the new organizational model, the City Clerk's and Audit departments would report administratively to the Chief Administrative Officer. Both the EPC Secretariat and CAO Secretariat departments are eliminated under the model and the positions and associated staff re-assigned to other areas within the organization.

## Controls and Procedures and Recent Accounting Pronouncements

Over the past year, a number of audit reports were presented by the City Auditor to City Council. Workforce planning, for example, is a critical element within an integrated human resources strategy, to ensure the workforce meets the challenges of today while preparing for the challenges of tomorrow. The Workforce Planning Audit evaluated the City's workforce planning program and its ability to maintain and improve the quality of services delivered to citizens. Audits were also completed on Information Security Awareness and Grants Administration. The Public Service considers all internal control recommendations seriously, and balances the cost of implementation against available resources and the extent of controls required to mitigate potential areas of concern. The City has a satisfactory level of controls required to ensure the accuracy of its financial statements.

During January 2008, PSAB issued an exposure draft concerning tax revenue, Section 3510. The exposure draft provides principles for the recognition, measurement and disclosure of tax revenue in government financial statements for fiscal years beginning on or after January 1, 2012. Currently the potential impact on the City's Statements is being reviewed. In November 2008, PSAB also issued a Statement of Recommended Practice on Assessment of Tangible Capital Assets. The City is planning to develop information systems that will allow City-wide reporting on the physical condition of the City's tangible capital assets. This will provide the City with additional information to aid its capital maintenance and planning processes.

PSAB recently released a re-exposure draft on government transfers. If adopted, the re-exposure draft will require capital transfers or transfers of tangible capital assets to be recognized as deferred capital contributions. Deferred capital contributions will be recognized as revenue over the same time period the related tangible capital asset is amortized, rather than immediately. Deferred capital contributions will be reported on the Statement of Financial Position separate from and below non-financial assets. The proposed standard, if approved, will apply to new transfers recognized on or after April 1, 2011.

The current accounting policy results in government transfers and developer contributions-in-kind related to capital acquisitions, to be recognized as revenue in the Statements in the period in which the tangible capital assets are acquired.

## Looking Forward

Section 284(2) of The City of Winnipeg Charter requires City Council to adopt the capital budget for that year, and a capital forecast for the next five fiscal years, before December 31 of each fiscal year. On December 16, 2008, City Council adopted the 2009 annual capital budget and the 2010 to 2014 five-year forecast. The capital budget focuses on investment in public transit, streets and bridges, sewer systems, public safety, and community infrastructure and amenities. The six-year plan authorizes $2.1 billion in City capital projects, with over $430.1 million earmarked for streets projects over the multi-year plan, with $96.7 million in 2009 alone.

As part of the City's ongoing approach to exploring new ways to deliver public infrastructure and related services, which could provide greater value for money to its citizens, a study of different approaches to delivering certain infrastructure projects for a range of City of Winnipeg services was carried out this past year.

Some of the City's largest upcoming projects can be found within the Water and Waste department's capital budget. The six-year capital plan includes $4.3 million in funding related to the business plan for a Municipal Corporate Utility and strategic partner development. Exploration of the concept of a City-owned Municipal Corporate Utility was approved by City Council on November 19, 2008. The Winnipeg Public Service was directed to conduct a due diligence process and identify legislative authorities required to establish and operate the Municipal Corporate Utility and report back to City Council.

On February 26, 2008, the Federal Budget included up to $500 million in the 2007 - 2008 fiscal year for public transit infrastructure. It is expected that this will amount to $17.5 million for the City. The Province will match the contribution of $17.5 million and will fund 50 percent of the net operating costs of the rapid transit system through its existing 50/50 transit funding agreement. Stage 1 of the Southwest Rapid Transit Corridor, at a cost of $138.0 million, is included in the capital plan, which will require borrowing of $89.8 million.

Section 284(1) of The City of Winnipeg Charter requires City Council to approve the tax-supported budget before March 31 of each fiscal year. On March 24, 2009, City Council approved the 2009 operating budget, which provides for the 12th consecutive year of property tax freezes or reductions. The budget plan also includes the implementation of a new small business tax credit program worth $2.5 million, to ensure that the smallest businesses in Winnipeg receive support and encouragement in 2009, during the economic downturn. The budget plan's priorities are investment in public safety, infrastructure and transit.

The Public Service will continue to closely monitor it's approved capital projects with a view of ensuring financial resources are being utilized for priorities. An annual review (to be conducted quarterly beginning in 2009) of open capital projects has identified unutilized resources that can be redirected to other priorities.

General Revenue Fund - Budget
For the years ended December 31

| (in thousands of dollars) | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Property tax | $ 428,692 | $ 424,422 | $ 419,035 | $ 404,828 | $ 399,507 |
| Government transfers | 101,663 | 90,237 | 81,172 | 87,991 | 77,617 |
| Sale of goods and services | 73,772 | 66,810 | 63,312 | 65,720 | 69,900 |
| Business tax | 57,584 | 57,584 | 57,584 | 62,240 | 62,273 |
| Other taxation | 46,107 | 25,253 | 22,943 | 22,158 | 22,423 |
| Regulation fees | 37,272 | 30,349 | 26,948 | 23,573 | 31,678 |
| Transfer from other funds | 32,940 | 62,361 | 59,918 | 45,557 | 31,450 |
| Interest | 9,328 | 9,326 | 9,310 | 7,796 | 11,344 |
| Other | 1,372 | 1,280 | 1,020 | 1,096 | 807 |
| | 788,730 | 767,622 | 741,242 | 720,959 | 706,999 |
| Expenses | | | | | |
| Police service | 178,997 | 169,936 | 160,223 | 153,312 | 146,695 |
| Public works | 166,132 | 165,502 | 161,890 | 153,567 | 149,798 |
| Fire paramedic service | 129,452 | 123,613 | 113,899 | 108,753 | 103,785 |
| Community services | 98,869 | 97,150 | 97,228 | 88,588 | 85,814 |
| Corporate | 60,367 | 60,492 | 61,435 | 71,203 | 66,229 |
| Planning, property and development | 39,104 | 37,120 | 37,186 | 35,146 | 38,730 |
| Corporate support services | 30,541 | 27,053 | 26,049 | - | - |
| Water and waste | 30,093 | 29,373 | 30,674 | 32,140 | 33,433 |
| Assessment and taxation | 17,987 | 19,229 | 14,139 | - | - |
| City clerks | 12,475 | 12,133 | 11,847 | 11,256 | 11,356 |
| Street lighting | 10,520 | 10,533 | 10,492 | 10,128 | 9,522 |
| Corporate finance | 7,288 | 6,642 | 6,831 | 9,832 | 12,883 |
| Other departments | 6,905 | 8,846 | 9,349 | 9,432 | 9,396 |
| Corporate information technology | - | - | - | 16,918 | 16,519 |
| Property assessment | - | - | - | 11,413 | 12,418 |
| Corporate services | - | - | - | 9,271 | 10,421 |
| | 788,730 | 767,622 | 741,242 | 720,959 | 706,999 |
| | $ - | $ - | $ - | $ - | $ - |

The 2009 to 2007 figures include department restructuring and reallocation of financing charges. The 2006 and 2005 expense figures have not been restated.

## 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 the Corporate Controller's Office, Corporate Finance Department, 4-510 Main Street, Winnipeg, Manitoba, R3B 1B9.



Michael Ruta, FCA
Deputy Chief Administrative Officer/Chief Financial Officer






# CONSOLIDATED FINANCIAL STATEMENTS

# 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 generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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 Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee - the Mayor, the Deputy Mayor, and the chairpersons of Council's Standing Committees. 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 Committee is readily accessible to external and internal auditors.

Ernst & Young LLP, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and members of Council and appears on the following page. 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 generally accepted accounting principles.



Michael Ruta, FCA
Deputy Chief Administrative Officer/Chief Financial Officer

# AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of **The City of Winnipeg** as at December 31, 2008 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of **The City of Winnipeg** as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
April 3, 2009.

Chartered Accountants

# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***FINANCIAL ASSETS*** | | |
| Cash and cash equivalents (Note 3) | **$ 424,593** | $ 404,742 |
| Accounts receivable (Note 4) | **157,985** | 160,796 |
| Land held for resale | **12,351** | 10,627 |
| Investments (Note 5) | **295,594** | 260,714 |
| Deposits (Note 6) | **16,000** | - |
| Investment in government businesses (Note 7) | **23,525** | 22,609 |
| | **930,048** | 859,488 |
| ***LIABILITIES*** | | |
| Accounts payable and accrued liabilities (Note 8) | **159,891** | 185,130 |
| Deferred revenue (Note 9) | **42,535** | 43,637 |
| Debt (Note 10) | **476,934** | 397,462 |
| Other liabilities (Note 11) | **32,104** | 37,665 |
| Retirement allowance, vacation, compensated absences and other (Note 12) | **140,734** | 143,154 |
| | **852,198** | 807,048 |
| ***NET FINANCIAL ASSETS*** | **77,850** | 52,440 |
| ***NON-FINANCIAL ASSETS*** | | |
| Tangible capital assets (Note 14) | **4,058,319** | 3,877,190 |
| Inventories | **14,707** | 13,937 |
| Prepaid expenses and deferred charges | **5,405** | 2,930 |
| | **4,078,431** | 3,894,057 |
| ***ACCUMULATED SURPLUS (Note 15)*** | **$ 4,156,281** | $ 3,946,497 |

Commitments and contingencies (Notes 11, 16 and 17)

*See accompanying notes and schedules to the consolidated financial statements*

Approved on behalf of the Audit Committee:

**MAYOR**

**CHAIRPERSON**
**STANDING POLICY COMMITTEE**
**ON FINANCE**

# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Taxation (Note 17) | **$ 521,684** | $ 515,197 |
| Sales of services and regulatory fees (Note 18) | **416,692** | 381,273 |
| Government transfers (Note 19) | **122,722** | 117,195 |
| Investment income | **48,139** | 50,118 |
| Land sales and other revenue (Note 7) | **34,837** | 35,025 |
| Total Revenues | **1,144,074** | 1,098,808 |
| ***EXPENSES*** (Note 20) | | |
| Protection and community services | **349,966** | 336,743 |
| Utility operations | **258,788** | 242,797 |
| Public works | **250,534** | 249,323 |
| Property and development | **93,738** | 90,001 |
| Finance and administration | **65,490** | 63,825 |
| Civic corporations | **29,383** | 25,000 |
| General government | **17,283** | 25,840 |
| Total Expenses | **1,065,182** | 1,033,529 |
| Excess Revenues Over Expenses Before Other | **78,892** | 65,279 |
| ***OTHER*** | | |
| Government transfers related to capital (Note 19) | **90,588** | 71,368 |
| Developer contributions-in-kind related to capital | **40,304** | 50,638 |
| | **130,892** | 122,006 |
| Excess Revenues Over Expenses | **209,784** | 187,285 |
| ***ACCUMULATED SURPLUS, BEGINNING OF YEAR*** | **3,946,497** | 3,759,212 |
| ***ACCUMULATED SURPLUS, END OF YEAR*** | **$ 4,156,281** | $ 3,946,497 |

*See accompanying notes and schedules to the consolidated financial statements*

# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Excess Revenues Over Expenses | **$ 209,784** | $ 187,285 |
| Non-cash charges to operations | | |
| Amortization | **141,099** | 133,635 |
| Other | **(6,431)** | (7,867) |
| | **344,452** | 313,053 |
| Net change in non-cash working capital balances related to operations | **(23,768)** | 29,116 |
| Cash provided by operating transactions | **320,684** | 342,169 |
| ***CAPITAL*** | | |
| Acquisition of tangible capital assets | **(330,344)** | (352,149) |
| Proceeds on disposal of tangible capital assets | **4,912** | 12,544 |
| Cash used in capital transactions | **(325,432)** | (339,605) |
| ***FINANCING*** | | |
| Increase in sinking fund investments | **(27,472)** | (25,963) |
| Debenture and serial debt retired | **(13,706)** | (32,316) |
| Sinking fund debenture issued | **97,411** | - |
| Other | **18,519** | 8,622 |
| Cash provided by (used in) financing activities | **74,752** | (49,657) |
| ***INVESTING*** | | |
| (Increase) decrease of investments | **(50,153)** | 6,786 |
| Cash (used in) provided by investing activities | **(50,153)** | 6,786 |
| Increase (decrease) in cash and cash equivalents | **19,851** | (40,307) |
| ***CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR*** | **404,742** | 445,049 |
| ***CASH AND CASH EQUIVALENTS, END OF YEAR*** | **$ 424,593** | $ 404,742 |

*See accompanying notes and schedules to the consolidated financial statements*

# THE CITY OF WINNIPEG
# CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| ***EXCESS REVENUES OVER EXPENSES*** | **$ 209,784** | $ 187,285 |
| Amortization of tangible capital assets | **141,099** | 133,635 |
| Proceeds on disposal of tangible capital assets | **4,912** | 12,544 |
| Change in inventories, prepaid expenses and deferred charges | **(3,245)** | 833 |
| Loss (gain) on sale of tangible capital assets | **604** | (6,425) |
| Acquisition of tangible capital assets | **(330,344)** | (352,149) |
| Other | **2,600** | 4,950 |
| ***INCREASE (DECREASE) IN NET FINANCIAL ASSETS*** | **25,410** | (19,327) |
| ***NET FINANCIAL ASSETS, BEGINNING OF YEAR*** | **52,440** | 71,767 |
| ***NET FINANCIAL ASSETS, END OF YEAR*** | **$ 77,850** | $ 52,440 |

*See accompanying notes and schedules to the consolidated financial statements*

## *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 generally accepted accounting principles for governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. 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 businesses which are accounted for on the modified equity basis of accounting. 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:

| | |
|---|---|
| CentreVenture Development Corporation | Winnipeg Arts Council Inc. |
| Destination Winnipeg Inc. | Winnipeg Enterprises Corporation |
| The Convention Centre Corporation | Winnipeg Public Library Board |

#### ii) Government businesses

The investment in North Portage Development Corporation is reported as a government business partnership 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 7).

#### iii) Other organizations

The employees' pension and group life insurance funds of the City are administered on behalf of the pension and group life insurance plan participants by the Board of Trustees of the Winnipeg Civic Employees' Benefits Program (Pension Fund) for the payment of pensions and 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) School taxes

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, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of school boards are not reflected in these consolidated financial statements.

### d) Cash equivalents

Cash equivalents consist of Government of Canada treasury bills and crown corporation bonds; provincial government bonds, floating rate notes and promissory notes; City of Winnipeg municipal bond; schedule A bankers acceptances; floating rate notes; bearer deposit notes; and asset backed commercial paper. Cash equivalents are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

### e) 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.

### f) Investments

Bonds and debentures 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.

Bond residues and coupons are carried at cost, plus accrued interest. Interest is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

### g) Assessment appeal costs

Assessment appeal costs are estimated at the beginning of the four-year assessment cycle and are amortized over the cycle. The liability is net of the unamortized costs.

### h) Solid waste landfills

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

## *2. Significant Accounting Policies (continued)*

### i) Environmental provisions

The City provides for the cost of compliance with environmental legislation when conditions are identified which indicate non-compliance with environmental legislation and costs can be reasonably determined. The estimated amounts of future restoration costs are reviewed regularly, based on available information and governing legislation.

### j) 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 purchase 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.

### k) 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. The liabilities are discounted using current interest rates on long-term bonds.

### l) 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 excess of revenues over expenses, provides the consolidated change in net financial assets 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 the 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 |
| Vehicles | 5 to 10 years |
| Computer hardware and software | 5 to 10 years |
| Other | |
| Machinery and equipment | 10 years |
| Land improvements | 15 years |

| | |
|---|---|
| Water and waste plants and networks | |
| 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 structures | 25 to 75 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**ii) Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

**iii) 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.

**iv) Inventories**

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

**m) Government transfers**

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

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 and return requirements, and reasonable estimates of the amounts can be determined.

**n) Estimates**

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

### *3. Cash and Cash Equivalents*

| | 2008 | 2007 |
|---|---|---|
| Cash | **$ 7,020** | $ 4,917 |
| Cash equivalents | **417,573** | 399,825 |
| | **$ 424,593** | $ 404,742 |

Cash equivalents have an effective average interest rate of 3.0% (2007 - 4.4%).

Cash and cash equivalents are net of $198.1 million (2007 - $203.6 million) which has been received from various entities including the Board of Trustees of the Winnipeg Civic Employees' Benefits Program. The funds are invested on a pooled basis to obtain maximum investment returns.

Cash received for interest during the year is $46.3 million (2007 - $49.7 million).

### *4. Accounts Receivable*

| | 2008 | 2007 |
|---|---|---|
| Property, payments-in-lieu and business taxes receivable | **$ 29,893** | $ 38,038 |
| Allowance for property, payments-in-lieu and business tax arrears | **(3,657)** | (6,228) |
| | **26,236** | 31,810 |
| Trade accounts and other receivables | **91,833** | 80,960 |
| Province of Manitoba | **34,668** | 35,017 |
| Government of Canada | **11,751** | 19,001 |
| Allowance for doubtful accounts | **(6,503)** | (5,992) |
| | **131,749** | 128,986 |
| | **$ 157,985** | $ 160,796 |

### *5. Investments*

| | 2008 | 2007 |
|---|---|---|
| Marketable securities | | |
| Government of Canada bonds | **$ 11,963** | $ 10,883 |
| Provincial bonds and coupons | **20,343** | 7,317 |
| Municipal bonds | **27,358** | 1,850 |
| | **59,664** | 20,050 |
| Manitoba Hydro long-term receivable | **232,679** | 238,376 |
| Other investments | **3,251** | 2,288 |
| | **$ 295,594** | $ 260,714 |

The aggregate market value of marketable securities at December 31, 2008 is $61.1 million (2007 - $21.5 million).

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 in perpetuity.

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 2002 average long-term borrowing rate of 6%.

## *6. Deposits*

The City has funds held in escrow of $16.0 million (2007 - $nil) with respect to the cash contribution for the Canadian Museum for Human Rights ("CMHR"). The funds are governed by an escrow agreement that provides the terms under which the funds will be released. Of the funds held in escrow, $11.1 million was financed by the Province in the form of an interest-free loan. The loan will be repaid based on future payments-in-lieu of taxes received by the City on the museum facility.

Further, the City has agreed to sell, transfer and convey to the Government of Canada, for the price of one dollar, land located at the Forks, which will form part of the site on which the CMHR would be constructed. The Government of Canada will hold the land so long as the land is used for the purpose of creation, operation and maintenance of the CMHR. The City will also contribute development and permit fee revenues up to an estimated value of $1.3 million.

## *7. Investment in Government Businesses*

### a) North Portage Development Corporation

North Portage Development Corporation ("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:

| | **2008** | 2007 |
|---|---|---|
| Financial position | | |
| Capital assets and investment in properties and infrastructure enhancements | **$ 78,711** | $ 79,584 |
| Investments | **19,040** | 9,042 |
| Other assets | **2,456** | 2,124 |
| | **$ 100,207** | $ 90,750 |
| Deferred contributions | **$ 23,033** | $ 24,780 |
| Long-term debt | **12,940** | - |
| Current and other liabilities | **5,577** | 6,788 |
| | **41,550** | 31,568 |
| Net assets | **58,657** | 59,182 |
| | **$ 100,207** | $ 90,750 |

*7. Investment in Government Businesses (continued)*

| | 2008 | 2007 |
|---|---|---|
| Results of operations | | |
| Revenues | **$ 10,110** | $ 9,431 |
| Expenditures | **9,174** | 8,626 |
| | **936** | 805 |
| Depreciation | **(1,393)** | (1,626) |
| Unrealized losses | **(129)** | - |
| Gain on disposal of assets | **-** | 777 |
| Deficiency of revenues over expenditures for the year | **$ (586)** | $ (44) |

| | 2008 | 2007 |
|---|---|---|
| Statement of net assets | | |
| As previously reported | **$ 59,182** | $ 59,226 |
| Adjustment of investments to fair value | **61** | - |
| As restated | **59,243** | 59,226 |
| Deficiency of revenues over expenditures for the year | **(586)** | (44) |
| | **$ 58,657** | $ 59,182 |

**b) Winnipeg Housing Rehabilitation Corporation**

Winnipeg Housing Rehabilitation Corporation ("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 and Renewal Corporation.

The condensed supplementary financial information of WHRC is as follows:

| | 2008 | 2007 |
|---|---|---|
| Financial position | | |
| Capital assets | **$ 31,779** | $ 30,197 |
| Current and other assets | **5,688** | 6,573 |
| | **$ 37,467** | $ 36,770 |
| Long-term debt | **$ 29,345** | $ 29,852 |
| Current and other liabilities | **4,148** | 4,036 |
| | **33,493** | 33,888 |
| Replacement Reserves | **3,487** | 3,103 |
| WHRC Building and Acquisition Reserve | **312** | - |
| Net assets | **175** | (221) |
| | **3,974** | 2,882 |
| | **$ 37,467** | $ 36,770 |

## *7. Investment in Government Businesses (continued)*

| | 2008 | 2007 |
|---|---|---|
| Results of operations | | |
| Revenues | **$ 6,991** | $ 6,950 |
| Expenditures | **7,163** | 6,902 |
| (Deficiency) excess of revenues over expenditures for the year | **(172)** | 48 |
| Gain on sale of capital assets | **568** | 235 |
| Change to Replacement Reserves during the year | **384** | 245 |
| Change to WHRC Building and Acquisition Reserve during the year | **312** | - |
| | **$ 1,092** | $ 528 |

During the year, the City paid WHRC an operating grant of $200 thousand (2007 - $200 thousand). In addition, the City has guaranteed WHRC's operating line of credit to a value of $2.0 million (2007 - $2.0 million).

**Summary of investment in government businesses**

| | 2008 | 2007 |
|---|---|---|
| North Portage Development Corporation (1/3 share) | **$ 19,551** | $ 19,727 |
| Winnipeg Housing Rehabilitation Corporation | **3,974** | 2,882 |
| | **$ 23,525** | $ 22,609 |

**Summary of results of operations**

| | 2008 | 2007 |
|---|---|---|
| North Portage Development Corporation (1/3 share) | **$ (176)** | $ (15) |
| Winnipeg Housing Rehabilitation Corporation | **1,092** | 528 |
| | **$ 916** | $ 513 |

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

## *8. Accounts Payable and Accrued Liabilities*

| | 2008 | 2007 |
|---|---|---|
| Accrued liabilities | **$ 83,500** | $ 97,357 |
| Trade accounts payable | **61,795** | 75,335 |
| Accrued interest payable | **14,596** | 12,438 |
| | **$ 159,891** | $ 185,130 |

## *9. Deferred Revenue*

| | 2008 | 2007 |
|---|---|---|
| Federal public transit transfer | **$ 29,616** | $ 35,766 |
| Federal gas tax transfer | **2,158** | 1,141 |
| Other | **10,761** | 6,730 |
| | **$ 42,535** | $ 43,637 |

## *10. Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | Series | By-Law No. | Amount of Debt **2008** | 2007 |
|---|---|---|---|---|---|---|
| 1999-2009 | Feb. 2 | 5.350 | VV | 7368/99 | **$ 50,000** | $ 50,000 |
| 1989-2009 | Dec. 14 | 10.000 | VH | 5286/89 | **85,500** | 85,500 |
| 1993-2013 | Feb. 11 | 9.375 | VN | 6090/93 | **90,000** | 90,000 |
| 1994-2014 | Jan. 20 | 8.000 | VQ | 6300/94 | **85,000** | 85,000 |
| 1995-2015 | May 12 | 9.125 | VR | 6620/95 | **88,000** | 88,000 |
| 1997-2017 | Nov. 17 | 6.250 | VU | 7000/97 | **30,000** | 30,000 |
| 2006-2036 | July 17 | 5.200 | VZ | 183/2004 and 72/2006 | **60,000** | 60,000 |
| 2008-2036 | July 17 | 5.200 | VZ | 72/2006B | **100,000** | - |
| | | | | | **588,500** | 488,500 |
| Equity in The Sinking Fund | | | | | **(276,158)** | (248,686) |
| Net sinking fund debentures outstanding | | | | | **312,342** | 239,814 |

**Other debt outstanding**

| | | |
|---|---|---|
| Serial and installment debt issued by the City with varying maturities up to 2014 and a weighted average interest rate of 4.56% (2007 - 4.56%) | **84,833** | 98,539 |
| The Province and bank loans with varying maturities up to 2019 and a weighted average interest rate of 3.92% (2007 - 5.17%) | **47,873** | 38,113 |
| Capital lease obligations (Note 10c) | **31,886** | 20,996 |
| | **$ 476,934** | $ 397,462 |

Debt segregated by fund/organization:

| | **2008** | 2007 |
|---|---|---|
| General Capital Fund | **$ 208,806** | $ 226,028 |
| Waterworks System | **175,761** | 79,410 |
| Sewage Disposal System | **38,232** | 45,053 |
| Solid Waste Disposal | **591** | 788 |
| Special operating agencies and other (Note 6) | **42,718** | 33,496 |
| Transit System | **10,826** | 12,687 |
| | **$ 476,934** | $ 397,462 |

***10. Debt (continued)***

Debt to be retired over the next five years:

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014+ |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 135,500 | $ - | $ - | $ - | $ 90,000 | $ 363,000 |
| Other debt | 32,752 | 21,622 | 22,223 | 24,395 | 22,405 | 41,195 |
| | $ 168,252 | $ 21,622 | $ 22,223 | $ 24,395 | $ 112,405 | $ 404,195 |

a) Sinking fund assets have a market value of $289.8 million (2007 - $254.6 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 $40.6 million (2007 - $37.4 million) and a market value of $41.3 million (2007 - $38.3 million).

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City. The City is currently paying one percent or greater on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

Sinking fund debenture issues provide for full sinking fund at maturity except for the following debenture which, as a result of the levies being provided and the terms of the issue, will have a sinking fund deficiency requiring the issue to be refinanced at maturity.

| Year of Maturity | Debenture By-Law | Issued Amount | Maturity Shortfall |
|---|---|---|---|
| 2009 | 7368/99 | $ 50,000 | $ 30,981 |

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

| | Capital Leases |
|---|---|
| 2009 | $ 4,117 |
| 2010 | 4,117 |
| 2011 | 4,117 |
| 2012 | 3,018 |
| 2013 | 3,095 |
| Thereafter | 44,572 |
| Total future minimum lease payments | 63,036 |
| Amount representing interest at a weighted average rate of 8.42% | (31,150) |
| Capital lease liability | $ 31,886 |

d) Interest on debt recorded in the Consolidated Statement of Operations and Accumulated Surplus in 2008 is $51.0 million (2007 - $46.9 million).

e) Cash paid for interest during the year is $48.8 million (2007 - $47.2 million).

### *11. Other Liabilities*

| | 2008 | 2007 |
|---|---|---|
| Developer deposits | **$ 8,861** | $ 6,767 |
| Other liabilities | **7,243** | 9,898 |
| | **16,104** | 16,665 |
| Environmental liabilities | **16,000** | 21,000 |
| | **$ 32,104** | $ 37,665 |

In 2008, the City has accrued an overall liability for environmental matters in the amount of $16.0 million (2007 - $21.0 million) which represents management's best estimate of this liability. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Included in environmental liabilities is $14.1 million (2007 - $16.3 million) of 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 6.0% (2007 - 5.3%).

Landfill closure and post-closure care requirements have been defined in accordance with the Environmental 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 100-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 Landfill Site, is 96% of its total capacity and its remaining life is approximately 100 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 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, 2008, the reserve had a balance of $2.9 million (2007 - $2.6 million).

### *12. Retirement Allowance, Vacation, Compensated Absences and Other*

| | 2008 | 2007 |
|---|---|---|
| Retirement allowance - accrued obligation | **$ 83,380** | $ 82,299 |
| Unamortized net actuarial loss | **(6,805)** | (6,886) |
| Retirement allowance - accrued liability | **76,575** | 75,413 |
| Vacation | **41,210** | 39,522 |
| Compensated absences | **7,602** | 7,502 |
| Other | **15,347** | 20,717 |
| | **$ 140,734** | $ 143,154 |

***12. Retirement Allowance, Vacation, Compensated Absences and Other (continued)***

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 11.8 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The City measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report of the obligation was prepared effective December 31, 2008.

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

| | **2008** | 2007 |
|---|---|---|
| Retirement allowance - accrued liability | | |
| Balance, beginning of year | **$ 75,413** | $ 74,398 |
| Current service cost | **4,120** | 4,117 |
| Interest cost | **3,784** | 3,669 |
| Amortization of net actuarial loss | **936** | 1,035 |
| Benefit payments | **(7,678)** | (7,806) |
| Balance, end of year | **$ 76,575** | $ 75,413 |

Retirement allowance expense consists of the following:

| | **2008** | 2007 |
|---|---|---|
| Current service cost | **$ 4,120** | $ 4,117 |
| Interest cost | **3,784** | 3,669 |
| Amortization of net actuarial loss | **936** | 1,035 |
| | **$ 8,840** | $ 8,821 |

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

| | **2008** | 2007 |
|---|---|---|
| Discount rate on liability | **4.70%** | 4.70% |
| General increases in pay | **3.00%** | 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.

## *13. Pension Costs and Obligations*

### a) Winnipeg Civic Employees' Benefits Pension Plan

The Winnipeg Civic Employees' Benefits Pension Plan is similar to a defined contribution pension plan because it is a multi-unit pension plan governed by an independent board of trustees and a trust agreement that limits the City's contribution rate. The Plan provides pension and disability benefits to all City of Winnipeg employees, other than police officers, and to employees of certain other participating employers. Members are currently required to make contributions of 6.5% of Canada Pension Plan earnings and 7.5% of pensionable earnings in excess of Canada Pension Plan earnings. The City and participating employers are required to make matching contributions. In the event of unfavourable financial experience, members' and employers' contributions can be increased, on an equal basis, to a rate not exceeding 8% of pensionable earnings.

An actuarial valuation of the plan was prepared on December 31, 2007, which indicated an excess of actuarial value of program assets over actuarial liabilities of $421.7 million. The Pension Trust Agreement specifies how the excess of actuarial surpluses can be used but does not attribute the excess of actuarial surpluses to individual employers. However, a portion of the excess of actuarial surpluses is allocated to a City Account that the City and other participating employers may use to finance reductions in their contributions.

The balance of the City Account at December 31, 2008 was $87.2 million, before any surplus distribution from the 2007 actuarial valuation (2007 - $119.3 million). Total contributions by the City to the program in 2008 were $11.5 million (2007 - $13.0 million), which were expensed as incurred.

### b) Winnipeg Police Pension Plan

The Winnipeg Police Pension 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 1% 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. 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 and thereafter 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, 2006 and the results were extrapolated to December 31, 2008. The principal long-term assumptions on which the valuation was based were: discount rate of 6.00% per year; inflation rate of 2.25% per year; and general pay increases of 3.75% per year. The accrued pension obligation was valued using the projected benefit method pro-rated on services. Based on this valuation and extrapolation, the funded status of the plan is as follows:

| | **2008** | 2007 |
|---|---|---|
| Pension fund assets, at fair value | **$ 760,147** | $ 916,138 |
| Actuarial adjustment | **123,833** | (22,944) |
| Pension fund assets, at actuarial value | **$ 883,980** | $ 893,194 |
| Accrued pension obligation | **$ 855,245** | $ 828,911 |

The pension fund assets, at actuarial value, include an amount designated for the contribution stabilization reserve of $28.7 million at December 31, 2008 (2007 - $52.4 million).

*13. Pension Costs and Obligations (continued)*

The market value of the pension fund assets as at December 31, 2008 was $760.1 million (2007 - $916.1 million).

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. The City's contributions to the plan each year are approximately equal to its pension expense.

Total contributions made by the City to the plan in 2008 were $8.6 million (2007 - $7.6 million). Total employee contributions to the plan in 2008 were $8.8 million (2007 - $7.8 million). Benefits paid from the plan in 2008 were $34.7 million (2007 - $32.5 million).

The expected rate of return on plan assets in 2008 was 6.00% (2007 - 6.00%). The actual rate of return, net of investment expenses, on plan assets in 2008 was -15.28% (2007 - 2.05%).

**c) Councillors' Pension Plan**

**i) Pension Plan Established Under By-Law 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 2008, the City paid out $0.3 million (2007 - $0.3 million).

**ii) Pension Plan Established Under By-Law 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 which is consistent with the Civic Employees' Pension Plan.

**d) Group Life Insurance Plan**

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

An actuarial valuation of the plan was prepared as of December 31, 2004 and the results were extrapolated to December 31, 2008. The principal long-term assumptions on which the valuation was based were: discount rate of 5.5% per year; and general pay increases of 3.75% per year. 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 plan is as follows:

| | **2008** | 2007 |
|---|---|---|
| Group life insurance plan assets, at actuarial value | **$ 125,231** | $ 124,386 |
| Accrued post-retirement life insurance obligations | **$ 81,573** | $ 76,736 |

### *14. Tangible Capital Assets*

| | Net Book Value | |
|---|---|---|
| | **2008** | 2007 |
| General | | |
| Land | **$ 169,529** | $ 173,030 |
| Buildings | **256,559** | 238,745 |
| Vehicles | **144,500** | 127,124 |
| Computer | **39,157** | 42,464 |
| Other | **63,830** | 40,170 |
| Infrastructure | | |
| Plants and facilities | **312,481** | 250,928 |
| Roads | **794,274** | 767,508 |
| Underground and other networks | **1,660,563** | 1,657,343 |
| Bridges and other structures | **308,620** | 307,211 |
| | **3,749,513** | 3,604,523 |
| Assets under construction | **308,806** | 272,667 |
| | **$ 4,058,319** | $ 3,877,190 |

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

During the year there were no write-downs of assets (2007 - $nil). Interest capitalized during 2008 was $1.9 million (2007 - $1.8 million). In addition, roads and underground networks contributed to the City totalled $40.3 million in 2008 (2007 - $50.6 million) and were capitalized at their fair value at the time of receipt.

### *15. Accumulated Surplus*

Accumulated surplus consists of individual fund surplus/(deficit) and reserves as follows:

| | **2008** | 2007 |
|---|---|---|
| **Surplus** | | |
| Invested in tangible capital assets | **$ 3,568,485** | $ 3,434,876 |
| Unamortized gain on Winnipeg Hydro sale | **232,679** | 238,376 |
| Waterworks System | **109,947** | 61,400 |
| Sewage Disposal System | **71,234** | 55,234 |
| North Portage Development Corporation | **19,552** | 19,727 |
| Fleet Management - Special Operating Agency | **12,637** | 14,884 |
| Equipment and Material Services | **11,403** | 11,119 |
| CentreVenture Development Corporation | **11,225** | 9,645 |
| Solid Waste Disposal | **5,620** | 7,865 |
| Other | **18,864** | 13,881 |
| Winnipeg Parking Authority - Special Operating Agency | **(7,257)** | (6,212) |
| Unfunded | | |
| Environmental liabilities | **(15,550)** | (20,280) |
| Retirement allowance, vacation, compensated absences and other | **(134,968)** | (137,444) |
| **Total Surplus** | **3,903,871** | 3,703,071 |

### *15. Accumulated Surplus (continued)*

| **Reserves** | **2008** | 2007 |
|---|---|---|
| **Capital Reserves** | | |
| Sewer System Rehabilitation Reserve | **36,318** | 28,711 |
| Environmental Projects Reserve | **27,224** | 37,471 |
| Transit Bus Replacement Reserve | **16,885** | 11,732 |
| Other | **13,729** | 11,973 |
| | **94,156** | 89,887 |
| **Stabilization Reserves** | | |
| Mill Rate Stabilization Reserve | **49,932** | 37,062 |
| Fiscal Stabilization Reserve | **34,748** | 41,557 |
| | **84,680** | 78,619 |
| **Special Purpose Reserves** | | |
| Land Operating Reserve | **16,106** | 11,059 |
| Perpetual Maintenance Fund - Brookside Cemetery | **11,653** | 10,418 |
| Heritage Investment Reserve | **8,654** | 8,408 |
| General Purpose Reserve | **7,707** | 11,367 |
| Snow Clearing Reserve | **4,364** | - |
| Workers Compensation Reserve | **3,500** | 4,971 |
| Insurance Reserve (Note 21) | **1,769** | 7,985 |
| Other | **19,821** | 20,712 |
| | **73,574** | 74,920 |
| **Total Reserves** | **252,410** | 243,426 |
| | **$ 4,156,281** | $ 3,946,497 |

### *16. Commitments and Contingencies*

The significant commitments and contingencies that existed at December 31, 2008 are as follows:

a) The City had 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 |
|---|---|
| 2009 | $ 4,614 |
| 2010 | 3,194 |
| 2011 | 3,877 |
| 2012 | 3,459 |
| 2013 and thereafter | 10,512 |
| | $ 25,656 |

b) The City is not a defendant in any significant lawsuits as at December 31, 2008. 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.

### *16. Commitments and Contingencies (continued)*

c) 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, 2008 is $5.1 million (2007 - $5.6 million).

### *17. Taxation*

| | **2008** | 2007 |
|---|---|---|
| Municipal and school property taxes | **$ 833,802** | $ 820,635 |
| Payments-in-lieu of property (municipal and school) and business taxes | **39,210** | 39,376 |
| | **873,012** | 860,011 |
| Payments to Province and school divisions | **(465,001)** | (452,937) |
| Net property taxes and payments-in-lieu of property taxes available for municipal purposes | **408,011** | 407,074 |
| Business tax and license-in-lieu of business taxes | **56,284** | 56,057 |
| Local improvement and frontage levies | **28,745** | 28,695 |
| Electricity and natural gas sales taxes | **17,762** | 17,125 |
| Amusement and accommodation taxes and mobile home license | **10,882** | 6,246 |
| | **$ 521,684** | $ 515,197 |

The property tax roll includes school taxes of $442.2 million (2007 - $430.1 million) assessed and levied on behalf of the Province and school divisions. Payments-in-lieu of school taxes assessed in 2008 totalled $22.8 million (2007 - $22.8 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.

### *18. Sales of Services and Regulatory Fees*

| | **2008** | 2007 |
|---|---|---|
| Water sales and sewage services | **$ 209,249** | $ 186,559 |
| Other sales of goods and services | **96,660** | 90,828 |
| Transit fares | **61,493** | 58,132 |
| Regulatory fees | **49,290** | 45,754 |
| | **$ 416,692** | $ 381,273 |

### *19. Government Transfers*

| | 2008 | 2007 |
|---|---|---|
| **Operating** | | |
| Province of Manitoba | | |
| Building Manitoba Fund | **$ 55,404** | $ 53,204 |
| Ambulance, libraries and other | **35,547** | 34,034 |
| Transit | **25,130** | 23,795 |
| Unconditional | **19,888** | 19,888 |
| Support | **10,226** | 9,895 |
| Support for provincial programs | **(23,650)** | (23,650) |
| | **122,545** | 117,166 |
| Government of Canada | | |
| Dutch elm disease program and other | **177** | 29 |
| **Total Operating** | **122,722** | 117,195 |
| **Capital** | | |
| Province of Manitoba | **63,950** | 40,052 |
| Government of Canada | | |
| Federal gas tax revenue | **19,516** | 19,935 |
| Public transit | **6,150** | 2,682 |
| Other capital funding | **972** | 8,699 |
| | **26,638** | 31,316 |
| **Total Capital** | **90,588** | 71,368 |
| | **$ 213,310** | $ 188,563 |

In accordance with the recommendations of PSAB, government transfers 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.

### *20. Expenses by Object*

| | 2008 | 2007 |
|---|---|---|
| Salaries and benefits | **$ 565,071** | $ 539,405 |
| Goods and services | **295,940** | 291,032 |
| Amortization | **141,099** | 133,635 |
| Interest | **50,952** | 46,950 |
| Other expenses | **12,120** | 22,507 |
| | **$ 1,065,182** | $ 1,033,529 |

### *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 (Note 15) that enables the City to carry a large self-insured retention level which mitigates the effect of poor claims experience in any given year. The balance of the reserve as at December 31, 2008 is $1.8 million (2007 - $8.0 million).

## *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 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 Service 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 such as insect control and the regulation of food service establishments. The department also contributes towards 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, 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.

**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.

## *22. Segmented Information (continued)*

### 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, collecting and treating wastewater, and providing 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, transfer 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 2) and Schedule of Segment Disclosure with Budget Information (Schedule 3).

## *23. Funds Held in Trust*

Trust funds administered by the City for the benefit of external parties of $0.6 million (2007 - $0.3 million) are not included in the consolidated financial statements.

## *24. Comparative Figures*

Certain comparative figures have been reclassified to conform with the current year's presentation.

# THE CITY OF WINNIPEG
# CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

*As at December 31*
*(in thousands of dollars)*

| | General | | | | |
|---|---|---|---|---|---|
| | **Land** | **Buildings** | **Vehicles** | **Computer** | **Other** |
| **Cost** | | | | | |
| Balance, beginning of year | **$ 173,030** | **$ 449,028** | **$ 250,623** | **$ 104,492** | **$ 85,454** |
| Add: | | | | | |
| Additions during the year | **1,651** | **33,872** | **34,737** | **6,512** | **30,624** |
| Less: | | | | | |
| Disposals during the year | **2,552** | **3,306** | **10,050** | **1,752** | **2,342** |
| Other | **(2,600)** | **-** | **-** | **-** | **-** |
| Balance, end of year | **169,529** | **479,594** | **275,310** | **109,252** | **113,736** |
| **Accumulated amortization** | | | | | |
| Balance, beginning of year | **-** | **210,283** | **123,499** | **62,028** | **45,284** |
| Add: | | | | | |
| Amortization | **-** | **14,876** | **16,792** | **9,819** | **6,836** |
| Less: | | | | | |
| Accumulated amortization on disposals | **-** | **2,124** | **9,481** | **1,752** | **2,214** |
| Balance, end of year | **-** | **223,035** | **130,810** | **70,095** | **49,906** |
| **Net Book Value of Tangible Capital Assets** | **$ 169,529** | **$ 256,559** | **$ 144,500** | **$ 39,157** | **$ 63,830** |

| Infrastructure | | | | | Totals | |
|---|---|---|---|---|---|---|
| **Plants and Facilities** | **Roads** | **Underground and Other Networks** | **Bridges and Other Structures** | **Assets Under Construction** | **2008** | 2007 |
| **$ 419,713** | **$ 1,533,257** | **$ 2,435,144** | **$ 483,050** | **$ 272,667** | **$ 6,206,458** | $ 5,896,524 |
| **70,042** | **67,165** | **38,274** | **11,328** | **36,139** | **330,344** | 352,149 |
| **-** | **24,048** | **4,037** | **-** | **-** | **48,087** | 37,265 |
| **-** | **-** | **-** | **-** | **-** | **(2,600)** | (4,950) |
| **489,755** | **1,576,374** | **2,469,381** | **494,378** | **308,806** | **6,486,115** | 6,206,458 |
| **168,785** | **765,749** | **777,801** | **175,839** | **-** | **2,329,268** | 2,226,779 |
| **8,489** | **40,240** | **34,128** | **9,919** | **-** | **141,099** | 133,635 |
| **-** | **23,889** | **3,111** | **-** | **-** | **42,571** | 31,146 |
| **177,274** | **782,100** | **808,818** | **185,758** | **-** | **2,427,796** | 2,329,268 |
| **$ 312,481** | **$ 794,274** | **$ 1,660,563** | **$ 308,620** | **$ 308,806** | **$ 4,058,319** | $ 3,877,190 |

# THE CITY OF WINNIPEG
# CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE - SERVICE

*For the year ended December 31, 2008*
*(in thousands of dollars)*

| | General Revenue Fund | | | |
|---|---|---|---|---|
| | **Protection** | **Community Services** | **Planning** | **Public Works and Water** |
| ***REVENUES*** | | | | |
| Taxation | **$ 187,205** | **$ 61,160** | **$ 10,096** | **$ 152,151** |
| Sales of services and regulatory fees | **40,780** | **15,115** | **15,511** | **3,782** |
| Government transfers (Note 19) | **45,226** | **11,342** | **3,107** | **18,228** |
| Transfer from other funds | **16,935** | **6,218** | **8,510** | **24,446** |
| Other | **7,740** | **2,650** | **1,244** | **5,887** |
| | **297,886** | **96,485** | **38,468** | **204,494** |
| ***EXPENSES*** *(Note 20)* | | | | |
| Salaries and benefits | **248,798** | **43,472** | **19,192** | **56,057** |
| Goods and services | **34,162** | **12,423** | **2,782** | **86,266** |
| Interest | **1,774** | **328** | **2,405** | **37,635** |
| Transfer to other funds | **6,196** | **34,498** | **9,517** | **7,274** |
| Other | **6,956** | **5,764** | **4,572** | **17,262** |
| | **297,886** | **96,485** | **38,468** | **204,494** |
| ***NET SURPLUS*** | **$ -** | **$ -** | **$ -** | **$ -** |

*For the year ended December 31, 2007*
*(in thousands of dollars)*

| | General Revenue Fund | | | |
|---|---|---|---|---|
| | **Protection** | **Community Services** | **Planning** | **Public Works and Water** |
| ***REVENUES*** | | | | |
| Taxation | $ 181,522 | $ 59,154 | $ 14,382 | $ 154,730 |
| Sales of services and regulatory fees | 36,508 | 15,803 | 14,767 | 3,678 |
| Government transfers (Note 19) | 42,302 | 11,107 | 3,097 | 17,850 |
| Transfer from other funds | 17,045 | 4,899 | 6,067 | 25,561 |
| Other | 8,720 | 2,837 | 1,303 | 5,780 |
| | 286,097 | 93,800 | 39,616 | 207,599 |
| ***EXPENSES*** *(Note 20)* | | | | |
| Salaries and benefits | 235,286 | 42,806 | 19,144 | 56,314 |
| Goods and services | 34,611 | 12,714 | 3,105 | 89,170 |
| Interest | 1,667 | 558 | 2,309 | 36,630 |
| Transfer to other funds | 8,939 | 32,302 | 10,295 | 5,528 |
| Other | 5,594 | 5,420 | 4,763 | 19,957 |
| | 286,097 | 93,800 | 39,616 | 207,599 |
| ***NET SURPLUS*** | $ - | $ - | $ - | $ - |

**Schedule 2**

| Finance and Administration | Transit System Fund | Water and Waste Funds | Other Funds and Corporations | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **$ 101,367** | **$ -** | **$ -** | **$ 25,885** | **$ (16,180)** | **$ 521,684** |
| **11,548** | **63,509** | **230,588** | **77,315** | **(41,456)** | **416,692** |
| **14,306** | **30,720** | **8,079** | **90,992** | **(8,690)** | **213,310** |
| **6,080** | **49,081** | **38,084** | **262,098** | **(411,452)** | **-** |
| **9,994** | **664** | **22,625** | **108,401** | **(35,925)** | **123,280** |
| **143,295** | **143,974** | **299,376** | **564,691** | **(513,703)** | **1,274,966** |
| **32,947** | **74,651** | **48,949** | **36,175** | **4,830** | **565,071** |
| **12,081** | **38,898** | **64,190** | **84,068** | **(38,930)** | **295,940** |
| **6,477** | **2,920** | **18,571** | **58,670** | **(77,828)** | **50,952** |
| **65,112** | **10,273** | **63,847** | **109,575** | **(306,292)** | **-** |
| **26,678** | **8,577** | **26,666** | **154,327** | **(97,583)** | **153,219** |
| **143,295** | **135,319** | **222,223** | **442,815** | **(515,803)** | **1,065,182** |
| **$ -** | **$ 8,655** | **$ 77,153** | **$ 121,876** | **$ 2,100** | **$ 209,784** |

| Finance and Administration | Transit System Fund | Water and Waste Funds | Other Funds and Corporations | Eliminations | Consolidated |
|---|---|---|---|---|---|
| $ 91,480 | $ - | $ - | $ 30,120 | $ (16,191) | $ 515,197 |
| 10,188 | 59,988 | 206,612 | 70,767 | (37,038) | 381,273 |
| 13,793 | 34,096 | 17,864 | 57,817 | (9,363) | 188,563 |
| 6,532 | 38,782 | 68,681 | 263,447 | (431,014) | - |
| 7,187 | 818 | 29,597 | 114,385 | (34,846) | 135,781 |
| 129,180 | 133,684 | 322,754 | 536,536 | (528,452) | 1,220,814 |
| 32,118 | 72,435 | 46,149 | 35,153 | - | 539,405 |
| 12,815 | 34,661 | 58,813 | 79,992 | (34,849) | 291,032 |
| 4,898 | 3,017 | 15,726 | 60,384 | (78,239) | 46,950 |
| 43,562 | 5,521 | 60,424 | 157,466 | (324,037) | - |
| 35,787 | 8,115 | 26,929 | 123,846 | (74,269) | 156,142 |
| 129,180 | 123,749 | 208,041 | 456,841 | (511,394) | 1,033,529 |
| $ - | $ 9,935 | $ 114,713 | $ 79,695 | $ (17,058) | $ 187,285 |

# THE CITY OF WINNIPEG
**Schedule 3**

# SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION - GENERAL REVENUE FUND

*For the years ended December 31*
*(in thousands of dollars)*

| | 2008 | | 2007 |
|---|---|---|---|
| **PROTECTION** | **Budget** | **Actual** | Actual |
| ***REVENUES*** | | | |
| Taxation | **$ 187,461** | **$ 187,205** | $ 181,522 |
| Sales of services and regulatory fees | **38,032** | **40,780** | 36,508 |
| Government transfers | **43,355** | **45,226** | 42,302 |
| Transfer from other funds | **17,050** | **16,935** | 17,045 |
| Other | **7,651** | **7,740** | 8,720 |
| | **293,549** | **297,886** | 286,097 |
| ***EXPENSES*** | | | |
| Salaries and benefits | **245,625** | **248,798** | 235,286 |
| Goods and services | **33,888** | **34,162** | 34,611 |
| Interest | **1,774** | **1,774** | 1,667 |
| Transfer to other funds | **7,387** | **6,196** | 8,939 |
| Other | **4,875** | **6,956** | 5,594 |
| | **293,549** | **297,886** | 286,097 |
| ***NET SURPLUS*** | **$ -** | **$ -** | $ - |
| **COMMUNITY SERVICES** | | | |
| ***REVENUES*** | | | |
| Taxation | **$ 60,334** | **$ 61,160** | $ 59,154 |
| Sales of services and regulatory fees | **16,746** | **15,115** | 15,803 |
| Government transfers | **11,197** | **11,342** | 11,107 |
| Transfer from other funds | **6,266** | **6,218** | 4,899 |
| Other | **2,607** | **2,650** | 2,837 |
| | **97,150** | **96,485** | 93,800 |
| ***EXPENSES*** | | | |
| Salaries and benefits | **43,823** | **43,472** | 42,806 |
| Goods and services | **12,561** | **12,423** | 12,714 |
| Interest | **328** | **328** | 558 |
| Transfer to other funds | **33,221** | **34,498** | 32,302 |
| Other | **7,217** | **5,764** | 5,420 |
| | **97,150** | **96,485** | 93,800 |
| ***NET SURPLUS*** | **$ -** | **$ -** | $ - |

# THE CITY OF WINNIPEG
**Schedule 3**

# SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION - GENERAL REVENUE FUND (continued)

*For the years ended December 31*
*(in thousands of dollars)*

| | 2008 | | 2007 |
|---|---|---|---|
| **PLANNING** | **Budget** | **Actual** | Actual |
| ***REVENUES*** | | | |
| Taxation | **$ 9,597** | **$ 10,096** | $ 14,382 |
| Sales of services and regulatory fees | **14,817** | **15,511** | 14,767 |
| Government transfers | **3,128** | **3,107** | 3,097 |
| Transfer from other funds | **8,419** | **8,510** | 6,067 |
| Other | **1,159** | **1,244** | 1,303 |
| | **37,120** | **38,468** | 39,616 |
| ***EXPENSES*** | | | |
| Salaries and benefits | **19,389** | **19,192** | 19,144 |
| Goods and services | **2,862** | **2,782** | 3,105 |
| Interest | **2,405** | **2,405** | 2,309 |
| Transfer to other funds | **8,289** | **9,517** | 10,295 |
| Other | **4,175** | **4,572** | 4,763 |
| | **37,120** | **38,468** | 39,616 |
| ***NET SURPLUS*** | **$ -** | **$ -** | $ - |
| **PUBLIC WORKS AND WATER** | | | |
| ***REVENUES*** | | | |
| Taxation | **$ 152,580** | **$ 152,151** | $ 154,730 |
| Sales of services and regulatory fees | **3,468** | **3,782** | 3,678 |
| Government transfers | **18,236** | **18,228** | 17,850 |
| Transfer from other funds | **24,866** | **24,446** | 25,561 |
| Other | **6,258** | **5,887** | 5,780 |
| | **205,408** | **204,494** | 207,599 |
| ***EXPENSES*** | | | |
| Salaries and benefits | **54,166** | **56,057** | 56,314 |
| Goods and services | **90,320** | **86,266** | 89,170 |
| Interest | **37,491** | **37,635** | 36,630 |
| Transfer to other funds | **7,132** | **7,274** | 5,528 |
| Other | **16,299** | **17,262** | 19,957 |
| | **205,408** | **204,494** | 207,599 |
| ***NET SURPLUS*** | **$ -** | **$ -** | $ - |

# THE CITY OF WINNIPEG
**Schedule 3**

# SCHEDULE OF SEGMENT DISCLOSURE WITH BUDGET INFORMATION - GENERAL REVENUE FUND (continued)

*For the years ended December 31*
*(in thousands of dollars)*

| FINANCE AND ADMINISTRATION | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES*** | | | |
| Taxation | **$ 97,642** | **$ 101,367** | $ 91,480 |
| Sales of services and regulatory fees | **10,027** | **11,548** | 10,188 |
| Government transfers | **14,321** | **14,306** | 13,793 |
| Transfer from other funds | **6,226** | **6,080** | 6,532 |
| Other | **6,179** | **9,994** | 7,187 |
| | **134,395** | **143,295** | 129,180 |
| ***EXPENSES*** | | | |
| Salaries and benefits | **34,908** | **32,947** | 32,118 |
| Goods and services | **12,651** | **12,081** | 12,815 |
| Interest | **6,621** | **6,477** | 4,898 |
| Transfer to other funds | **43,725** | **65,112** | 43,562 |
| Other | **36,490** | **26,678** | 35,787 |
| | **134,395** | **143,295** | 129,180 |
| ***NET SURPLUS*** | **$ -** | **$ -** | $ - |

# THE CITY OF WINNIPEG
# CONSOLIDATED FINANCIAL STATEMENTS

## FIVE-YEAR REVIEW

*As at December 31*
*("$" amounts in thousands of dollars, except as noted)*
*(Unaudited)*

| | | | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|
| 1. | Population (as restated per Statistics Canada) | | **660,000** | 653,300 | 649,300 | 647,400 | 646,700 |
| | Unemployment rate (per Statistics Canada) | | | | | | |
| | - Winnipeg | | **4.3%** | 4.7% | 4.6% | 4.8% | 5.5% |
| | - National average | | **6.1%** | 6.0% | 6.3% | 6.8% | 7.2% |
| 2. | Average total employees | | **8,402** | 8,566 | 8,836 | 8,749 | 8,788 |
| 3. | Number of taxable properties | | **211,048** | 209,127 | 206,658 | 206,170 | 205,366 |
| | Payments-in-lieu of taxes | | | | | | |
| | Number of properties | | **908** | 945 | 922 | 874 | 853 |
| 4. | Assessment (see notes) | - Residential | **$ 23,666,110** | 23,223,839 | 22,800,354 | 18,460,471 | 18,277,925 |
| | | - Commercial and industrial | **8,161,490** | 8,095,206 | 7,959,866 | 7,209,121 | 7,132,230 |
| | | - Farm and golf | **131,414** | 156,357 | 162,390 | 102,742 | 101,769 |
| | | | **$ 31,959,014** | 31,475,402 | 30,922,610 | 25,772,334 | 25,511,924 |
| | Assessment per capita (in dollars) | | **$ 48,423** | 48,179 | 47,625 | 39,809 | 39,449 |
| | Commercial and industrial as a percentage of assessment | | **25.54%** | 25.72% | 25.74% | 27.97% | 27.96% |
| 5. | Tax arrears | | **$ 29,893** | 38,038 | 41,350 | 37,698 | 40,436 |
| 6. | Tax arrears - per capita (in dollars) | | **$ 45.29** | 58.22 | 63.68 | 58.23 | 62.53 |
| 7. | Municipal mill rate | | **25.448** | 25.448 | 25.448 | 29.686 | 29.686 |
| | - Percentage change adjusted for portioning and reassessment | | **0.00%** | 0.00% | 0.00% | 0.00% | 0.00% |
| 8. | Winnipeg consumer price index (per Statistics Canada) (annual average) | | | | | | |
| | - 2002 base year 100 | | **113.3** | 110.8 | 108.5 | 106.5 | 103.7 |
| | - Percentage increase | | **2.3%** | 2.1% | 1.9% | 2.7% | 1.9% |
| 9. | Consolidated revenues (see notes) | | | | | | |
| | - Taxation | | **$ 521,684** | 515,197 | 518,661 | 503,594 | 491,698 |
| | - User charges | | **416,692** | 381,273 | 356,761 | 339,539 | 328,206 |
| | - Government transfers | | **213,310** | 188,563 | 152,300 | 120,725 | 94,100 |
| | - Interest and other revenue | | **123,280** | 135,781 | 77,811 | 75,266 | 54,879 |
| | | | **$ 1,274,966** | 1,220,814 | 1,105,533 | 1,039,124 | 968,883 |
| 10. | Consolidated expenses by function (see notes) | | | | | | |
| | - Municipal operations | | **$ 777,011** | 765,732 | 729,753 | 712,630 | 681,533 |
| | - Public utilities | | **258,788** | 242,797 | 231,306 | 225,133 | 217,171 |
| | - Civic corporations | | **29,383** | 25,000 | 24,174 | 25,636 | 31,214 |
| | | | **$ 1,065,182** | 1,033,529 | 985,233 | 963,399 | 929,918 |
| 11. | Growth in accumulated surplus (see notes) | | **$ 209,784** | 187,285 | 120,300 | 75,725 | 38,965 |

(Note: In 2006, the City conducted a general reassessment which moved from a 1999 level of value to a 2003 level of value.)

(Note: For 2004, the revenues, expenses, net financial assets, accumulated surplus and acquisition of tangible capital assets figures have not been restated to reflect the change in accounting policy concerning tangible capital assets, revenues from contributed assets and government transfers related to tangible capital assets acquisitions, and to record the City's investment in government businesses.)

# THE CITY OF WINNIPEG
# CONSOLIDATED FINANCIAL STATEMENTS

## FIVE-YEAR REVIEW - continued

*As at December 31*
*("$" amounts in thousands of dollars, except as noted)*
*(Unaudited)*

| | | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| 12. Consolidated expenses by object (see notes) | | | | | | |
| Salaries and benefits | **$** | **565,071** | 539,405 | 530,881 | 510,928 | 496,048 |
| Goods and services | | **295,940** | 291,032 | 271,530 | 270,707 | 285,594 |
| Amortization | | **141,099** | 133,635 | 125,681 | 122,718 | - |
| Interest | | **50,952** | 46,950 | 45,665 | 50,283 | - |
| Other expenses | | **12,120** | 22,507 | 11,476 | 8,763 | 19,234 |
| Debt interest and repayment | | **-** | - | - | - | 129,042 |
| | **$** | **1,065,182** | 1,033,529 | 985,233 | 963,399 | 929,918 |
| 13. Payments to school authorities | **$** | **465,001** | 452,937 | 437,317 | 435,205 | 439,062 |
| 14. Debt | | | | | | |
| Tax-supported | **$** | **378,872** | 379,836 | 411,043 | 429,287 | 486,790 |
| Transit | | **24,914** | 25,464 | 26,813 | 27,520 | 35,092 |
| City-owned utilities | | **304,834** | 206,261 | 207,581 | 151,700 | 175,050 |
| Other | | **44,472** | 34,587 | 24,893 | 5,160 | 5,743 |
| Total gross debt | | **753,092** | 646,148 | 670,330 | 613,667 | 702,675 |
| Less: Sinking Funds | | **276,158** | 248,686 | 222,723 | 198,965 | 239,831 |
| Total net long-term debt | **$** | **476,934** | 397,462 | 447,607 | 414,702 | 462,844 |
| Percentage of total assessment | | **1.49%** | 1.26% | 1.45% | 1.61% | 1.81% |
| 15. Acquisition of tangible capital assets | | | | | | |
| Acquisitions (see notes) | **$** | **330,344** | 352,149 | 263,066 | 199,313 | 143,286 |
| 16. Net financial assets (see notes) | **$** | **77,850** | 52,440 | 71,767 | 81,020 | 72,620 |
| 17. Accumulated surplus (see notes) | | | | | | |
| Surpluses | | | | | | |
| Invested in tangible capital assets | **$** | **3,568,485** | 3,434,876 | 3,181,870 | 3,038,586 | 335,267 |
| Unamortized gain on Winnipeg Hydro sale | | **232,679** | 238,376 | 243,751 | 253,539 | 262,772 |
| Other surpluses | | **253,225** | 187,543 | 215,383 | 192,331 | 145,050 |
| Unfunded liabilities | | **(150,518)** | (157,724) | (152,059) | (138,345) | (129,490) |
| | | **3,903,871** | 3,703,071 | 3,488,945 | 3,346,111 | 613,599 |
| Reserves | | | | | | |
| Capital | | **94,156** | 89,887 | 114,359 | 159,772 | 179,679 |
| Stabilization | | **84,680** | 78,619 | 81,229 | 64,004 | 62,325 |
| Special Purpose | | **73,574** | 74,920 | 74,679 | 69,025 | 72,224 |
| Other | | **-** | - | - | - | 2,240 |
| | | **252,410** | 243,426 | 270,267 | 292,801 | 316,468 |
| | **$** | **4,156,281** | 3,946,497 | 3,759,212 | 3,638,912 | 930,067 |
| 18. Government specific indicators (see notes) | | | | | | |
| Assets-to-liabilities | | **5.88** | 5.89 | 5.61 | 5.98 | N/A |
| Financial assets-to-liabilities | | **1.09** | 1.06 | 1.09 | 1.11 | N/A |
| Public debt charges-to-revenues | | **0.04** | 0.04 | 0.04 | 0.05 | N/A |
| Own-source revenues-to-taxable assessment | | **0.03** | 0.03 | 0.03 | 0.04 | N/A |
| Government transfers-to-revenues | | **0.17** | 0.15 | 0.14 | 0.12 | N/A |




# FUNDS 2008 DETAILED FINANCIAL STATEMENTS


STOP

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

The City of Winnipeg ("the City") is a single-tier municipality 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 street system maintenance, police, fire, parks and recreation, library and other general government operations. The City is required by The Public Schools Act to bill, collect and remit provincial support and school division special levies on behalf of the Province and school divisions. The City also bills, collects, and remits taxes on behalf of local business improvement zones. Activities related to these billing functions are not included in the Statement of Operations.

For the year-ended December 31, 2008, the General Revenue Fund reported a net surplus of $12.8 million (2007 - $1.6 million), which was transferred to the Mill Rate Stabilization Reserve Fund. Factors that contributed to the General Revenue Fund's position were as follows:

- Net adjustment to accounting provisions was $4.1 million;
- Short-term interest rates and trading gains on investments were higher than anticipated, resulting in an additional $4.0 million in revenue;
- Revenue from the accommodation tax, which became effective June 1, 2008, was $2.6 million higher than budget. This was offset by a transfer to the General Purpose Reserve;
- Photo enforcement revenue exceeded budget by $2.3 million as a result of an increase in fine rates, which occurred July 1, and stricter enforcement at construction sites to improve safety;
- Corporate provisions for snow clearing costs were under budget by $2.1 million, which was offset by a transfer to the Snow Clearing Reserve;
- Reduced contributions of $1.1 million due to long-term disability payments being lower than anticipated;
- The Province of Manitoba announced $1.0 million of funding for 10 additional police officers and for the Main Street Project;
- A grant to the Assiniboine Park Conservancy was authorized by City Council in the amount of $1.2 million;
- Fire paramedic service department expenses were over budget by $3.4 million due to salary and benefit costs. Overtime and severance payments were higher than expected due to retirements. This was partially offset by $1.4 million of additional revenue from Winnipeg Regional Health Authority and the Manitoba Floodway Authority;
- Other departmental revenues and expenses provided $3.5 million to the bottom line.

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

## FIVE-YEAR REVIEW

*December 31*
*("$" amounts in thousands of dollars, except as noted)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| *Planning, Property and Development* | | | | | |
| Construction | | | | | |
| -Permits issued | **9,120** | 8,742 | 8,987 | 8,931 | 8,977 |
| -Value | **$ 1,053,811** | $ 843,591 | $ 849,758 | $ 656,350 | $ 674,619 |
| Housing starts (2007 restated) | **2,646** | 3,127 | 3,289 | 2,177 | 2,335 |
| *Community Services* | | | | | |
| Libraries Provincial Grant | **$ 2,010** | $ 1,910 | $ 1,910 | $ 1,910 | $ 1,910 |
| Library circulation | **5,465,522** | 5,431,786 | 5,532,720 | 5,228,670 | 5,518,469 |
| *Taxes Receivable* | | | | | |
| Property, payments-in-lieu and business taxes | **$ 29,893** | $ 38,038 | $ 41,350 | $ 37,698 | $ 40,436 |
| Allowance for tax arrears | **(3,657)** | (6,228) | (6,326) | (6,364) | (6,394) |
| | **$ 26,236** | $ 31,810 | $ 35,024 | $ 31,334 | $ 34,042 |
| *Tax Revenues* | | | | | |
| Municipal realty taxes | **$ 395,410** | $ 389,913 | $ 374,268 | $ 373,187 | $ 365,486 |
| Payments-in-lieu of taxes | **$ 30,087** | $ 30,421 | $ 31,575 | $ 32,040 | $ 30,334 |
| Business and licenses-in-lieu of business taxes | **$ 56,508** | $ 56,057 | $ 61,029 | $ 61,243 | $ 60,891 |
| *Statement of Operations* | | | | | |
| Revenues | **$ 780,628** | $ 756,292 | $ 724,616 | $ 711,529 | $ 697,668 |
| Expenses | **767,808** | 754,710 | 723,933 | 711,529 | 697,668 |
| | **12,820** | 1,582 | 683 | - | - |
| Contribution to the Mill Rate Stabilization Reserve | **(12,820)** | (1,582) | (683) | - | - |
| Surplus | **$ -** | $ - | $ - | $ - | $ - |
| Debt and finance charges | **$ 90,840** | $ 98,712 | $ 103,850 | $ 108,887 | $ 112,265 |
| % of total expenses | **11.64%** | 13.05% | 14.33% | 15.30% | 16.09% |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash and cash equivalents (Note 3) | **$ 613,523** | $ 599,417 |
| Accounts receivable (Note 4) | **61,401** | 71,160 |
| Materials and supplies | **7,019** | 6,823 |
| Prepaid expenses | **1,143** | 948 |
| | **683,086** | 678,348 |
| Investments (Note 5) | **43,051** | - |
| Contributed surplus and other assets (Note 6) | **44,533** | 45,013 |
| | **$ 770,670** | $ 723,361 |
| ***LIABILITIES*** | | |
| Current | | |
| Notes payable (Note 7) | **$ 201,737** | $ 210,148 |
| Due to other funds (Note 8) | **413,381** | 341,056 |
| Accounts payable and accrued liabilities (Note 9) | **109,440** | 126,208 |
| Deferred revenue (Note 10) | **37,083** | 36,909 |
| Performance and other deposits | **9,029** | 9,040 |
| | **$ 770,670** | $ 723,361 |

Commitments and contingent liabilities (Note 11)

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget (Note 18) | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES (Schedule 1)*** | | | |
| Taxation (Note 12) | **$ 477,527** | **$ 481,892** | $ 470,847 |
| Government transfers | **90,237** | **92,209** | 88,149 |
| Contributions and transfers | **62,827** | **62,189** | 60,104 |
| Sale of goods and services (Note 13) | **46,794** | **48,514** | 45,260 |
| Regulation fees | **36,296** | **38,222** | 35,684 |
| Payments-in-lieu of taxes (Note 12) | **30,087** | **30,087** | 30,421 |
| Sale of Winnipeg Hydro and other | **21,294** | **21,141** | 22,390 |
| Interest | **2,560** | **6,374** | 3,437 |
| Total Revenues | **767,622** | **780,628** | 756,292 |
| ***EXPENSES (Schedules 2 and 3)*** | | | |
| Protection and community services | **391,590** | **395,310** | 376,458 |
| Public works | **205,408** | **204,494** | 215,942 |
| Finance and administration | **73,011** | **71,008** | 63,421 |
| Property and development | **37,120** | **38,468** | 39,669 |
| Contribution to Transit System | **38,079** | **38,414** | 33,743 |
| Employee benefits and payroll tax | **11,217** | **12,016** | 11,307 |
| Debt and finance charges | **9,043** | **7,715** | 6,708 |
| Grants and payments to other authorities | **3,573** | **4,773** | 8,903 |
| Other | **(1,419)** | **(4,390)** | (1,441) |
| Total Expenses | **767,622** | **767,808** | 754,710 |
| Surplus for the year before the contribution to the Mill Rate Stabilization Reserve | **-** | **12,820** | 1,582 |
| Contribution to the Mill Rate Stabilization Reserve | **-** | **(12,820)** | (1,582) |
| Surplus for the year | **$ -** | **$ -** | $ - |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

**a) Basis of presentation**

The General Revenue Fund follows the fund basis of reporting. This Fund was created for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**b) Basis of accounting**

The financial statements are generally prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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.

The accrual basis of accounting is modified for expenses relating to accrued vacation costs, compensated absences, legal claims, retirement allowance, workers compensation claims, insurance claims, councillors' pension plan costs, and environmental costs which are recorded when payment is incurred.

**c) Cash equivalents**

Cash equivalents consist of Government of Canada treasury bills and crown corporation bonds; provincial government bonds, floating rate notes and promissory notes; City of Winnipeg municipal bonds; schedule A bankers acceptances; floating rate notes; assets backed commercial paper and bearer deposit notes. Short-term investments are recorded at cost, which approximates their quoted market value, and are redeemable on demand.

**d) Materials and supplies**

Materials and supplies are recorded at the lower of cost or net realizable value.

**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.

*1. Significant Accounting Policies (continued)*

**f) Assessment appeal costs**

Assessment appeal costs are estimated at the beginning of the four-year assessment cycle and are amortized over the cycle. The liability is net of the unamortized costs.

**g) Deferred revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year in which the related expenses are incurred or services performed.

**h) Corporate debt and finance charges**

Tax-supported tangible capital assets financed by debt including internal financing through the Equity in Capital Assets Fund, are recorded along with the outstanding debt obligation in the General Capital Fund. Interest and payments on debt are funded by the General Revenue Fund and the interest expense is recorded in the General Capital Fund.

**i) Local improvement taxes**

As defined in The City of Winnipeg Charter, local improvement means "a work or service intended to be paid for or maintained wholly or partly by special assessments against the land benefited". The property owner's portion of the costs may be added to taxes over the length of the debt incurred by the City of Winnipeg ("the City") to cover the costs of the improvement or may be fully paid at anytime. Local improvement taxes which have been paid by the property owners are recognized as revenue in the year paid.

**j) Taxes collected for others**

The City collects taxes for the Public Schools' Finance Board, Winnipeg's school divisions and on behalf of local business improvement zone boards. These taxes are remitted to the respective boards and divisions and are not included as revenues and expenses in the General Revenue Fund's Statement of Operations.

**k) Administration and interest on capital work**

In certain circumstances, capital project work capitalized in the General Capital Fund includes an administration fee of 1% of specific costs of the project to a maximum of $0.1 million on any individual project. In addition, financing charges of 2% are also capitalized as part of the project funded by the City. The administration fee and financing charge revenues are recorded in the General Revenue Fund.

**l) Debenture issue expenses**

Debenture issue expenses are charged to operations in the General Revenue Fund in the year of the related debenture issue.

**m) Deferred gain on sale of assets to Special Operating Agencies**

Golf Services - Special Operating Agency and Winnipeg Parking Authority - Special Operating Agency commenced operations on January 1, 2002 and January 1, 2005, respectively. The City sold assets, including land, to these Agencies. The gain on the sale of these assets is being realized over the same time period as the assets are being amortized by the Agencies.

## *1. Significant Accounting Policies (continued)*

### n) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

## *2. Status of the General Revenue Fund*

The City is a municipality which 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 street system maintenance, police, fire, urban planning, parks and recreation, library and other general government operations. The City also bills, collects and remits taxes on behalf of local business improvement zones.

The City is required by The Public Schools Act to bill, collect and remit provincial education support and school division special levies on behalf of the Province of Manitoba and the school divisions. The City has no jurisdiction or control over the school divisions' operations or their mill rate increases and therefore, the financial statements of the school divisions do not form part of the General Revenue Fund's financial statements.

## *3. Cash and Cash Equivalents*

| | **2008** | 2007 |
|---|---|---|
| Bank overdraft, net of other cash items | **$ (838)** | $ (2,267) |
| Cash equivalents | **614,361** | 601,684 |
| | **$ 613,523** | $ 599,417 |

Cash equivalents have an effective average interest rate of 3.0% (2007 - 4.4%).

## *4. Accounts Receivable*

| | **2008** | 2007 |
|---|---|---|
| Property, payments-in-lieu and business taxes | **$ 29,893** | $ 38,038 |
| Allowance for tax arrears | **(3,657)** | (6,228) |
| | **26,236** | 31,810 |
| Trade accounts and other receivables | **17,513** | 17,173 |
| Government of Canada | **8,343** | 6,594 |
| Province of Manitoba | **7,787** | 14,285 |
| Accrued interest receivable | **5,011** | 3,135 |
| The Convention Centre Corporation | **125** | 169 |
| The Sinking Fund Trustees of The City of Winnipeg | **3** | 903 |
| Allowance for doubtful accounts | **(3,617)** | (2,909) |
| | **35,165** | 39,350 |
| | **$ 61,401** | $ 71,160 |

## 5. *Investments*

| | 2008 | 2007 |
|---|---|---|
| Marketable securities | | |
| Government of Canada bonds | **$ 10,086** | $ - |
| Provincial bonds | **14,168** | - |
| Municipal bonds | **18,797** | - |
| | **$ 43,051** | $ - |

The aggregate market value of marketable securities at December 31, 2008 is $44.2 million (2007 - $nil).

## 6. *Contributed Surplus and Other Assets*

| | 2008 | 2007 |
|---|---|---|
| Contributed surpluses: | | |
| Golf Services - Special Operating Agency | **$ 20,090** | $ 20,090 |
| Land Operating Reserve | **8,425** | 8,425 |
| Winnipeg Parking Authority - Special Operating Agency | **172** | 172 |
| Loans receivable: | | |
| Winnipeg Parking Authority - Special Operating Agency, start-up loan, interest at 6%, with no specific terms of repayment | **12,218** | 12,218 |
| Golf Services - Special Operating Agency, interest at 6%, repayable in annual payments of $208 thousand, including interest and principal | **3,091** | 3,113 |
| Deferred election costs | **487** | 973 |
| Deferred charges, other | **50** | 22 |
| | **$ 44,533** | $ 45,013 |

Interest revenue received on the loan to Golf Services - Special Operating Agency during the year was $187 thousand (2007 - $188 thousand).

Interest revenue received on the loan to Winnipeg Parking Authority - Special Operating Agency during the year was $733 thousand (2007 - $733 thousand).

## 7. *Notes Payable*

The City finances short-term borrowing requirements from related entities at market rates of interest, which have an effective average interest rate of 3.0% (2007 - 4.3%). These notes are callable by the issuers.

| | 2008 | 2007 |
|---|---|---|
| Winnipeg Civic Employees' Benefits Program (Pension Fund) | **$ 103,080** | $ 121,659 |
| Winnipeg Police Pension Plan | **44,822** | 38,991 |
| The Sinking Fund Trustees of The City of Winnipeg | **34,612** | 31,552 |
| The Civic Employees' Group Life Insurance Plan | **15,542** | 11,331 |
| Workers Compensation Reserve | **3,500** | 2,966 |
| Brady Landfill Site Rehabilitation Reserve | **359** | 29 |
| Sinking Fund | **85** | 26 |
| Perpetual Maintenance Reserve Funds: | | |
| - Transcona Cemetery | **28** | 31 |
| - St. Vital Cemetery | **7** | 41 |
| - Brookside Cemetery | **(174)** | 158 |
| Insurance Reserve | **(124)** | 3,364 |
| | **$ 201,737** | $ 210,148 |

### *8. Due to Other Funds*

The City operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, other funds do not have a bank account. Bank transactions are credited or charged to the "Due (from)/to" account in each fund when they are processed through the bank. Where appropriate, interest is credited or charged to other funds based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate.

| | **2008** | 2007 |
|---|---|---|
| Capital Reserves | **$ 122,619** | $ 123,570 |
| Waterworks System | **105,741** | 64,938 |
| Stabilization Reserves | **84,680** | 78,619 |
| Special Purpose Reserves | **54,637** | 52,335 |
| Sewage Disposal System | **51,085** | 34,322 |
| Equity in Capital Assets | **36,808** | 23,190 |
| Equipment and Material Services | **10,255** | 9,971 |
| Solid Waste Disposal | **5,085** | 7,646 |
| General Revenue Enterprises | **3,033** | 5,243 |
| Building Services | **627** | 639 |
| Trusts | **591** | 252 |
| Civic Accommodations | **69** | 63 |
| Sinking Fund | **-** | 4 |
| Animal Services - Special Operating Agency | **(611)** | (361) |
| Winnipeg Enterprises Corporation | **(1,425)** | (1,335) |
| Golf Services - Special Operating Agency | **(3,042)** | (2,008) |
| Transit System | **(7,579)** | (8,441) |
| ` Winnipeg Parking Authority - Special Operating Agency | **(9,286)** | (8,829) |
| Fleet Management - Special Operating Agency | **(19,741)** | 289 |
| General Capital | **(20,165)** | (39,051) |
| | **$ 413,381** | $ 341,056 |

### *9. Accounts Payable and Accrued Liabilities*

| | **2008** | 2007 |
|---|---|---|
| Trade accounts payable | **$ 44,494** | $ 48,140 |
| Wages and employee benefits payable | **21,369** | 21,780 |
| Provincial education support and school division special levies payable | **18,027** | 27,956 |
| Other accrued liabilities | **10,183** | 10,277 |
| Provision for assessment appeals | **9,670** | 12,171 |
| Accrued interest on long-term debt | **5,697** | 5,884 |
| | **$ 109,440** | $ 126,208 |

### *10. Deferred Revenue*

| | **2008** | 2007 |
|---|---|---|
| Deferred gain on sale of assets to: | | |
| Golf Services - Special Operating Agency | **$ 22,365** | $ 22,528 |
| Winnipeg Parking Authority - Special Operating Agency | **9,812** | 11,052 |
| Province of Manitoba, Federal Government and other | **3,713** | 2,350 |
| Registration fees | **1,104** | 909 |
| Rentals | **89** | 70 |
| | **$ 37,083** | $ 36,909 |

## *11. Commitments and Contingent Liabilities*

The following significant commitments and contingencies existed at December 31, 2008:

### a) Lease commitments

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

| | | |
|---|---|---|
| 2009 | $ | 179 |
| 2010 | | 117 |
| 2011 | | 56 |
| | $ | 352 |

### b) Loan guarantees

The City has unconditionally guaranteed the payment of principal and interest on outstanding capital improvement loans for the following organizations:

| | **2008** | 2007 |
|---|---|---|
| Dakota Community Centre Inc. | **$ 2,152** | $ 2,267 |
| Winnipeg Enterprises Corporation | **1,673** | 2,084 |
| Gateway Recreation Centre Inc. | **1,369** | 1,596 |
| Winnipeg Housing Rehabilitation Corporation | **570** | - |
| Garden City Community Centre Inc. | **522** | 588 |
| St. Norbert Community Centre | **300** | 349 |
| Maples Recreation Association Inc. | **246** | 276 |
| Glenwood Community Centre Inc. | **196** | 218 |
| Manitoba Opera Association Inc. | **75** | - |
| Granite Curling Club | **69** | 76 |
| Springer's Gymnastics Club Inc. | **53** | 71 |
| St. Norbert Children's Centre Inc. | **40** | 59 |
| Richmond Kings Community Centre Inc. | **19** | 46 |
| Charleswood Broncos Football Club | **16** | 46 |
| East Side Eagles Football Club | **-** | 5 |
| | **$ 7,300** | $ 7,681 |

When an organization has failed to meet debt covenants on existing debt obligations and factors known at the time of reporting are likely to affect the ability of the borrower to repay the loan in the future, then a provision for losses on loan guarantees will be accrued in the financial statements. As at December 31, 2008, an accrual has not been made to the financial statements.

### c) Lawsuits

The City is not a defendant in any significant lawsuits as at December 31, 2008. The expense is recorded when settlement occurs.

Normal contingent liabilities exist consisting of routine claims for street and sidewalk accidents, property damage, etc.. Any loss will be accounted for to the period in which settlement occurs.

## *12. Taxation*

The property tax roll recorded in the General Revenue Fund for the year totalled $837.6 million (2007 - $820.1 million). This included school taxes of $442.2 million (2007 - $430.1 million) assessed and levied on behalf of the Province of Manitoba and school divisions. Total payments-in-lieu of taxes for the year were $52.9 million (2007 - $53.2 million). Included were payments-in-lieu of school taxes assessed in 2008 of $22.8 million (2007 - $22.8 million). 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 of Manitoba and are not reflected as revenues or expenses in these financial statements. When an assessment is reduced the City is compelled by legislation to refund municipal taxes, school taxes and payments-in-lieu of school taxes with applicable interest.

Included in payments-in-lieu of taxes and business taxes are amounts levied against other funds for realty and business taxes. Taxes are assessed on these properties as if they were privately owned. The amounts levied are as follows:

| | **2007** | 2007 |
|---|---|---|
| Sewage Disposal System | **$ 9,241** | $ 9,185 |
| Waterworks System | **3,027** | 3,056 |
| Winnipeg Parking Authority - Special Operating Agency | **571** | 750 |
| Transit System | **542** | 541 |
| Golf Services - Special Operating Agency | **256** | 247 |
| Solid Waste Disposal | **33** | 39 |
| | **$ 13,670** | $ 13,818 |

## *13. General Government Charges from Related Parties*

Included in the sale of goods and services is general government charges levied against other funds for administrative services as follows:

| | **2008** | 2007 |
|---|---|---|
| Transit System | **$ 777** | $ 777 |
| Waterworks System | **612** | 612 |
| Sewage Disposal System | **467** | 467 |
| Fleet Management - Special Operating Agency | **421** | 421 |
| Civic Accommodations | **306** | 306 |
| Building Services | **252** | 252 |
| Solid Waste Disposal | **79** | 79 |
| Animal Services - Special Operating Agency | **70** | 70 |
| Golf Services - Special Operating Agency | **63** | 61 |
| Winnipeg Parking Authority - Special Operating Agency | **36** | 36 |
| | **$ 3,083** | $ 3,081 |

### *14. Contributions and Appropriations to/from Related Parties*

In addition to those disclosed elsewhere in the financial statements, included in the fund's expenses are the following:

Included in Community Services department's expenses are transfers to various funds as follows: Library Reserve $nil (2007 - $279 thousand); Animal Services - Special Operating Agency net transfer $924 thousand (2007 - $938 thousand); Concession Equipment Reserve $15 thousand (2007 - $19 thousand); Insect Control Urgent Expenditures Reserve $2 thousand (2007 - $1.2 million); and Recreation Programming Reserve $nil (2007 - $159 thousand).

Included in Planning, Property and Development department's expenses is a net transfer from the Perpetual Maintenance Reserves in the amount of $124 thousand (2007 - $397 thousand), a transfer to the Permit Reserve of $1.4 million (2007 - $2.4 million) and the Housing Rehabilitation Investment Reserve of $1.0 million (2007 - $1.0 million).

Included in Corporate Finance department's expenses are recoveries from various funds for investment management fees. This includes $239 thousand (2007 - $247 thousand) from the Stabilization Reserves, $198 thousand (2007 - $225 thousand) from the Special Purpose Reserves, $320 thousand (2007 - $345 thousand) from the Capital Reserves, $70 thousand (2007 - $39 thousand) from the Equity in Capital Assets Fund and $5 thousand (2007 - $1 thousand) from the Sinking Fund.

Included in Assessment and Taxation department's expenses is a transfer to the General Purpose Reserve of $2.6 million (2007 - $nil).

Included in Corporate Support Services department's expenses is a transfer to the General Revenue Enterprises Fund of $26 thousand (2007 - $nil).

Included in various department expense categories are a transfer to the Civic Accommodations Fund of $31.9 million (2007 - $29.2 million) for facilities costs, a transfer to the Computer Replacement Reserve of $1 thousand (2007 - $585 thousand), and a transfer to the Building Services Fund of $24.9 million (2007 - $18.2 million).

Included in various expense categories in 2008 are a contribution to the Commitment Reserve of $4.2 million (2007 - $2.7 million), a transfer from the Insurance Reserve of $678 thousand (to 2007 - $978 thousand), a transfer to the General Capital Fund of $544 thousand (2007 - $2.0 million), and a transfer to the Snow Clearing Reserve of $4.4 million (2007 - $nil).

### *15. Pension Costs and Obligations*

#### a) Winnipeg Civic Employees' Benefits Pension and Winnipeg Police Pension Plans

The Fund's employees are eligible for benefits under the Winnipeg Civic Employees' Benefits Pension and the Winnipeg Police Pension Plans. The City allocates its benefit costs to various departments. During the year $24.2 million (2007 - $23.1 million) of benefit costs were allocated to the Fund.

#### b) Councillors' Pension Plan Established Under By-Law No. 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. These benefits are recorded when paid. The unrecorded benefits liability at December 31, 2008 has been estimated to be $4.5 million (2007 - $4.5 million). In 2008, the City paid out $0.3 million (2007 - $0.3 million).

### *15. Pension Costs and Obligations (continued)*

#### c) Councillors' Pension Plan Established Under By-Law No. 7869/2001

The City of Winnipeg Council Pension Plan was established July 18, 2001 by The City of Winnipeg Council Pension Plan By-Law No. 7869/2001, which deemed the Plan to have come into existence on January 1, 2001. The Plan is a defined benefit pension plan, which provides pension benefits for City of Winnipeg Council members. All members of City Council were required to become members of the Plan on January 1, 2001.

In 2008, the City paid out $0.2 million (2007 - $0.2 million).

### *16. Other Employee Benefits*

a) Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2008 at $65.3 million (2007 - $64.0 million).

b) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2008 is estimated at $5.0 million (2007 - $5.5 million).

c) Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2008 is estimated at $31.3 million (2007 - $30.2 million).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2008 is estimated at $7.3 million (2007 - $5.7 million).

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

### *17. Related Party Transactions*

Included in these financial statements are revenue and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the General Revenue Fund's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

### *18. Budget*

The 2008 adopted budget has been amended by $5,851 thousand to reflect costs that were transferred amongst the various Corporate cost centres to the Assessment and Taxation department.

### *19. Comparative Figures*

The 2007 figures have not been restated for departmental restructuring and reallocation of financing charges.

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 1**

## REVENUES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Taxation** | | | |
| Municipal realty tax | **$ 395,415** | **$ 395,410** | $ 389,913 |
| Business and licenses-in-lieu of business taxes | **56,504** | **56,508** | 56,057 |
| Electricity and natural gas sales taxes | **17,104** | **17,762** | 17,125 |
| Entertainment tax | **4,875** | **6,099** | 5,624 |
| Accommodation tax | **1,800** | **4,360** | - |
| Local improvement tax | **1,355** | **1,330** | 1,506 |
| Licenses-in-lieu of realty tax | **354** | **354** | 354 |
| Local improvement tax commuted | **75** | **22** | 222 |
| Billboard tax | **45** | **47** | 46 |
| | **477,527** | **481,892** | 470,847 |
| **Government transfers** | | | |
| Provincial | | | |
| Building Manitoba Fund | **56,359** | **55,404** | 53,204 |
| Unconditional | **19,888** | **19,888** | 19,888 |
| Video lottery terminal | **8,996** | **8,820** | 8,820 |
| Support | **7,427** | **7,621** | 7,298 |
| Casino | **6,209** | **6,986** | 6,087 |
| Ambulance | **6,073** | **6,619** | 7,545 |
| Assessment | **-** | **3,000** | - |
| Libraries | **1,910** | **2,010** | 1,910 |
| Policing | **-** | **2,000** | - |
| Other | **6,110** | **1,229** | 6,118 |
| Larviciding | **-** | **1,200** | - |
| Dutch elm disease control | **900** | **1,000** | 900 |
| Services transferred to the Province | **(23,650)** | **(23,650)** | (23,650) |
| | **90,222** | **92,127** | 88,120 |
| Federal government | **15** | **82** | 29 |
| | **90,237** | **92,209** | 88,149 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 1**

## REVENUES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Contributions and transfers** | | | |
| Sewage Disposal System | **22,277** | **22,553** | 18,422 |
| Waterworks System | **14,663** | **14,663** | 12,580 |
| Fiscal Stabilization Reserve | **4,495** | **4,495** | 9,000 |
| Civic Accommodations | **3,952** | **4,065** | 3,880 |
| Winnipeg Parking Authority - Special Operating Agency | **3,706** | **3,706** | 5,300 |
| Fleet Management - Special Operating Agency (Note 13) | **2,699** | **2,699** | 5,594 |
| Solid Waste Disposal | **2,987** | **2,455** | 407 |
| Permit Reserve | **2,358** | **2,358** | - |
| Insect Control Urgent Expenditures Reserve | **-** | **1,200** | - |
| Golf Course Reserve | **-** | **1,000** | - |
| Workers Compensation Reserve | **1,000** | **1,000** | 2,936 |
| Idea Bank Reserve | **416** | **416** | 358 |
| Library Reserve | **400** | **400** | - |
| Building Services Fund | **328** | **333** | 70 |
| Golf Services - Special Operating Agency | **1,328** | **328** | 305 |
| General Revenue Enterprises Fund | **219** | **241** | 62 |
| Assiniboine Park Enterprises Reserve | **175** | **175** | 177 |
| Concession Equipment Replacement Reserve | **-** | **75** | - |
| General Capital Fund | **-** | **27** | 113 |
| Other | **1,357** | **-** | - |
| The Sinking Fund Trustees of the City of Winnipeg | **467** | **-** | 900 |
| | **62,827** | **62,189** | 60,104 |
| **Sale of goods and services** | **46,794** | **48,514** | 45,260 |
| **Regulation fees** | | | |
| Fines | **15,606** | **17,531** | 15,245 |
| Permits and fees | **11,284** | **11,979** | 10,978 |
| Tax penalties | **6,300** | **6,308** | 6,348 |
| Licenses | **3,106** | **2,404** | 3,113 |
| | **36,296** | **38,222** | 35,684 |
| **Payments-in-lieu of taxes** | **30,087** | **30,087** | 30,421 |
| **Sale of Winnipeg Hydro and other** | | | |
| Manitoba Hydro | **20,000** | **20,000** | 20,000 |
| Accounts payable write-offs, commissions, etc. | **1,294** | **1,141** | 2,390 |
| | **21,294** | **21,141** | 22,390 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 1**

## REVENUES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Interest** | | | |
| Interest earned | **1,189** | **5,244** | 1,831 |
| Interest capitalized | **870** | **629** | 1,106 |
| Debt charges recovered | **501** | **501** | 500 |
| | **2,560** | **6,374** | 3,437 |
| **Total Revenues** | **$ 767,622** | **$ 780,628** | $ 756,292 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget (Note 18) | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Protection and community services** | | | |
| Police services | **$ 169,936** | **$ 170,865** | $ 160,756 |
| Fire paramedic service | **123,613** | **127,021** | 124,741 |
| Community services | **97,150** | **96,485** | 90,197 |
| Museums | **891** | **939** | 764 |
| | **391,590** | **395,310** | 376,458 |
| **Public works** | | | |
| Public works | **165,502** | **164,956** | 175,879 |
| Water and waste | **29,373** | **29,123** | 29,754 |
| Street lighting | **10,533** | **10,415** | 10,309 |
| | **205,408** | **204,494** | 215,942 |
| **Finance and administration** | | | |
| Corporate support services | **27,053** | **25,945** | - |
| Assessment and taxation | **19,229** | **19,701** | 10,011 |
| City clerks | **12,133** | **11,828** | 11,209 |
| Corporate finance | **6,642** | **6,066** | 8,678 |
| Council | **2,695** | **2,629** | 2,609 |
| Chief administrative offices | **2,397** | **2,297** | 2,458 |
| Audit | **1,070** | **913** | 1,510 |
| EPC secretariat | **966** | **865** | 1,372 |
| Mayor's office | **826** | **764** | 514 |
| Corporate information technology | **-** | **-** | 15,307 |
| Corporate services | **-** | **-** | 9,753 |
| | **73,011** | **71,008** | 63,421 |
| **Property and development** | | | |
| Planning, property and development | **37,120** | **38,468** | 39,669 |
| **Contribution to Transit System** | **38,079** | **38,414** | 33,743 |
| **Employee benefits and payroll tax** | | | |
| Provincial payroll tax | **7,520** | **7,812** | 7,614 |
| Employee benefits | **3,697** | **4,204** | 3,693 |
| | **11,217** | **12,016** | 11,307 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget (Note 18) | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Debt and finance charges** | | | |
| Transfer to General Capital Fund | **90,733** | **88,078** | 94,985 |
| Transfer to Equity in Capital Assets Fund | **-** | **1,935** | 2,059 |
| Other interest and finance charges | **1,435** | **827** | 1,668 |
| Transfer to departments | **(83,125)** | **(83,125)** | (92,004) |
| | **9,043** | **7,715** | 6,708 |
| **Grants and payments to other authorities** | | | |
| The Convention Centre Corporation | **2,075** | **2,075** | 2,075 |
| Destination Winnipeg | **1,313** | **1,313** | 1,313 |
| Grants | **50** | **1,250** | 5,305 |
| Children's Museum and other payments | **135** | **135** | 135 |
| Winnipeg Enterprises Corporation | **-** | **-** | 75 |
| | **3,573** | **4,773** | 8,903 |
| **Other** | | | |
| Insurance and damage claims | **3,630** | **3,630** | 3,600 |
| Government affairs, pension contribution and other | **(5,049)** | **(8,020)** | (5,041) |
| | **(1,419)** | **(4,390)** | (1,441) |
| **Contribution to the Mill Rate Stabilization Reserve** | **-** | **12,820** | 1,582 |
| **Total Expenses** | **$ 767,622** | **$ 780,628** | $ 756,292 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 3**

## EXPENSES BY OBJECT

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| Salaries and employee benefits | **$ 397,911** | **$ 400,466** | $ 385,668 |
| Transfers | **99,754** | **122,597** | 95,229 |
| Services | **114,201** | **113,752** | 118,587 |
| Debt and finance charges - departmental and corporate | **92,359** | **91,125** | 98,921 |
| Materials, parts and supplies | **31,565** | **27,837** | 26,885 |
| Grants and payments to other authorities - departmental and corporate | **22,077** | **23,416** | 22,295 |
| Municipal tax, amortization, and other | **15,209** | **10,443** | 13,744 |
| Provincial payroll tax | **7,520** | **7,812** | 7,613 |
| Assets - purchases and renovations | **6,516** | **6,125** | 6,943 |
| Recoveries | **(19,490)** | **(22,945)** | (19,593) |
| | **$ 767,622** | **$ 780,628** | $ 756,292 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 4**

## SCHOOL TAXES LEVIED

*For the years ended December 31*
*(unaudited)*

In addition to the tax revenues required to be raised for Municipal purposes, City Council under the continuing provisions of The Public Schools Act, must fix and impose taxes sufficient to meet that portion of the cost of education that is to be raised through levies on assessable property within the City of Winnipeg.

The amounts that were required to be raised in 2008 included the City's share of the Province's Education Support Program and the requirements of the school divisions (located wholly or in part within the City) representing the portion of their costs that were determined to be the entire responsibility of the City. Levies for 2008 with 2007 comparative figures are as follows:

| | **2008** | 2007 |
|---|---|---|
| **Provincial education support program levy** | | |
| Other property | **$ 75,777,490** | $ 74,723,333 |
| **Special levies (by school division)** | | |
| Winnipeg | **129,768,694** | 129,033,323 |
| Pembina Trails | **67,771,110** | 65,579,031 |
| Louis Riel | **66,098,443** | 63,809,189 |
| River East - Transcona | **53,503,678** | 51,002,935 |
| St. James - Assiniboia | **39,761,965** | 38,178,365 |
| Seven Oaks | **29,364,954** | 27,647,102 |
| Seine River | **2,937,157** | 2,946,396 |
| Interlake | **17,248** | 17,600 |
| | **389,223,249** | 378,213,941 |
| | **$ 465,000,739** | $ 452,937,274 |
| **Allocated as follows:** | | |
| Realty taxes | **$ 442,190,739** | $ 430,146,018 |
| Payments-in-lieu of taxes | **22,810,000** | 22,791,256 |
| | **$ 465,000,739** | $ 452,937,274 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE FUND

**Schedule 5**

## 2008 ASSESSMENT PORTIONED BY PROPERTY CLASSIFICATION

*As at April 11, 2008*
*(unaudited)*

| | Portion | Taxable | Exempt Subject to Payments-in-Lieu | Exempt | Total |
|---|---|---|---|---|---|
| Residential 1 | 45.0% | $ 8,998,169,817 | $ 30,857,723 | $ 19,366,567 | $ 9,048,394,107 |
| Residential 2 | 45.0% | 899,082,211 | 104,937,270 | 1,730,740 | 1,005,750,221 |
| Residential 3 | 45.0% | 616,703,778 | - | 81,541 | 616,785,319 |
| Farm | 26.0% | 15,185,958 | 1,183,286 | 8,181,779 | 24,551,023 |
| Institutional | 65.0% | 363,361,039 | 66,526,395 | 1,190,133,193 | 1,620,020,627 |
| Pipelines | 50.0% | 8,385,300 | - | - | 8,385,300 |
| Railways | 25.0% | 22,681,614 | - | - | 22,681,614 |
| Designated recreational facilities | 10.0% | 6,714,155 | 131,400 | 1,053,410 | 7,898,965 |
| Other | 65.0% | 4,189,371,053 | 385,232,520 | 730,405,240 | 5,305,008,813 |
| Legislative building | 65.0% | - | 5,186,200 | - | 5,186,200 |
| | | $ 15,119,654,925 | $ 594,054,794 | $ 1,950,952,470 | $ 17,664,662,189 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE ENTERPRISES FUND

The General Revenue Enterprises Fund was originally created to account for commercial activities in which The City of Winnipeg was in competition with the private sector. However, over time these activities are now recorded in various other funds. Meanwhile, the use of this Fund has been expanded to include programs funded by grants from the senior levels of government or by their own revenue sources. These programs include Libraries Book Replacement and Literacy Centre Collection, Historical Buildings and Riverbanks Administration.

## FIVE-YEAR REVIEW

*December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Internal service operations and other programs: | | | | | |
| Revenues | **$ 4,061** | $ 3,649 | $ 3,282 | $ 4,228 | $ 5,649 |
| Expenses | **6,014** | 4,058 | 3,322 | 4,645 | 4,651 |
| (Deficit)/Surplus | **$ (1,953)** | $ (409) | $ (40) | $ (417) | $ 998 |

# THE CITY OF WINNIPEG
# GENERAL REVENUE ENTERPRISES FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Due from General Revenue Fund (Note 3) | **$ 3,033** | $ 5,243 |
| Accounts receivable | **59** | 3 |
| Inventories | **10** | 14 |
| | **$ 3,102** | $ 5,260 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities | **$ 26** | $ 18 |
| Interest payable - Idea Bank Reserve | **-** | 3 |
| Current portion of loan payable | **-** | 45 |
| Deferred revenue | **450** | 575 |
| | **476** | 641 |
| Loan payable | **-** | 40 |
| | **476** | 681 |
| ***RETAINED EQUITY*** | **2,626** | 4,579 |
| | **$ 3,102** | $ 5,260 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# GENERAL REVENUE ENTERPRISES FUND

## STATEMENT OF OPERATIONS AND RETAINED EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Permits and fees | **$ 2,823** | $ 2,667 |
| Transfer from Land Operating Reserve | **817** | 571 |
| Sales of goods and services | **375** | 409 |
| Transfer from General Revenue Fund | **26** | - |
| Transfer from Heritage Investment Reserve | **20** | - |
| Other revenue | **-** | 2 |
| Total Revenues | **4,061** | 3,649 |
| ***EXPENSES*** | | |
| Street cuts operations (Note 4) | **3,811** | 3,542 |
| Real estate enterprises | **799** | 20 |
| Transfer to Heritage Investment Reserve | **605** | - |
| Printing and duplicating operations (Note 4) | **432** | 271 |
| Riverbank management operations (Note 4) | **254** | 137 |
| Libraries programs | **113** | 71 |
| Transfer to General Capital Fund | **-** | 17 |
| Total Expenses (Note 4) | **6,014** | 4,058 |
| ***DEFICIT FROM OPERATIONS*** | **(1,953)** | (409) |
| ***RETAINED EQUITY, BEGINNING OF YEAR*** | **4,579** | 4,988 |
| ***RETAINED EQUITY, END OF YEAR*** | **$ 2,626** | $ 4,579 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# GENERAL REVENUE ENTERPRISES FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of the accounting policies summarized below.

**a) Basis of presentation**

The General Revenue Enterprises Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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) Inventories**

Inventories of material and supplies are recorded at the lower of cost or net realizable value.

**d) Deferred revenue**

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year in which the related expenses are incurred or services performed.

### *2. Status of the General Revenue Enterprises Fund*

The General Revenue Enterprises Fund was originally created to account for commercial activities in which The City of Winnipeg was in competition with the private sector. However, over time the majority of these activities are now recorded in various other funds. Meanwhile, the use of this Fund has been expanded to include programs funded by grants from the senior levels of government or by their own revenue sources.

### *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank.

***4. Expenses by Object***

| | **2008** | 2007 |
|---|---|---|
| Goods and services | **$ 4,521** | $ 3,845 |
| Transfer to Heritage Investment Reserve | **605** | - |
| Grants | **524** | 88 |
| Transfer to General Revenue Fund | **241** | 62 |
| Transfer to Idea Bank Reserve | **88** | 46 |
| Other | **35** | - |
| Transfer to General Capital Fund | - | 17 |
| | **$ 6,014** | $ 4,058 |

Included in street cuts operations expenses is a transfer to the General Revenue Fund of $22 thousand (2007 - $22 thousand).

Included in printing and duplicating operations expenses is a transfer to the General Revenue Fund of $40 thousand (2007 - $40 thousand) and a transfer to the Idea Bank Reserve of $88 thousand (2007 - $46 thousand) representing interest and principal payments on the loan.

Included in riverbank management operations expenses is a transfer to the General Revenue Fund of $179 thousand (2007 - $nil)

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

The General Capital Fund was created to account for tax-supported capital transactions of The City of Winnipeg. The capital program includes, but is not limited to, the acquisition and/or construction of streets, bridges, land drainage, parks and recreation facilities, police and fire department facilities, library facilities, civic buildings, major computer programs and related equipment and local improvements.

By December 31 of each year, City Council is required under The City of Winnipeg Charter to approve a budget for the General Capital Fund. The 2008 budget for the General Capital Fund of $287.8 million was a 17.13% increase from the 2007 budget of $245.7 million. Capital expenditures in 2008 relating to 2008 and previous years capital budgets, increased from $149.5 million in 2007 to $150.8 million in 2008.

Of the $150.8 million of total capital expenditures, $78.5 million was for Roads and Bridges, $32.8 million related to Buildings, $8.7 million was for Water and Waste infrastructure, and $5.6 million related to Information Technology.

Included in the additions to major Roads and Bridges and Buildings projects during the year were the following:

| | | | |
|---|---|---|---|
| - Developer contributions-in-kind | $ | 32.5 | million |
| - Regional Streets Renewal program | $ | 18.3 | million |
| - Local Streets Renewal program | $ | 14.7 | million |
| - Police Station Lease - 1750 Dugald Road | $ | 12.5 | million |
| - Cindy Klassen Recreation Centre | $ | 8.4 | million |

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

## FIVE-YEAR REVIEW

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | * 2004 |
|---|---|---|---|---|---|
| **Tangible Capital Assets** | **$ 2,312,744** | $ 2,261,115 | $ 2,200,807 | $ 2,153,671 | $ 662,784 |
| % change in tangible capital assets | **2.28%** | 2.74% | 2.19% | 224.94% | -4.01% |
| **Debt** | | | | | |
| Internal financing | **$ 401,750** | $ 387,388 | $ 366,792 | $ 338,188 | $ 298,481 |
| External financing (net of Sinking Fund) | **176,920** | 205,032 | 250,178 | 281,968 | 315,523 |
| Other long-term debt | **38,286** | 29,996 | 36,428 | 43,420 | 45,302 |
| Total long-term debt | **$ 616,956** | $ 622,416 | $ 653,398 | $ 663,576 | $ 659,306 |
| % change in total debt | **-0.88%** | -4.74% | -1.53% | 0.65% | 3.95% |
| Internal Debt as a % of Total Debt | **65.12%** | 62.24% | 56.14% | 50.96% | 45.27% |
| External Debt as a % of Total Debt | **34.88%** | 37.76% | 43.86% | 49.04% | 54.73% |
| **Interest Expense** | | | | | |
| Internal | **$ 27,937** | $ 26,514 | $ 24,499 | $ 21,843 | $ 20,527 |
| External | **27,600** | 27,203 | 28,714 | 32,684 | 36,789 |
| Interest Expense | **$ 55,537** | $ 53,717 | $ 53,213 | $ 54,527 | $ 57,316 |
| % change in external interest expense | **1.46%** | -5.26% | -12.15% | -11.16% | -3.23% |
| **Summary of Cash Flows** | | | | | |
| Operating activities | **$ 171,202** | $ 146,098 | $ 137,402 | $ 113,783 | $ 49,230 |
| Long-term debt (retired) issued, net | **$ 2,508** | $ (9,129) | $ 11,502 | $ (16,715) | $ 17,969 |
| Payments to The Sinking Fund Trustees, net | **$ (8,272)** | $ (8,272) | $ (8,274) | $ 29,948 | $ 18,369 |
| Due to General Revenue Fund | **$ (18,886)** | $ 29,288 | $ 513 | $ (2,103) | $ (43,080) |
| Capital acquisitions | **$ (150,758)** | $ (149,471) | $ (135,902) | $ (117,083) | $ (91,433) |
| Other | **$ 4,206** | $ (8,514) | $ (5,241) | $ (7,830) | $ 48,945 |

* Balances prior to January 1, 2005 have not been restated to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook.

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***FINANCIAL ASSETS*** | | |
| Accounts receivable (Note 3) | **$ 27,573** | $ 17,122 |
| ***LIABILITIES*** | | |
| Due to General Revenue Fund (Note 4) | **20,165** | 39,051 |
| Accounts payable and accrued liabilities (Note 5) | **1,920** | 1,439 |
| Deferred revenue | **3,350** | 1,000 |
| Debt (Note 6) | **616,956** | 622,416 |
| Deferred liabilities | **691** | 898 |
| Developer deposits | **8,861** | 6,767 |
| | **651,943** | 671,571 |
| ***NET FINANCIAL LIABILITIES*** | **(624,370)** | (654,449) |
| ***NON-FINANCIAL ASSETS*** | | |
| Tangible capital assets (Note 7) | **2,312,744** | 2,261,115 |
| ***ACCUMULATED SURPLUS (Note 8)*** | **$ 1,688,374** | $ 1,606,666 |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Transfer from General Revenue Fund | | |
| Debt and finance | **$ 88,078** | $ 94,985 |
| Other | **544** | 1,999 |
| Province of Manitoba capital transfer | **53,493** | 21,394 |
| Developer contributions-in-kind | **32,501** | 37,771 |
| Transfer from Federal Gas Tax Revenue Reserve | **17,460** | 16,865 |
| Transfer from Sewage Disposal System | **13,948** | 9,378 |
| Transfer from Civic Accommodations Fund | **9,529** | 7,330 |
| Interest income | **7,920** | 7,149 |
| Transfer from Building Services Fund | **5,998** | - |
| Other | **4,175** | 6,063 |
| Developer deposit | **3,556** | 504 |
| Canadian National Railway - Kenaston Underpass | **3,500** | - |
| Transfer from Sewer System Rehabilitation Reserve | **2,364** | 12,547 |
| Winnipeg Library Foundation | **1,615** | - |
| Transfer from General Purpose Reserve | **1,535** | 2,319 |
| Transfer from Commitment Reserve | **1,510** | 347 |
| Government of Canada capital transfer | **175** | 1,354 |
| Transfer from Waterworks System | **84** | 19 |
| Transfer from Contributions in Lieu of Land Dedication Reserve | **8** | - |
| Frontage levies | **-** | 1,091 |
| Transfer from General Revenue Enterprises Fund | **-** | 17 |
| | **247,993** | 221,132 |
| ***EXPENSES*** | | |
| Amortization | **93,494** | 88,926 |
| Interest - Equity in Capital Assets Fund | **27,937** | 26,514 |
| Interest - External debt | **27,600** | 27,203 |
| Grants | **7,225** | 1,859 |
| Infrastructure maintenance | **6,147** | 7,068 |
| Loss on disposal of assets | **1,733** | 2,833 |
| Other | **995** | 539 |
| Transfer to Land Operating Reserve | **763** | - |
| Transfer to Economic Development Investment Reserve | **364** | - |
| Transfer to General Revenue Fund | **27** | 113 |
| Transfer to Housing Rehabilitation Investment Reserve | **-** | 430 |
| Transfer to General Purpose Reserve | **-** | 30 |
| | **166,285** | 155,515 |
| ***NET SURPLUS FOR THE YEAR*** | **81,708** | 65,617 |
| ***ACCUMULATED SURPLUS, BEGINNING OF YEAR*** | **1,606,666** | 1,541,049 |
| ***ACCUMULATED SURPLUS, END OF YEAR*** | **$ 1,688,374** | $ 1,606,666 |

*See accompanying notes and schedule to the consolidated financial statements*

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Net surplus for the year | **$ 81,708** | $ 65,617 |
| Non-cash charges to operations | | |
| Amortization | **93,494** | 88,926 |
| Net assets transferred from Sewage Disposal System (Schedule 1) | **-** | (7,663) |
| Loss on disposal of assets | **1,733** | 2,833 |
| Working capital from operations | **176,935** | 149,713 |
| Net change in working capital | **(9,970)** | (1,204) |
| Net change in deferred liabilities, deferred revenue and developer deposits | **4,237** | (2,411) |
| | **171,202** | 146,098 |
| ***FINANCING*** | | |
| Debenture debt retired | **(11,854)** | (29,725) |
| Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees") | **(7,986)** | (7,149) |
| Payments to The Sinking Fund Trustees for outstanding long-term debt | **(8,272)** | (8,272) |
| Net increase in Equity in Capital Assets Fund debt | **14,362** | 20,596 |
| Due to General Revenue Fund | **(18,886)** | 29,288 |
| Other | **8,290** | (6,432) |
| | **(24,346)** | (1,694) |
| ***INVESTING*** | | |
| Net purchase of capital assets (Schedule 1) | **(150,758)** | (149,471) |
| Net capital asset settlements and other (Schedule 1) | **2,600** | 4,950 |
| Net proceeds on disposal of tangible capital assets | **1,302** | 117 |
| | **(146,856)** | (144,404) |
| Cash, end of year | **$ -** | $ - |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The General Capital Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The General Capital Fund was created to account for all financial transactions related to the City's tax-supported capital budget (excluding Transit).

**b) Basis of accounting**

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

**c) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Land improvements | 15 years |
| Buildings | 10 to 50 years |
| Machinery and equipment | 10 years |
| Vehicles | 5 to 10 years |
| Computer hardware and software | 5 to 10 years |
| Water and waste | |
| Underground networks | 75 to 100 years |
| Flood stations and other infrastructure | 50 to 75 years |
| Transportation | |
| Roads | 10 to 50 years |
| Bridges and structures | 25 to 75 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. 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% 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 of Winnipeg.

## *1. Significant Accounting Policies (continued)*

### d) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

### e) Deferred revenue

The City receives funds dedicated to the acquisition of specific tangible capital assets. Where capital funding is received but has not been used in the year to acquire tangible capital assets, the funding is reported as deferred revenue and taken into income in future years when the cost is incurred.

### f) Deferred liabilities

Deferred liabilities consist of developer repayments as well as contributions received but not yet earned. Under the terms of development agreements, the City is required to repay developers for local improvements installed which benefit property outside the development area.

### g) Revenue recognition

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

## *2. Status of the General Capital Fund*

The General Capital Fund was created to account for tax-supported capital transactions (excluding Transit) of the City of Winnipeg. The capital program includes, but is not limited to, the acquisition and/or construction of streets, bridges, land drainage, parks and recreation facilities, police and fire department facilities, library facilities, civic buildings, major computer programs and related equipment and local improvements, to name a few.

## *3. Accounts Receivable*

| | **2008** | 2007 |
|---|---|---|
| Province of Manitoba | **$ 20,362** | $ 12,982 |
| Canadian National Railway - Kenaston Underpass | **3,500** | - |
| Local improvements - Fairfield Park | **2,044** | 2,377 |
| Government of Canada | **1,301** | 1,301 |
| Other | **366** | 462 |
| | **$ 27,573** | $ 17,122 |

## *4. Due to General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. The General Capital Fund charges interim financing on individual capital projects and credits the interest to the General Revenue Fund.

## *5. Accounts Payable and Accrued Liabilities*

| | **2008** | 2007 |
|---|---|---|
| Contractors' holdbacks | **$ 1,618** | $ 1,275 |
| Trade accounts payable | **302** | 164 |
| | **$ 1,920** | $ 1,439 |

## *6. Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | Series | By-Law No. | Amount of Debt **2008** | Amount of Debt 2007 |
|---|---|---|---|---|---|---|
| 1999-2009 | Feb. 2 | 5.350 | VV | 7368/99 | **$ 50,000** | $ 50,000 |
| 1989-2009 | Dec. 14 | 10.000 | VH | 5286/89 | **68,065** | 68,065 |
| 1993-2013 | Feb. 11 | 9.375 | VN | 6090/93 | **40,000** | 40,000 |
| 1994-2014 | Jan. 20 | 8.000 | VQ | 6300/94 | **30,500** | 30,500 |
| 1995-2015 | May 12 | 9.125 | VR | 6620/95 | **55,000** | 55,000 |
| 1997-2017 | Nov. 17 | 6.250 | VU | 7000/97 | **30,000** | 30,000 |
| | | | | | **273,565** | 273,565 |
| Equity in Sinking Fund (Note 6c) | | | | | **(170,066)** | (153,808) |
| Net sinking fund debentures outstanding | | | | | **103,499** | 119,757 |

**Other long-term debt outstanding**

| | | |
|---|---|---|
| Serial and instalment debt issued by the City with varying maturities up to 2014 and a weighted average interest rate of 4.43% (2007 - 4.43%) | **73,421** | 85,275 |
| Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2028 and a weighted average interest rate of 5.95% (2007 - 5.93%) | **401,750** | 387,388 |
| Capital lease obligations with varying maturities up to 2038 and a weighted average interest rate of 8.42% (2007 - 9.49%) (Note 6d) | **31,886** | 20,996 |
| Other long-term debt | **6,400** | 9,000 |
| | **$ 616,956** | $ 622,416 |

***6. Debt (continued)***

Debt to be retired over the next five years:

| | 2009 | 2010 | 2011 | 2012 | 2013 | Thereafter |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 118,065 | $ - | $ - | $ - | $ 40,000 | $ 115,500 |
| Serial, other and instalment debt | 12,434 | 13,044 | 13,684 | 14,354 | 15,058 | 4,847 |
| Equity in Capital Assets Fund | 29,249 | 22,913 | 22,568 | 22,988 | 23,678 | 280,354 |
| Capital lease obligations | 1,653 | 1,795 | 1,950 | 1,019 | 1,172 | 24,297 |
| | $ 161,401 | $ 37,752 | $ 38,202 | $ 38,361 | $ 79,908 | $ 424,998 |

a) Sinking fund debenture issues provide for full sinking fund at maturity except for the following debenture which, as a result of the levies being provided and the terms of the issue, will have a sinking fund deficiency requiring the issue to be refinanced at maturity.

| Year of Maturity | Debenture By-Law | Issued Amount | Maturity Shortfall |
|---|---|---|---|
| 2009 | 7368/99 | $ 50,000 | $ 30,981 |

During 2007, a serial debenture matured with a maturity shortfall of $16.8 million. City Council subsequently authorized refinancing of this debenture pursuant to By-law 7054/97. As at December 31, 2008, the debenture is being temporarily financed through the due to the General Revenue Fund.

b) All debentures are general obligations of the City. Debenture debt is allocated to the General Capital Fund and utilities in the amounts shown in the issuing by-law.

c) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City. The City is currently paying three percent or greater on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

## *6. Debt (continued)*

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

| | |
|---|---|
| 2009 | $ 4,117 |
| 2010 | 4,117 |
| 2011 | 4,117 |
| 2012 | 3,018 |
| 2013 | 3,095 |
| thereafter | 44,572 |
| Total future minimum lease payments | 63,036 |
| Amount representing interest at a weighted average interest rate of 8.42% | (31,150) |
| Balance of the capital lease obligations | $ 31,886 |

## *7. Tangible Capital Assets*

| | **2008** | 2007 |
|---|---|---|
| Land | **$ 159,687** | $ 163,188 |
| Buildings | **231,842** | 211,969 |
| Vehicles | **3,338** | 6,483 |
| Computer | **33,598** | 36,282 |
| Other | **34,675** | 26,689 |
| Plants and facilities | **13,070** | 12,771 |
| Roads | **794,274** | 767,508 |
| Underground and other networks | **714,502** | 721,368 |
| Bridges and other structures | **308,620** | 307,211 |
| Assets under construction | **19,138** | 7,646 |
| | **$ 2,312,744** | $ 2,261,115 |

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

During the year, there were no write-downs of tangible capital assets (2007 - $nil). Administration fees and interim financing charges capitalized during 2008 were $1.1 million (2007 - $1.4 million). In addition, land, roads and underground networks contributed to the City and recorded in the General Capital Fund totalled $32.5 million in 2008 (2007 - $37.8 million) and were capitalized at their fair value at the time of receipt.

## *8. Accumulated Surplus*

Accumulated surplus is comprised of amounts invested in tangible capital assets.

## *9. Accounting Presentation*

Certain comparative figures have been reclassified to conform with the current year's presentation.

# THE CITY OF WINNIPEG
# GENERAL CAPITAL FUND

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | General | | | | |
|---|---|---|---|---|---|
| | Land | Buildings | Vehicles | Computer | Other |
| **Cost** | | | | | |
| Balance, beginning of year | $ 163,188 | $ 386,371 | $ 32,965 | $ 80,064 | $ 47,273 |
| Add: Additions during the year | 1,651 | 32,793 | 9 | 5,622 | 11,943 |
| Add: Transferred from Sewage Disposal System | - | - | - | - | - |
| Less: Disposals during the year | 2,552 | 1,821 | 2,488 | 1,752 | 2,128 |
| Settlements and other | (2,600) | - | - | - | - |
| Balance, end of year | 159,687 | 417,343 | 30,486 | 83,934 | 57,088 |
| **Accumulated amortization** | | | | | |
| Balance, beginning of year | - | 174,402 | 26,482 | 43,782 | 20,584 |
| Add: Amortization | - | 12,812 | 2,938 | 8,306 | 3,957 |
| Add: Transferred from Sewage Disposal System | - | - | - | - | - |
| Less: Accumulated amortization on disposals | - | 1,713 | 2,272 | 1,752 | 2,128 |
| Balance, end of year | - | 185,501 | 27,148 | 50,336 | 22,413 |
| **Net Book Value of Tangible Capital Assets** | $ 159,687 | $ 231,842 | $ 3,338 | $ 33,598 | $ 34,675 |

**Schedule 1**

| Infrastructure | | | | | Totals | |
|---|---|---|---|---|---|---|
| Plants and Facilities | Roads | Underground and Other Networks | Bridges and Other Structures | Assets Under Construction | **2008** | 2007 |
| $ 17,865 | $ 1,533,257 | $ 1,027,665 | $ 483,050 | $ 7,646 | **$ 3,779,344** | $ 3,647,960 |
| 582 | 67,165 | 8,173 | 11,328 | 11,492 | **150,758** | 149,471 |
| - | - | - | - | - | **-** | 13,849 |
| - | 24,048 | 308 | - | - | **35,097** | 26,986 |
| - | - | - | - | - | **(2,600)** | (4,950) |
| 18,447 | 1,576,374 | 1,035,530 | 494,378 | 19,138 | **3,892,405** | 3,779,344 |
| 5,094 | 765,749 | 306,297 | 175,839 | - | **1,518,229** | 1,447,153 |
| 283 | 40,240 | 15,039 | 9,919 | - | **93,494** | 88,926 |
| - | - | - | - | - | **-** | 6,186 |
| - | 23,889 | 308 | - | - | **32,062** | 24,036 |
| 5,377 | 782,100 | 321,028 | 185,758 | - | **1,579,661** | 1,518,229 |
| $ 13,070 | $ 794,274 | $ 714,502 | $ 308,620 | $ 19,138 | **$ 2,312,744** | $ 2,261,115 |



# THE CITY OF WINNIPEG
# STABILIZATION RESERVES

The City of Winnipeg has two reserves whose purpose is to stabilize the effect of certain expenses on the current operations of the City. They are as follows:

The Future Tax Levies Reserve Fund was created by City Council on May 16, 1973, to counteract the budgetary effects of fluctuations from year to year in tax revenue caused by additions to and deletions from the tax roll due to new construction, demolitions or improvements to land.

On March 20, 1997, City Council, through the adoption of the Financial Stability Plan, approved changing the name of the fund to the Fiscal Stabilization Reserve Fund and the establishment of the Mill Rate Stabilization Reserve Fund to fund deficits recorded in the General Revenue Fund in order to assist in the stabilization of the City's mill rate and/or property tax requirements.

On December 13, 2000, City Council amended the regulations governing the Fiscal Stabilization Reserve Fund to provide for transfers to/from the General Revenue Fund necessary to offset any variances in the tax projections used in the development of the annual estimates and the actual amounts billed in the spring of each year.

**Fiscal Stabilization Reserve Fund**

The Fiscal Stabilization Reserve Fund is subject to the following regulations:

- That no transfers from the Reserve be made to the General Revenue Fund to fund current operations;
- That the target level be established at a minimum level of 5% of the General Revenue Fund's adopted budget expenses;
- That the Reserve provide for transfers to or from the General Revenue Fund to offset any variance in the tax projections used in the development of the annual estimates and the actual amounts billed in the spring of each year;
- That, subject to the Stabilization Reserves - Combined Regulation, once the Reserve balance exceeds 5% of the General Revenue Fund's adopted budget expenses, the excess amount be considered for utilization only to provide for major unforeseen expenses;
- That any use of these funds be contingent upon approval by two-thirds of City Council; and
- The use of these funds in any given year be limited to no more than 20% of the prior year's reserve balance.

The City Treasurer is the Fund Manager.

**Mill Rate Stabilization Reserve Fund**

The Mill Rate Stabilization Reserve Fund is subject to the following regulations:

- Charges in any one-year are limited to no more than 20% of the prior year's Reserve balance to a maximum of 50% of any deficit in the General Revenue Fund; and
- That subject to the Stabilization Reserves - Combined Regulation, no charges to the Reserve should be made unless the reserve balance exceeds 5% of the General Revenue Fund expenses, in which case, half the excess is automatically transferred in the following year.

The City Treasurer is the Fund Manager.

# THE CITY OF WINNIPEG
# STABILIZATION RESERVES (continued)

**Stabilization Reserves - Combined Regulations**

On May 23, 2001, City Council adopted the Financial Management Plan - Review of Reserves, which modified some of the original regulations of the individual reserves to a combined regulation as follows:

- That if either reserve has achieved its 5% target but the total of 10% tax-supported expenditures of the General Revenue Fund has yet to be achieved, then excess interest revenue of either Reserve be redirected to the Reserve which has yet to reach its individual target of 5%;
- That if the Stabilization Reserves are in excess of the 10% target then the excess funds be identified as available for one-time expenditures; and
- That if the Stabilization Reserves are reduced below the 10% target or that the pace of increase in the stabilization funds, as approved in the Financial Management Plan, are not being met, that a replenishment plan be adopted by City Council, which may include using net added taxes in addition to surplus and interest to achieve the 10% target.

# THE CITY OF WINNIPEG
# STABILIZATION RESERVES

## FIVE-YEAR REVIEW

*December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Fiscal Stabilization Reserve Fund** | | | | | |
| Net realty taxes added to the assessment roll | **$ -** | $ 946 | $ 13,981 | $ 167 | $ 511 |
| Interest earned net of investment management fee | **$ 1,130** | $ 1,989 | $ 1,352 | $ 843 | $ 694 |
| Transfer to General Revenue Fund | **$ 4,495** | $ 9,000 | $ - | $ - | $ - |
| Transfer from (to) Mill Rate Stabilization Reserve Fund | **$ 1,120** | $ (1,637) | $ (1,424) | $ (372) | $ (739) |
| **Mill Rate Stabilization Reserve Fund** | | | | | |
| Transfer (to) from Fiscal Stabilization Reserve Fund | **$ (1,120)** | $ 1,637 | $ 1,424 | $ 372 | $ 739 |
| Transfer from General Revenue Fund | **$ 12,820** | $ 1,582 | $ 683 | $ - | $ - |
| Transfer from Commitment Reserve | **$ 163** | $ 572 | $ 113 | $ - | $ - |
| Interest earned net of investment management fee | **$ 1,007** | $ 1,301 | $ 1,096 | $ 669 | $ 532 |

# THE CITY OF WINNIPEG
# STABILIZATION RESERVES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Fiscal Stabilization Reserve | Mill Rate Stabilization Reserve | Totals 2008 | Totals 2007 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current | | | | |
| Due from General Revenue Fund (Note 3) | **$ 34,748** | **$ 49,932** | **$ 84,680** | $ 78,619 |
| ***EQUITY*** | | | | |
| Unallocated | **$ 34,748** | **$ 49,932** | **$ 84,680** | $ 78,619 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# STABILIZATION RESERVES

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **Fiscal Stabilization Reserve** | **Mill Rate Stabilization Reserve** | **Totals 2008** | Totals 2007 |
|---|---|---|---|---|
| Balance, beginning of year | **$ 41,557** | **$ 37,062** | **$ 78,619** | $ 81,229 |
| Add: | | | | |
| Transfer from General Revenue Fund | **-** | **12,820** | **12,820** | 1,582 |
| Interest earned | **1,256** | **1,120** | **2,376** | 3,537 |
| Transfer from Mill Rate Stabilization Reserve | **1,120** | **-** | **1,120** | - |
| Transfer from Commitment Reserve | **-** | **163** | **163** | 572 |
| Transfer from Fiscal Stabilization Reserve | **-** | **-** | **-** | 1,637 |
| Net realty taxes added to the assessment roll | **-** | **-** | **-** | 946 |
| | **2,376** | **14,103** | **16,479** | 8,274 |
| Deduct: | | | | |
| Municipal realty and business tax revenues adjusted in the General Revenue Fund | **4,564** | **-** | **4,564** | - |
| Transfer to General Revenue Fund | **4,495** | **-** | **4,495** | 9,000 |
| Transfer to Fiscal Stabilization Reserve | **-** | **1,120** | **1,120** | - |
| Transfer to General Revenue Fund - investment management fee | **126** | **113** | **239** | 247 |
| Transfer to Mill Rate Stabilization Reserve | **-** | **-** | **-** | 1,637 |
| | **9,185** | **1,233** | **10,418** | 10,884 |
| Balance, end of year | **$ 34,748** | **$ 49,932** | **$ 84,680** | $ 78,619 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# STABILIZATION RESERVES

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The Stabilization Reserves follow the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Stabilization Reserves include the following:

Fiscal Stabilization Reserve Fund

Mill Rate Stabilization Reserve Fund

**b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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.

### *2. Status of the Stabilization Reserves*

The Future Tax Levies Reserve Fund was created by City Council on May 16, 1973, to counteract the budgetary effects of fluctuations from year to year in tax revenue caused by additions to and deletions from the tax roll due to new construction, demolitions or improvements to land.

On March 20, 1997, City Council, through the adoption of the Financial Stability Plan, approved changing the name of the fund to the Fiscal Stabilization Reserve Fund and the establishment of the Mill Rate Stabilization Reserve Fund to fund deficits recorded in the General Revenue Fund in order to assist in the stabilization of the City's mill rate and/or property tax requirements.

On December 13, 2000, City Council amended the regulations governing the Fiscal Stabilization Reserve Fund to provide for transfers to/from the General Revenue Fund necessary to offset any variances in the tax projections used in the development of the annual estimates and the actual amounts billed in the spring of each year.

## *2. Status of the Stabilization Reserves (continued)*

### Fiscal Stabilization Reserve Fund

The Fiscal Stabilization Reserve Fund is subject to the following regulations:

- That no transfers from the Reserve be made to the General Revenue Fund to fund current operations;
- That the target level be established at a minimum level of 5% of the General Revenue Fund's adopted budget expenses;
- That the Reserve provide for transfers to or from the General Revenue Fund to offset any variance in the tax projections used in the development of the annual estimates and the actual amounts billed in the spring of each year;
- That, subject to the Stabilization Reserves - Combined Regulation, once the Reserve balance exceeds 5% of the General Revenue Fund's adopted budget expenses, the excess amount be considered for utilization only to provide for major unforeseen expenses;
- That any use of these funds be contingent upon approval by two-thirds of City Council; and
- The use of these funds in any given year be limited to no more than 20% of the prior year's reserve balance.

The City Treasurer is the Fund Manager.

### Mill Rate Stabilization Reserve Fund

The Mill Rate Stabilization Reserve Fund is subject to the following regulations:

- Charges in any one-year are limited to no more than 20% of the prior year's Reserve balance to a maximum of 50% of any deficit in the General Revenue Fund; and
- That subject to the Stabilization Reserves - Combined Regulation, no charges to the Reserve should be made unless the reserve balance exceeds 5% of the General Revenue Fund expenses, in which case, half the excess is automatically transferred in the following year.

The City Treasurer is the Fund Manager.

### Stabilization Reserves - Combined Regulations

On May 23, 2001, City Council adopted the Financial Management Plan - Review of Reserves, which modified some of the original regulations of the individual reserves to a combined regulation as follows:

- That if either reserve has achieved its 5% target but the total of 10% tax-supported expenditures of the General Revenue Fund has yet to be achieved, then excess interest revenue of either Reserve be redirected to the Reserve which has yet to reach its individual target of 5%;
- That if the Stabilization Reserves are in excess of the 10% target then the excess funds be identified as available for one-time expenditures; and
- That if the Stabilization Reserves are reduced below the 10% target or that the pace of increase in the stabilization funds, as approved in the Financial Management Plan, are not being met, that a replenishment plan be adopted by City Council, which may include using net added taxes in addition to surplus and interest to achieve the 10% target.

## *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).



# THE CITY OF WINNIPEG
# CAPITAL RESERVES

The City of Winnipeg ("the City") operates thirteen Capital Reserves to account for the use of designated revenue for specific purposes. The thirteen funds included are as follows:

**Water Main Renewal Reserve Fund**

On February 18, 1981, City Council authorized the establishment of a Water Main Renewal Reserve Fund for the purpose of financing, from one source, the renewal of water mains. The Reserve was established by the transfer of $2.0 million of frontage levy revenue from the Waterworks System Fund and is maintained by the transfer of frontage levy revenue and interest earned.

Since 1974, the City has used a frontage levy to raise revenue for water main renewals. Frontage is that part of the property which abuts onto a public roadway. Irregular shaped lots and corner lots pay a levy based upon an equivalent frontage footage determined by a conversion formula. The total length of frontage for the City increases as new subdivisions are constructed. This growth adds to the inventory of water mains which must be maintained and also increases the revenue from the frontage levy.

On December 17, 1997, City Council passed By-law No. 7138/97 which clarifies that the frontage levy is "for the purpose of renewal, replacement, enlargement, rehabilitation, corrosion mitigation, and non-destructive testing" of water mains.

On January 30, 2002, City Council passed By-law No. 7958/2002 "Frontage Levy By-law" to include the repair and replacement of streets and sidewalks in residential areas.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, the frontage levy revenue collected on the property tax be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. The sources of funding for the Water Main Renewal Reserve and Sewer System Rehabilitation Reserve Funds will include revenues from water and sewer rates as well as frontage levies.

The Director of Water and Waste is the Fund Manager.

**Sewer System Rehabilitation Reserve Fund**

On May 27, 1992, City Council authorized the establishment of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds. These Reserves were established for the renewal and rehabilitation of combined sewers and wastewater sewers, respectively, with funding provided from the frontage levy identified for this purpose in By-law 549/73 (amended by By-law 7138/97). The purpose of the Reserves is to provide a consistent approach to financing infrastructure renewal and rehabilitate combined sewers and to renew and rehabilitate wastewater sewers (as defined by the Sewer Utility By-law 5058/88).

The annual frontage levy funding was allocated by City Council between the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve in accordance with the capital program requirements.

On January 30, 2002, City Council passed By-law No. 7958/2002 "Frontage Levy By-law" to include the repair and replacement of streets and sidewalks in residential areas.

On September 27, 2006, City Council approved the consolidation of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds into the Sewer System Rehabilitation Reserve Fund, which was effective on October 1, 2006.

**Sewer System Rehabilitation Reserve Fund (continued)**

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, the frontage levy revenue collected on the property tax be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. The sources of funding for the Water Main Renewal Reserve and Sewer System Rehabilitation Reserve Funds will include revenues from water and sewer rates as well as frontage levies.

The Director of Water and Waste is the Fund Manager.

**Environmental Projects Reserve Fund**

On December 17, 1993, City Council authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental projects to improve river quality. On January 24, 1996, City Council changed the name of this Reserve to the Environmental Projects Reserve Fund to more accurately reflect the nature of the projects reported in this Reserve.

The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund based on the amount of water consumption billed. The Reserve has funded ammonia, nitrification and combined sewer overflow ("CSO") studies. It now funds a portion of the wastewater collection and treatment system improvements as directed by the Province of Manitoba ("the Province"). This includes effluent disinfection, centrate treatment, biological nutrient removal and CSO mitigation infrastructure.

River quality is under the jurisdiction of the Province and in 2003 the Clean Environment Commission ("CEC"), at the request of the Minister of Conservation, conducted public hearings to review and receive comments on the City's 50 year wastewater collection and treatment improvement program. At the conclusion, the CEC recommended that the City implement these improvements over a 25 year period, which was subsequently ordered by the Minister of Conservation on September 26, 2003.

On September 3, 2004, the Province issued Environment Act License No. 2669 for the West End Water Pollution Control Centre, which provided for the plan as directed by the Minister of Conservation. Certain provisions of this license were appealed by the City. Revised License No. 2669 E R and No. 2684 R, for the North End Water Pollution Control Center, were issued August 17, 2005, incorporating the City's requested changes. On March 3, 2006, similar license (No. 2716) was issued for the South End Water Pollution Control Centre. This Reserve partially funds capital projects to bring the City in compliance with the license requirements.

The Director of Water and Waste is the Fund Manager.

**Brady Landfill Site Rehabilitation Reserve Fund**

On December 17, 1993, City Council authorized the establishment of a Brady Landfill Site Rehabilitation Reserve Fund for the purpose of providing funding for the future development of the Brady Landfill Site. The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund based on tonnages processed at the landfill.

The Director of Water and Waste is the Fund Manager.

# THE CITY OF WINNIPEG
# CAPITAL RESERVES (continued)

**Golf Course Reserve Fund**

The Golf Course Reserve Fund was created by City Council on April 28, 1994, to provide funding for enhancements to the Municipal Golf Courses in order to keep them competitive with those in the private sector.

The Director of Planning, Property and Development is the Fund Manager.

**Library Reserve Fund**

City Council, on December 14, 1994, authorized the establishment of the Library Reserve Fund to provide for upgrading the Library's technological base and other special Library projects. On March 26, 1998, City Council further approved that all over due fine, replacement fee, room rental, non-resident and photocopy fee revenues be realized in the reserve. The Director of Community Services is the Fund Manager.

**Transit Bus Replacement Reserve Fund**

On December 15, 1994, City Council approved the establishment of the Transit Bus Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the replacement or refurbishment of transit buses in a scheduled and pragmatic manner. Contributions to this Reserve will be based on a budgeted appropriation from the Transit Department plus proceeds from the disposal of bus equipment and insurance claims on bus equipment written off. Upon the Transit Department making the outlay to replace or refurbish buses, this Reserve will contribute towards that purchase. The Director of Transit is the Fund Manager.

**Concession Equipment Replacement Reserve Fund**

On January 26, 1995, City Council approved the establishment of the Concession Equipment Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the purchase and replacement of concession equipment. Contributions to the Reserve consist of 10% of concession revenues collected by the Community Services Department and interest earned. The Director of Community Services is the Fund Manager.

**Computer Replacement Reserve Fund**

On March 22, 1995, City Council approved the establishment of the Computer Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the replacement, refurbishing, modifying, or upgrading of personal computer hardware and/or software and to stabilize the effect on the annual budget. Through direct contributions, users contribute an amount to the Reserve for computer equipment based upon the latest actual purchase cost for that type of unit. Other contributions to the Reserve would include investment income. The Corporate Controller is the Fund Manager.

**Aqueduct Rehabilitation Reserve Fund**

City Council, on January 24, 1996, authorized the establishment of an Aqueduct Rehabilitation Reserve Fund for the renewal of the City's aqueduct. The final year for contributions to the Aqueduct Reserve was 2003.

The Director of Water and Waste is the Fund Manager.

# THE CITY OF WINNIPEG
# CAPITAL RESERVES (continued)

**Federal Gas Tax Revenue Reserve Fund**

City Council, on January 25, 2006, authorized the establishment of the Federal Gas Tax Revenue Reserve Fund. The purpose of the Reserve is to account for funds received from the Province under the Federal Gas Tax Funding Agreement.

On November 18, 2005, the Government of Canada and the Province entered into an agreement on the Transfer of Federal Gas Tax Revenue under the New Deal for Cities and Communities. Under this deal, the Province agreed to administer the funds on behalf of the Federal Government and to conditionally provide the funds to the City, subject to receipt of funding from the Federal Government. The funds are intended specifically for eligible projects such as: Public Transit; Water; Wastewater; Solid Waste; Community Energy Systems; and Active Transportation Infrastructure.

On March 24, 2006, the Province and the City signed the Gas Tax Funding Agreement. The agreement was effective as of April 1, 2005 and continues until March 31, 2015 or unless terminated earlier in accordance with section 10 of the agreement.

The agreement stipulates the future payments to The City of Winnipeg as follows:

| | |
|---|---|
| 2008/09 | $ 21.0 million |
| 2009/10 | $ 41.0 million |

On January 12, 2007, City Council authorized that Infrastructure Levies (Gas Tax) be allocated to the Public Works Department for road and bridge projects through the 2007 capital budget process.

The Director of Public Works is the Fund Manager.

**Public Transit Reserve Fund**

On February 21, 2006, City Council authorized the establishment of the Public Transit Reserve Fund dedicated for eligible projects to be funded by the Government of Canada through Bill C-66. The Government of Canada and the Province have entered into the Public Transit Funding Agreement. Under this agreement, the Province agreed to administer the funds on behalf of the Federal Government and to conditionally provide the funds to the City, subject to receipt of funding from the Federal Government. These funds are to be used for eligible costs of public transit infrastructure projects, primarily to support environmental sustainability objectives.

Subsequent to this, the Province and the City entered into a Municipal Transit Funding Agreement. The agreement is in effect as of March 31, 2006 and continues until March 31, 2010. The Province has committed to extend the existing agreement to provide additional funding. This is pursuant to the Government of Canada also providing additional funding to the Province through the Public Transit Capital Trust.

As approved by City Council, this reserve will be dissolved once eligible projects have been completed.

The Director of Transit is the Fund Manager.

# THE CITY OF WINNIPEG
# CAPITAL RESERVES (continued)

**Rapid Transit Infrastructure Reserve Fund**

On March 26, 2008, City Council approved the establishment of the Rapid Transit Infrastructure Reserve Fund. The purpose of the Reserve is to accumulate funding for future costs incurring on the public transit infrastructure, including the future construction of the rapid transit corridors.

On October 22, 2008, City Council approved that the purpose of the Rapid Transit Infrastructure Reserve Fund be revised to include funding for costs incurring on the operation and construction of the rapid transit infrastructure, structures and facilities, development, and other related costs including bus purchases, technology, personnel, and land acquisition.

The Director of Transit is the Fund Manager.

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## FIVE-YEAR REVIEW

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Water Main Renewal Reserve Fund** | | | | | |
| Frontage levy revenue | **$ 7,063** | $ 7,002 | $ 6,912 | $ 6,871 | $ 6,805 |
| Water main renewals funded | **$ 7,769** | $ 6,470 | $ 7,836 | $ 7,299 | $ 6,281 |
| Kilometres of water mains | **2,485** | 2,464 | 2,447 | 2,436 | 2,427 |
| Water main repairs | **514** | 691 | 727 | 484 | 511 |
| **Sewer System Rehabilitation Reserve Fund** | | | | | |
| Frontage levy revenue | **$ 20,352** | $ 19,096 | * $ 423 | $ 19,805 | $ 19,249 |
| Sewer renewals funded | **$ 13,765** | $ 17,376 | * $ 568 | $ 21,986 | $ 16,582 |
| Kilometres of sewers | **2,484** | 2,473 | 2,463 | 2,513 | 2,505 |
| Kilometres of sewers renewed | **12.13** | 15.59 | 5.90 | 5.61 | 6.78 |
| **Environmental Projects Reserve Fund** | | | | | |
| Transfer from Sewage Disposal System | **$ 7,367** | $ 8,006 | $ 8,501 | $ 13,533 | $ 12,109 |
| Transfer to Sewage Disposal System - capital projects | **$ 18,646** | $ 19,294 | $ 15,839 | $ 13,755 | $ 950 |
| **Brady Landfill Site Rehabilitation Reserve Fund** | | | | | |
| Transfer from Solid Waste Disposal | **$ 175** | $ 174 | $ 175 | $ 192 | $ 196 |
| **Golf Course Reserve Fund** | | | | | |
| Equity | **$ 1,037** | $ 1,951 | $ 1,860 | $ 1,773 | $ 1,714 |
| **Library Reserve Fund** | | | | | |
| Transfer from General Revenue Fund | **$ -** | $ 279 | $ 281 | $ 230 | $ 44 |
| **Transit Bus Replacement Reserve Fund** | | | | | |
| Transfer from/(to) Transit System, net | **$ 4,732** | $ 4,197 | $ 6,530 | $ 217 | $ (1,123) |
| Number of buses financed | **33** | 12 | - | 40 | 40 |
| **Concession Equipment Replacement Reserve Fund** | | | | | |
| Transfer from General Revenue Fund | **$ 15** | $ 19 | $ 13 | $ 12 | $ 11 |
| Purchase of equipment | **$ -** | $ 11 | $ 8 | $ 20 | $ 2 |

* In 2007, the Sewer System Rehabilitation Reserve Fund frontage levy revenue was reinstated. In 2006, capital projects in the Sewer System Rehabilitation Reserve Fund were funded by the Federal Gas Tax Revenue Reserve Fund.

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## FIVE-YEAR REVIEW (continued)

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Computer Replacement Reserve Fund** | | | | | |
| Allocation of equity: | | | | | |
| Corporate Finance | **$ 929** | $ 971 | $ 878 | $ 776 | $ 724 |
| Public Works | **241** | 327 | 264 | 249 | 156 |
| Community Services | **228** | 336 | 365 | 271 | 190 |
| Corporate Support Services ** | **191** | 226 | 79 | - | - |
| Planning, Property and Development | **185** | 181 | 140 | 101 | - |
| Audit | **10** | 9 | 8 | - | - |
| EPC Secretariat | **7** | 10 | 10 | 7 | 7 |
| Mayor's Office | **5** | 4 | 3 | 6 | - |
| Chief administrative offices | **1** | 3 | 9 | 3 | 15 |
| | **$ 1,797** | $ 2,067 | $ 1,756 | $ 1,413 | $ 1,092 |
| **Aqueduct Rehabilitation Reserve Fund** | | | | | |
| Transfer to Waterworks System - capital projects | **$ 84** | $ 38 | $ 68 | $ 416 | $ 1,120 |
| **Federal Gas Tax Revenue Reserve Fund** | | | | | |
| Government of Canada funding | **$ 20,533** | $ 16,427 | $ 23,308 | $ - | $ - |
| Transfer to General Capital Fund | **$ 17,460** | $ 16,865 | $ 16,776 | $ - | $ - |
| Transfer to Sewage Disposal System - capital projects | **$ -** | $ 1,726 | $ 1,883 | $ - | $ - |
| Transfer to Transit System - capital projects | **$ 2,056** | $ 1,344 | $ - | $ - | $ - |
| **Public Transit Reserve Fund** | | | | | |
| Government of Canada funding | **$ -** | $ 24,790 | $ 14,328 | $ - | $ - |
| Transfer to Transit System - capital projects | **$ 6,150** | $ 2,682 | $ 670 | $ - | $ - |
| **Rapid Transit Infrastructure Reserve Fund** | | | | | |
| Transfer from Transit System | **$ 2,750** | $ - | $ - | $ - | $ - |

** In 2008, the Corporate Information Technology and Corporate Services departments were amalgamated and renamed the Corporate Support Services department.

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Water Main Renewal Reserve | Sewer System Rehabilitation Reserve | Environmental Projects Reserve | Brady Landfill Reserve |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current | | | | |
| Due from General Revenue Fund (Note 3) | **$ 1,068** | **$ 36,318** | **$ 27,224** | **$ 568** |
| Call loans - General Revenue Fund (Note 4) | **-** | **-** | **-** | **359** |
| Accounts receivable | **-** | **-** | **-** | **4** |
| | **1,068** | **36,318** | **27,224** | **931** |
| Investments (Note 5) | **-** | **-** | **-** | **1,992** |
| Due from Golf Services - Special Operating Agency (Note 6) | **-** | **-** | **-** | **-** |
| | **$ 1,068** | **$ 36,318** | **$ 27,224** | **$ 2,923** |
| ***LIABILITIES*** | | | | |
| Deferred revenue | **$ -** | **$ -** | **$ -** | **$ -** |
| ***EQUITY*** | | | | |
| Allocated | **571** | **30,022** | **27,224** | **2,923** |
| Unallocated | **497** | **6,296** | **-** | **-** |
| | **1,068** | **36,318** | **27,224** | **2,923** |
| | **$ 1,068** | **$ 36,318** | **$ 27,224** | **$ 2,923** |

*See accompanying notes to the financial statements*

| Golf Course Reserve | Library Reserve | Transit Bus Replacement Reserve | Concession Equipment Reserve | Computer Replacement Reserve | Aqueduct Rehabilitation Reserve | Sub-total |
|---|---|---|---|---|---|---|
| | | | | | | |
| $ 81 | $ 887 | $ 16,885 | $ 70 | $ 1,797 | $ 310 | $ 85,208 |
| - | - | - | - | - | - | 359 |
| - | - | - | - | - | - | 4 |
| 81 | 887 | 16,885 | 70 | 1,797 | 310 | 85,571 |
| - | - | - | - | - | - | 1,992 |
| 956 | - | - | - | - | - | 956 |
| $ 1,037 | $ 887 | $ 16,885 | $ 70 | $ 1,797 | $ 310 | $ 88,519 |
| $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | 11,993 | - | 1,797 | 310 | 74,840 |
| 1,037 | 887 | 4,892 | 70 | - | - | 13,679 |
| 1,037 | 887 | 16,885 | 70 | 1,797 | 310 | 88,519 |
| $ 1,037 | $ 887 | $ 16,885 | $ 70 | $ 1,797 | $ 310 | $ 88,519 |

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Sub-total Brought Forward | Federal Gas Tax Reserve | Public Transit Reserve | Transit Infrastructure Reserve |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current | | | | |
| Due from General Revenue Fund (Note 3) | **$ 85,208** | **$ 2,887** | **$ 31,734** | **$ 2,790** |
| Call loans - General Revenue Fund (Note 4) | **359** | **-** | **-** | **-** |
| Accounts receivable | **4** | **-** | **-** | **-** |
| | **85,571** | **2,887** | **31,734** | **2,790** |
| Investments (Note 5) | **1,992** | **-** | **-** | **-** |
| Due from Golf Services - Special Operating Agency (Note 6) | **956** | **-** | **-** | **-** |
| | **$ 88,519** | **$ 2,887** | **$ 31,734** | **$ 2,790** |
| ***LIABILITIES*** | | | | |
| Deferred revenue | **$ -** | **$ 2,158** | **$ 29,616** | **$ -** |
| ***EQUITY*** | | | | |
| Allocated | **74,840** | **729** | **-** | **2,790** |
| Unallocated | **13,679** | **-** | **2,118** | **-** |
| | **88,519** | **729** | **2,118** | **2,790** |
| | **$ 88,519** | **$ 2,887** | **$ 31,734** | **$ 2,790** |

*See accompanying notes to the financial statements*

| **Totals 2008** | Totals 2007 |
|---|---|
| **$ 122,619** | $ 123,570 |
| **359** | 29 |
| **4** | 215 |
| **122,982** | 123,814 |
| **1,992** | 2,232 |
| **956** | 748 |
| **$ 125,930** | $ 126,794 |
| **$ 31,774** | $ 36,907 |
| **78,359** | 79,889 |
| **15,797** | 9,998 |
| **94,156** | 89,887 |
| **$ 125,930** | $ 126,794 |

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Water Main Renewal Reserve | Sewer System Rehabilitation Reserve | Environmental Projects Reserve | Brady Landfill Reserve |
|---|---|---|---|---|
| Balance, beginning of year | **$ 1,672** | **$ 28,711** | **$ 37,471** | **$ 2,647** |
| Add: | | | | |
| Frontage levies | **7,063** | **20,352** | **-** | **-** |
| Government of Canada transfers | **-** | **-** | **-** | **-** |
| Transfer from Transit System | **-** | **-** | **-** | **-** |
| Transfer from Sewage Disposal System | **-** | **-** | **7,367** | **-** |
| Interest earned | **114** | **1,136** | **1,147** | **110** |
| Transfer from Solid Waste Disposal | **-** | **-** | **-** | **175** |
| Transfer from General Revenue Fund | **-** | **-** | **-** | **-** |
| Transfer from Waterworks System | **-** | **-** | **-** | **-** |
| Transfer from Building Services Fund | **-** | **-** | **-** | **-** |
| | **8,849** | **50,199** | **45,985** | **2,932** |
| Deduct: | | | | |
| Transfer to Sewage Disposal System | **-** | **11,401** | **18,646** | **-** |
| Transfer to General Capital Fund | **-** | **2,364** | **-** | **-** |
| Transfer to Transit System | **-** | **-** | **-** | **-** |
| Transfer to Waterworks System | **7,769** | **-** | **-** | **-** |
| Transfer to General Revenue Fund | **-** | **-** | **-** | **-** |
| Purchase of equipment | **-** | **-** | **-** | **-** |
| Transfer to General Revenue Fund - investment management fee | **12** | **116** | **115** | **9** |
| Other | **-** | **-** | **-** | **-** |
| | **7,781** | **13,881** | **18,761** | **9** |
| Balance, end of year | **$ 1,068** | **$ 36,318** | **$ 27,224** | **$ 2,923** |

*See accompanying notes to the financial statements*

| Golf Course Reserve | Library Reserve | Transit Bus Replacement Reserve | Concession Equipment Reserve | Computer Replacement Reserve | Aqueduct Rehabilitation Reserve | Sub-total |
|---|---|---|---|---|---|---|
| $ 1,951 | $ 1,445 | $ 11,732 | $ 126 | $ 2,067 | $ 384 | $ 88,206 |
| | | | | | | |
| - | - | - | - | - | - | 27,415 |
| - | - | - | - | - | - | - |
| - | - | 7,147 | - | - | - | 7,147 |
| - | - | - | - | - | - | 7,367 |
| 89 | 38 | 470 | 4 | 57 | 11 | 3,176 |
| - | - | - | - | - | - | 175 |
| - | - | - | 15 | 1 | - | 16 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 2,040 | 1,483 | 19,349 | 145 | 2,125 | 395 | 133,502 |
| | | | | | | |
| - | - | - | - | - | - | 30,047 |
| - | - | - | - | - | - | 2,364 |
| - | - | 2,415 | - | - | - | 2,415 |
| - | - | - | - | - | 84 | 7,853 |
| 1,000 | 400 | - | 75 | - | - | 1,475 |
| - | 95 | - | - | 237 | - | 332 |
| | | | | | | |
| 3 | 4 | 49 | - | 6 | 1 | 315 |
| - | 97 | - | - | 85 | - | 182 |
| 1,003 | 596 | 2,464 | 75 | 328 | 85 | 44,983 |
| $ 1,037 | $ 887 | $ 16,885 | $ 70 | $ 1,797 | $ 310 | $ 88,519 |

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Sub-total Brought Forward | Federal Gas Tax Reserve | Public Transit Reserve | Transit Infrastructure Reserve |
|---|---|---|---|---|
| Balance, beginning of year | **$ 88,206** | **$ 562** | **$ 1,119** | **$ -** |
| Add: | | | | |
| Frontage levies | **27,415** | **-** | **-** | **-** |
| Government of Canada transfers | **-** | **19,516** | **6,150** | **-** |
| Transfer from Transit System | **7,147** | **-** | **-** | **2,750** |
| Transfer from Sewage Disposal System | **7,367** | **-** | **-** | **-** |
| Interest earned | **3,176** | **174** | **999** | **45** |
| Transfer from Solid Waste Disposal | **175** | **-** | **-** | **-** |
| Transfer from General Revenue Fund | **16** | **-** | **-** | **-** |
| Transfer from Waterworks System | **-** | **-** | **-** | **-** |
| Transfer from Building Services Fund | **-** | **-** | **-** | **-** |
| | **133,502** | **20,252** | **8,268** | **2,795** |
| Deduct: | | | | |
| Transfer to Sewage Disposal System | **30,047** | **-** | **-** | **-** |
| Transfer to General Capital Fund | **2,364** | **17,460** | **-** | **-** |
| Transfer to Transit System | **2,415** | **2,056** | **6,150** | **-** |
| Transfer to Waterworks System | **7,853** | **-** | **-** | **-** |
| Transfer to General Revenue Fund | **1,475** | **-** | **-** | **-** |
| Purchase of equipment | **332** | **-** | **-** | **-** |
| Transfer to General Revenue Fund - investment management fee | **315** | **-** | **-** | **5** |
| Other | **182** | **7** | **-** | **-** |
| | **44,983** | **19,523** | **6,150** | **5** |
| Balance, end of year | **$ 88,519** | **$ 729** | **$ 2,118** | **$ 2,790** |

*See accompanying notes to the financial statements*

| **Totals 2008** | Totals 2007 |
|---|---|
| **$ 89,887** | $ 114,359 |
| | |
| **27,415** | 26,098 |
| **25,666** | 22,617 |
| **9,897** | 5,161 |
| **7,367** | 8,006 |
| **4,394** | 6,246 |
| **175** | 174 |
| **16** | 883 |
| **-** | 10,515 |
| **-** | 11 |
| **164,817** | 194,070 |
| | |
| **30,047** | 25,849 |
| **19,824** | 29,412 |
| **10,621** | 4,990 |
| **7,853** | 42,809 |
| **1,475** | - |
| **332** | 758 |
| **320** | 345 |
| **189** | 20 |
| **70,661** | 104,183 |
| **$ 94,156** | $ 89,887 |

# THE CITY OF WINNIPEG
# CAPITAL RESERVES

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The Capital Reserves follow the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Capital Reserves include the following:

Water Main Renewal Reserve Fund
Sewer System Rehabilitation Reserve Fund
Environmental Projects Reserve Fund
Brady Landfill Site Rehabilitation Reserve Fund
Golf Course Reserve Fund
Library Reserve Fund
Transit Bus Replacement Reserve Fund
Concession Equipment Replacement Reserve Fund
Computer Replacement Reserve Fund
Aqueduct Rehabilitation Reserve Fund
Federal Gas Tax Revenue Reserve Fund
Public Transit Reserve Fund
Rapid Transit Infrastructure Reserve Fund

**b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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) Investment in bonds and debentures**

Bonds and debentures are carried at cost plus accumulated amortization. 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.

**d) Bond coupons**

Bond coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

**e) Deferred revenue**

The City of Winnipeg ("the City") receives funds dedicated to the acquisition of specific tangible capital assets. When capital funds are received but the funding has not been used in the year to acquire tangible capital assets, the funding will be reported as deferred revenue and taken into income in future years when the cost is incurred.

*1. Significant Accounting Policies (continued)*

**f) Government transfers**

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

*2. Status of the Capital Reserves*

**Water Main Renewal Reserve Fund**

City Council, on February 18, 1981, authorized the establishment of a Water Main Renewal Reserve Fund for the purpose of financing, from one source, the renewal of water mains. The Reserve was established in 1981 by the transfer of $2.0 million of frontage levy revenue from the Waterworks System Fund and will be maintained by the transfer of frontage levy revenue and interest earned.

On January 30, 2002, City Council passed By-law No. 7958/2002 "Frontage Levy By-law" to include the repair and replacement of streets and sidewalks in residential areas.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, the frontage levy revenue collected on the property tax be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. The sources of funding for the Water Main Renewal Reserve and Sewer System Rehabilitation Reserve Funds is revenues from water and sewer rates as well as frontage levies.

The Director of Water and Waste is the Fund Manager.

**Sewer System Rehabilitation Reserve Fund**

City Council, on May 27, 1992, authorized the establishment of a Combined Sewer Renewal Reserve Fund for the rehabilitation of combined sewers. City Council also authorized the establishment of a Wastewater Sewer Renewal Reserve Fund for the renewal and rehabilitation of wastewater sewers. Funding for both Reserves was provided from the frontage levy identified for this purpose in By-law No. 549/73 (amended by By-law No. 7138/97).

On January 30, 2002, City Council passed By-law No. 7958/2002 "Frontage Levy By-law" to include the repair and replacement of streets and sidewalks in residential areas.

On September 27, 2006, City Council approved the consolidation of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds into the Sewer System Rehabilitation Reserve Fund, which was effective on October 1, 2006.

On September 24, 2008, City Council authorized the amendment of the Frontage Levy By-law No. 7958/2002 and approved that effective 2009, the frontage levy revenue collected on the property tax be reported in the General Revenue Fund to pay for upgrading, repair, replacement and maintenance of streets and sidewalks. The sources of funding for the Water Main Renewal Reserve and Sewer System Rehabilitation Reserve Funds will include revenues from water and sewer rates as well as frontage levies.

The Director of Water and Waste is the Fund Manager.

*2. Status of the Capital Reserves (continued)*

**Environmental Projects Reserve Fund**

City Council, on December 17, 1993, authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental studies for river quality. City Council, on January 24, 1996, changed the name of this Reserve to the Environmental Projects Reserve Fund to more accurately reflect the environmental nature of the projects this Reserve was set up to fund.

The Reserve has funded ammonia, nitrification and combined sewer overflow ("CSO") studies. It now funds a portion of the wastewater collection and treatment system improvements as directed by the Province of Manitoba ("the Province"). This includes effluent disinfection, centrate treatment, biological nutrient removal and CSO mitigation infrastructure.

The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund. The 2008 sewer rate includes a provision of 31.3 cents (2007 - 31.3 cents) per 100 cubic feet of billed water consumption to fund this transfer.

The Director of Water and Waste is the Fund Manager.

**Brady Landfill Site Rehabilitation Reserve Fund**

City Council, on December 17, 1993, authorized the establishment of a Brady Landfill Site Rehabilitation Reserve Fund for the purpose of providing funding for the future development of the Brady Landfill Site.

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The landfill tipping fee includes a provision of 50 cents (2007 - 50 cents) per tonne for each tonne disposed at the Brady Road Landfill to fund this transfer.

The Director of Water and Waste is the Fund Manager.

**Golf Course Reserve Fund**

City Council, on April 28, 1994, authorized the establishment of a Golf Course Reserve Fund for capital expenses required for the enhancement of the Municipal Golf Courses operated by Golf Services - Special Operating Agency. The Director of Planning, Property and Development is the Fund Manager.

**Library Reserve Fund**

City Council, on December 14, 1994, authorized the establishment of the Library Reserve Fund to provide for upgrading the Library's technological base and other special Library projects. On March 26, 1998, City Council further approved that all over due fine, replacement fee, room rental, non-resident and photocopy fee revenues be realized in the Reserve. The Director of Community Services is the Fund Manager.

**Transit Bus Replacement Reserve Fund**

City Council, on December 15, 1994, approved the creation of a Transit Bus Replacement Reserve Fund for the purpose of providing financing for the replacement or major refurbishment of transit buses in a scheduled and pragmatic manner. Contributions to the Reserve will be based on a budgeted appropriation from the Transit Department plus proceeds from the disposal of bus equipment and recoveries from bus equipment written off in insurance claims. Upon the Transit Department making the outlay to replace or refurbish buses, this Reserve will contribute towards the purchase. The Director of Transit is the Fund Manager.

*2. Status of the Capital Reserves (continued)*

**Concession Equipment Replacement Reserve Fund**

On January 26, 1995, City Council approved the establishment of the Concession Equipment Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the purchase and replacement of concession equipment. Contributions to the Reserve consist of 10% of concession revenues collected by the Community Services Department and interest earned. The Director of Community Services is the Fund Manager.

**Computer Replacement Reserve Fund**

On March 22, 1995, City Council approved the establishment of the Computer Replacement Reserve Fund. The purpose of the Reserve is to provide financing for the replacement, refurbishing, modifying, or upgrading of personal computer hardware and/or software and to stabilize the effect on the annual budget. Through direct contributions, users contribute an amount to the Reserve for computer equipment based upon the latest actual purchase cost for that type of unit. Other contributions to the Reserve would include investment income. The Corporate Controller is the Fund Manager.

**Aqueduct Rehabilitation Reserve Fund**

City Council, on January 24, 1996, authorized the establishment of an Aqueduct Rehabilitation Reserve Fund for the renewal of the City's aqueduct.

The Reserve was financed through a monthly transfer from the Waterworks System Fund. The final year for contributions to the Aqueduct Reserve was 2003, when water rates included a provision of 7.69 cents per 100 cubic feet of billed water consumption.

The Director of Water and Waste is the Fund Manager.

**Federal Gas Tax Revenue Reserve Fund**

City Council, on January 25, 2006, authorized the establishment of Federal Gas Tax Revenue Reserve Fund. The purpose of the reserve is to administer and account for funds received from the Province under the Federal Gas Tax Funding Agreement.

On November 18, 2005, the Government of Canada and the Province entered into an agreement on the Transfer of Federal Gas Tax Revenue under the New Deal for Cities and Communities. Under the deal, the Province agreed to administer the funds on behalf of the Federal Government and to conditionally provide the funds to the City, subject to receipt of funding from the Federal Government. The funds are specifically for eligible projects in the areas of: Public Transit; Water; Wastewater; Solid Waste; Community Energy Systems; and Active Transportation Infrastructure.

On March 24, 2006, the Province and the City signed the Gas Tax Funding Agreement. The agreement is effective April 1, 2005 and continues until March 31, 2015 or unless terminated earlier in accordance with section 10 of the agreement.

On January 12, 2007, City Council authorized that Infrastructure Levies (Gas Tax) be allocated to the Public Works Department for road and bridge projects through the 2007 capital budget process.

The Director of Public Works is the Fund Manager.

*2. Status of the Capital Reserves (continued)*

**Public Transit Reserve Fund**

On February 21, 2006, City Council authorized the establishment of the Public Transit Reserve Fund dedicated for eligible projects to be funded by the Government of Canada through Bill C-66.

The Government of Canada and the Province entered into the Public Transit Funding Agreement. Under this agreement, the Province agreed to administer the funds on behalf of the Federal Government and to conditionally provide the funds to the City, subject to receipt of funding from the Federal Government.

These funds are to be used for eligible costs of public transit infrastructure projects, primarily to support environmental sustainability objectives.

Subsequent to this, the Province of Manitoba and the City entered into a Municipal Transit Funding Agreement. The agreement is in effect as of March 31, 2006 and continues until March 31, 2010.

As approved by City Council, this Reserve will terminate once eligible projects have been completed.

The Director of Transit is the Fund Manager.

**Rapid Transit Infrastructure Reserve Fund**

On March 26, 2008, City Council approved the establishment of the Rapid Transit Infrastructure Reserve Fund. The purpose of the Reserve is to accumulate funding for costs incurring on the public transit infrastructure, including the future construction of the rapid transit corridors.

On October 22, 2008, City Council approved that the purpose of the Rapid Transit Infrastructure Reserve Fund be revised to include funding for costs incurring on the operation and construction of rapid transit infrastructure, structures and facilities, development, and other related costs including bus purchases, technology, personnel, and land acquisition.

The Director of Transit is the Fund Manager.

*3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

*4. Call Loans - General Revenue Fund*

Call loans represent short-term investments with the General Revenue Fund which are callable by the Fund upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

## *5. Investments*

| | **2008** | 2007 |
|---|---|---|
| Marketable securities | | |
| Provincial bonds and bond coupons | **$ 1,016** | $ 1,242 |
| Government of Canada bonds | **976** | 990 |
| | **$ 1,992** | $ 2,232 |

The aggregate market value of marketable securities at December 31, 2008 was $2,349 thousand (2007 - $2,602 thousand).

## *6. Due from Golf Services - Special Operating Agency*

| | **2008** | 2007 |
|---|---|---|
| Golf course improvements loans, interest at 6%, with principal repayments scheduled over 10 years, commencing in: | | |
| - 2004 | **$ 43** | $ 50 |
| - 2005 | **50** | 57 |
| - 2006 | **87** | 97 |
| - 2007 | **207** | 226 |
| - 2008 | **282** | 305 |
| - 2009 | **13** | 13 |
| - 2010 | **274** | - |
| | **$ 956** | $ 748 |

Included in interest earned is $53 thousand (2007 - $47 thousand) that has been received from Golf Services - Special Operating Agency on the golf course improvement loans.



# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

The City of Winnipeg ("the City") operates nineteen Special Purpose Reserves to account for the use of designated revenue for specific purposes. These Reserves are as follows:

**Workers Compensation Reserve Fund**

Under the terms of By-law No. 9802 of the former City of Winnipeg, provision was made for the establishment of a Workers Compensation Reserve Fund. On January 1, 1972, as a result of the amalgamation of the City of Winnipeg with former area municipalities, The Workers Compensation Reserve Fund was established in accordance with Section 338 of the former City of Winnipeg Act.

The City administers its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. Departments are charged an array of actual costs as well as surcharges related to financing fatality pensions and upgrades of benefits. The net result is that costs and surcharges are transferred to/from the Workers Compensation Reserve Fund. The Workers Compensation Reserve Fund serves to counteract any budgetary fluctuation from year to year that would result from a work related incident of major proportions.

The Corporate Controller is the Fund Manager.

**Perpetual Maintenance Funds**
**(Brookside, St. Vital and Transcona Cemeteries)**

Under the terms of By-law No. 14725 of the former City of Winnipeg, passed on April 8, 1935, created a fund for the perpetual care and maintenance of Brookside Cemetery. Later on By-law No. 1996/78, also created funds for the perpetual care and maintenance of St. Vital and Transcona Cemeteries.

Section 29 of By-law No. 5720/91 amending and restating By-law 1996/78, relating to Cemeteries, sets forth the purpose and use of the Perpetual Maintenance Funds.

These funds are for the purpose of creating, building up, and maintaining a perpetual maintenance fund for the care and maintenance of Brookside, St. Vital, and Transcona Cemeteries. There shall be paid to the Sinking Fund Trustees of The City of Winnipeg, during specified years and not later than the first day of June of each of the years, a sum equal to twenty-five per centum of the proceeds of the sale of plots and graves in cemeteries sold during the preceding year. The monies shall be so paid over to the Trustees for investment and administration and shall be treated in the same manner as interest and sinking fund charges. Commencing the first day of January 1991, and upon each and every first day of January thereafter the Trustees shall pay out fifty per centum of the yearly earnings of the fund for the previous year to the City. The yearly earnings shall be applied to offset the cost of the care and maintenance of the Cemeteries.

The Sinking Fund Trustees were also empowered to accept deposits in respect of perpetual maintenance of individual cemetery plots.

On January 1, 2003, The City of Winnipeg Act was replaced with new legislation entitled The City of Winnipeg Charter. Under this new legislation the investment and administration of the funds has been transferred to the City's administration.

The Director of Planning, Property and Development is the Funds Manager.

**Insurance Reserve Fund**

In 1960, the Insurance Reserve Fund was established. The reserve was to be used for the purpose of replacing or repairing City properties and/or contents that had been damaged by fire or any other cause. In 1973, the use of the Insurance Reserve Fund also included the purpose of paying for any other losses that the City might incur in any part of its self-insurance program. Such uses would include third party liability claims, or property damage claims, including motor vehicles.

The Corporate Controller is the Fund Manager.

**Contributions in Lieu of Land Dedication Reserve Fund**

On January 10, 1973, City Council adopted the policy that cash payments received by the City in lieu of land dedication for open space be deposited in a fund to the credit of each community. On January 17, 1979, City Council amended that policy to permit proceeds from the sale of surplus Parks and Recreation lands to be deposited to the Contributions in Lieu of Land Dedication Reserve Fund account of the respective community. On September 19, 1990, City Council adopted the recommendation that revenue would be apportioned among the communities on the basis of 75% to the account of the community in which the revenue was collected and 25% to be divided equally among all communities. This change was phased in over three years commencing in 1991.

Expenses are limited to the acquisition or improvement of land for parks, recreation facilities, or open space.

The Director of Planning, Property and Development is the Fund Manager.

**Land Operating Reserve Fund**

City Council, on May 16, 1973, authorized the establishment of a Land Operating Reserve Fund to reduce the need for the issuance and sale of debentures in connection with the acquisition cost of properties for resale.

Disbursements from this Reserve are limited to the acquisition cost of properties for resale, and any other expenses directly related to the acquisition, sale and improvement of disposable City properties. Use of the Reserve's funds for any other purpose requires the authorization of City Council. This Reserve is maintained by the proceeds from the sale of City-owned properties and interest earned.

In accordance with City Council directives, 5% of the gross sales revenue is allocated to the Historical Building Program and another 5% of gross sales revenue is allocated to the Enhanced Land Marketing Program to finance those activities necessary to facilitate the sale of surplus lands.

City Council, on July 19, 1999, adopted a policy that in order to sustain the business operations supported by the Reserve, equity be allowed to accumulate within the Reserve sufficient to eliminate the inter-fund debt owing to the General Revenue Fund created in past years. Any surplus funds greater than the amount required for the purposes of the Land Operating Reserve and meeting the annual budgeted transfer to the General Revenue Fund is to be transferred to the Commitment Reserve Fund.

The Director of Planning, Property and Development is the Fund Manager.

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES (continued)

**Recreation Programming Reserve Fund**

The Recreation Programming Reserve Fund was created by City Council on October 6, 1976 from cumulative surpluses and deficits of former Parks and Recreation Boards and Commissions as at December 31, 1976. These funds along with any forthcoming revenues and expenses were to be segregated by Community Committee and used for recreation programming projects in that Community.

The Reserve fund balance is annually affected by the amount of the unexpended budgets in the recreation programming centres in the General Revenue Fund (or reduced by any over expenditure) and by interest earned. Expenses are limited to goods and services of the recreation programming type under the delegated authority of the Community Committee. The Director of Community Services is the Fund Manager.

**Snow Clearing Reserve Fund**

On March 22, 1995, City Council approved the establishment of the Snow Clearing Reserve Fund. The purpose of the fund is to absorb unexpected snowfall costs in years where the City experienced above average snowfall levels. Contributions to the Reserve would be the surplus from the annual operating snow clearing budget. Charges in any one year should be limited to the lesser of 20% of the Reserve balance, or to the amount of snow clearing expenses in excess of 120% of the cost of a normal year's snowfall. However, no charges to the Reserve should be made until the Reserve has reached a level of $5.0 million, and the Reserve balance should never exceed $10.9 million.

On December 15, 2004, City Council further approved, that at their discretion, they may transfer from the Reserve a greater amount than or other than as stipulated by the Reserve.

The Director of Public Works is the Fund Manager.

**Idea Bank Reserve Fund**

City Council, on April 30, 1997, authorized the establishment of the Idea Bank Reserve Fund to provide financing for innovative ideas presented outside of the normal budget process. The Idea Bank Reserve Fund is set up as a revolving fund, which is self-sustaining. City Council, on November 17, 1999, approved an amendment to the Idea Bank Reserve Fund whereby the purpose of the Reserve has been expanded to provide funding/financing support for Alternative Service Delivery (ASD) initiatives.

The Corporate Controller is the Fund Manager.

**Commitment Reserve Fund**

On March 12, 1998, City Council approved the establishment of the Commitment Reserve Fund. The purpose of the fund is to allow departments to carry forward committed budget dollars to the succeeding year thereby eliminating the need to re-budget. Contributions to the Reserve must be spent in the year following the transfer. However, contributions can be retained in the Reserve beyond the following year only if approved by the Fund Manager, otherwise the unspent amount must be transferred to the Mill Rate Stabilization Reserve.

On July 19, 1999, City Council further approved that at year-end, on an annual basis, any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund be transferred to the Commitment Reserve Fund, which can than only be spent on one-time or capital costs in the following year. As with other contributions to this Reserve, the funds must be spent in the year following the transfer, otherwise the unspent amount may be transferred to the Mill Rate Stabilization Reserve Fund.

The Chief Financial Officer is the Fund Manager.

**Heritage Investment Reserve Fund**

The Heritage Investment Reserve Fund was created by City Council on June 21, 2000. It funds all City and City-sponsored heritage programs and acts as a revolving fund so that future funding of heritage programs can be sustained and thereby reduces the need to obtain additional funding. An important source of ongoing funding for the Reserve will be incremental tax revenues that will flow from projects in which the Reserve has invested.

The Director of Planning, Property and Development is the Fund Manager.

**Housing Rehabilitation Investment Reserve Fund**

The Housing Rehabilitation Investment Reserve Fund was created by City Council on June 21, 2000. It funds City housing programs not provided for in operating budgets. It is intended that this Reserve act as a revolving fund so that incremental tax revenues resulting from housing programs in which the Reserve has invested would be returned to the Reserve to finance future projects.

The Director of Planning, Property and Development is the Fund Manager.

**Economic Development Investment Reserve Fund**

The Economic Development Investment Reserve Fund was created by City Council on June 21, 2000. It is intended to fund City economic development incentive and investment projects. This Reserve invests directly in particular projects rather than be a funding mechanism for programs. The incremental portion of realty and business taxes generated by projects in which the fund has invested will be returned to the Reserve until the original investment has been repaid.

The Director of Planning, Property and Development is the Fund Manager.

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES (continued)

**Assiniboine Park Enterprise Reserve Fund**

City Council, on September 15, 1982, approved the establishment of the Zoo Animals Reserve Fund for the purpose of replacing animal losses and of improving breeding stock at the Assiniboine Park Zoo ("the Zoo"). The Zoo Animals Reserve Fund was maintained by revenue from the sale of surplus animals and interest earned. Expenditures were limited to the acquisition costs of zoo animals and any costs directly related to the acquisition, as well as the planning, improving or building of new individual animal enclosures.

The Zoo Purposes Reserve Fund was created by City Council on December 14, 1983, to retain certain revenues received by the Zoo to be used to augment the operating and capital budgets of the Zoo. Such revenues included donation box receipts, coin operated feed dispensers, animal adoption program, concessions and other promotions as well as a portion of Zoological Society single pass memberships.

City Council, on May 23, 2001, approved that the Zoo Animals Reserve and Zoo Purposes Reserve Funds be combined. In addition, the combined reserve be expanded to include a new purpose, which is to enhance the maintenance, operation, planning and minor infrastructure for Assiniboine Park. This would include additional revenues from the net profit of new initiatives, services and products arising from the operation and programming of Assiniboine Park as a business unit as well as revenue sharing from the existing agreement with the Pavilion Gallery Museum Inc.. City Council also approved that the new combined reserve be renamed the Assiniboine Park Enterprise Reserve Fund.

Due to restructuring, City Council also approved the Concession Equipment Reserve Fund balances accumulated for golf courses and Assiniboine Park be transferred to the Golf Course Reserve Fund and the Assiniboine Park Enterprise Reserve Fund respectively.

The Director of Community Services is the Fund Manager.

**General Purpose Reserve Fund**

On March 15, 2000, City Council approved the establishment of the Pension Surplus Reserve Fund. The Reserve was funded by the retroactive refund of pension contributions for 1998 and 1999. City Council also approved that the purpose of the Reserve and further details including the use of these funds be subsequently determined by City Council.

On March 15, 2000, City Council approved the establishment of the Pension Stabilization Reserve Fund. The Reserve was funded by ongoing savings from the partial pension contribution holiday that were not used for operations. The purpose of the Reserve was to support general operating expenditures thereby reducing the amount of revenue to be raised through property taxation, in order to share the benefits of the surplus with the citizens of Winnipeg. The use of funds from the Reserve was contingent upon approval by City Council.

On May 23, 2001, City Council approved the amalgamation of the Pension Stabilization Reserve and Pension Surplus Reserve Funds and be renamed the General Purpose Reserve Fund.

The City Treasurer is the Fund Manager.

**Multiple-Family Dwelling Tax Investment Reserve Fund**

On May 22, 2002, City Council approved the establishment of the Multiple-Family Dwelling Tax Investment Reserve Fund. The Reserve is designed to act as a bank that accumulates incremental taxes generated by approved multi-family dwelling construction/rehabilitation projects. When the incremental taxes for each project accumulates to the pre-approved amount, the balance is paid back to the applicant developer as a "Tax Incentive Grant".

The Director of Planning, Property and Development is the Fund Manager.

**Insect Control Urgent Expenditures Reserve Fund**

On March 23, 2005, City Council approved the establishment of the Insect Control Urgent Expenditures Reserve Fund. The purpose of the fund is to absorb unexpected costs for mosquito control in years where the City experiences above average response levels. The Reserve is funded annually by $0.6 million and the amount of the unexpended insect control budget included in the General Revenue Fund. The Reserve balance should never exceed $3.0 million and the Chief Administrative Officer has the authority to over-expend to a maximum of $3.0 million in the event of insufficient funds.

The Director of Community Services is the Fund Manager.

**Permit Reserve Fund**

On March 20, 2007, City Council approved the establishment of the Permit Reserve Fund. The purpose of the Reserve is to mitigate revenue shortfalls and fund temporary staffing needs during busy periods through economic boom/bust cycles. The Reserve is also meant to provide a source of funds for service and system improvements. The Reserve is funded by the excess of permit revenue in the General Revenue Fund compared to budget in any given year. The balance in the Reserve is capped at $3.0 million and any surplus funds over and above the cap are to be transferred to the General Revenue Fund.

The Director of Planning, Property and Development is the Fund Manager.

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## FIVE-YEAR REVIEW

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Workers Compensation Reserve Fund** | | | | | |
| Call loans - General Revenue Fund | **$ 3,500** | $ 2,966 | $ 4,935 | $ 2,072 | $ 3,765 |
| Investments | **$ -** | $ 1,999 | $ 2,750 | $ 4,733 | $ 2,360 |
| Interest earned | **$ 146** | $ 341 | $ 291 | $ 229 | $ 236 |
| **Brookside Cemetery Reserve Fund** | | | | | |
| Call loans - General Revenue Fund | **$ (174)** | $ 158 | $ 2,381 | $ 89 | $ 119 |
| Investments | **$ 11,649** | $ 10,178 | $ 8,044 | $ 9,787 | $ 9,389 |
| Interest earned | **$ 396** | $ 327 | $ 827 | $ 584 | $ 540 |
| **St. Vital Cemetery Reserve Fund** | | | | | |
| Call loans - General Revenue Fund | **$ 7** | $ 41 | $ (12) | $ - | $ 15 |
| Investments | **$ 669** | $ 635 | $ 649 | $ 588 | $ 532 |
| Interest earned | **$ 32** | $ 65 | $ 61 | $ 56 | $ 52 |
| **Transcona Cemetery Reserve Fund** | | | | | |
| Call loans - General Revenue Fund | **$ 28** | $ 31 | $ 197 | $ 46 | $ 49 |
| Investments | **$ 445** | $ 432 | $ 249 | $ 365 | $ 332 |
| Interest earned | **$ 21** | $ 32 | $ 37 | $ 35 | $ 30 |
| **Insurance Reserve Fund** | | | | | |
| Call loans - General Revenue Fund | **$ (124)** | $ 3,364 | $ 1,404 | $ 811 | $ 1,252 |
| Investments | **$ 1,858** | $ 4,574 | $ 6,495 | $ 6,476 | $ 5,445 |
| Interest earned | **$ 165** | $ 394 | $ 383 | $ 378 | $ 415 |
| **Contributions in Lieu of Land Dedication Reserve Fund** | | | | | |
| Cash dedications revenue | **$ 776** | $ 596 | $ 783 | $ 1,784 | $ 953 |
| Interest earned | **$ 115** | $ 172 | $ 173 | $ 94 | $ 60 |
| Park improvement expenses | **$ 1,161** | $ 712 | $ 1,317 | $ 955 | $ 499 |
| **Land Operating Reserve Fund** | | | | | |
| Number of properties sold | **125** | 143 | 156 | 174 | 89 |
| Number acquired - tax sale | **7** | 19 | 23 | 32 | 82 |
| Number exchanged | **1** | 2 | 1 | 1 | 1 |
| **Recreation Programming Reserve Fund** | | | | | |
| Transfer from General Revenue Fund | **$ -** | $ 159 | $ 490 | $ - | $ - |
| Total approved projects/programs | **$ 41** | $ 329 | $ 504 | $ 28 | $ 22 |
| Number approved | **5** | 9 | 4 | 7 | 6 |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## FIVE-YEAR REVIEW (continued)

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Snow Clearing Reserve Fund** | | | | | |
| Transfer (to)/from | | | | | |
| General Revenue Fund | **$ 4,361** | $ - | $ - | $ (3,351) | $ (6,075) |
| **Idea Bank Reserve Fund** | | | | | |
| Approved loans | **$ -** | $ - | $ - | $ 500 | $ 200 |
| Loan repayments | **$ 87** | $ 45 | $ 64 | $ 44 | $ 15 |
| **Commitment Reserve Fund** | | | | | |
| Allocation of equity: | | | | | |
| Corporate Support Services | **$ 1,390** | $ 164 | $ 358 | $ 504 | $ 586 |
| Community Services | **1,068** | 28 | 423 | 100 | 343 |
| Planning, Property and Development | **563** | 1,670 | 866 | 601 | 520 |
| Fire Paramedic Services | **462** | 1,817 | 764 | 536 | 353 |
| Corporate and other | **455** | 697 | 660 | 1,387 | 1,044 |
| Police Service | **441** | - | 723 | - | - |
| Public Works | **365** | - | 572 | 1,182 | 998 |
| Property Assessment | **-** | 109 | 95 | - | 330 |
| | **$ 4,744** | $ 4,485 | $ 4,461 | $ 4,310 | $ 4,174 |
| **Heritage Investment Reserve Fund** | | | | | |
| Municipal realty tax revenue | **$ 1,011** | $ 971 | $ 1,438 | $ 1,270 | $ 756 |
| **Housing Rehabilitation Investment Reserve Fund** | | | | | |
| Grant expense | **$ 1,045** | $ 785 | $ 1,330 | $ 746 | $ 683 |
| **Economic Development Investment Reserve Fund** | | | | | |
| Municipal realty tax revenue | **$ 133** | $ 391 | $ 161 | $ 165 | $ 160 |
| **Assiniboine Park Enterprise Reserve Fund** | | | | | |
| Animals sold | **78** | 59 | 68 | 77 | 55 |
| Animals purchased | **12** | 72 | 284 | 68 | 56 |
| Exhibits | **144** | 144 | 144 | 106 | 106 |
| Zoo attendance (persons) | **363,865** | 350,848 | 351,920 | 415,533 | 381,699 |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## FIVE-YEAR REVIEW (continued)

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **General Purpose Reserve Fund** | | | | | |
| Transfer to (from) General Revenue Fund | **$ (2,560)** | $ - | $ - | $ - | $ 2,000 |
| Net transfer General Capital Fund | **$ 1,535** | $ 2,289 | $ 629 | $ - | $ 1,192 |
| Transfer to Housing Rehabilitation Investment Reserve | **$ -** | $ - | $ - | $ 940 | $ - |
| Grants | **$ 4,900** | $ - | $ - | $ 200 | $ - |
| Interest earned | **$ 236** | $ 574 | $ 534 | $ 351 | $ 362 |
| **Multiple-Family Dwelling Tax Investment Reserve Fund** | | | | | |
| Municipal realty tax revenue | **$ 1,192** | $ 178 | $ 337 | $ 274 | $ 247 |
| Interest earned | **$ 21** | $ 29 | $ 18 | $ 7 | $ 3 |
| **Insect Control Urgent Expenditures Reserve Fund** | | | | | |
| Transfer (to) from General Revenue Fund | **$ (1,198)** | $ 1,202 | $ 600 | $ - | $ - |
| **Permit Reserve Fund** | | | | | |
| Transfer from General Revenue Fund | **$ 1,405** | $ 2,358 | $ - | $ - | $ - |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Workers Compensation Reserve | Brookside Cemetery Reserve | St. Vital Cemetery Reserve | Transcona Cemetery Reserve |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current | | | | |
| Due from General Revenue Fund (Note 3) | **$ -** | **$ 2** | **$ -** | **$ -** |
| Call loans - General Revenue Fund (Note 4) | **3,500** | **(174)** | **7** | **28** |
| Accounts receivable | **-** | **176** | **8** | **5** |
| Loan receivable | **-** | **-** | **-** | **-** |
| Prepaid expenses | **-** | **-** | **-** | **-** |
| Land held for resale | **-** | **-** | **-** | **-** |
| | **3,500** | **4** | **15** | **33** |
| Investments (Note 5) | **-** | **11,649** | **669** | **445** |
| Deferred charges | **-** | **-** | **-** | **-** |
| Inventory | **-** | **-** | **-** | **-** |
| | **$ 3,500** | **$ 11,653** | **$ 684** | **$ 478** |
| ***LIABILITIES*** | | | | |
| Current | | | | |
| Accounts payable | **$ -** | **$ -** | **$ -** | **$ -** |
| ***EQUITY*** | | | | |
| Contributed surplus (Note 6) | **-** | **-** | **-** | **-** |
| Allocated | **-** | **-** | **-** | **-** |
| Unallocated | **3,500** | **11,653** | **684** | **478** |
| | **3,500** | **11,653** | **684** | **478** |
| | **$ 3,500** | **$ 11,653** | **$ 684** | **$ 478** |

*See accompanying notes to the financial statements*

| Insurance Reserve | Land Dedication Reserve | Land Operating Reserve | Recreation Programming Reserve | Snow Clearing Reserve | Sub-Total |
|---|---|---|---|---|---|
| $ - | $ 3,595 | $ 15,276 | $ 27 | $ 4,364 | $ 23,264 |
| (124) | - | - | - | - | 3,237 |
| 35 | - | 2,787 | - | - | 3,011 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 10,234 | - | - | 10,234 |
| (89) | 3,595 | 28,297 | 27 | 4,364 | 39,746 |
| 1,858 | - | 3,251 | - | - | 17,872 |
| - | - | 16 | - | - | 16 |
| - | - | - | - | - | - |
| $ 1,769 | $ 3,595 | $ 31,564 | $ 27 | $ 4,364 | $ 57,634 |
| $ - | $ | $ 7,033 | $ - | $ - | $ 7,033 |
| - | - | 8,425 | - | - | 8,425 |
| - | - | - | 27 | - | 27 |
| 1,769 | 3,595 | 16,106 | - | 4,364 | 42,149 |
| 1,769 | 3,595 | 16,106 | 27 | 4,364 | 42,176 |
| $ 1,769 | $ 3,595 | $ 31,564 | $ 27 | $ 4,364 | $ 57,634 |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Sub-Total Brought Forward | Idea Bank Reserve | Commitment Reserve | Heritage Investment Reserve |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current | | | | |
| Due from General Revenue Fund (Note 3) | **$ 23,264** | **$ 389** | **$ 4,744** | **$ 8,654** |
| Call loans - General Revenue Fund (Note 4) | **3,237** | **-** | **-** | **-** |
| Accounts receivable | **3,011** | **-** | **-** | **-** |
| Loan receivable | **-** | **-** | **-** | **-** |
| Prepaid expenses | **-** | **-** | **-** | **-** |
| Land held for resale | **10,234** | **-** | **-** | **-** |
| | **39,746** | **389** | **4,744** | **8,654** |
| Investments (Note 5) | **17,872** | **-** | **-** | **-** |
| Deferred charges | **16** | **-** | **-** | **-** |
| Inventory | **-** | **-** | **-** | **-** |
| | **$ 57,634** | **$ 389** | **$ 4,744** | **$ 8,654** |
| ***LIABILITIES*** | | | | |
| Current | | | | |
| Accounts payable | **$ 7,033** | **$ -** | **$ -** | **$ -** |
| ***EQUITY*** | | | | |
| Contributed surplus (Note 6) | **8,425** | **-** | **-** | **-** |
| Allocated | **27** | **-** | **-** | **-** |
| Unallocated | **42,149** | **389** | **4,744** | **8,654** |
| | **42,176** | **389** | **4,744** | **8,654** |
| | **$ 57,634** | **$ 389** | **$ 4,744** | **$ 8,654** |

*See accompanying notes to the financial statements*

| Housing Rehabilitation Reserve | Economic Development Reserve | Assiniboine Park Enterprise Reserve | General Purpose Reserve | Multiple-Family Dwelling Reserve | Insect Control Reserve | Sub-Total |
|---|---|---|---|---|---|---|
| $ 1,120 | $ 4,189 | $ 544 | $ 7,707 | $ 1,843 | $ 714 | $ 53,168 |
| - | - | - | - | - | - | 3,237 |
| 21 | - | - | - | - | - | 3,032 |
| - | - | - | - | - | - | - |
| 9 | - | - | - | - | - | 9 |
| - | - | - | - | - | - | 10,234 |
| 1,150 | 4,189 | 544 | 7,707 | 1,843 | 714 | 69,680 |
| - | - | - | - | - | - | 17,872 |
| - | - | - | - | - | - | 16 |
| - | - | - | - | - | - | - |
| $ 1,150 | $ 4,189 | $ 544 | $ 7,707 | $ 1,843 | $ 714 | $ 87,568 |
| $ - | $ - | $ 5 | $ - | $ - | $ - | $ 7,038 |
| - | - | - | - | - | - | 8,425 |
| - | - | - | - | - | - | 27 |
| 1,150 | 4,189 | 539 | 7,707 | 1,843 | 714 | 72,078 |
| 1,150 | 4,189 | 539 | 7,707 | 1,843 | 714 | 72,105 |
| $ 1,150 | $ 4,189 | $ 544 | $ 7,707 | $ 1,843 | $ 714 | $ 87,568 |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Sub-Total Brought Forward | Permit Reserve | Totals 2008 | Totals 2007 |
|---|---|---|---|---|
| ***ASSETS*** | | | | |
| Current | | | | |
| Due from General Revenue Fund (Note 3) | **$ 53,168** | **$ 1,469** | **$ 54,637** | $ 52,335 |
| Call loans - General Revenue Fund (Note 4) | **3,237** | **-** | **3,237** | 6,560 |
| Accounts receivable | **3,032** | **-** | **3,032** | 4,061 |
| Loan receivable | **-** | **-** | **-** | 85 |
| Prepaid expenses | **9** | **-** | **9** | 5 |
| Land held for resale | **10,234** | **-** | **10,234** | 8,477 |
| | **69,680** | **1,469** | **71,149** | 71,523 |
| Investments (Note 5) | **17,872** | **-** | **17,872** | 20,106 |
| Deferred charges | **16** | **-** | **16** | 16 |
| Inventory | **-** | **-** | **-** | 72 |
| | **$ 87,568** | **$ 1,469** | **$ 89,037** | $ 91,717 |
| ***LIABILITIES*** | | | | |
| Current | | | | |
| Accounts payable | **$ 7,038** | **$ -** | **$ 7,038** | $ 8,372 |
| ***EQUITY*** | | | | |
| Contributed surplus (Note 6) | **8,425** | **-** | **8,425** | 8,425 |
| Allocated | **27** | **-** | **27** | 678 |
| Unallocated | **72,078** | **1,469** | **73,547** | 74,242 |
| | **72,105** | **1,469** | **73,574** | 74,920 |
| | **$ 87,568** | **$ 1,469** | **$ 89,037** | $ 91,717 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Workers Compensation Reserve | Brookside Cemetery Reserve | St. Vital Cemetery Reserve | Sub-Total |
|---|---|---|---|---|
| Balance, beginning of year | **$ 4,971** | **$ 10,418** | **$ 676** | **$ 16,065** |
| Add: | | | | |
| Transfer from General Revenue Fund | **-** | **53** | **9** | **62** |
| Land sales | - | - | - | - |
| Municipal realty tax | - | - | - | - |
| Interest earned | **146** | **396** | **32** | **574** |
| Other | **-** | **967** | **-** | **967** |
| Transfer from General Capital Fund | - | - | - | - |
| Cash payments-in-lieu of land dedication | - | - | - | - |
| Transfer from General Revenue Enterprises Fund | - | - | - | - |
| Transfer from Civic Accommodations Fund | - | - | - | - |
| Transfer from Transit System Fund | - | - | - | - |
| Transfer from Sewage Disposal System Fund | - | - | - | - |
| Transfer from Land Operating Reserve | - | - | - | - |
| Transfer from Solid Waste Disposal Fund | - | - | - | - |
| Transfer from Winnipeg Parking Authority - SOA | - | - | - | - |
| | **146** | **1,416** | **41** | **1,603** |
| Deduct: | | | | |
| Other | **603** | **-** | **-** | **603** |
| Grants | - | - | - | - |
| Transfer to General Revenue Fund | **1,000** | **148** | **31** | **1,179** |
| Cost of sales | - | - | - | - |
| Transfer to General Capital Fund | - | - | - | - |
| Park land and improvements | - | - | - | - |
| Transfer to General Revenue Enterprises Fund | - | - | - | - |
| Transfer to General Revenue Fund - investment management fee | **14** | **33** | **2** | **49** |
| Transfer to Mill Rate Stabilization Reserve | - | - | - | - |
| Transfer to Contributions in Lieu of Land Dedication Reserve | - | - | - | - |
| Transfer to Building Services Fund | - | - | - | - |
| Transfer to Waterworks System Fund | - | - | - | - |
| Transfer to Winnipeg Parking Authority - SOA | - | - | - | - |
| Transfer to Golf Services - SOA | - | - | - | - |
| Transfer to Fleet Management - SOA | - | - | - | - |
| Transfer to Animal Services - SOA | - | - | - | - |
| Transfer to Sewage Disposal System Fund | - | - | - | - |
| | **1,617** | **181** | **33** | **1,831** |
| Balance, end of year | **$ 3,500** | **$ 11,653** | **$ 684** | **$ 15,837** |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Sub-Total Brought Forward | Transcona Cemetery Reserve | Insurance Reserve | Land Dedication Reserve |
|---|---|---|---|---|
| Balance, beginning of year | **$ 16,065** | **$ 465** | **$ 7,985** | **$ 3,790** |
| Add: | | | | |
| Transfer from General Revenue Fund | **62** | **9** | **-** | **-** |
| Land sales | **-** | **-** | **-** | **-** |
| Municipal realty tax | **-** | **-** | **-** | **-** |
| Interest earned | **574** | **21** | **165** | **115** |
| Other | **967** | **-** | **1** | **-** |
| Transfer from General Capital Fund | **-** | **-** | **-** | **-** |
| Cash payments-in-lieu of land dedication | **-** | **-** | **-** | **776** |
| Transfer from General Revenue Enterprises Fund | **-** | **-** | **-** | **-** |
| Transfer from Civic Accommodations Fund | **-** | **-** | **-** | **-** |
| Transfer from Transit System Fund | **-** | **-** | **143** | **-** |
| Transfer from Sewage Disposal System Fund | **-** | **-** | **128** | **-** |
| Transfer from Land Operating Reserve | **-** | **-** | **-** | **101** |
| Transfer from Solid Waste Disposal Fund | **-** | **-** | **20** | **-** |
| Transfer from Winnipeg Parking Authority - SOA | **-** | **-** | **-** | **-** |
| | **1,603** | **30** | **457** | **992** |
| Deduct: | | | | |
| Other | **603** | **-** | **5,869** | **-** |
| Grants | **-** | **-** | **-** | **6** |
| Transfer to General Revenue Fund | **1,179** | **16** | **678** | **-** |
| Cost of sales | **-** | **-** | **-** | **-** |
| Transfer to General Capital Fund | **-** | **-** | **-** | **8** |
| Park land and improvements | **-** | **-** | **-** | **1,161** |
| Transfer to General Revenue Enterprises Fund | **-** | **-** | **-** | **-** |
| Transfer to General Revenue Fund - investment management fee | **49** | **1** | **9** | **12** |
| Transfer to Mill Rate Stabilization Reserve | **-** | **-** | **-** | **-** |
| Transfer to Contributions in Lieu of Land Dedication Reserve | **-** | **-** | **-** | **-** |
| Transfer to Building Services Fund | **-** | **-** | **79** | **-** |
| Transfer to Waterworks System Fund | **-** | **-** | **21** | **-** |
| Transfer to Winnipeg Parking Authority - SOA | **-** | **-** | **7** | **-** |
| Transfer to Golf Services - SOA | **-** | **-** | **5** | **-** |
| Transfer to Fleet Management - SOA | **-** | **-** | **3** | **-** |
| Transfer to Animal Services - SOA | **-** | **-** | **2** | **-** |
| Transfer to Sewage Disposal System Fund | **-** | **-** | **-** | **-** |
| | **1,831** | **17** | **6,673** | **1,187** |
| Balance, end of year | **$ 15,837** | **$ 478** | **$ 1,769** | **$ 3,595** |

*See accompanying notes to the financial statements*

| Land Operating Reserve | Recreation Programming Reserve | Snow Clearing Reserve | Idea Bank Reserve | Commitment Reserve | Sub-Total |
|---|---|---|---|---|---|
| $ 11,059 | $ 135 | $ - | $ 700 | $ 4,485 | $ 44,684 |
| - | - | 4,361 | - | 4,164 | 8,596 |
| 13,341 | - | - | - | - | 13,341 |
| - | - | - | - | - | - |
| 543 | 2 | 3 | 19 | - | 1,442 |
| 3 | - | - | - | - | 971 |
| 763 | - | - | - | - | 763 |
| - | - | - | - | - | 776 |
| - | - | - | 88 | - | 88 |
| - | - | - | - | 525 | 525 |
| - | - | - | - | - | 143 |
| - | - | - | - | - | 128 |
| - | - | - | - | - | 101 |
| - | - | - | - | - | 20 |
| - | - | - | - | - | - |
| 14,650 | 2 | 4,364 | 107 | 4,689 | 26,894 |
| 2,089 | 110 | - | - | 2,757 | 11,428 |
| 813 | - | - | - | - | 819 |
| - | - | - | 416 | - | 2,289 |
| 5,737 | - | - | - | - | 5,737 |
| - | - | - | - | 1,510 | 1,518 |
| - | - | - | - | - | 1,161 |
| 817 | - | - | - | - | 817 |
| 46 | - | - | 2 | - | 119 |
| - | - | - | - | 163 | 163 |
| 101 | - | - | - | - | 101 |
| - | - | - | - | - | 79 |
| - | - | - | - | - | 21 |
| - | - | - | - | - | 7 |
| - | - | - | - | - | 5 |
| - | - | - | - | - | 3 |
| - | - | - | - | - | 2 |
| - | - | - | - | - | - |
| 9,603 | 110 | - | 418 | 4,430 | 24,269 |
| $ 16,106 | $ 27 | $ 4,364 | $ 389 | $ 4,744 | $ 47,309 |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Sub-Total Brought Forward | Heritage Investment Reserve | Housing Rehabilitation Reserve | Economic Development Reserve |
|---|---|---|---|---|
| Balance, beginning of year | **$ 44,684** | **$ 8,408** | **$ 1,177** | **$ 3,620** |
| Add: | | | | |
| Transfer from General Revenue Fund | **8,596** | **-** | **1,000** | **-** |
| Land sales | **13,341** | **-** | **-** | **-** |
| Municipal realty tax | **-** | **1,011** | **-** | **133** |
| Interest earned | **1,442** | **238** | **44** | **113** |
| Other | **971** | **35** | **-** | **-** |
| Transfer from General Capital Fund | **763** | **-** | **-** | **364** |
| Cash payments-in-lieu of land dedication | **776** | **-** | **-** | **-** |
| Transfer from General Revenue Enterprises Fund | **88** | **605** | **-** | **-** |
| Transfer from Civic Accommodations Fund | **525** | **-** | **-** | **-** |
| Transfer from Transit System Fund | **143** | **-** | **-** | **-** |
| Transfer from Sewage Disposal System Fund | **128** | **-** | **-** | **-** |
| Transfer from Land Operating Reserve | **101** | **-** | **-** | **-** |
| Transfer from Solid Waste Disposal Fund | **20** | **-** | **-** | **-** |
| Transfer from Winnipeg Parking Authority - SOA | **-** | **-** | **-** | **-** |
| | **26,894** | **1,889** | **1,044** | **610** |
| Deduct: | | | | |
| Other | **11,428** | **1,584** | **22** | **-** |
| Grants | **819** | **15** | **1,045** | **30** |
| Transfer to General Revenue Fund | **2,289** | **-** | **-** | **-** |
| Cost of sales | **5,737** | **-** | **-** | **-** |
| Transfer to General Capital Fund | **1,518** | **-** | **-** | **-** |
| Park land and improvements | **1,161** | **-** | **-** | **-** |
| Transfer to General Revenue Enterprises Fund | **817** | **20** | **-** | **-** |
| Transfer to General Revenue Fund - investment management fee | **119** | **24** | **4** | **11** |
| Transfer to Mill Rate Stabilization Reserve | **163** | **-** | **-** | **-** |
| Transfer to Contributions in Lieu of Land Dedication Reserve | **101** | **-** | **-** | **-** |
| Transfer to Building Services Fund | **79** | **-** | **-** | **-** |
| Transfer to Waterworks System Fund | **21** | **-** | **-** | **-** |
| Transfer to Winnipeg Parking Authority - SOA | **7** | **-** | **-** | **-** |
| Transfer to Golf Services - SOA | **5** | **-** | **-** | **-** |
| Transfer to Fleet Management - SOA | **3** | **-** | **-** | **-** |
| Transfer to Animal Services - SOA | **2** | **-** | **-** | **-** |
| Transfer to Sewage Disposal System Fund | **-** | **-** | **-** | **-** |
| | **24,269** | **1,643** | **1,071** | **41** |
| Balance, end of year | **$ 47,309** | **$ 8,654** | **$ 1,150** | **$ 4,189** |

*See accompanying notes to the financial statements*

| Assiniboine Park Enterprise Reserve | General Purpose Reserve | Multiple-Family Dwelling Reserve | Insect Control Reserve | Permit Reserve | Totals 2008 | Totals 2007 |
|---|---|---|---|---|---|---|
| **$ 631** | **$ 11,367** | **$ 813** | **$ 1,862** | **$ 2,358** | **$ 74,920** | $ 74,679 |
| **-** | **2,560** | **-** | **2** | **1,405** | **13,563** | 8,447 |
| **-** | **-** | **-** | **-** | **-** | **13,341** | 10,945 |
| **-** | **-** | **1,192** | **-** | **-** | **2,336** | 1,540 |
| **19** | **236** | **21** | **56** | **71** | **2,240** | 3,128 |
| **335** | **-** | **-** | **-** | **-** | **1,341** | 209 |
| **-** | **-** | **-** | **-** | **-** | **1,127** | 1,040 |
| **-** | **-** | **-** | **-** | **-** | **776** | 596 |
| **-** | **-** | **-** | **-** | **-** | **693** | 46 |
| **-** | **-** | **-** | **-** | **-** | **525** | 1,561 |
| **-** | **2** | **-** | **-** | **-** | **145** | 129 |
| **-** | **-** | **-** | **-** | **-** | **128** | - |
| **-** | **-** | **-** | **-** | **-** | **101** | - |
| **-** | **-** | **-** | **-** | **-** | **20** | 19 |
| **-** | **-** | **-** | **-** | **-** | **-** | 48 |
| **354** | **2,798** | **1,213** | **58** | **1,476** | **36,336** | 27,708 |
| **-** | **-** | **-** | **-** | **-** | **13,034** | 7,373 |
| **-** | **4,900** | **181** | **-** | **-** | **6,990** | 2,672 |
| **175** | **-** | **-** | **1,200** | **2,358** | **6,022** | 3,929 |
| **269** | **-** | **-** | **-** | **-** | **6,006** | 6,767 |
| **-** | **1,535** | **-** | **-** | **-** | **3,053** | 2,666 |
| **-** | **-** | **-** | **-** | **-** | **1,161** | 712 |
| **-** | **-** | **-** | **-** | **-** | **837** | 571 |
| **2** | **23** | **2** | **6** | **7** | **198** | 225 |
| **-** | **-** | **-** | **-** | **-** | **163** | 572 |
| **-** | **-** | **-** | **-** | **-** | **101** | - |
| **-** | **-** | **-** | **-** | **-** | **79** | 777 |
| **-** | **-** | **-** | **-** | **-** | **21** | 124 |
| **-** | **-** | **-** | **-** | **-** | **7** | 3 |
| **-** | **-** | **-** | **-** | **-** | **5** | 3 |
| **-** | **-** | **-** | **-** | **-** | **3** | 44 |
| **-** | **-** | **-** | **-** | **-** | **2** | 1 |
| **-** | **-** | **-** | **-** | **-** | **-** | 1,028 |
| **446** | **6,458** | **183** | **1,206** | **2,365** | **37,682** | 27,467 |
| **$ 539** | **$ 7,707** | **$ 1,843** | **$ 714** | **$ 1,469** | **$ 73,574** | $ 74,920 |

# THE CITY OF WINNIPEG
# SPECIAL PURPOSE RESERVES

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The Special Purpose Reserves follow the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Special Purpose Reserves Fund include the following:

Workers Compensation Reserve Fund
Perpetual Maintenance Reserve Funds
- Brookside Cemetery
- St. Vital Cemetery
- Transcona Cemetery

Insurance Reserve Fund
Contributions in Lieu of Land Dedication Reserve Fund
Land Operating Reserve Fund
Recreation Programming Reserve Fund
Snow Clearing Reserve Fund
Idea Bank Reserve Fund
Commitment Reserve Fund
Heritage Investment Reserve Fund
Housing Rehabilitation Investment Reserve Fund
Economic Development Investment Reserve Fund
Assiniboine Park Enterprise Reserve Fund
General Purpose Reserve Fund
Multi-Family Dwelling Tax Investment Reserve Fund
Insect Control Urgent Expenditures Reserve Fund
Permit Reserve Fund

**b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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) 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.

**d) Investment in bonds**

Bonds are carried at cost plus accumulated amortization. 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.

**e) Bond residues and coupons**

Bond residues and coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

## *2. Status of the Special Purpose Reserves*

### Workers Compensation Reserve Fund

Under the terms of By-law No. 9802 of the former City of Winnipeg, provision was made for the establishment of a Workers Compensation Reserve Fund. On January 1, 1972, as a result of the amalgamation of the City of Winnipeg with former area municipalities, The Workers Compensation Reserve Fund was established in accordance with Section 338 of the former City of Winnipeg Act.

The City of Winnipeg ("the City") administers its workers compensation program on a self insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. Departments are charged an array of actual costs as well as surcharges related to financing fatality pensions and upgrades of benefits. The net result is that costs and surcharges are transferred to/from the Workers Compensation Reserve Fund. The Workers Compensation Reserve Fund serves to counteract any budgetary fluctuation from year to year that would result from a work related incident of major proportions.

The Corporate Controller is the Fund Manager.

### Perpetual Maintenance Funds (Brookside, St. Vital and Transcona Cemeteries)

Under the terms of By-law No. 14725 of the former City of Winnipeg, passed on April 8, 1935, created a fund for the perpetual care and maintenance of Brookside Cemetery. Later on By-law No. 1996/78, also created funds for the perpetual care and maintenance of St. Vital and Transcona Cemeteries.

Section 29 of By-law No. 5720/91 amending and restating By-law 1996/78, relating to Cemeteries, sets forth the purpose and use of the Perpetual Maintenance Funds.

These funds are for the purpose of creating, building up, and maintaining a perpetual maintenance fund for the care and maintenance of Brookside, St. Vital, and Transcona Cemeteries. There shall be paid to the Sinking Fund Trustees of The City of Winnipeg, during specified years and not later than the first day of June of each of the years, a sum equal to twenty-five per centum of the proceeds of the sale of plots and graves in cemeteries sold during the preceding year. The monies shall be so paid over to the Trustees for investment and administration and shall be treated in the same manner as interest and sinking fund charges. Commencing the first day of January 1991, and upon each and every first day of January thereafter the Trustees shall pay out fifty per centum of the yearly earnings of the fund for the previous year to the City. The yearly earnings shall be applied to offset the cost of the care and maintenance of the Cemeteries.

The Sinking Fund Trustees were also empowered to accept deposits in respect of perpetual maintenance of individual cemetery plots.

On January 1, 2003, The City of Winnipeg Act was replaced with new legislation entitled The City of Winnipeg Charter. Under this new legislation the investment and administration of the funds has been transferred to the administration of the City.

The Director of Planning, Property and Development is the Funds Manager.

### Insurance Reserve Fund

In 1960, the Insurance Reserve Fund was established. The reserve was to be used for the purpose of replacing or repairing City properties and/or contents that had been damaged by fire or any other cause. In 1973, the use of the Insurance Reserve Fund also included the purpose of paying for any other losses that the City might incur in any part of its self-insurance program. Such uses would include third party liability claims, or property damage claims, including motor vehicles.

The Corporate Controller is the Fund Manager.

## *2. Status of the Special Purpose Reserves (continued)*

### Contributions in Lieu of Land Dedication Reserve Fund

City Council, on January 10, 1973, adopted a policy that cash payments received by the City in lieu of land dedications for open space be deposited in a fund to the credit of each community. On January 17, 1979, City Council amended the policy to also permit cash payments received from the sale of surplus Parks and Recreation lands to be deposited to the credit of each community. Disbursements from this Reserve are limited to costs of acquiring or improving lands for parks, recreational facilities or open space within that community. The Director of the Planning, Property and Development Department is the Fund Manager.

### Land Operating Reserve Fund

City Council, on May 16, 1973, authorized the establishment of a Land Operating Reserve Fund to reduce the need for the issuance and sale of debentures in connection with the acquisition cost of properties for resale. This Reserve is maintained by proceeds from the sale of City owned properties and interest earned. Disbursements are limited to the acquisition cost of properties for resale, and any other expenses related to the acquisition, sale and improvement of disposable City properties.

City Council, on July 19, 1999, adopted a policy that in order to sustain the business operations supported by the Reserve, equity be allowed to accumulate within the Reserve sufficient to eliminate the inter-fund debt owing to the General Revenue Fund created in past years. Any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund and meeting the annual budgeted transfer to the General Revenue Fund is to be transferred to the Commitment Reserve Fund.

The Director of Planning, Property and Development is the Fund Manager.

### Recreation Programming Reserve Fund

City Council, on October 6, 1976, approved the creation of a Recreation Programming Reserve Fund for recreation programming at the community level. The Reserve was established from cumulative surpluses and deficits of former Parks and Recreation Boards and Commissions as at December 31, 1976, and is to be maintained by any unexpended or over expended balances as identified in the approved recreation programming portions of the 1976 and subsequent years operating budgets. City Council delegated authority over the expenditure of the funds to the respective Community Committees.

The Director of Community Services is the Fund Manager.

### Snow Clearing Reserve Fund

On March 22, 1995, City Council approved the establishment of the Snow Clearing Reserve Fund. The purpose of the fund is to absorb unexpected snowfall costs in years where the City experiences above average snowfall levels. Contributions to the Reserve would be the surplus from the annual operating snow clearing budget. Charges in any one year should be limited to the lesser of 20% of the Reserve balance, or to the amount of snow clearing expenses in excess of 120% of the cost of a normal year's snowfall. However, no charges to the Reserve should be made until the Reserve has reached a level of $5.0 million, and the Reserve balance should never exceed $10.9 million.

On December 15, 2004, City Council further approved, that at their discretion, they may transfer from the Reserve a greater amount than or other than as stipulated by the Reserve.

The Director of Public Works is the Fund Manager.

## *2. Status of the Special Purpose Reserves (continued)*

### Idea Bank Reserve Fund

City Council, on April 30, 1997, authorized the establishment of the Idea Bank Reserve Fund to provide financing for innovative ideas presented outside of the normal budget process. The Idea Bank Reserve Fund is set up as a revolving fund which is self-sustaining. City Council, on November 17, 1999, approved an amendment to the Idea Bank Reserve Fund whereby the purpose of the Reserve has been expanded to provide funding/financing support for Alternative Service Delivery (ASD) initiatives.

The Corporate Controller is the Fund Manager.

### Commitment Reserve Fund

On March 12, 1998, City Council approved the establishment of the Commitment Reserve Fund. The purpose of the Reserve is to allow departments to carry forward committed budget dollars to the succeeding year thereby eliminating the need to re-budget. Contributions to the Reserve must be spent in the year following the transfer. However, contributions can be retained in the Reserve beyond the following year only if approved by the Fund Manager, otherwise the unspent amount must be transferred to the Mill Rate Stabilization Reserve Fund.

On July 19, 1999, City Council further approved that at year-end, on an annual basis, any surplus funds greater than the amount required for the purposes of the Land Operating Reserve Fund be transferred to the Commitment Reserve Fund, which can than only be spent on one-time or capital costs in the following year. As with other contributions to this Reserve, the funds must be spent in the year following the transfer, otherwise the unspent amount may be transferred to the Mill Rate Stabilization Reserve Fund.

The Chief Financial Officer is the Fund Manager.

### Heritage Investment Reserve Fund

The Heritage Investment Reserve Fund was created by City Council on June 21, 2000. It funds all City and City-sponsored heritage programs and acts as a revolving fund so that future funding of heritage programs can be sustained and thereby reduces the need to obtain additional funding. An important source of on going funding for the Reserve will be incremental tax revenues that will flow from projects in which the Reserve has invested.

The Director of Planning, Property and Development is the Fund Manager.

### Housing Rehabilitation Investment Reserve Fund

The Housing Rehabilitation Investment Reserve Fund was created by City Council on June 21, 2000. It funds City housing programs not provided for in operating budgets. It is intended that this Reserve act as a revolving fund so that incremental tax revenues resulting from housing programs in which the Reserve has invested would be returned to the Reserve to finance future projects.

The Director of Planning, Property and Development is the Fund Manager.

## *2. Status of the Special Purpose Reserves (continued)*

**Economic Development Investment Reserve Fund**

The Economic Development Investment Reserve Fund was created by City Council on June 21, 2000. It is intended to fund City economic development incentive and investment projects. Unlike the other investment reserves, this Reserve invests directly in particular projects rather than be a funding mechanism for programs. The incremental portion of realty and business taxes generated by projects in which the fund has invested will be returned to the Reserve until the original investment has been repaid.

The Director of Planning, Property and Development is the Fund Manager.

**Assiniboine Park Enterprise Reserve Fund**

City Council, on September 15, 1982, approved the establishment of the Zoo Animals Reserve Fund for the purpose of funding the replacement of animal losses and the improvement of breeding stock at the Assiniboine Park Zoo ("the Zoo"). The Zoo Animals Reserve Fund was maintained by revenue from the sale of surplus animals and interest earned. Expenditures were limited to the acquisition costs of zoo animals and any costs directly related to the acquisition, as well as the planning, improving or building of new individual animal enclosures.

The Zoo Purposes Reserve Fund was created by City Council on December 14, 1983, to retain certain revenues received by the Zoo to be used to augment the operating and capital budgets of the Zoo. Such revenues included donation box receipts, coin operated feed dispensers, animal adoption program, concessions and other promotions as well as a portion of Zoological Society single pass memberships.

City Council, on May 23, 2001, approved that the Zoo Animals Reserve and Zoo Purposes Reserve Funds be combined. In addition, the combined Reserve be expanded to include a new purpose, which is to enhance the maintenance, operation, planning and minor infrastructure for Assiniboine Park. This would include additional revenues from the net profit of new initiatives, services and products arising from the operation and programming of Assiniboine Park as a business unit as well as revenue sharing from the existing agreement with the Pavilion Gallery Museum Inc.. City Council also approved that the new combined reserve be renamed the Assiniboine Park Enterprise Reserve Fund.

Due to restructuring, City Council also approved the Concession Equipment Reserve Fund balances accumulated for golf courses and Assiniboine Park be transferred to the Golf Course Reserve and the Assiniboine Park Enterprises Reserve Funds respectively.

The Director of Community Services is the Fund Manager.

**General Purpose Reserve Fund**

On March 15, 2000, City Council approved the establishment of the Pension Surplus Reserve Fund. The Reserve was funded by the retroactive refund of pension contributions for 1998 and 1999. City Council also approved that the purpose of the Reserve and further details including the use of these funds be subsequently determined by City Council.

On March 15, 2000, City Council approved the establishment of the Pension Stabilization Reserve Fund. The Reserve was funded by ongoing savings from the partial pension contribution holiday that were not used for operations. The purpose of the Reserve was to support general operating expenditures thereby reducing the amount of revenue to be raised through property taxation, in order to share the benefits of the surplus with the citizens of Winnipeg. The use of funds from the Reserve was contingent upon approval by City Council.

## *2. Status of the Special Purpose Reserves (continued)*

**General Purpose Reserve Fund (continued)**

On May 23, 2001, City Council approved that the Pension Stabilization Reserve and Pension Surplus Reserve Funds be combined and renamed the General Purpose Reserve Fund.

The City Treasurer is the Fund Manager.

**Multiple-Family Dwelling Tax Investment Reserve Fund**

On May 22, 2002, City Council approved the establishment of the Multiple-Family Dwelling Tax Investment Reserve Fund. The Reserve is designed to act as a bank that accumulates incremental taxes generated by approved multi-family dwelling construction/rehabilitation projects. When the incremental taxes for each project accumulates to the pre-approved amount, the balance is paid back to the applicant developer as a "Tax Incentive Grant".

**Insect Control Urgent Expenditures Reserve Fund**

On March 23, 2005, City Council approved the establishment of the Insect Control Urgent Expenditures Reserve Fund. The purpose of the fund is to absorb unexpected costs for mosquito control in years where the City of Winnipeg experiences above average response levels. The Reserve is funded annually by $0.6 million (2008 transfer was eliminated for the year) and the amount of the unexpended insect control budget included in the General Revenue Fund. The Reserve balance should never exceed $3.0 million and the Chief Administrative Officer has the authority to over-expend to a maximum of $3.0 million in the event of insufficient funds.

The Director of Community Services is the Fund Manager.

**Permit Reserve Fund**

On March 20, 2007, City Council approved the establishment of the Permit Reserve Fund. The purpose of the fund is to mitigate revenue shortfalls and fund temporary staffing needs during busy periods through economic boom/bust cycles. The Reserve is also meant to provide a source of funds for service and system improvements. The source of funds for the Reserve are the excess of permit revenue in the General Revenue Fund compared to budget in any given year. That balance in the Reserve is capped at $3.0 million and any surplus funds over and above the cap are to be transferred to the General Revenue Fund.

The Director of Planning, Property and Development is the Fund Manager.

## *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

## *4. Call Loans - General Revenue Fund*

Call loans represent short-term investments with The City of Winnipeg - General Revenue Fund which are callable by the Fund upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

## *5. Investments*

| | 2008 | 2007 |
|---|---|---|
| Marketable securities | | |
| Government of Canada bonds | **$ 900** | $ 9,893 |
| Provincial bonds | **5,160** | 6,075 |
| Municipal bonds | **8,561** | 1,850 |
| | **14,621** | 17,818 |
| Transcona Joint Venture | **3,251** | 2,288 |
| | **$ 17,872** | $ 20,106 |

*Transcona Joint Venture:*
The Transcona Joint Venture ("Joint Venture") was formed on January 25, 2005, between The City of Winnipeg and Genstar Development Partnership to develop and sell certain land owned by participants in the community of Transcona. Each participant has a 50% interest in the Joint Venture. The City's proportionate interest in the financial accounts of the Joint Venture as at December 31, 2008 was as follows:

| | 2008 | 2007 |
|---|---|---|
| Assets | **$ 4,500** | $ 3,567 |
| Liabilities | **1,249** | 1,279 |
| Revenues | **4,674** | 3,091 |
| Expenses | **2,411** | 2,217 |
| Cash flow provided by (used in): | | |
| Operating activities | **(4)** | (1,842) |
| Financing activities | **(1,300)** | 500 |

The aggregate market value of marketable securities at December 31, 2008 was $14,602 thousand (2007 - $18,943 thousand).

## *6. Contributed Surplus*

On April 27, 1994, City Council, retroactive to December 31, 1993, approved by way of a capital reorganization the transfer of $17.3 million from the Land Operating Reserve Fund to the General Revenue Fund to fund the accrued liability for assessment appeal refunds and interest.

# THE CITY OF WINNIPEG
# EQUITY IN CAPITAL ASSETS FUND

City Council, on May 2, 1973, adopted a recommendation to consolidate the assets and liabilities of various reserves of the former municipalities into the General Reserve Fund. By-law No. 442/73 was subsequently adopted repealing the By-laws of the municipalities that established the former reserves. The consolidated net assets at inception totalled $6.2 million. On May 23, 2001, City Council further approved the name of the Fund be changed to the Equity in Capital Assets Fund.

Interest earnings on capital financing have contributed to the growth of the Fund to $457.6 million as at December 31, 2008 (2007 - $426.0 million).

The Fund has been used since it was created for the financing of capital construction, primarily by the General Capital Fund, but also by other reserves and utilities. This source of financing allows greater flexibility than is available through debenture debt financing. In 2008, $45.6 million (2007 - $45.9 million) of new capital works were financed through the Fund at terms ranging from five to twenty years.

## FIVE-YEAR REVIEW

*December 31*
*("$" amounts in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Total Assets | **$ 457,591** | $ 426,000 | $ 395,763 | $ 365,166 | $ 335,267 |
| Capital Construction Financed | **$ 45,557** | $ 45,864 | $ 57,914 | $ 69,822 | $ 45,248 |
| Interest Earned | **$ 31,661** | $ 30,276 | $ 30,628 | $ 29,962 | $ 29,359 |
| Principal Retirals | **$ 27,388** | $ 26,102 | $ 24,764 | $ 23,563 | $ 25,791 |

# THE CITY OF WINNIPEG
# EQUITY IN CAPITAL ASSETS FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Due from General Revenue Fund (Note 3) | **$ 36,808** | $ 23,190 |
| Current portion of long-term investments (Note 4) | **26,614** | 27,584 |
| | **63,422** | 50,774 |
| Long-term investments (Note 4) | **394,169** | 375,226 |
| | **$ 457,591** | $ 426,000 |
| ***EQUITY*** | | |
| Allocated | **$ 417,674** | $ 399,506 |
| Unallocated | **39,917** | 26,494 |
| | **$ 457,591** | $ 426,000 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# EQUITY IN CAPITAL ASSETS FUND

## STATEMENT OF CHANGES IN EQUITY

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 426,000** | $ 395,763 |
| Add: | | |
| Interest | | |
| General Capital Fund | **27,937** | 26,514 |
| General Revenue Fund - allocation of debt charges | **1,935** | 2,059 |
| Transit System | **818** | 869 |
| General Revenue Fund (Note 3) | **702** | 552 |
| Civic Accommodations Fund | **209** | 221 |
| Other | **55** | 55 |
| Sewage Disposal System | **5** | 5 |
| Waterworks System | **-** | 1 |
| | **31,661** | 30,276 |
| Deduct: | | |
| Transfer to General Revenue Fund - investment management fee | **70** | 39 |
| Balance, end of year | **$ 457,591** | $ 426,000 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# EQUITY IN CAPITAL ASSETS FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The Equity in Capital Assets Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**b) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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) Long-term investments**

Long-term investments are valued at cost.

### *2. Status of the Equity in Capital Assets Fund*

City Council on May 2, 1973, authorized the establishment of a General Reserve Fund for the purpose of financing various capital construction. Various by-laws of the former area municipalities establishing general reserves were repealed and the assets of these former reserve funds were transferred to the General Reserve Fund. Interest charges on capital financing contribute to the growth of the Fund. The General Reserve Fund was renamed the Equity in Capital Assets Fund in 2001. The City Treasurer is the Fund Manager.

### *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### *4. Long-term Investments*

At varying maturities up to the year 2028 and with a weighted average interest rate for the year 2008 of 7.01% (2007 - 7.13%) due from the following:

| | **2008** | 2007 |
|---|---|---|
| General Capital | **$ 401,750** | $ 387,388 |
| Transit System | **15,860** | 12,040 |
| Civic Accommodations Fund | **3,108** | 3,304 |
| Sewage Disposal System | **65** | 71 |
| Waterworks System | **-** | 7 |
| | **420,783** | 402,810 |
| Current portion of long-term investments: | | |
| General Capital | **(25,472)** | (26,503) |
| Transit System | **(926)** | (872) |
| Civic Accommodations Fund | **(209)** | (196) |
| Sewage Disposal System | **(7)** | (6) |
| Waterworks System | **-** | (7) |
| | **(26,614)** | (27,584) |
| | **$ 394,169** | $ 375,226 |


THE EXCHANGE
BANNATYNE
AVENUE

# THE CITY OF WINNIPEG
# TRUST FUNDS

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(unaudited)*

| | St. Boniface Museum Board Trust | Library Trust | Portage and Main Concourse Trust | Winnipeg Evergreen Committee Trust | 2008 Totals | 2007 Totals |
|---|---|---|---|---|---|---|
| ***ASSETS*** | | | | | | |
| Current | | | | | | |
| Due from General Revenue Fund (Note 3) | **$ 127,148** | **$ 458,212** | **$ 1,603** | **$ 4,315** | **$ 591,278** | $ 252,616 |
| ***EQUITY*** | | | | | | |
| Unallocated | **$ 127,148** | **$ 458,212** | **$ 1,603** | **$ 4,315** | **$ 591,278** | $ 252,616 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# TRUST FUNDS

## STATEMENT OF CHANGES IN TRUST ACCOUNTS

*For the years ended December 31*
*(unaudited)*

| | St. Boniface Museum Board Trust | Library Trust | Portage and Main Concourse Trust | Winnipeg Evergreen Committee Trust | 2008 Totals | 2007 Totals |
|---|---|---|---|---|---|---|
| Opening balance | **$ 103,054** | **$ 105,879** | **$ 39,495** | **$ 4,188** | **$ 252,616** | $ 222,836 |
| Add: | | | | | | |
| Contributions | **169,675** | **421,017** | **-** | **-** | **590,692** | 171,162 |
| Interest earned | **3,531** | **6,122** | **1,141** | **127** | **10,921** | 10,526 |
| | **173,206** | **427,139** | **1,141** | **127** | **601,613** | 181,688 |
| Deduct: | | | | | | |
| Disbursements | **149,112** | **74,806** | **39,033** | **-** | **262,951** | 151,908 |
| Closing balance | **$ 127,148** | **$ 458,212** | **$ 1,603** | **$ 4,315** | **$ 591,278** | $ 252,616 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# TRUST FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The City of Winnipeg follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**b) Basis of accounting**

These financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods and/or the creation of a legal obligation to pay.

### *2. Status of The City of Winnipeg Trust Funds*

**St. Boniface Museum Board Trust**

This trust is maintained by grants from Federal and Provincial Governments, third parties and Foundations specifically designated for the Museum's capital and other operating projects. The Museum Administrator is the Trust Manager.

**Library Trust**

This trust is maintained by donations from private citizens and organizations in support of various library services. The Manager of Library Services is the Trust Manager.

**Portage and Main Concourse Trust**

This trust is maintained by a square foot levy applied to Concourse leased areas for the purpose of promoting or improving the concourse. The Director of Planning, Property and Development is the Trust Manager.

**Winnipeg Evergreen Committee Trust**

This trust is maintained by donations from private citizens and organizations to assist in the planting of coniferous evergreens by businesses and homeowners. The Director of Public Works is the Fund Manager.

### *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, these funds do not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

# THE CITY OF WINNIPEG
# EQUIPMENT AND MATERIAL SERVICES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Due from General Revenue Fund (Note 2) | **$ 10,255** | $ 9,971 |
| Loan receivable (Note 3) | **-** | 1,148 |
| | **10,255** | 11,119 |
| Investment (Note 3) | **1,148** | - |
| | **$ 11,403** | $ 11,119 |
| ***RETAINED EARNINGS*** | **$ 11,403** | $ 11,119 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# EQUIPMENT AND MATERIAL SERVICES

## STATEMENT OF INCOME AND RETAINED EARNINGS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Interest | **$ 284** | $ - |
| Gain on sale of Glacial Sand and Gravel - Special Operating Agency Pine Ridge gravel pit operations | **-** | 184 |
| Net income for the year | **284** | 184 |
| ***RETAINED EARNINGS, BEGINNING OF YEAR*** | **11,119** | 1,001 |
| Transfer from Glacial Sand and Gravel - Special Operating Agency | **-** | 9,934 |
| ***RETAINED EARNINGS, END OF YEAR*** | **$ 11,403** | $ 11,119 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# EQUIPMENT AND MATERIAL SERVICES

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Summary of Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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.

### *2. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### *3. Investment/Loan Receivable*

| | **2008** | 2007 |
|---|---|---|
| Fleet Management - Special Operating Agency | **$ 1,148** | $ 1,148 |

On January 1, 2008, Fleet Management - Special Operating Agency converted their long-term debt of $1,148 thousand to contributed surplus.



# THE CITY OF WINNIPEG
# CIVIC ACCOMMODATIONS FUND

The year 2008 was the twelfth year of operation under the accounting structure of the Civic Accommodations Fund, formerly Civic Buildings. The following narrative provides the background into the creation of this fund.

In adopting the 1996 Current Estimates, City Council instructed the former Civic Buildings Department to review the feasibility of becoming a Self-Financing Utility Enterprise as described in the Innovative Options section. The former Board of Commissioners, in reviewing the Civic Buildings Department's 1997 Current Estimates, instructed the Department to do all things necessary to implement for the 1997 budget year a Charge-back System to distribute facility related costs to all civic departments.

During the investigations of a Charge-back System, better referred to as Full-Cost Accounting, it became evident that the system goes only as far as identifying the cost components of The City of Winnipeg's (the "City's") accommodation activities. To successfully introduce the cost recovery charge-back, the Civic Buildings Department set about examining a business plan which would accomplish the following goals:

- run the department's operations, as far as practical, on a financially self-sustaining basis and according to best business practices;
- to follow best private and public sector employment practices, and promote staff involvement wherever practicable in all aspects of the operations;
- to introduce contemporary technologies to the department's operations;
- to continuously strive to improve service quality and responsiveness; and
- to preserve and safeguard the City's assets.

Significant changes were required to accomplish these goals. During the course of 1997 a new fund was created along with the implementation of a number of accounting and budget changes. The major activities in bringing about this change can be outlined as follows:

- A new Civic Buildings Fund was created;
- A large portion of the Civic Buildings Department's adopted 1997/1998 budget was transferred from the General Revenue Fund to the new fund;
- Civic Departments were charged for facility costs during 1997 which included market rent, operating costs, and portfolio overheads;
- A small portion of the Civic Buildings Department's budget remained in the General Revenue Fund to provide for corporate space and space not readily assignable to an existing civic department;
- The new Civic Buildings Fund was charged general government charges, consistent with other similar funds, and was responsible for existing and new debt and finance charges related to civic accommodations;
- For the purposes of 1997 and 1998, actual charges assigned to departments equalled the budget for allocated accommodation costs; and
- When the Civic Buildings Department was disbanded in 1998, the name of the Civic Buildings Fund changed to the Civic Accommodations Fund.

Since then, the civic reorganization, stemming from the Cuff Report, has resulted in the responsibilities of the former Civic Buildings Department being delegated to the Planning, Property and Development and the Public Works Departments. It was determined, between the two departments, during the division of mandates that the Planning, Property and Development Department would serve as "surrogate owners" for those buildings which comprised the portfolio of the former Civic Buildings Department. As such, the Civic Accommodations Division of Planning, Property and Development has the primary accountability in maintaining the tenant-landlord relationship. They manage the Civic Accommodations Fund and are responsible for the full cost accounting of these same accommodation services resulting in full occupancy costs being charged to Departments. The Civic Accommodations Division is responsible for development

of accommodations for City Departments, including locations, space allocations, furniture selection, and office decorating. The Division assumes overall responsibility for the leasing of civic accommodations and for the programming, designing and project management of construction and renovation projects, the provision of design and consulting services to departments and the demolition of buildings authorized by the appropriate authority.

In 1998, the operations of the Building Services Division of the former Civic Buildings Department was transferred over to the Public Works Department. The result was that effective January 1, 1998, the activities of the Building Services Division were transferred from the Civic Accommodations Fund to the Building Services Fund. The Public Works Department served as an internal contractor to Civic Accommodations providing facility maintenance, security, environmental monitoring and cleaning services. The costs of these facility services are continually tracked and monitored in the Building Services Fund then transferred to the Civic Accommodations Fund such that the full cost of accommodations can be charged to client departments.

On June 20, 2007, City Council approved an amendment to the City Organization By-law No. 7100/97, such that the facilities maintenance and security function be moved from the Public Works Department to the Planning, Property and Development Department effective September 17, 2007.

An "Actual/Market" model is used to distribute accommodation costs to all departments. This model and methodology is essentially the same that City Council instructed the Administration to implement coincident with the adoption of the 1997 Current Estimates.

## FIVE-YEAR REVIEW

*As at December 31*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Number of facilities | **130** | 132 | 135 | 138 | 139 |
| Total area square footage | **2,457,460** | 2,455,140 | 2,491,466 | 2,441,923 | 2,443,334 |

# THE CITY OF WINNIPEG
# CIVIC ACCOMMODATIONS FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 21** | $ - |
| Due from General Revenue Fund (Note 3) | **69** | 63 |
| Accounts receivable | **42** | 113 |
| Prepaid expenses | **603** | 493 |
| | **735** | 669 |
| Tangible capital assets (Note 4) | **3,108** | 3,304 |
| | **$ 3,843** | $ 3,973 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 5) | **$ 735** | $ 669 |
| Current portion of long-term debt (Note 6) | **209** | 196 |
| | **944** | 865 |
| Long-term debt (Note 6) | **2,899** | 3,108 |
| | **$ 3,843** | $ 3,973 |

Commitments (Note 7)

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# CIVIC ACCOMMODATIONS FUND

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES*** | | | |
| Contributions from City of Winnipeg departments (Note 9b) | **$ 35,557** | **$ 35,529** | $ 32,457 |
| Other rental | **-** | **550** | 438 |
| Investment and other | **20** | **124** | 97 |
| Total Revenues | **35,577** | **36,203** | 32,992 |
| ***EXPENSES*** | | | |
| Civic accommodations | **12,783** | **11,413** | 11,102 |
| Transfer to Building Services Fund | **9,898** | **11,196** | 10,680 |
| Transfer to General Capital Fund | **8,855** | **9,529** | 7,330 |
| Transfer to General Revenue Fund | **4,041** | **4,065** | 3,880 |
| Total Expenses (Note 10) | **35,577** | **36,203** | 32,992 |
| Surplus for the year | **$ -** | **$ -** | $ - |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# CIVIC ACCOMMODATIONS FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of presentation**

The Civic Accommodations Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**b) Basis of accounting**

The financial statements are generally 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.

The accrual basis of accounting is modified in the following circumstances:

- expenses for accrued vacation costs, compensated absences, retirement allowance, workers compensation claims, and insurance claims are recorded when payment is incurred.

**c) Tangible capital assets**

Tangible capital assets are recorded at cost net of accumulated amortization in the General Capital Fund. Except for the purchase of the Mandarin Building which is funded by debt issued by the Equity in Capital Assets Fund. The asset and related outstanding debt obligation are recorded in the Civic Accommodations Fund and amortized based on debt repayments.

### *2. Status of the Civic Accommodations Fund*

The Civic Accommodations Division of the Planning, Property and Development department is responsible for providing accommodations for all civic purposes. In providing this service the department undertakes the development of accommodation space, maintains building assets, renovations and disposes of buildings through demolition or sale.

The fund was established in 1997 in order to have a user-pay self-supporting utility. An accommodation charge-back system was initiated as a step towards the full costing of services to other civic departments. Historically, the activities of the Civic Accommodations (Building Services) Fund were reported in the General Revenue Fund.

### *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### *4. Tangible Capital Assets*

| | **2008** | 2007 |
|---|---|---|
| Cost | **$ 4,864** | $ 4,864 |
| Accumulated amortization | **(1,756)** | (1,560) |
| | **$ 3,108** | $ 3,304 |

### *5. Accounts Payable and Accrued Liabilities*

| | **2008** | 2007 |
|---|---|---|
| Accrued interest on long-term debt | **$ 585** | $ 595 |
| Accounts payable and accrued liabilities | **134** | 59 |
| Holdbacks and other payables | **16** | 15 |
| | **$ 735** | $ 669 |

### *6. Long-Term Debt*

| | **2008** | 2007 |
|---|---|---|
| Debt issued by the Equity in Capital Assets Fund which matures in the year 2019 with an interest rate of 6.50% (2007 - 6.50%) | **$ 3,108** | $ 3,304 |
| Current portion of long-term debt | **(209)** | (196) |
| | **$ 2,899** | $ 3,108 |

### *7. Commitments*

**Lease commitments**

The Civic Accommodations Division has entered into a number of rental lease agreements mainly for the lease of accommodations for civic offices and the Division's office equipment. Future minimum lease payments are as follows:

| | |
|---|---|
| 2009 | $ 3,344 |
| 2010 | 2,176 |
| 2011 | 3,123 |
| 2012 | 3,130 |
| 2013 | 3,337 |
| Subsequent | 6,883 |
| | $ 21,993 |

## *8. Employee Benefits*

a) Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2008 at $330 thousand (2007 - $372 thousand).

b) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2008 is estimated at $20 thousand (2007 - $25 thousand).

c) Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2008 is estimated at $191 thousand (2007 - $242 thousand).

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2008 is estimated at $4 thousand (2007 - $nil).

e) Civic Accommodations employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pensions costs to various departments. During the year $114 thousand (2007 - $110 thousand) of pension costs were allocated to Civic Accommodations. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has disclosed an actuarial surplus.

## *9. Contributions and Appropriations from Related Parties*

a) Included in Civic Accommodations Fund expenses are:
- Rental payments in the amount of $3 thousand (2007 - $2 thousand) to Fleet Management - Special Operating Agency for the use of its vehicles;
- General government charges in the amount of $306 thousand (2007 - $306 thousand) to the General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to civic accommodations; and
- Interest payments of $209 thousand (2007 - $221 thousand) to the Equity in Capital Assets Fund on the purchase of the Mandarin Building.

b) The following funds were charged for facility costs:

| | **2008** | 2007 |
|---|---|---|
| General Revenue Fund | **$ 31,868** | $ 29,238 |
| Waterworks System | **1,065** | 932 |
| Sewage Disposal System | **1,065** | 932 |
| Building Services Fund | **317** | 317 |
| Fleet Management - Special Operating Agency | **215** | 179 |
| Transit System | **213** | 212 |
| Animal Services - Special Operating Agency | **209** | 169 |
| Civic Accommodations Fund | **172** | 172 |
| Solid Waste Disposal Fund | **161** | 167 |
| Winnipeg Parking Authority - Special Operating Agency | **114** | 113 |
| Waterworks - Capitalized | **86** | - |
| General Capital Fund - Capitalized | **27** | 9 |
| Golf Services - Special Operating Agency | **17** | 17 |
| | **$ 35,529** | $ 32,457 |

### *9. Contributions and Appropriations from Related Parties (continued)*

The charge for facility costs includes market rent, operating costs and portfolio overheads.

### *10. Expenses by Object*

| | **2008 Budget** | **2008 Actual** | 2007 Actual |
|---|---|---|---|
| Transfer to Building Services Fund | **$ 9,898** | **$ 11,196** | $ 10,680 |
| Transfer to General Capital Fund | **10,159** | **9,529** | 7,330 |
| Materials and supplies | **9,300** | **8,732** | 7,715 |
| Transfer to General Revenue Fund | **4,041** | **4,065** | 3,880 |
| Salaries and employee benefits | **2,037** | **1,991** | 1,886 |
| Transfer to Commitment Reserve | **-** | **525** | 1,561 |
| Civic Accommodations Fund - rental costs | **173** | **172** | 172 |
| Recoveries | **(31)** | **(7)** | (232) |
| | **$ 35,577** | **$ 36,203** | $ 32,992 |

### *11. Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Civic Accommodations Fund's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

### *12. Comparative Figures*

Certain comparative figures have been reclassified to conform with the current year's presentation.

# THE CITY OF WINNIPEG
# BUILDING SERVICES FUND

Prior to 1997, activities relating to the Building Services Division of the former Civic Buildings Department and the former Parks and Recreation Department were recorded in the General Revenue Fund. In 1997, these activities were reported in the Civic Accommodation Fund and in 1998 they were reported in the Building Services Fund. The Building Services Fund is self-funded and develops, operates, maintains, protects and preserves the City's physical building infrastructure/assets to provide for current and future facility needs within available funding. This includes over 597 owned and leased buildings with an area of approximately 5.4 million square feet, as well as other structures and fixtures.

The buildings receiving services include Community Services Department's recreation buildings, which are pools, arenas, recreation, community centres; Public Works Department's parks and open spaces buildings, civic accommodations, golf, cemeteries and Winnipeg Parking Authority - Special Operating Agency facilities.

The estimated replacement value of City-owned buildings receiving facilities maintenance services is $1.2 billion.

# THE CITY OF WINNIPEG
# BUILDING SERVICES FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Due from General Revenue Fund (Note 3) | **$ 627** | $ 639 |
| Accounts receivable | **84** | 56 |
| Prepaid expenses | **4** | 6 |
| | **$ 715** | $ 701 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 4) | **$ 714** | $ 535 |
| Deferred revenue | **1** | 166 |
| | **$ 715** | $ 701 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# BUILDING SERVICES FUND

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES*** | | | |
| Contributions from City of Winnipeg departments (Note 6b) | **$ 33,998** | **$ 36,148** | $ 29,425 |
| Investment and other | **315** | **331** | 283 |
| Total Revenues | **34,313** | **36,479** | 29,708 |
| ***EXPENSES*** *(Note 7)* | | | |
| Building services | **34,313** | **36,479** | 29,708 |
| Surplus for the year | **$ -** | **$ -** | $ - |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# BUILDING SERVICES FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below:

**a) Basis of presentation**

The Building Services Fund follows the fund basis of reporting. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**b) Basis of accounting**

The financial statements are generally prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are 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.

The accrual basis of accounting is modified in the following circumstances:

- expenses for accrued vacation costs, compensated absences, retirement allowance, workers compensation claims, and insurance claims are recorded when payment is incurred.

**c) Deferred revenue**

Certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year in which the related expenses are incurred or services performed.

**d) Debt and finance charges**

Building Services' tangible capital assets financed by debt are recorded along with the outstanding debt obligation in the General Capital Fund. Interest and payments on debt are funded by the Building Services Fund and the interest expense is reported in the General Capital Fund.

### *2. Status of the Building Services Fund*

On June 20, 2007, City Council approved an amendment to the City Organization By-law No. 7100/97 such that the facilities maintenance and security function be moved from the Public Works Department to the Planning, Property and Development Department effective September 17, 2007.

The Building Services Division of the Planning, Property and Development Department is responsible for providing asset management and facility maintenance services for civic purposes.

### *2. Status of the Building Services Fund (continued)*

The Building Services Fund was established in 1998 as a user-pay self-supporting fund. The Public Works Department implemented an accommodation charge back system as an initial step towards the full costing of services to other civic departments. Prior to 1998, the activities of the Building Services Division were reported in the Civic Accommodations Fund.

### *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### *4. Accounts Payable and Accrued Liabilities*

| | **2008** | 2007 |
|---|---|---|
| Wages and employee benefits | **$ 532** | $ 449 |
| Performance deposits | **180** | 86 |
| Accounts payable and accrued liabilities | **2** | - |
| | **$ 714** | $ 535 |

### *5. Employee Benefits*

a) Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The amount of this unrecorded liability is included in the notes to the financial statements of the General Revenue Fund.

b) Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability is included in the notes to the financial statements of the General Revenue Fund.

c) Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability is included in the notes to the financial statements of the General Revenue Fund.

d) The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability is included in the notes to the financial statements of the General Revenue Fund.

e) Building Services' employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pensions costs to various departments. During the year $732 thousand (2007 - $718 thousand) of pension costs were allocated to Building Services. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has disclosed an actuarial surplus.

## *6. Contributions and Appropriations from Related Parties*

a) Included in Building Services Fund's expenses are:
- Rental payments in the amount of $936 thousand (2007 - $814 thousand) to Fleet Management - Special Operating Agency for the use of its vehicles;
- General government charges transferred to the General Revenue Fund in the amount of $252 thousand (2007 - $252 thousand), which represents the estimated share of The City of Winnipeg's general expenses applicable to Building Services;
- Rental payments in the amount of $317 thousand (2007 - $317 thousand) which represent facility costs paid to the Civic Accommodations Fund for space occupied by Building Services staff;
- Transfer from the Insurance Reserve of $79 thousand (2007 - $261 thousand);
- Transfer to the Computer Replacement Reserve of $nil (2007 - $11 thousand); and
- Transfer to the General Revenue Fund of $333 thousand (2007 - $70 thousand).

b) The following funds transferred revenue to the Building Services Fund.

| | **2008** | 2007 |
|---|---|---|
| General Revenue Fund | **$ 24,947** | $ 18,224 |
| Civic Accommodations Fund | **11,196** | 10,680 |
| Fleet Management - Special Operating Agency | **5** | 5 |
| Commitment Reserve | **-** | 334 |
| Recreation Programming Reserve | **-** | 182 |
| | **$ 36,148** | $ 29,425 |

The transfers represent a charge for facility costs which include operating costs, maintenance costs and portfolio overheads.

## *7. Expenses by Object*

| | **2008 Budget** | **2008 Actual** | 2007 Actual |
|---|---|---|---|
| Services, materials and supplies | **$ 16,022** | **$ 18,586** | $ 18,163 |
| Salaries and employee benefits | **13,596** | **13,568** | 13,278 |
| Transfer to General Capital Fund | **-** | **5,998** | - |
| Other grants and transfers | **800** | **923** | 651 |
| Debt and finance charges | **6,024** | **26** | - |
| Recoveries | **(2,129)** | **(2,622)** | (2,384) |
| | **$ 34,313** | **$ 36,479** | $ 29,708 |

## *8. Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Building Services Fund's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.




# UTILITIES 2008 DETAILED FINANCIAL STATEMENTS

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

The City of Winnipeg Transit Department provides reliable, comfortable and accessible public transit service to the citizens of Winnipeg through the provision of three services - regular transit, Handi-transit, and chartered bus and special events transit service. The department's mission is to provide the best public transit service possible and to be the mode of choice for travel to the City's major activity centres.

Passenger revenue increased by almost $3.4 million from 2007, a 5.8% increase. Revenue passengers for 2008 numbered over 42.6 million, a 3.5% increase from 2007. This is the sixth consecutive annual increase and is the highest ridership since 1994.

Public transit systems across Canada are experiencing similar positive gains. There is a renewed interest in using public transit as a preferred urban transportation mode of choice. This is supported by both senior levels of government who are making public transit and the environment priorities.

The Province of Manitoba increased its operating funding of the public transit system. Through the Province's Building Manitoba Fund, an operating transfer of $25.1 million was provided to Winnipeg's transit system. This is $1.3 million more than the previous year. Due to the timing of bus deliveries the Province of Manitoba's capital grant commitment was $3.5 million, decreasing by $5.5 million from the previous year.

For purposes of funding capital investments, funds transferred to the Transit System included $6.1 million from the Public Transit Reserve plus $2.1 million from the Federal Gas Tax Reserve.

The appropriation from the General Revenue Fund increased by $4.7 million from the previous year, resulting in a net increase in revenues of $9.3 million. Operating expenses increased by over $5.7 million from the previous year. The majority of this increase was due to the impact of contractual agreements on salaries and wages and an increase in diesel fuel costs.

Handi-transit demand declined for a second straight year. The amount of service offered decreased by 7.1% over 2007, while costs exceeded the previous year by $0.3 million, due to increasing contractor costs and inflationary pressures.

Several achievements were realized during the year, including:

- During the 2007 Capital Budget process, The City of Winnipeg made the decision to change all future bus purchases to include air conditioning. The first order of 33 air conditioned buses arrived in 2008. An additional 63 air-conditioned buses are expected to be delivered in 2009.

- Completion of the second phase of the bus stop upgrade program including the installation of 70 new transit shelters (28 of which are heated), new signage and information kiosks, new benches, and sidewalk improvements.

- Completed phase one of the On-Street Transit Priority Program. The Program includes upgrades on Pembina Highway, St. Mary's Road, and St. Anne's Road. Improvements included signal timing improvements, road geometry improvements, transit queue jumps, transit signal priority lights, and transit-only lanes.

- Completed the replacement of 10 underground fuel and oil storage tanks with seven aboveground fuel and oil storage tanks. This replacement reduces the risk of fuel and oil releases into the environment and ensures that Transit remains in compliance with Provincial Environmental Regulations.

- Completed phase two of the On-Street Transit Priority Program. This program includes upgrades on Henderson Highway, Regent Avenue, and McPhillips Street. Improvements include signal timing improvements, road geometry improvements, transit queue jumps, transit signal priority lights, and diamond lanes.

- Began installation of radio replacement with automatic vehicle location and "on-board" next stop enunciators in transit buses. By the end of 2008, approximately one-third of the transit fleet had this equipment installed, with the remainder expected to be complete by the fall of 2009.

- In September 2008, Transit implemented a new TeleBus interactive voice response system for public telephone access to Transit schedules. The new system uses the most current technology including text-to-speech and automated-voice-recognition. Busy signals and customer wait times have virtually been eliminated by the new application. In conjunction with the advanced schedule adherence system being installed on all the buses, TeleBus now reports real time departure information based on actual locations of the vehicles equipped with this technology. As at December 31, 2008, approximately one-third of all buses were equipped with this technology providing real time departure information. The remainder of the Transit fleet is expected to be equipped with this technology by the fall of 2009.

- Began installation of on-board security cameras in all transit buses. Approximately 30% of the transit fleet was equipped with security cameras by the end of 2008, with the remainder of the fleet expected to be completed in 2009.

- On October 22, 2008, City Council approved funding for construction of the Southwest Rapid Transit Corridor - Stage One. This corridor will improve the speed and reliability of transit service by allowing transit vehicles to bypass traffic congestion. Construction is expected to begin in 2009 with completion by 2012 at an estimated cost of $138 million.

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

## FIVE-YEAR REVIEW

*As at December 31*
*("$" amounts in thousands of dollars, except for "Financial Statistics and Selected Ratios" section)*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 (restated) | 2004 |
|---|---|---|---|---|---|
| **Financial Position** | | | | | |
| Current assets | **$ 13,148** | $ 11,882 | $ 5,690 | $ 6,017 | $ 9,373 |
| Tangible capital assets | **$ 107,273** | $ 97,920 | $ 90,559 | $ 97,526 | $ 33,993 |
| Total assets | **$ 120,421** | $ 109,802 | $ 96,249 | $ 103,543 | $ 43,366 |
| Current liabilities | **$ 16,653** | $ 14,064 | $ 6,949 | $ 11,473 | $ 18,452 |
| Long-term debt | **$ 21,205** | $ 21,830 | $ 25,327 | $ 23,788 | $ 19,291 |
| **Operations** | | | | | |
| Passenger revenue | **$ 61,493** | $ 58,132 | $ 57,319 | $ 55,358 | $ 52,529 |
| - in relation to total revenue | **47.70%** | 48.59% | 48.34% | 48.40% | 48.94% |
| Appropriation from General Revenue Fund | **$ 38,414** | $ 33,743 | $ 34,479 | $ 35,217 | $ 32,854 |
| - in relation to total revenue | **29.80%** | 28.20% | 29.08% | 30.79% | 30.61% |
| Provincial operating transfers | **$ 25,130** | $ 23,795 | $ 22,895 | $ 19,355 | $ 16,854 |
| Operations expenses | **$ 53,647** | $ 51,681 | $ 50,206 | $ 48,425 | $ 45,045 |
| Plant and equipment expenses | **$ 38,339** | $ 34,793 | $ 34,106 | $ 33,770 | $ 29,806 |
| Total expenses | **$ 116,051** | $ 110,315 | $ 108,573 | $ 106,730 | $ 102,845 |
| **Cash Flows** | | | | | |
| Operating activities | **$ 16,705** | $ 11,446 | $ 5,571 | $ 13,708 | $ 6,363 |
| Long-term debt issued, net | **$ 3,271** | $ (2,171) | $ 3,890 | $ (858) | $ 1,333 |
| Payments to The Sinking Fund Trustees, net | **$ (650)** | $ (650) | $ (650) | $ (970) | $ (970) |
| Capital expenses | **$ (18,135)** | $ (15,560) | $ (1,267) | $ (12,833) | $ (17,050) |
| **Financial Statistics and Selected Ratios** | | | | | |
| Regular cash fare, end of year | **$ 2.25** | $ 2.00 | $ 2.00 | $ 1.85 | $ 1.80 |
| Handi-transit - | | | | | |
| Annual ridership (in thousands) | **544.9** | 586.7 | 590.9 | 572.8 | 545.6 |
| Total cost per passenger | **$ 16.23** | $ 14.59 | $ 15.33 | $ 14.80 | $ 14.96 |
| Revenue to cost ratio | **13%** | 13% | 12% | 12% | 11% |
| Regular transit - | | | | | |
| Annual ridership (in millions) | **42.6** | 41.2 | 40.2 | 40.0 | 38.6 |
| Bus hours operated (in thousands) | **1,382** | 1,375 | 1,369 | 1,365 | 1,360 |
| Direct operating cost per passenger | **$ 2.45** | $ 2.40 | $ 2.40 | $ 2.37 | $ 2.30 |
| Direct operating cost per vehicle hour | **$ 75.62** | $ 71.86 | $ 70.63 | $ 69.34 | $ 65.42 |
| Revenue to cost ratio | **59%** | 59% | 60% | 60% | 60% |
| Municipal operating cost per capita | **$ 54.65** | $ 46.69 | $ 47.48 | $ 45.90 | $ 43.48 |

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 145** | $ 291 |
| Accounts receivable (Note 3) | **8,618** | 7,522 |
| Inventory (Note 4) | **4,353** | 4,058 |
| Prepaid expenses | **32** | 11 |
| | **13,148** | 11,882 |
| Tangible capital assets (Note 5) | **107,273** | 97,920 |
| | **$ 120,421** | $ 109,802 |
| ***LIABILITIES*** | | |
| Current | | |
| Due to General Revenue Fund (Note 6) | **$ 7,579** | $ 8,441 |
| Accounts payable and accrued liabilities | **3,593** | 2,726 |
| Current portion of long-term debt (Note 7) | **5,481** | 2,897 |
| | **16,653** | 14,064 |
| Long-term debt (Note 7) | **21,205** | 21,830 |
| | **37,858** | 35,894 |
| ***ACCUMULATED SURPLUS*** | | |
| Retained earnings | **1,976** | 715 |
| Invested in tangible capital assets | **80,587** | 73,193 |
| | **82,563** | 73,908 |
| | **$ 120,421** | $ 109,802 |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES*** | | | |
| System generated (Note 8) | **$ 61,407** | **$ 63,510** | $ 60,130 |
| Appropriation from General Revenue Fund | **38,079** | **38,414** | 33,743 |
| Provincial Government transfers (Note 9) | **26,169** | **26,471** | 25,106 |
| Interest and other | **816** | **523** | 657 |
| Total revenues from operations | **126,471** | **128,918** | 119,636 |
| ***EXPENSES*** | | | |
| Operations (Note 10) | **52,502** | **53,647** | 51,681 |
| Plant and equipment (Note 11) | **36,410** | **38,339** | 34,793 |
| Handi-transit | **8,670** | **8,516** | 8,215 |
| Other departmental (Note 12) | **8,209** | **8,078** | 8,049 |
| Finance and administration | **2,918** | **2,692** | 2,671 |
| Planning and schedules | **2,257** | **1,984** | 991 |
| Information systems | **1,420** | **1,395** | 1,390 |
| Marketing and customer services | **1,063** | **896** | 2,030 |
| Human resources | **508** | **504** | 495 |
| Total expenses from operations (Note 13) | **113,957** | **116,051** | 110,315 |
| Surplus for the year from operations | **12,514** | **12,867** | 9,321 |
| Net (deficit) surplus from capital (Note 14) | **(12,514)** | **(4,212)** | 614 |
| ***NET SURPLUS FOR THE YEAR*** | **-** | **8,655** | 9,935 |
| ***ACCUMULATED SURPLUS, BEGINNING OF YEAR*** | **-** | **73,908** | 63,973 |
| ***ACCUMULATED SURPLUS, END OF YEAR*** | **$ -** | **$ 82,563** | $ 73,908 |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Net surplus for the year | **$ 8,655** | $ 9,935 |
| Non-cash items related to operations | | |
| Amortization | **8,756** | 8,157 |
| Gain on disposal of tangible capital assets | **(161)** | (25) |
| Working capital from operations | **17,250** | 18,067 |
| Net change in other working capital | **(545)** | (6,621) |
| | **16,705** | 11,446 |
| ***FINANCING*** | | |
| Non-cash items related to financing | | |
| Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees") | **(662)** | (600) |
| Long-term debt issued | **4,693** | - |
| Payments on other long-term debt | **(1,422)** | (2,171) |
| Payments to The Sinking Fund Trustees for outstanding long-term debt | **(650)** | (650) |
| Due to General Revenue Fund | **(862)** | 7,446 |
| | **1,097** | 4,025 |
| ***INVESTING*** | | |
| Acquisition and construction of tangible capital assets | **(18,135)** | (15,560) |
| Proceeds on disposal of tangible capital assets | **187** | 67 |
| | **(17,948)** | (15,493) |
| Decrease in cash | **(146)** | (22) |
| Cash, beginning of year | **291** | 313 |
| Cash, end of year | **$ 145** | $ 291 |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**Basis of accounting**

The 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 with the following exception:

Vacation credits, compensated absences, retirement allowance, workers compensation claims, and insurance claims which are accounted for on a cash basis.

**a) Inventory**

Inventory is recorded at the lower of cost or net replacement cost.

**b) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 10 to 50 years |
| Buses | 18 years |
| Land improvements | 10 to 25 years |
| Other equipment | 3 to 10 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Capital work in progress is not amortized until the asset is available for productive use.

**c) Government transfers**

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

## *1. Significant Accounting Policies (continued)*

### d) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Significant areas requiring the use of estimates include determination of useful lives of tangible capital assets, allowance for doubtful accounts receivable, obsolete inventory and employee benefits. Actual results could differ from those estimates.

## *2. Status of the Transit System*

The City of Winnipeg, under the provisions of The City of Winnipeg Charter, has been provided the authority to operate a public transit system. The history of public transportation in the City began with the formation of the Winnipeg Street Railway Company in 1882 using horse drawn cars and sleighs and evolved to the modern diesel buses of today. The Transit System's mission statement is to provide the best public transportation service possible and to be the mode of choice for travel to the City's major activity centres.

Funding of operations is through user fees, appropriations from The City of Winnipeg's General Revenue Fund, and Province of Manitoba urban transit transfers.

## *3. Accounts Receivable*

| | **2008** | 2007 |
|---|---|---|
| Province of Manitoba | **$ 6,497** | $ 6,156 |
| Advertising rights, charter and other | **2,121** | 1,366 |
| | **$ 8,618** | $ 7,522 |

## *4. Inventory*

| | **2008** | 2007 |
|---|---|---|
| Stores | **$ 4,245** | $ 3,898 |
| Tickets, passes and other | **108** | 160 |
| | **$ 4,353** | $ 4,058 |

## *5. Tangible Capital Assets*

| | Net Book Value | |
|---|---|---|
| | **2008** | 2007 |
| Buses | **$ 82,777** | $ 77,391 |
| Buildings | **3,546** | 2,953 |
| Land improvements | **10,268** | 3,158 |
| Land | **1,260** | 1,260 |
| Other equipment | **3,144** | 1,114 |
| Work in progress | **6,278** | 12,044 |
| | **$ 107,273** | $ 97,920 |

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

During the year, there were no write-downs of assets (2007 - $nil).

### *6. Due to General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank, and the amounts reported as cash represent bank deposits not yet charged to this account. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### *7. Long-term Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | Series | By-Law No. | Amount of Debt **2008** | Amount of Debt 2007 |
|---|---|---|---|---|---|---|
| 1989-2009 | Dec. 14 | 10.000 | VH | 5286/89 | **$ 3,000** | $ 3,000 |
| 1993-2013 | Feb. 11 | 9.375 | VN | 6090/93 | **5,000** | 5,000 |
| 1994-2014 | Jan. 20 | 8.000 | VQ | 6300/94 | **6,500** | 6,500 |
| 1995-2015 | May 12 | 9.125 | VR | 6620/95 | **7,000** | 7,000 |
| | | | | | **21,500** | 21,500 |
| Funds on deposit with The Sinking Fund Trustees (Note 7b) | | | | | **(14,089)** | (12,777) |
| Net sinking fund debentures outstanding | | | | | **7,411** | 8,723 |

**Other long-term debt outstanding**

| | | |
|---|---|---|
| Serial debentures issued by the City with varying maturities up to 2014 and a weighted average interest rate of 4.78% (2007 - 4.66%) | **3,415** | 3,964 |
| Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2025 and a weighted average interest rate of 6.58% (2007 - 6.67%) | **15,860** | 12,040 |
| | **26,686** | 24,727 |
| Current portion of long-term debt | **(5,481)** | (2,897) |
| | **$ 21,205** | $ 21,830 |

Principal retirals on long-term debt over the next five years are as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | Thereafter |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 3,000 | $ - | $ - | $ - | $ 5,000 | $ 13,500 |
| Serial debentures | 577 | 605 | 634 | 665 | 698 | 236 |
| Equity in Capital Assets Fund debt | 1,254 | 1,327 | 1,387 | 1,067 | 1,131 | 9,694 |
| | $ 4,831 | $ 1,932 | $ 2,021 | $ 1,732 | $ 6,829 | $ 23,430 |

***7. Long-term Debt (continued)***

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and the various utilities, including the Transit System, in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City. The City is currently paying three percent or greater on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Included in interest and finance charges expense is $818 thousand (2007 - $869 thousand) paid to the Equity in Capital Assets Fund.

d) Cash paid for interest during the year was $2,920 thousand (2007 - $3,017 thousand).

***8. System Generated***

| | **2008 Budget** | **2008 Actual** | 2007 Actual |
|---|---|---|---|
| Passenger | **$ 59,280** | **$ 61,493** | $ 58,132 |
| Advertising rights | **1,154** | **1,205** | 1,058 |
| Charter and other | **973** | **812** | 940 |
| | **$ 61,407** | **$ 63,510** | $ 60,130 |

***9. Provincial Government Transfers***

The Provincial Government provided transfers of $25.1 million (2007 - $23.8 million) towards the operation of the Transit System, $1.3 million (2007 - $1.3 million) as a Local Government Support Transfer and $3.5 million (2007 - $9.0 million) as a Capital Transfer.

***10. Operations***

| | **2008 Budget** | **2008 Actual** | 2007 Actual |
|---|---|---|---|
| Bus operators | **$ 48,417** | **$ 49,208** | $ 47,575 |
| Inspectors | **1,886** | **1,797** | 1,866 |
| Operations administration | **1,326** | **1,639** | 1,379 |
| Instruction | **873** | **1,003** | 861 |
| | **$ 52,502** | **$ 53,647** | $ 51,681 |

***11. Plant and Equipment***

| | **2008 Budget** | **2008 Actual** | 2007 Actual |
|---|---|---|---|
| Bus servicing | **$ 14,641** | **$ 17,523** | $ 14,103 |
| Vehicle maintenance and overhaul | **15,176** | **14,452** | 14,506 |
| Building services | **2,975** | **3,023** | 2,899 |
| Maintenance administration | **2,658** | **2,568** | 2,473 |
| Loop and bus stop | **960** | **773** | 812 |
| | **$ 36,410** | **$ 38,339** | $ 34,793 |

## *12. Other Departmental*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| Interest and finance charges | **$ 2,974** | **$ 2,921** | $ 3,018 |
| Taxes | **1,894** | **1,919** | 1,883 |
| Insurance and claims | **1,541** | **1,279** | 1,362 |
| General government charges and other | **1,122** | **1,141** | 1,104 |
| Employee benefits | **678** | **818** | 682 |
| | **$ 8,209** | **$ 8,078** | $ 8,049 |

### a) Employee benefits

Employees accrue vacation credits, which together with unused holidays from previous years, are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2008 is estimated at $4.8 million (2007 - $4.5 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2008 at $7.2 million (2007 - $7.9 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2008 is estimated at $1.3 million (2007 - $1.4 million).

The City of Winnipeg operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, The City of Winnipeg pays actual costs incurred plus an administration fee. The City of Winnipeg recognizes a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability is estimated to be $918 thousand (2007 - $743 thousand).

Transit System's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $4.0 million (2007 - $3.9 million) of pension costs were allocated to the department. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has an actuarial surplus.

### b) General government charges

Included in general government charges and other is $0.8 million (2007 - $0.8 million) in general government charges to the General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to the Transit System.

### c) Civic accommodation charges

Included in expenses is $213 thousand (2007 - $212 thousand) that has been charged by the Civic Accommodations Fund for the rental of office space.

### d) Property and business taxes

Realty and business taxes represent full taxes paid to The City of Winnipeg. Taxes are assessed on property as if it were privately owned. During 2008, realty and business taxes paid to the General Revenue Fund was $0.5 million (2007 - $0.5 million).

### *12. Other Departmental (continued)*

**e) Insurance**

Included in expenses is $143 thousand (2007 - $129 thousand) that has been charged by the Insurance Reserve.

### *13. Expenses by Object*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| Salaries and wages | **$ 63,152** | **$ 63,399** | $ 61,371 |
| Materials and supplies | **19,743** | **22,273** | 19,265 |
| Services | **13,051** | **13,136** | 12,460 |
| Employee benefits | **10,755** | **10,907** | 10,696 |
| Interest on long-term debt | **2,960** | **2,920** | 3,017 |
| Taxes - municipal and payroll | **1,894** | **1,919** | 1,883 |
| Insurance and transfer to Insurance Reserve | **1,554** | **1,564** | 1,558 |
| Other | **1,296** | **621** | 814 |
| Recoveries | **(448)** | **(688)** | (749) |
| | **$ 113,957** | **$ 116,051** | $ 110,315 |

### *14. Net (Deficit) Surplus from Capital*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Revenues** | | | |
| Transfer from Public Transit Reserve | **$ -** | **$ 6,150** | $ 2,682 |
| Province of Manitoba capital transfers (Note 9) | **-** | **3,452** | 8,958 |
| Transfer from Transit Bus Replacement Reserve | **-** | **2,415** | 964 |
| Transfer from Federal Gas Tax Reserve | **-** | **2,056** | 1,344 |
| Government of Canada capital transfers | **-** | **797** | 32 |
| Gain on disposal of tangible capital assets | **-** | **161** | 25 |
| | **-** | **15,031** | 14,005 |
| **Expenses** | | | |
| Amortization | **2,809** | **8,756** | 8,157 |
| Transfer to Transit Bus Replacement Reserve | **6,955** | **7,147** | 5,161 |
| Transfer to Rapid Transit Infrastructure Reserve | **2,750** | **2,750** | - |
| Other | **-** | **588** | 73 |
| Transfer to General Purpose Reserve | **-** | **2** | - |
| | **12,514** | **19,243** | 13,391 |
| | **$ (12,514)** | **$ (4,212)** | $ 614 |

### *15. Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the Transit System is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

# THE CITY OF WINNIPEG
# TRANSIT SYSTEM

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | Buses | Buildings | Land Improvements |
|---|---|---|---|
| **Cost** | | | |
| Balance, beginning of year | $ 152,044 | $ 10,798 | $ 6,123 |
| Add: Additions during the year | 12,963 | - | - |
| Less: Disposals during the year | (5,820) | - | - |
| Costs transferred from work-in progress | - | 856 | 7,675 |
| Balance, end of year | 159,187 | 11,654 | 13,798 |
| **Accumulated amortization** | | | |
| Balance, beginning of year | (74,653) | (7,845) | (2,965) |
| Add: Amortization | (7,551) | (263) | (565) |
| Less: Accumulated amortization on disposal | 5,794 | - | - |
| Balance, end of year | (76,410) | (8,108) | (3,530) |
| **Net Book Value of Tangible Capital Assets** | $ 82,777 | $ 3,546 | $ 10,268 |

**Schedule 1**

| Land | Other Equipment | Work-in Progress | 2008 | 2007 |
|---|---|---|---|---|
| $ 1,260 | $ 5,334 | $ 12,044 | **$ 187,603** | $ 172,595 |
| - | 52 | 5,120 | **18,135** | 15,560 |
| - | - | - | **(5,820)** | (552) |
| - | 2,355 | (10,886) | **-** | - |
| 1,260 | 7,741 | 6,278 | **199,918** | 187,603 |
| - | (4,220) | - | **(89,683)** | (82,036) |
| - | (377) | - | **(8,756)** | (8,157) |
| - | - | - | **5,794** | 510 |
| - | (4,597) | - | **(92,645)** | (89,683) |
| $ 1,260 | $ 3,144 | $ 6,278 | **$ 107,273** | $ 97,920 |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# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

The Water and Waste Department (the "Department") is committed to providing and improving services for drinking water, wastewater, land drainage, flood control and solid waste to the residents and business interests of Winnipeg. The Department, through its employees, continuous improvement initiatives and technological advancements, strives for excellence in customer service, environmental stewardship, cost effectiveness and fiscal responsibility.

The objective of the Waterworks System is to provide an uninterrupted supply of potable water under adequate pressure at least cost to the residents of Winnipeg. The Department is responsible for the planning, operating, maintenance and administration of the system. The Waterworks System budget provides funding for the Intake, 174.5 kms of aqueduct, five pumping stations, four reservoir systems and the distribution network along with debt charges, employee benefits, taxes, contributions to the General Revenue Fund, and transfers to the Water Treatment Reserve, which ceased in 2008.

The Water Treatment Reserve was established on December 17, 1993, to fund 50% of the cost of building a water treatment plant then estimated at $204 million.

On July 17, 2002, City Council approved the construction of an ultraviolet light disinfection facility in advance of the full water treatment plant.

On June 25, 2003, City Council adopted the recommendation that the water treatment plant will be constructed using the construction management model and that the City will operate the facility.

On March 23, 2005, City Council approved additional funds of $13.3 million for on-site generation of sodium hypochlorite and standby power generation and on November 23, 2005, City Council approved the consolidation of maintenance staff and system control operations at the water treatment plant for an estimated cost of $2.8 million.

The construction of the ultraviolet light disinfection facility at the Deacon Booster Pumping Station started in 2004 and it became operational in 2007.

The water treatment plant construction in nearing completion. The estimated cost is $300 million. The water treatment plant has a treatment capacity of 400 million litres per day and is expected to be placed into service in 2009.

The water treatment plant is being constructed to enhance public health protection. The benefits of water treatment are: reduced risk of waterborne disease, reduced levels of disinfection by-products, and to meet more stringent Canadian drinking water quality guidelines.

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

## FIVE-YEAR REVIEW

*December 31*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Block 1 rate in dollars (per 100 cu. ft.) | **$ 3.45** | $ 3.15 | $ 2.75 | $ 2.75 | $ 2.75 |
| Annual water pumped (million litres) | **78,587** | 79,624 | 82,831 | 80,713 | 81,045 |
| Water pumped in litres per capita per day | **326** | 334 | 347 | 339 | 343 |
| Average daily water pumped (million litres per day) | **215** | 218 | 227 | 221 | 222 |
| Maximum day water pumping rates (million litres per day) | **259** | 295 | 340 | 267 | 285 |
| Maximum hour water pumping rates (million litres per day) | **384** | 447 | 549 | 391 | 411 |
| Kilometres of aqueduct | **174.5** | 174.5 | 174.5 | 174.5 | 174.5 |
| Kilometres of feeder mains | **150.1** | 155.9 | 151.5 | 150.3 | 156.8 |
| Kilometres of water mains | **2,484.9** | 2,464.0 | 2,447.0 | 2,435.5 | 2,427.0 |
| Number of hydrants | **20,293** | 20,265 | 20,085 | 19,930 | 20,661 |
| Number of billed services | **191,416** | 190,318 | 188,328 | 187,619 | 186,160 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ (126)** | $ 298 |
| Accounts receivable (Note 3) | **17,325** | 16,121 |
| Due from General Revenue Fund (Note 4) | **105,741** | 64,938 |
| Inventories | **1,006** | 904 |
| | **123,946** | 82,261 |
| Tangible capital assets (Note 5) | **788,176** | 715,307 |
| Deferred charges (Note 6) | **2,589** | - |
| | **$ 914,711** | $ 797,568 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 7) | **$ 16,533** | $ 20,756 |
| Current portion of long-term debt (Note 8) | **4,182** | 2,337 |
| | **20,715** | 23,093 |
| Long-term debt (Note 8) | **171,579** | 77,080 |
| | **192,294** | 100,173 |
| ***ACCUMULATED SURPLUS (Note 9)*** | **722,417** | 697,395 |
| | **$ 914,711** | $ 797,568 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES (Schedule 1)*** | | | |
| Sale of goods and services (Note 10) | **$ 89,081** | **$ 89,625** | $ 83,351 |
| Interest | **3,243** | **3,997** | 5,456 |
| Government transfers, permits and other | **1,297** | **1,790** | 2,097 |
| Total revenues | **93,621** | **95,412** | 90,904 |
| ***EXPENSES (Schedules 2 and 3)*** | | | |
| Water distribution | **31,645** | **27,326** | 24,175 |
| Debt and finance | **16,563** | **10,626** | 7,084 |
| Taxes, employee benefits and other (Note 11) | **6,641** | **6,877** | 6,681 |
| Finance and administration | **4,024** | **3,350** | 3,153 |
| Engineering services | **3,332** | **2,701** | 2,595 |
| Information systems and technology | **1,293** | **1,182** | 947 |
| Environmental standards | **1,004** | **746** | 523 |
| Human resources | **855** | **725** | 668 |
| Customer services | **502** | **581** | 569 |
| Total expenses from operations | **65,859** | **54,114** | 46,395 |
| Surplus for the year from operations | **27,762** | **41,298** | 44,509 |
| Transfers to other funds (Note 12) | **14,663** | **14,747** | 23,114 |
| Net surplus from operations after transfers to other funds | **13,099** | **26,551** | 21,395 |
| Net (deficit) surplus from capital (Schedule 4) | **-** | **(1,529)** | 34,685 |
| ***NET SURPLUS FOR THE YEAR*** | **$ 13,099** | **25,022** | 56,080 |
| ***ACCUMULATED SURPLUS, BEGINNING OF YEAR*** | | **697,395** | 641,315 |
| ***ACCUMULATED SURPLUS, END OF YEAR*** | | **$ 722,417** | $ 697,395 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Net surplus for the year | **$ 25,022** | $ 56,080 |
| Non-cash items related to operations | | |
| Amortization | **12,616** | 12,187 |
| Loss on disposal of tangible capital assets | **627** | 795 |
| Working capital from operations | **38,265** | 69,062 |
| Change in net working capital other than cash | **(5,529)** | 6,920 |
| | **32,736** | 75,982 |
| ***FINANCING*** | | |
| Debt retired | **(7)** | (6) |
| Debt issued | **97,411** | - |
| Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees") | **(1,319)** | (1,150) |
| Due from General Revenue Fund | **(40,803)** | 33,972 |
| Payments to The Sinking Fund Trustees for outstanding debt | **(2,330)** | (2,330) |
| | **52,952** | 30,486 |
| ***INVESTING*** | | |
| Purchase of tangible capital assets | **(86,112)** | (106,245) |
| (Decrease) Increase in cash | **(424)** | 223 |
| Cash, beginning of year | **298** | 75 |
| Cash, end of year | **$ (126)** | $ 298 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**Basis of accounting**

The 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 with the following exception:

Vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims are recorded on a cash basis.

**a) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 10 to 50 years |
| Machinery and equipment | 10 to 40 years |
| Computer hardware and software | 5 to 10 years |
| Water and waste plants and networks | |
| Underground networks | 50 to 100 years |
| Water pumping stations and reservoirs | 50 to 75 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**b) Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

*1. Significant Accounting Policies (continued)*

**c) Government transfers**

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

**d) Shoal Lake Agreement**

On June 30, 1989, agreement #7846 was formalized between The City of Winnipeg (the "City"), the Province of Manitoba (the "Province") and the Shoal Lake Indian Band Number 40 (the "Band"). The City and Province each paid $3 million to the Royal Trust Corporation of Canada. On January 1, 1996, the Canadian Imperial Bank of Commerce Trust was appointed as the new trustee. The principal sum of the trust created under the agreement is to be disbursed to the Band upon the expiry of the full term of 60 years, or upon termination of the agreement prior to the full term. The principal sum is to be calculated as the principal multiplied by the expired term divided by the full term with the balance returned equally to the City and the Province. The interest income is disbursed annually to the Band. The details of the agreement are only recorded as a note to these financial statements.

**e) Water Main Renewal Reserve Fund**

On February 18, 1981, City Council adopted a motion that a reserve to fund the renewal of water mains be established and that there be an annual transfer of 100% of the water frontage levy revenue to the Water Main Renewal Reserve Fund. On January 30, 2002, City Council approved By-law No. 7958/2002 to include that frontage levies also fund the repair and replacement of streets and sidewalks in residential areas.

**f) Aqueduct Rehabilitation Reserve Fund**

City Council on January 24, 1996, authorized the establishment of an Aqueduct Rehabilitation Reserve Fund for the renewal of the City's aqueduct. The final year for contributions to the Reserve was 2003, when water rates included a provision of 7.69 cents per 100 cubic feet of billed water consumption. The aqueduct project will end early 2009.

**g) Water Treatment Reserve Fund**

On December 17, 1993, City Council adopted a motion that a reserve for a water treatment program be established. The purpose of the reserve is to provide 50% of the funding for the construction of a water treatment plant. The 2008 water rates did not include a provision (2007 - 40.63 cents) per 100 cubic feet of water consumption billed for water treatment. In 2008, funds were not transferred to the Water Treatment Reserve (2007 - $10.5 million).

*2. Status of the Waterworks System*

Although the water supply system for the City of Winnipeg dates back to 1882, the Waterworks System ("Utility") was created in 1972 with the inception of Unicity. The Utility is self-supporting and is primarily funded by user fees which provide financing for the planning, design and construction, operation, maintenance and administration of the aqueduct, five pumping stations, four reservoir systems and the distribution network. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the supply of water.

### 3. *Accounts Receivable*

| | 2008 | 2007 |
|---|---|---|
| Water billings and other | **$ 17,626** | $ 16,412 |
| Allowance for doubtful accounts | **(301)** | (291) |
| | **$ 17,325** | $ 16,121 |

### 4. *Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank, and the amount reported as cash represents bank deposits not yet charged to this account and change funds. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### 5. *Tangible Capital Assets*

| | Net Book Value | |
|---|---|---|
| | **2008** | 2007 |
| Land | **$ 1,824** | $ 1,824 |
| Buildings | **3,838** | 3,938 |
| Machinery and equipment | **1,172** | 1,156 |
| Computer | **5,012** | 5,833 |
| Underground networks | **457,476** | 453,700 |
| Water pumping stations and reservoirs | **64,755** | 66,623 |
| Assets under construction | **254,099** | 182,233 |
| | **$ 788,176** | $ 715,307 |

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2008, there were no write-downs of tangible capital assets and interim financing charges capitalized during 2008 were $15 thousand (2007 - $26 thousand). In addition, underground networks contributed to the City and recorded in the Waterworks System Fund totalled $3.7 million in 2008 (2007 - $5.3 million) and were capitalized at their fair value at the time of receipt.

### 6. *Deferred Charges*

| | 2008 | 2007 |
|---|---|---|
| Deferred debenture discount | **$ 2,589** | $ - |

### 7. *Accounts Payable and Accrued Liabilities*

| | 2008 | 2007 |
|---|---|---|
| Trade accounts payable | **$ 10,010** | $ 16,932 |
| Accrued debenture interest | **4,769** | 2,391 |
| Other accrued liabilities | **1,437** | 1,170 |
| Deferred revenue and other | **317** | 263 |
| | **$ 16,533** | $ 20,756 |

## *8. Long-Term Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | Series | By-Law No. | Amount of Debt **2008** | Amount of Debt 2007 |
|---|---|---|---|---|---|---|
| 1989-2009 | Dec. 14 | 10.000 | VH | 5286/89 | **$ 1,500** | $ 1,500 |
| 1993-2013 | Feb. 11 | 9.375 | VN | 6090/93 | **5,000** | 5,000 |
| 1994-2014 | Jan. 20 | 8.000 | VQ | 6300/94 | **13,000** | 13,000 |
| 1995-2015 | May 12 | 9.125 | VR | 6620/95 | **25,000** | 25,000 |
| 2006-2036 | July 17 | 5.200 | VZ | 183/2004 and 72/2006 | **60,000** | 60,000 |
| 2008-2036 | July 17 | 5.200 | | 72/2006B | **100,000** | - |
| | | | | | **204,500** | 104,500 |
| Equity in Sinking Funds (Note 8b) | | | | | **(28,739)** | (25,090) |
| Net sinking fund debentures outstanding | | | | | **175,761** | 79,410 |

**Other long-term debt outstanding**

| | | |
|---|---|---|
| Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2008 and a weighted average interest rate of 5.75% (2007 - 5.75%) | - | 7 |
| | **175,761** | 79,417 |
| Current portion of long-term debt | **(4,182)** | (2,330) |
| Current portion of Equity in Capital Assets Fund debt | - | (7) |
| Current portion of long-term debt | **(4,182)** | (2,337) |
| | **$ 171,579** | $ 77,080 |

Principal retirement on long-term debt over the next five years is as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | Thereafter |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 1,500 | $ - | $ - | $ - | $ 5,000 | $ 198,000 |

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and various utilities in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund on debt outstanding as at December 31, 2002. Sinking fund arrangements after December 31, 2002 are managed by the City. The City is currently paying one percent or greater on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

### *8. Long-Term Debt (continued)*

c) Cash paid for interest during the year was $7.4 million (2007 - $7.1 million).

d) Interest paid to the Equity in Capital Assets Fund during 2008 was $nil (2007 - $1 thousand).

### *9. Accumulated Surplus*

| | **2008** | 2007 |
|---|---|---|
| Invested in tangible capital assets | **$ 612,470** | $ 635,995 |
| Retained earnings | **109,947** | 61,400 |
| | **$ 722,417** | $ 697,395 |

### *10. Revenue*

Effective January 1, 2008 the block 1 water rate was $3.45 cents per hundred cubic feet (2007 - $3.15).

### *11. Taxes, Employee Benefits and Other*

Realty and business taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. The only exceptions to this are payments-in-lieu of taxes paid to the R.M. of Tache, the R.M. of Springfield and the Local Government District of Reynolds which equate to 10% of full taxes - "full taxes" being in each case the verifiable product of the City's (exempt) assessment multiplied by the jurisdiction's prevailing mill rate adjusted to mill rates which would prevail if "full taxes" were being paid by the City. During 2008, realty and business taxes paid to the General Revenue Fund was $3.0 million (2007 - $3.1 million).

Included in expenses is $0.7 million (2007 - $0.7 million) in general government and computer service charges which represents the estimated share of The City of Winnipeg General Revenue Fund's general expenditure and actual computer service charges applicable to the Waterworks System.

Included in expenses is $1.1 million (2007 - $0.9 million) that has been charged by the Civic Accommodations Fund for the rental of office space.

Included in expenses is a recovery of $21 thousand (2007 - $124 thousand) by the Insurance Reserve.

**Employee benefits**

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2008 is $2.7 million (2007 - $2.4 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2008 is estimated at $309 thousand (2007 - $308 thousand).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2008 at $3.6 million (2007 - $3.6 million).

### *11. Taxes, Employee Benefits and Other (continued)*

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2008 is estimated at $0.3 million (2007 - $0.4 million).

Waterworks System employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pensions costs to various departments. During the year $1.7 million (2007 - $1.6 million) of pension costs were allocated to the Waterworks System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has disclosed an actuarial surplus.

### *12. Transfers to Other Funds*

Beginning in 1988, City Council adopted a motion instructing the Waterworks System to transfer an amount equal to 10% of water sales revenue to the General Revenue Fund. Effective January 1, 1994, the transfer is calculated on 10% of water sales net of the transfers to the Water Treatment Reserve and other transfers to the General Revenue Fund. In addition, the Utility transferred $6.1 million in 2008 (2007 - $6.1 million) to the General Revenue Fund to support the fire hydrant maintenance and other programs.

| | **2008** | 2007 |
|---|---|---|
| Transfer to General Revenue Fund | **$ 14,663** | $ 12,580 |
| Transfer to General Capital Fund | **84** | 19 |
| Transfer to Water Treatment Reserve | **-** | 10,515 |
| | **$ 14,747** | $ 23,114 |

### *13. Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Waterworks System's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

**Schedule 1**

## REVENUES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Sale of goods and services** | | | |
| Water sales | **$ 85,326** | **$ 85,698** | $ 79,514 |
| Fire hydrant and other rentals | **3,725** | **3,861** | 3,803 |
| Sale of scrap material | **30** | **66** | 34 |
| | **89,081** | **89,625** | 83,351 |
| **Interest** | | | |
| Interest | **400** | **2,663** | 4,280 |
| Sinking Fund earnings | **2,793** | **1,319** | 1,150 |
| Interest capitalized | **50** | **15** | 26 |
| | **3,243** | **3,997** | 5,456 |
| **Government transfers, permits and other** | | | |
| Permits and fees | **485** | **1,007** | 625 |
| Provincial support transfer | **595** | **576** | 589 |
| Other | **217** | **207** | 883 |
| | **1,297** | **1,790** | 2,097 |
| **Total Revenues** | **$ 93,621** | **$ 95,412** | $ 90,904 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Water distribution** | | | |
| Water main maintenance | **$ 7,077** | **$ 8,857** | $ 7,193 |
| Pumping stations | **3,701** | **4,118** | 3,302 |
| Service pipe maintenance | **3,227** | **2,825** | 2,780 |
| Mechanical/civil/electrical maintenance allocation | **2,359** | **2,213** | 2,179 |
| General administration | **1,305** | **1,844** | 1,689 |
| Emergency services | **1,888** | **1,599** | 1,494 |
| Hydrant maintenance | **2,017** | **1,510** | 1,508 |
| Railway maintenance and operations | **1,641** | **1,431** | 1,418 |
| Water meter maintenance | **966** | **673** | 653 |
| Stores - 552 Plinguet | **292** | **517** | 363 |
| Water treatment plant | **4,599** | **507** | - |
| Valve maintenance | **913** | **473** | 442 |
| Intake operation | **417** | **414** | 469 |
| Water supply administration | **1,027** | **306** | 449 |
| Meter shop | **112** | **29** | 56 |
| Staff house | **104** | **7** | 41 |
| Backflow prevention | **-** | **3** | 139 |
| | **31,645** | **27,326** | 24,175 |
| **Debt and finance** | | | |
| Long-term debt | | | |
| Interest | **11,685** | **9,935** | 7,061 |
| Amortization | **4,476** | **-** | - |
| Finance charges | **402** | **691** | 23 |
| | **16,563** | **10,626** | 7,084 |
| **Taxes, employee benefits and other** | | | |
| Property taxes | **3,546** | **3,354** | 3,379 |
| Rent | **957** | **1,065** | 932 |
| Employee benefits | **850** | **1,008** | 1,016 |
| General government charges | **612** | **612** | 612 |
| Provincial payroll tax | **600** | **587** | 562 |
| Insurance and damage claims | **484** | **512** | 427 |
| Other services | **(12)** | **266** | 167 |
| Recoveries | **(396)** | **(527)** | (414) |
| | **6,641** | **6,877** | 6,681 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Finance and administration division** | | | |
| Customer billing | **2,675** | **2,108** | 1,963 |
| Administrative services | **725** | **666** | 668 |
| Accounting services | **248** | **236** | 202 |
| Financial planning | **245** | **232** | 197 |
| Process improvement | **131** | **108** | 123 |
| | **4,024** | **3,350** | 3,153 |
| **Engineering services division** | | | |
| Water planning | **1,091** | **670** | 450 |
| Design and construction | **892** | **606** | 554 |
| Drafting and graphics | **466** | **464** | 503 |
| Customer technical services | **381** | **351** | 357 |
| Administration | **580** | **219** | 222 |
| Asset management | **274** | **193** | 162 |
| Services development | **(532)** | **136** | 142 |
| Resource centre | **87** | **63** | 58 |
| Land drainage/flood planning | **45** | **-** | (3) |
| Wastewater planning | **48** | **-** | (5) |
| Project management | **-** | **(1)** | 155 |
| | **3,332** | **2,701** | 2,595 |
| **Information systems and technology division** | | | |
| Major systems | **881** | **831** | 636 |
| Support services | **412** | **351** | 311 |
| | **1,293** | **1,182** | 947 |
| **Environmental standards division** | | | |
| Analytical services | **604** | **436** | 398 |
| Compliance | **356** | **231** | 6 |
| Administration | **44** | **78** | 58 |
| Research | **-** | **1** | 61 |
| | **1,004** | **746** | 523 |
| **Human resources division** | | | |
| Human resources | **370** | **300** | 304 |
| Timekeeping and payroll | **184** | **193** | 163 |
| Human resources training | **160** | **151** | 114 |
| Work place health and safety | **141** | **81** | 87 |
| | **855** | **725** | 668 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Customer services division** | | | |
| Customer relations | **452** | **462** | 454 |
| Administration | **(26)** | **58** | 53 |
| Communications | **46** | **40** | 40 |
| Public consultation | **30** | **21** | 22 |
| | **502** | **581** | 569 |
| **Total Expenses from Operations** | **65,859** | **54,114** | 46,395 |
| **Transfers to other funds** (Note 12) | | | |
| Transfer to General Revenue Fund | **14,663** | **14,663** | 12,580 |
| Transfer to General Capital Fund | **-** | **84** | 19 |
| Transfer to Water Treatment Reserve | **-** | **-** | 10,515 |
| **Total transfer to other funds** | **14,663** | **14,747** | 23,114 |
| **Total Expenses** | **$ 80,522** | **$ 68,861** | $ 69,509 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

**Schedule 3**

## EXPENSES BY OBJECT

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| Salaries | **$ 28,509** | **$ 26,845** | $ 24,886 |
| Goods and services | **28,260** | **20,436** | 17,517 |
| Transfers | **14,663** | **14,747** | 23,114 |
| Interest on long-term debt | **11,690** | **9,935** | 7,061 |
| Other expenses | **2,750** | **5,636** | 5,313 |
| Employee benefits | **5,338** | **4,244** | 4,019 |
| Finance charges | **512** | **756** | 136 |
| Grants | **95** | **95** | 90 |
| Amortization | **4,476** | **-** | - |
| Recoveries | **(15,771)** | **(13,833)** | (12,627) |
| **Total Expenses** | **$ 80,522** | **$ 68,861** | $ 69,509 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

**Schedule 4**

## NET (DEFICIT) SURPLUS FROM CAPITAL

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Actual | 2007 Actual |
|---|---|---|
| **Revenues** | | |
| Transfers | | |
| Water Main Renewal Reserve | **$ 7,769** | $ 6,470 |
| Sewage Disposal System | **185** | 23 |
| Aqueduct Rehabilitation Reserve | **84** | 38 |
| Water Treatment Reserve | **-** | 36,301 |
| | **8,038** | 42,832 |
| Developer contributions-in-kind | **3,699** | 5,288 |
| Total revenue from capital | **11,737** | 48,120 |
| **Expenses** | | |
| Amortization | **12,616** | 12,187 |
| Loss on disposal of assets | **627** | 795 |
| Other expenses | **23** | 453 |
| Total expenses from capital | **13,266** | 13,435 |
| Net (deficit) surplus from capital | **$ (1,529)** | $ 34,685 |

# THE CITY OF WINNIPEG
# WATERWORKS SYSTEM

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | General | | | |
|---|---|---|---|---|
| | Land | Buildings | Machinery and Equipment | Computer |
| **Cost** | | | | |
| Balance, beginning of year | $ 1,824 | $ 5,399 | $ 9,400 | $ 23,589 |
| Add: Additions during the year | - | - | 159 | 559 |
| Less: Disposals during the year | - | - | - | - |
| Balance, end of year | 1,824 | 5,399 | 9,559 | 24,148 |
| **Accumulated amortization** | | | | |
| Balance, beginning of year | - | 1,461 | 8,244 | 17,756 |
| Add: Amortization | - | 100 | 143 | 1,380 |
| Less: Accumulated amortization on disposals | - | - | - | - |
| Balance, end of year | - | 1,561 | 8,387 | 19,136 |
| **Net Book Value of Tangible Capital Assets** | $ 1,824 | $ 3,838 | $ 1,172 | $ 5,012 |

**Schedule 5**

| Infrastructure | | | Totals | |
|---|---|---|---|---|
| Underground Networks | Water Pumping Stations and Reservoirs | Assets Under Construction | **2008** | 2007 |
| $ 644,388 | $ 111,497 | $ 182,233 | **$ 978,330** | $ 875,371 |
| 13,435 | 93 | 71,866 | **86,112** | 106,245 |
| (2,341) | - | - | **(2,341)** | (3,286) |
| 655,482 | 111,590 | 254,099 | **1,062,101** | 978,330 |
| 190,688 | 44,874 | - | **263,023** | 253,327 |
| 9,032 | 1,961 | - | **12,616** | 12,187 |
| (1,714) | - | - | **(1,714)** | (2,491) |
| 198,006 | 46,835 | - | **273,925** | 263,023 |
| $ 457,476 | $ 64,755 | $ 254,099 | **$ 788,176** | $ 715,307 |



# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

The Water and Waste Department ("the Department") is committed to providing and improving services for drinking water, wastewater, land drainage, flood control and solid waste to the residents and business interests of Winnipeg. The Department, through its employees, continuous improvement initiatives and technological advancements, strives for excellence in customer service, environmental stewardship, cost effectiveness and fiscal responsibility.

The objective of the Sewage Disposal System is to protect public health, the environment, and the aesthetic quality of the rivers through adequate collection and treatment of the wastewater flows in the City of Winnipeg. The Department is responsible for the planning, engineering, contract administration, operation, maintenance and management of the system. The Sewage Disposal System budget provides funding for local collection sewers, the interception system, three wastewater treatment plants, sludge disposal and an industrial and hazardous waste control program along with debt charges, employee benefits, taxes and a contribution to the General Revenue Fund and transfers to the Environmental Projects Reserve.

An Environmental Projects Reserve was authorized by City Council on December 17, 1993. It was established to fund environmental projects that would improve river quality. The Reserve is financed through a monthly transfer from the Sewage Disposal System Fund based upon the amount of water consumption billed. The Reserve funds ongoing environmental programs and studies. It also funds a portion of the wastewater collection and treatment system improvements as directed by the Province of Manitoba. This includes effluent disinfection, centrate treatment, biological nutrient removal ("BNR") and combined sewer overflow mitigation infrastructure.

River quality is under the jurisdiction of the Province of Manitoba. In 2003 the Clean Environment Commission ("CEC"), at the request of the Minister of Conservation, conducted public hearings to review and receive comments on the City's wastewater collection and treatment improvement program. At the conclusion, the CEC recommended that the City implement these improvements over a 25 year period which was subsequently ordered by the Minister of Conservation on September 26, 2003, with some initiatives to be completed sooner than recommended by the CEC.

Manitoba Conservation subsequently issued Environment Act Licenses to the City for the North End, West End, and South End Water Pollution Control Centers (NEWPCC, WEWPCC, and SEWPCC). The Licenses place specific compliance terms and conditions beyond those that were contemplated in the original wastewater improvement plan.

The 25 year wastewater improvement program, which includes effluent ultraviolet (UV) disinfection, nutrient control, centrate treatment, combined sewer overflow mitigation, biosolids management, and other CEC recommendations is estimated to cost $1.2 billion.

Wastewater treatment upgrades to the NEWPCC and WEWPCC are complete and under commissioning. The NEWPCC effluent disinfection was commissioned in July 2006. The NEWPCC centrate phosphorus removal was commissioned in May 2007. The need for WEWPCC effluent disinfection is in discussions with the Provincial Regulator.

The biological nutrient removal upgrades are removing more than the required interim reduction targets of 13% nitrogen and 10% phosphorus on a citywide basis. Engineering design efforts on biological nutrient removal at the SEWPCC was initiated in 2006, with construction to be completed by 2012. Engineering design efforts for the NEWPCC biological nutrient removal will commence after a NEWPCC Master Plan and Biosolids Master Plan studies have been completed. Construction of the NEWPCC BNR is to be completed by 2014. The department is currently exploring alternative service delivery methods.

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

## FIVE-YEAR REVIEW

*December 31*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Rate in dollars (per 100 cu. ft.) | **$ 5.12** | **$** 4.46 | $ 3.87 | $ 3.39 | $ 3.11 |
| Annual sewage received (million litres)* | **103,397** | 107,310 | 102,609 | 123,584 | 127,534 |
| Daily sewage received (million litres)* | **283.3** | 294.0 | 281.1 | 339.6 | 349.4 |
| Kilometres of interceptor sewers | **116.4** | 114.4 | 109.1 | 109.7 | 109.7 |
| Kilometres of combined sewers** | **1,044.5** | 1,045.4 | 1,283.2 | 1,338.2 | 1,334.1 |
| Kilometres of wastewater sewers | **1,323.6** | 1,313.5 | 1,456.6 | 1,427.1 | 1,422.3 |
| Kilometres of storm sewers*** | **1,803.0** | 1,775.0 | 1,668.8 | 2,260.7 | 2,241.9 |
| Number of lift stations | **75** | 76 | 76 | 76 | 76 |
| Number of billed sewer services | **191,736** | 190,318 | 188,887 | 187,398 | 185,939 |

Note:

* Sewage received is dependent on both levels of precipitation and water conservation efforts.

** Reduction in combined sewers is due to flood relief programs that separate the sewers thereby reducing overall length.

*** Estimates of storm sewers only include actual pipe in the ground, whereas, prior to 2006 estimates include surface ditch drainage.

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 1** | $ 1 |
| Inventory | **244** | 250 |
| Accounts receivable (Note 3) | **26,575** | 34,641 |
| Due from General Revenue Fund (Note 4) | **51,085** | 34,322 |
| | **77,905** | 69,214 |
| Tangible capital assets (Note 5) | **754,722** | 725,530 |
| | **$ 832,627** | $ 794,744 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 6) | **$ 6,299** | $ 13,832 |
| Performance and other deposits | **311** | 264 |
| Current portion of long-term debt (Note 7) | **4,108** | 4,034 |
| | **10,718** | 18,130 |
| Long-term debt (Note 7) | **34,189** | 41,090 |
| | **44,907** | 59,220 |
| ***ACCUMULATED SURPLUS (Note 8)*** | **787,720** | 735,524 |
| | **$ 832,627** | $ 794,744 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES (Schedule 1)*** | | | |
| Sewer services (Note 9) | **$ 125,113** | **$ 123,961** | $ 106,948 |
| Interest | **3,393** | **4,338** | 4,052 |
| Government transfers, permits and other | **3,352** | **3,619** | 4,393 |
| Total revenues | **131,858** | **131,918** | 115,393 |
| ***EXPENSES (Schedules 2 and 3)*** | | | |
| Collection, interception and treatment | **29,629** | **26,967** | 24,681 |
| Taxes, employee benefits and other (Note 10) | **12,471** | **12,345** | 11,916 |
| Debt and finance | **15,203** | **8,352** | 8,359 |
| Engineering services | **3,887** | **4,047** | 3,806 |
| Finance and administration | **3,857** | **3,167** | 2,978 |
| Environmental standards | **2,202** | **1,541** | 1,557 |
| Information systems and technology | **1,238** | **1,093** | 883 |
| Customer services | **765** | **680** | 677 |
| Human resources | **676** | **616** | 575 |
| Total expenses from operations | **69,928** | **58,808** | 55,432 |
| Surplus for the year from operations | **61,930** | **73,110** | 59,961 |
| Transfers to other funds (Note 11) | **29,936** | **30,160** | 28,143 |
| Net surplus for the year from operations after transfer to other funds | **31,994** | **42,950** | 31,818 |
| Net surplus from capital (Schedule 4) | **-** | **9,246** | 25,507 |
| Net surplus for the year | **$ 31,994** | **52,196** | 57,325 |
| ***ACCUMULATED SURPLUS, BEGINNING OF YEAR*** | | **735,524** | 678,199 |
| ***ACCUMULATED SURPLUS, END OF YEAR*** | | **$ 787,720** | $ 735,524 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Net surplus for the year | **$ 52,196** | $ 57,325 |
| Non-cash items related to operations | | |
| Amortization | **16,347** | 15,142 |
| Net assets transferred to General Capital Fund | **-** | 7,663 |
| Loss on disposal of tangible capital assets | **299** | 534 |
| Working capital from operations | **68,842** | 80,664 |
| Change in net working capital other than cash | **586** | (6,145) |
| | **69,428** | 74,519 |
| ***FINANCING*** | | |
| Debt retired | **(1,302)** | (1,241) |
| Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees") | **(2,793)** | (2,536) |
| Due from General Revenue Fund | **(16,763)** | (4,880) |
| Payments to The Sinking Fund Trustees for outstanding long-term debt | **(2,601)** | (2,601) |
| Decrease in other debt | **(131)** | (85) |
| | **(23,590)** | (11,343) |
| ***INVESTING*** | | |
| Purchase of tangible capital assets | **(45,838)** | (63,176) |
| Cash, beginning of year | **1** | 1 |
| Cash, end of year | **$ 1** | $ 1 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**Basis of accounting**

The 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 with the following exception:

Vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims are recorded on a cash basis.

**a) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 10 to 50 years |
| Machinery and equipment | 10 to 25 years |
| Computer hardware and software | 5 to 10 years |
| Water and waste plants and networks | |
| Underground networks | 75 to 100 years |
| Sewage treatment plants and lift stations | 50 to 75 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**b) Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

## *1. Significant Accounting Policies (continued)*

### c) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

### d) Sewer System Rehabilitation Reserve Fund

On May 27, 1992, City Council authorized the establishment of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds for the renewal and rehabilitation of combined and wastewater sewers, respectively, that are budgeted within the Sewage Disposal System Fund ("Utility") capital budget. Funding is provided from the frontage levy identified for this purpose in By-law 549/73 (as amended from time to time). The purpose of the Reserves is to provide a consistent approach to financing infrastructure renewal and to renew and rehabilitate combined and wastewater sewers (as defined by the Sewer Utility By-law 5058/88). The available funding obtained annually from the frontage levy can be allocated by City Council between the Reserves in accordance with the needs at that time.

On September 27, 2006, City Council approved the consolidation of the Combined Sewer Renewal Reserve and the Wastewater Sewer Renewal Reserve Funds into the Sewer System Rehabilitation Reserve Fund, which was effective October 1, 2006.

The Director of the Water and Waste Department is the Fund Manager.

### e) Environmental Projects Reserve Fund

On December 17, 1993, City Council authorized the establishment of a River Quality Environmental Studies Reserve Fund for the purpose of providing funding for environmental studies for river quality. On January 24, 1996, City Council changed the name of this Reserve to the Environmental Projects Reserve Fund to more accurately reflect the environmental nature of the projects this Reserve was set up to fund.

The 2008 sewer rate includes a provision of 31.1 cents (2007 - 31.3 cents) per 100 cubic feet of billed water consumption to be transferred from the Sewage Disposal System Fund to this Reserve. In 2008, $7.4 million (2007 - $8.0 million) was transferred to the Environmental Projects Reserve Fund.

## *2. Status of the Sewage Disposal System*

Although sewer collection and treatment began in the City of Winnipeg in 1935, the Sewage Disposal System was created in 1972 with the inception of Unicity. The Utility is self-supporting and is primarily funded by user fees which provide financing for the planning, design and construction, operation, maintenance and administration of local collection sewers, the interception system, three treatment plants, sludge disposal and an industrial and hazardous waste control program. The purpose of the Fund is to provide a structure to measure financial performance and accommodate long-term financial planning for the collection and treatment of the City's wastewater flows.

### *3. Accounts Receivable*

| | 2008 | 2007 |
|---|---|---|
| Sewer billings and other | **$ 26,635** | $ 34,701 |
| Allowance for doubtful accounts | **(60)** | (60) |
| | **$ 26,575** | $ 34,641 |

### *4. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

### *5. Tangible Capital Assets*

| | Net Book Value | |
|---|---|---|
| | **2008** | 2007 |
| Land | **$ 1,451** | $ 1,451 |
| Buildings | **334** | 344 |
| Equipment | **219** | 238 |
| Information technology | **190** | - |
| Underground networks | **488,585** | 482,275 |
| Sewage treatment plants and lift stations | **234,656** | 171,534 |
| Assets under construction | **29,287** | 69,688 |
| | **$ 754,722** | $ 725,530 |

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During 2008 and 2007, there were no write-downs of tangible capital assets and interim financing charges capitalized during 2008 were $237 thousand (2007 - $179 thousand). In addition, underground networks contributed to the City and recorded in the Sewage Disposal System Fund totalled $4.1 million in 2008 (2007 - $7.6 million) and were capitalized at their fair value at the time of receipt.

### *6. Accounts Payable and Accrued Liabilities*

| | 2008 | 2007 |
|---|---|---|
| Accrued debenture interest | **$ 2,926** | $ 2,948 |
| Trade accounts payable | **2,865** | 10,459 |
| Other accrued liabilities | **508** | 425 |
| | **$ 6,299** | $ 13,832 |

## *7. Long-term Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | Series | By-Law No. | Amount of Debt **2008** | Amount of Debt 2007 |
|---|---|---|---|---|---|---|
| 1989-2009 | Dec. 14 | 10.000 | VH | 5286/89 | **$ 11,000** | $ 11,000 |
| 1993-2013 | Feb. 11 | 9.375 | VN | 6090/93 | **40,000** | 40,000 |
| 1994-2014 | Jan. 20 | 8.000 | VQ | 6300/94 | **35,000** | 35,000 |
| | | | | | **86,000** | 86,000 |
| Equity in Sinking Fund (Note 7b) | | | | | **(59,167)** | (53,773) |
| Net sinking fund debentures outstanding | | | | | **26,833** | 32,227 |

**Other long-term debt outstanding**

| | | |
|---|---|---|
| Serial and installment debt issued by the City with varying maturities up to 2014 and a weighted average interest rate of 4.78% (2007 - 4.98%) | **7,998** | 9,300 |
| Equity in Capital Assets Fund debt issued by the City with varying maturities up to 2018 and a weighted average interest rate of 8.25% (2007 - 8.25%) | **65** | 71 |
| Pointe West Properties debt, maturity in 2012, interest rate of 6.65% | **3,401** | 3,526 |
| | **38,297** | 45,124 |
| Current portion of long-term debt | **(3,967)** | (3,903) |
| Current portion of Equity in Capital Assets Fund debt | **(7)** | (6) |
| Current portion of Pointe West Properties debt | **(134)** | (125) |
| Current portion of long-term debt | **(4,108)** | (4,034) |
| | **$ 34,189** | $ 41,090 |

Principal retirement on long-term debt over the next five years is as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | Thereafter |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 11,000 | $ - | $ - | $ - | $ 40,000 | $ 35,000 |
| Serial and installment | 1,367 | 1,435 | 1,506 | 1,580 | 1,659 | 451 |
| Equity in Capital Assets Fund | 7 | 7 | 8 | 8 | 9 | 26 |
| Pointe West debt | 134 | 143 | 100 | 3,024 | - | - |
| | $ 12,508 | $ 1,585 | $ 1,614 | $ 4,612 | $ 41,668 | $ 35,477 |

### *7. Long-term Debt (continued)*

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and to the various utilities in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund on debt outstanding as at December 31, 2002. Sinking Fund arrangements after December 31, 2002 are managed by the City. The City is currently paying three percent or greater on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) On June 23, 1999, The City of Winnipeg entered into an Agreement with Pointe West Properties Inc. ("PWP"), approving PWP to provide design, construction and financing of certain wastewater facilities for servicing lands within the City of Winnipeg west of the Perimeter Highway.

On August 27, 2001, the Certificate of Substantial Completion was accepted by the City and ownership of the work (design and construction of the wastewater facilities) was transferred from PWP to the City. The City shall pay to PWP an amount equal to the project cost of $3.8 million plus interest, compounded semi-annually at a rate per annum of 6.65% (equal to the Canada 10 Year Bond Rate as at the date of acceptance by the City of the Certificate of Substantial Performance, plus 1.5%, less spread differential) by way of blended quarterly payments of principal and interest. Year 2012 includes a balloon payment of $3 million.

d) Cash paid for interest during the year was $8.4 million (2007 - $8.4 million).

e) Interest paid to the Equity in Capital Assets Fund during 2008 was $5 thousand (2007 - $5 thousand).

### *8. Accumulated Surplus*

| | **2008** | 2007 |
|---|---|---|
| Invested in tangible capital assets | **$ 716,486** | $ 680,290 |
| Retained earnings | **71,234** | 55,234 |
| | **$ 787,720** | $ 735,524 |

### *9. Revenue*

The 2008 sewer rate increased to 5.12 cents per hundred cubic feet (2007 - 4.46 cents). The Environmental Projects Reserve contribution for 2008 was 45.3 cents per hundred cubic feet (2007 - 31.3 cents).

### *10. Taxes, Employee Benefits and Other*

Realty and business taxes represent full taxes paid to outside municipalities and to The City of Winnipeg General Revenue Fund. Taxes are assessed on property as if it were privately owned. During 2008, realty and business taxes paid to the General Revenue Fund was $9.2 million (2007 - $9.2 million).

The Sewage Disposal System is charged with the estimated share of the City's general government expenses. In 2008, this amounted to $0.5 million (2007 - $0.5 million) and was transferred to the General Revenue Fund.

Included in expenses is $1.1 million (2007 - $0.9 million) that has been charged by the Civic Accommodations Fund for the rental of office space.

Included in expenses is $128 thousand (received from 2007 - $1.0 million) that has been charged by the Insurance Reserve Fund.

## *10. Taxes, Employee Benefits and Other (continued)*

**Employee benefits**

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2008 is $1.2 million (2007 - $1.2 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2008 is estimated at $415 thousand (2007 - $402 thousand).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2008 is estimated at $0.2 million (2007 - $0.2 million).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2008 at $1.8 million (2007 - $1.4 million).

Sewage Disposal System employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pension costs to various departments. During the year $853 thousand (2007 - $817 thousand) of pension costs were allocated to the Sewage Disposal System. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has disclosed an actuarial surplus.

## *11. Transfers to Other Funds*

Beginning in 1988, City Council adopted a motion instructing the Sewage Disposal System to transfer an amount equal to 10% of sewer services revenue to the General Revenue Fund. Effective January 1, 1994, the transfer is calculated on 10% of sewer services revenue net of the amount for environmental projects and other transfers to the General Revenue Fund. In addition, in 2008, the Utility contributed $13.7 million (2007 - $11.9 million) to the General Revenue Fund to support the land drainage program.

| | **2008** | 2007 |
|---|---|---|
| Transfer to General Revenue Fund | **$ 22,553** | $ 18,422 |
| Transfer to Environmental Projects Reserve | **7,367** | 8,006 |
| Transfer to General Capital Fund | **240** | 1,715 |
| | **$ 30,160** | $ 28,143 |

## *12. Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Sewage Disposal System's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

**Schedule 1**

## REVENUES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Sewer services** | **$ 125,113** | **$ 123,961** | $ 106,948 |
| **Interest** | | | |
| Sinking Fund earnings | **2,793** | **2,793** | 2,536 |
| Interest | **400** | **1,308** | 1,337 |
| Capitalized | **200** | **237** | 179 |
| | **3,393** | **4,338** | 4,052 |
| **Government transfers, permits and other** | | | |
| Industrial waste surcharges | **2,640** | **1,711** | 2,236 |
| Other | **383** | **1,527** | 1,833 |
| Provincial support transfer | **214** | **206** | 194 |
| Permits and fees | **115** | **175** | 130 |
| | **3,352** | **3,619** | 4,393 |
| **Total Revenues** | **$ 131,858** | **$ 131,918** | $ 115,393 |

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Collection, interception and treatment** | | | |
| North end water pollution control centre | **$ 11,442** | **$ 9,159** | $ 8,975 |
| Local sewer | **4,884** | **4,717** | 4,085 |
| South end water pollution control centre | **2,792** | **2,836** | 2,452 |
| Interception system | **1,795** | **2,004** | 1,744 |
| West end water pollution control centre | **2,257** | **1,982** | 1,649 |
| Sludge disposal | **1,842** | **1,672** | 1,445 |
| Mechanical maintenance | **1,536** | **1,589** | 1,484 |
| Administration | **1,347** | **1,280** | 1,048 |
| Electrical maintenance/instrumentation | **1,062** | **1,069** | 1,140 |
| Civil maintenance | **672** | **659** | 659 |
| | **29,629** | **26,967** | 24,681 |
| **Taxes, employee benefits and other** | | | |
| Property taxes | **10,034** | **9,252** | 9,203 |
| Miscellaneous | **800** | **1,660** | 1,472 |
| Rent | **957** | **1,065** | 932 |
| Employee benefits | **490** | **649** | 792 |
| General government charges | **467** | **467** | 467 |
| Insurance and claims | **297** | **311** | 307 |
| Provincial payroll tax | **208** | **282** | 206 |
| Recoveries | **(782)** | **(1,341)** | (1,463) |
| | **12,471** | **12,345** | 11,916 |
| **Debt and finance** | | | |
| Long-term debt interest | **8,275** | **8,350** | 8,354 |
| Finance charges | **100** | **2** | 5 |
| Amortization - debt principal | **6,828** | **-** | - |
| | **15,203** | **8,352** | 8,359 |
| **Engineering services** | | | |
| Wastewater planning | **1,071** | **1,100** | 610 |
| Sewer connections | **621** | **867** | 922 |
| Design and construction | **611** | **606** | 558 |
| Drafting and graphic | **476** | **464** | 505 |
| Customer technical services | **361** | **351** | 359 |
| Administrative services | **328** | **219** | 351 |
| Asset management | **112** | **192** | 57 |
| Engineering services development | **190** | **136** | 143 |
| Resource centre | **67** | **62** | 92 |
| Land drainage and flood planning | **50** | **50** | 50 |
| Project management | **-** | **-** | 159 |
| | **3,887** | **4,047** | 3,806 |

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Finance and administration** | | | |
| Customer accounts | **2,527** | **2,107** | 1,957 |
| Administrative services | **753** | **570** | 574 |
| Financial services | **216** | **201** | 173 |
| Financial planning | **248** | **197** | 169 |
| Process improvement | **113** | **92** | 105 |
| | **3,857** | **3,167** | 2,978 |
| **Environmental standards** | | | |
| Analysis | **1,357** | **945** | 891 |
| Industrial waste | **574** | **408** | 399 |
| Administration | **239** | **168** | 132 |
| Compliance | **32** | **20** | - |
| Research | **-** | **-** | 135 |
| | **2,202** | **1,541** | 1,557 |
| **Information systems and technology** | | | |
| Major systems | **766** | **706** | 539 |
| Support services | **472** | **387** | 344 |
| | **1,238** | **1,093** | 883 |
| **Customer services** | | | |
| Customer relations | **548** | **540** | 538 |
| Administration | **124** | **68** | 66 |
| Communications | **55** | **48** | 47 |
| Public consultation | **38** | **24** | 26 |
| | **765** | **680** | 677 |
| **Human resources** | | | |
| Human resources | **298** | **255** | 264 |
| Timekeeping and payroll | **161** | **164** | 140 |
| Human resources training | **139** | **128** | 97 |
| Work place health and safety | **78** | **69** | 74 |
| | **676** | **616** | 575 |
| **Total Expenses from Operations** | **69,928** | **58,808** | 55,432 |

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Transfers to other funds** | | | |
| Transfer to General Revenue Fund | **22,277** | **22,553** | 18,422 |
| Transfer to Environmental Projects Reserve | **7,659** | **7,367** | 8,006 |
| Transfer to General Capital Fund | **-** | **240** | 1,715 |
| | **29,936** | **30,160** | 28,143 |
| **Total Expenses** | **$ 99,864** | **$ 88,968** | $ 83,575 |

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

**Schedule 3**

## EXPENSES BY OBJECT

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| Transfers to other funds | **$ 29,936** | **$ 30,160** | $ 28,143 |
| Goods and services | **32,780** | **27,841** | 25,461 |
| Salaries | **14,262** | **13,327** | 12,586 |
| Other expenses | **9,787** | **12,896** | 11,582 |
| Interest on long-term debt | **15,104** | **8,350** | 8,354 |
| Employee benefits | **2,577** | **2,266** | 2,315 |
| Finance charges | **100** | **2** | 5 |
| Recoveries | **(4,682)** | **(5,874)** | (4,871) |
| **Total Expenses** | **$ 99,864** | **$ 88,968** | $ 83,575 |

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

**Schedule 4**

## NET SURPLUS FROM CAPITAL

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Actual | 2007 Actual |
|---|---|---|
| **Revenues** | | |
| Transfer from Environmental Projects Reserve | **$ 18,646** | $ 19,294 |
| Transfer from Sewer System Rehabilitation Reserve | **11,401** | 4,829 |
| Provincial and Federal capital transfers | **7,005** | 17,013 |
| Transfer from Federal Gas Tax Revenue Reserve | **-** | 1,726 |
| | **37,052** | 42,862 |
| Developer contributions-in-kind | **4,104** | 7,579 |
| | **41,156** | 50,441 |
| **Expenses** | | |
| Amortization | **16,347** | 15,142 |
| Transfer to General Capital Fund | **13,708** | 7,663 |
| Capital maintenance | **1,371** | 1,572 |
| Loss on disposal of tangible capital assets | **299** | 534 |
| Transfer to Waterworks System | **185** | 23 |
| | **31,910** | 24,934 |
| **Net surplus from capital** | **$ 9,246** | $ 25,507 |

# THE CITY OF WINNIPEG
# SEWAGE DISPOSAL SYSTEM

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | General | | | |
|---|---|---|---|---|
| | Land | Buildings | Equipment | Information Technology |
| **Cost** | | | | |
| Balance, beginning of year | $ 1,451 | $ 885 | $ 251 | $ - |
| Add: Additions during the year | - | - | 6 | 200 |
| Less: Disposals during the year | - | - | - | - |
| Less: Transfer to General Capital Fund | - | - | - | - |
| Balance, end of year | 1,451 | 885 | 257 | 200 |
| **Accumulated amortization** | | | | |
| Balance, beginning of year | - | 541 | 13 | - |
| Add: Amortization | - | 10 | 25 | 10 |
| Less: Accumulated amortization on disposals | - | - | - | - |
| Less: Transfer to General Capital Fund | - | - | - | - |
| Balance, end of year | - | 551 | 38 | 10 |
| **Net Book Value of Tangible Capital Assets** | $ 1,451 | $ 334 | $ 219 | $ 190 |

**Schedule 5**

| Infrastructure | | | Totals | |
|---|---|---|---|---|
| Underground Networks | Sewage Treatment Plants and Lift Stations | Assets Under Construction | **2008** | 2007 |
| $ 763,091 | $ 290,351 | $ 69,688 | **$ 1,125,717** | $ 1,079,338 |
| 16,666 | 69,367 | (40,401) | **45,838** | 63,176 |
| (1,388) | - | - | **(1,388)** | (2,948) |
| - | - | - | - | (13,849) |
| 778,369 | 359,718 | 29,287 | **1,170,167** | 1,125,717 |
| 280,816 | 118,817 | - | **400,187** | 393,645 |
| 10,057 | 6,245 | - | **16,347** | 15,142 |
| (1,089) | - | - | **(1,089)** | (2,414) |
| - | - | - | - | (6,186) |
| 289,784 | 125,062 | - | **415,445** | 400,187 |
| $ 488,585 | $ 234,656 | $ 29,287 | **$ 754,722** | $ 725,530 |

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

The Water and Waste Department ("Department") is committed to providing and improving services for drinking water, wastewater, land drainage and solid waste to the residents and business interests of Winnipeg. The Department, through its employees, continuous improvement initiatives and technological advancements, strives for excellence in customer service, environmental stewardship, cost effectiveness and fiscal responsibility.

The Solid Waste Disposal Fund was established in 1992 to create a self-supporting utility.

The objective of the Solid Waste Disposal Fund ("Fund") is to provide facilities for the receiving and disposal of solid waste generated in the City to protect the public health and the environment. The Water and Waste Department is responsible for the planning and monitoring of the City's closed landfill facilities, the operation of the Brady Road landfill site and the City's waste minimization programs. In addition, the Fund's budget provides funding for Take Pride Winnipeg, debt charges, employee benefits, taxes and transfers to the General Revenue Fund to support the garbage collection program.

Commercial landfill tipping continues to be split between the City of Winnipeg Brady Road landfill and two other privately operated landfills in the Capital Region. Commercial and other municipalities' tonnage coming to the Brady Road landfill has decreased 17% from 2007, largely due to an increase in tipping fees on April 1. The amount of commercial tipping at Brady Road is estimated to be about 20% to 25% of market share. The internal tipping fee remained at $22.50 per tonne. In 2008, waste was accepted from the City of Kenora, Whiteshell Provincial Park and the R.M. of MacDonald.

Waste minimization programs include multi-material residential recycling for 185,000 single-family and 99,000 multi-family residences, depot recycling, "Let's Chip-In" (Christmas tree recycling), Leaf It With Us (leaf collection and composting), Office Paper Recycling, Back Yard Composting and public information/education programs. Recycling volumes in 2008 were 45,560 tonnes, an increase of 4.2% from 2007.

The revenues from the recycling programs are made up of support payments from the Manitoba Product Stewardship Corporation ($118 per tonne until March 2008, $112 thereafter) and from the sale of the recyclables. In 2008, the City realized $9.5 million in revenue (2007 - $8.9 million).

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

## FIVE-YEAR REVIEW

*December 31*
*(unaudited)*

| | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **Solid Waste (tonnes)** | | | | | |
| Single family residential | **183,245** | 182,894 | 185,974 | 210,378 | 200,295 |
| Multi-family and small commercial | **46,600** | 46,467 | 46,176 | 45,308 | 42,869 |
| Large commercial / industrial | **86,381** | 103,459 | 104,521 | 97,335 | 112,000 |
| Other (1) | **111,025** | 100,066 | 54,757 | 76,910 | 68,132 |
| Charitable organization | **2,298** | 1,618 | 1,089 | 1,068 | 1,040 |
| Total landfill tonnage | **429,549** | 434,504 | 392,517 | 430,999 | 424,336 |
| Clean fill, concrete, automotive shredder residue and sawdust | **191,585** | 169,055 | 158,945 | 157,385 | 135,379 |
| Residential small loads Number of loads | **102,975** | 100,123 | 93,469 | 92,244 | 93,128 |
| Recyclables (tonnes) | | | | | |
| Blue box | **36,167** | 35,072 | 33,520 | 33,355 | 32,503 |
| Depots/apartments | **9,393** | 8,631 | 8,665 | 8,813 | 8,374 |
| Total | **45,560** | 43,703 | 42,185 | 42,168 | 40,877 |

1) Includes tonnage for small load based on an estimated weight entering the landfill. In 2007, the estimate was increased from 400kg per load to 750kg per load, an increase of 88 per cent.

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 46** | $ 121 |
| Due from General Revenue Fund (Note 3) | **5,085** | 7,646 |
| Accounts receivable (Note 4) | **1,384** | 792 |
| | **6,515** | 8,559 |
| Tangible capital assets (Note 5) | **4,516** | 2,528 |
| | **$ 11,031** | $ 11,087 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities (Note 6) | **$ 857** | $ 651 |
| Current portion of long-term debt (Note 7) | **174** | 89 |
| | **1,031** | 740 |
| Long-term debt (Note 7) | **417** | 699 |
| | **1,448** | 1,439 |
| ***ACCUMULATED SURPLUS (Note 8)*** | **9,583** | 9,648 |
| | **$ 11,031** | $ 11,087 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

## STATEMENT OF OPERATIONS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| ***REVENUES (Schedule 1)*** | | | |
| Sales of services and regulatory fees | **$ 18,939** | **$ 18,558** | $ 17,375 |
| Interest | **216** | **369** | 453 |
| Government transfers | **67** | **49** | 68 |
| Other revenue | **-** | **1** | - |
| Total revenues | **19,222** | **18,977** | 17,896 |
| ***EXPENSES (Schedules 2 and 3)*** | | | |
| Solid waste disposal | **15,811** | **15,505** | 15,065 |
| Debt and finance | **482** | **286** | 285 |
| Taxes, employee benefits and other (Note 9) | **331** | **259** | 320 |
| Total expenses from operations | **16,624** | **16,050** | 15,670 |
| Surplus for the year from operations | **2,598** | **2,927** | 2,226 |
| Transfers to other funds (Note 10) | **3,168** | **2,630** | 581 |
| Surplus (Deficit) from operations after transfers to other funds | **(570)** | **297** | 1,645 |
| Net deficit from capital (Schedule 4) | **-** | **(362)** | (337) |
| Net (deficit) surplus for the year | **$ (570)** | **(65)** | 1,308 |
| ***ACCUMULATED SURPLUS, BEGINNING OF YEAR*** | | **9,648** | 8,340 |
| ***ACCUMULATED SURPLUS, END OF YEAR*** | | **$ 9,583** | $ 9,648 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Net (deficit) surplus for the year | **$ (65)** | $ 1,308 |
| Non-cash items related to operations | | |
| Amortization | **169** | 204 |
| Working capital from operations | **104** | 1,512 |
| Change in net working capital other than cash | **(386)** | 764 |
| | **(282)** | 2,276 |
| ***FINANCING*** | | |
| Due from General Revenue Fund | **2,561** | (1,238) |
| Interest on funds on deposit with The Sinking Fund Trustees of The City of Winnipeg ("The Sinking Fund Trustees") | **(108)** | (99) |
| Payments to The Sinking Fund Trustees for outstanding debt | **(89)** | (89) |
| | **2,364** | (1,426) |
| ***INVESTING*** | | |
| Purchase of tangible capital assets | **(2,157)** | (851) |
| Decrease in cash | **(75)** | (1) |
| Cash position, beginning of year | **121** | 122 |
| Cash position, end of year | **$ 46** | $ 121 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**Basis of accounting**

The 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 with the following exception:

The operations are accounted for on the accrual basis except for vacation credits, compensated absences, retirement allowance, workers compensation claims, environmental costs, and insurance claims which are recorded on a cash basis.

**a) 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 any residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|---|---|
| Land improvements | 10 to 100 years |
| Machinery and equipment | 10 to 20 years |

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**b) Brady Landfill Site Rehabilitation Reserve Fund**

City Council on December 17th, 1993, in accordance with Sections 338 (1) and (2) of the former City of Winnipeg Act, established the Reserve to provide funding, over time, for the future rehabilitation of the Brady Landfill Site.

The Reserve is financed through a monthly transfer from the Solid Waste Disposal Fund. The transfer is based on 50 cents per tonne of the tipping fee charged at the Brady Road Landfill Site. The Director of Water and Waste is the Fund Manager.

## *1. Significant Accounting Policies (continued)*

### c) Government transfers

Government transfers are the transfer of assets from the senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the 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 and return requirements, and reasonable estimates of the amounts can be determined.

## *2. Status of the Solid Waste Disposal Fund*

On March 23, 1992, City Council adopted a motion establishing the Solid Waste Disposal Fund ("Utility") as a separate fund within The City of Winnipeg's ("City") financial records. Upon establishment of this Utility, the capital assets, work in progress and related debt were transferred to this Utility from the General Capital Fund. The Utility is self-supporting and is primarily funded by landfill tipping fees. The purpose of the Fund is to improve the cost accountability of the solid waste management system and to establish a financial structure to accommodate long-term planning and financing of solid waste management programs.

## *3. Due from General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, this fund does not have a bank account. Bank transactions are credited or charged to the "Due from" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

## *4. Accounts Receivable*

| | **2008** | 2007 |
|---|---|---|
| Refuse disposal and recycling | **$ 1,428** | $ 812 |
| Allowance for doubtful accounts | **(44)** | (20) |
| | **$ 1,384** | $ 792 |

## *5. Tangible Capital Assets*

| | Net Book Value | |
|---|---|---|
| | **2008** | 2007 |
| Land | **$ 541** | $ 541 |
| Land improvements | **504** | 308 |
| Machinery and equipment | **3,379** | 623 |
| Information technology | **88** | - |
| | **4,512** | 1,472 |
| Assets under construction | **4** | 1,056 |
| | **$ 4,516** | $ 2,528 |

## *5. Tangible Capital Assets (continued)*

For additional information, see the Schedule of Tangible Capital Assets (Schedule 5).

During the year, there were no write-downs of tangible capital assets (2007 - $nil). Administration fees and interim financing charges capitalized during 2008 were $43.0 thousand (2007 - $16.8 thousand).

## *6. Accounts Payable and Accrued Liabilities*

| | **2008** | 2007 |
|---|---|---|
| Trade accounts payable | **$ 779** | $ 555 |
| Other accrued liabilities | **57** | 75 |
| Accrued debenture interest payable | **21** | 21 |
| | **$ 857** | $ 651 |

## *7. Long-Term Debt*

**Sinking fund debentures outstanding**

| Term | Maturity Date | Rate of Interest | Series | By-Law No. | Amount of Debt **2008** | Amount of Debt 2007 |
|---|---|---|---|---|---|---|
| 1989-2009 | Dec. 14 | 10.000 | VH | 5286/89 | **$ 1,935** | $ 1,935 |
| 1995-2015 | May 12 | 9.125 | VR | 6620/95 | **1,000** | 1,000 |
| | | | | | **2,935** | 2,935 |
| Equity in Sinking Fund (Note 7b) | | | | | **(2,344)** | (2,147) |
| Net sinking fund debentures outstanding | | | | | **591** | 788 |
| Current portion of long-term debt | | | | | **(174)** | (89) |
| | | | | | **$ 417** | $ 699 |

Principal retirement on long-term debt over the next five years is as follows:

| | 2009 | 2010 | 2011 | 2012 | 2013 | Thereafter |
|---|---|---|---|---|---|---|
| Sinking fund debentures | $ 1,935 | $ - | $ - | $ - | $ - | $ 1,000 |

a) All debentures are general obligations of The City of Winnipeg. Debenture debt is allocated to the General Capital Fund and various utilities in the amounts shown in the issuing by-law.

b) The City of Winnipeg Charter requires the City to make annual payments to The Sinking Fund on debt outstanding as at December 31, 2002. Sinking Fund arrangements after December 31, 2002 are managed by the City. The City is currently paying three percent or greater on its outstanding sinking fund debentures. These annual payments are invested for the retirement of the debenture issues on their maturity dates.

c) Cash paid for interest during the year was $0.3 million (2007 - $0.3 million).

## *8. Accumulated Surplus*

| | 2008 | 2007 |
|---|---|---|
| Invested in tangible capital assets | **$ 3,963** | $ 1,783 |
| Retained earnings | **5,620** | 7,865 |
| | **$ 9,583** | $ 9,648 |

## *9. Taxes, Employee Benefits and Other*

Realty and business taxes represent full taxes paid to The City of Winnipeg General Revenue Fund. In 2008, the amount incurred was $39 thousand (2007 - $44 thousand).

The Solid Waste Disposal Fund is charged with the estimated share of the City's general government expenses. In 2008 this amounted to $79 thousand (2007 - $79 thousand) and was transferred to the General Revenue Fund.

The Solid Waste Disposal Fund was charged $20 thousand (2007 - $19 thousand) by the Insurance Reserve Fund.

**Employee benefits**

Employees accrue vacation credits which together with unused holidays from previous years are not recorded as a liability on the Statement of Financial Position. The vacation credits generally become a charge to operations in the year after they are earned. The amount of this unrecorded liability at December 31, 2008 is $0.17 million (2007 - $0.17 million).

The City operates its workers compensation program on a self-insured basis. In lieu of paying premiums to the Workers Compensation Board of Manitoba, the City pays actual costs incurred plus an administration charge. The City has a responsibility regarding future costs (such as compensation, rehabilitation, medical aid, pension awards and administration) on existing claims and incurred but not reported claims. The amount of this unrecorded liability at December 31, 2008 is estimated at $153 thousand (2007 - $113 thousand).

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). An actuarial valuation has estimated the unrecorded liability at December 31, 2008 at $0.3 million (2007 - $0.1 million).

Compensated absences represents benefits expected to be paid during future employee absences in respect of sick leave days earned in previous years. The amount of this unrecorded liability at December 31, 2008 is estimated at $37 thousand (2007 - $36 thousand).

Solid Waste employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates is pension costs to various departments. During 2008, $121 thousand (2007 - $118 thousand) of pension costs were allocated to Solid Waste. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has an actuarial surplus.

### *10. Transfers to Other Funds*

| | **2008** | 2007 |
|---|---|---|
| Transfer to General Revenue Fund | **$ 2,455** | $ 407 |
| Transfer to Brady Landfill Site Rehabilitation Reserve | **175** | 174 |
| | **$ 2,630** | $ 581 |

Included in various expense categories is an amount of $161 thousand (2007 - $167 thousand) that has been charged by the Civic Accommodations Fund for the rental of office space.

### *11. Related Party Transactions*

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various City of Winnipeg controlled departments, agencies and corporations to which the City is related. Account balances resulting from these transactions are included in the Solid Waste Disposal's Statement of Financial Position and are settled on normal trade terms. Other amounts due to and from related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

**Schedule 1**

## REVENUES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Sales of services and regulatory fees** | | | |
| Recycling | **$ 9,538** | **$ 9,538** | $ 8,862 |
| Landfill tipping fees | **8,879** | **8,544** | 8,120 |
| Small load fees | **522** | **476** | 393 |
| | **18,939** | **18,558** | 17,375 |
| **Interest** | | | |
| Interest | **100** | **204** | 328 |
| Sinking Fund earnings | **108** | **108** | 99 |
| Interest capitalized | **5** | **43** | 17 |
| Late payment charges | **3** | **14** | 9 |
| | **216** | **369** | 453 |
| **Government transfers** | | | |
| Provincial support | **67** | **49** | 68 |
| **Other revenue** | **-** | **1** | **-** |
| **Total Revenues** | **$ 19,222** | **$ 18,977** | $ 17,896 |

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

**Schedule 2**

## EXPENSES

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Solid waste disposal** | | | |
| Recycling | **$ 9,494** | **$ 9,909** | $ 9,326 |
| South west operations | **4,868** | **4,407** | 4,456 |
| Landfill and environmental | **754** | **641** | 647 |
| Waste minimization | **429** | **278** | 321 |
| Take Pride Winnipeg | **202** | **186** | 200 |
| Administration | **64** | **84** | 115 |
| | **15,811** | **15,505** | 15,065 |
| **Debt and finance** | | | |
| Interest on long-term debt | **482** | **286** | 285 |
| **Taxes, employee benefits and other** | | | |
| Employee benefits | **148** | **164** | 217 |
| General government charges | **79** | **79** | 79 |
| Provincial payroll tax | **125** | **48** | 49 |
| Property taxes | **40** | **39** | 44 |
| Insurance and damage claims | **34** | **34** | 34 |
| Miscellaneous | **-** | **-** | 2 |
| Claims - general liability | **10** | **-** | - |
| Departmental recoveries | **(105)** | **(105)** | (105) |
| | **331** | **259** | 320 |
| **Total Expenses from Operations** | **16,624** | **16,050** | 15,670 |
| **Transfers to other funds** | | | |
| Transfer to General Revenue Fund | **2,987** | **2,455** | 407 |
| Transfer to Brady Landfill Site Rehabilitation Reserve | **181** | **175** | 174 |
| | **3,168** | **2,630** | 581 |
| **Total Expenses** | **$ 19,792** | **$ 18,680** | $ 16,251 |

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

**Schedule 3**

## EXPENSES BY OBJECT

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| Goods and services | **$ 13,991** | **$ 13,225** | $ 12,763 |
| Transfers | **3,168** | **2,630** | 581 |
| Salaries | **2,117** | **1,861** | 1,888 |
| Other expenses | **(36)** | **455** | 483 |
| Employee benefits | **519** | **406** | 455 |
| Interest on long-term debt | **482** | **286** | 285 |
| Finance charges | **3** | **26** | 18 |
| Recoveries | **(452)** | **(209)** | (222) |
| **Total Expenses** | **$ 19,792** | **$ 18,680** | $ 16,251 |

# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

**Schedule 4**

## NET DEFICIT FROM CAPITAL

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 Budget | 2008 Actual | 2007 Actual |
|---|---|---|---|
| **Revenues** | | | |
| Other capital funding | **$ -** | **$ 182** | $ - |
| **Expenses** | | | |
| Capital maintenance | **-** | **375** | 133 |
| Amortization | **-** | **169** | 204 |
| **Total expenses from capital** | **-** | **544** | 337 |
| **Net deficit from capital** | **$ -** | **$ (362)** | $ (337) |

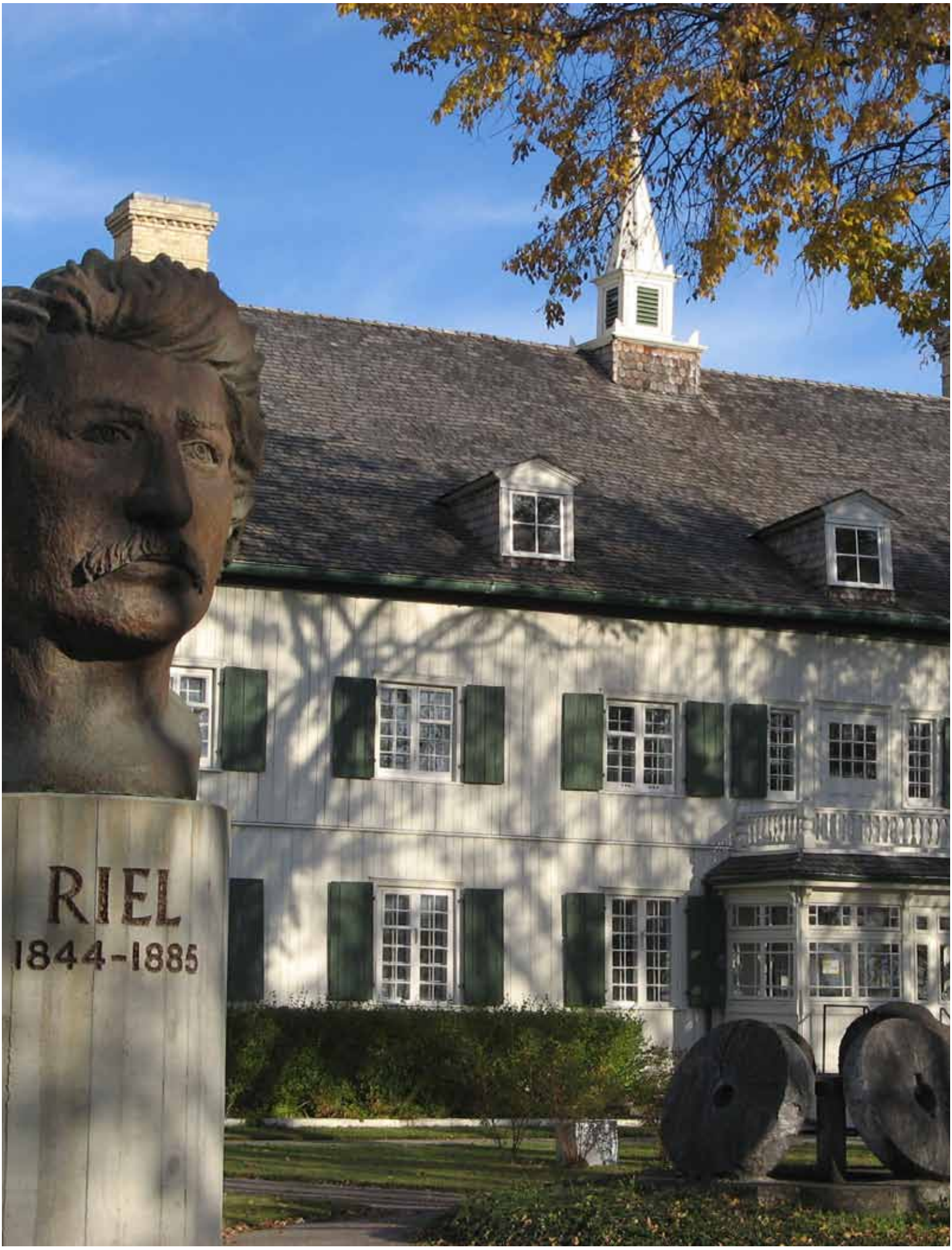
# THE CITY OF WINNIPEG
# SOLID WASTE DISPOSAL FUND

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | General | | | |
|---|---|---|---|---|
| | **Land** | **Land Improvements** | **Buildings** | **Machinery and Equipment** |
| **Cost** | | | | |
| Balance, beginning of year | $ 541 | $ 3,371 | $ 273 | $ 1,320 |
| Add: Additions during the year | - | 204 | - | 2,913 |
| Balance, end of year | 541 | 3,575 | 273 | 4,233 |
| **Accumulated amortization** | | | | |
| Balance, beginning of year | - | 3,063 | 273 | 697 |
| Add: Amortization | - | 8 | - | 157 |
| Balance, end of year | - | 3,071 | 273 | 854 |
| **Net Book Value of Tangible Capital Assets** | $ 541 | $ 504 | $ - | $ 3,379 |

| | | | Totals | |
|---|---|---|---|---|
| **Information Technology** | **Assets Under Construction** | **2008** | 2007 |
| $ - | $ 1,056 | **$ 6,561** | $ 5,710 |
| 92 | (1,052) | **2,157** | 851 |
| 92 | 4 | **8,718** | 6,561 |
| - | - | **4,033** | 3,829 |
| 4 | - | **169** | 204 |
| 4 | - | **4,202** | 4,033 |
| 88 | $ 4 | **$ 4,516** | $ 2,528 |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# SPECIAL OPERATING AGENCIES 2008 DETAILED FINANCIAL STATEMENTS

# THE CITY OF WINNIPEG
# ANIMAL SERVICES - SPECIAL OPERATING AGENCY

## STATEMENT OF FINANCIAL POSITION

*As at December 31*

| | 2008 | 2007 (Restated Note 12) |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 9,509** | $ 7,334 |
| Accounts receivable (Note 6) | **40,943** | 32,136 |
| Inventory | **407** | 9,363 |
| Prepaid expenses | **28,738** | 25,835 |
| | **79,597** | 74,668 |
| Equipment | | |
| Computer | **78,946** | 78,946 |
| Furniture and other | **113,772** | 111,353 |
| | **192,718** | 190,299 |
| Less: accumulated depreciation | **(164,873)** | (155,394) |
| | **27,845** | 34,905 |
| | **$ 107,442** | $ 109,573 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable and accrued liabilities | **$ 62,820** | $ 108,836 |
| Vacation and overtime payable | **121,201** | 105,176 |
| Deferred revenue (Note 2) | **527,749** | 525,681 |
| Due to The City of Winnipeg - General Revenue Fund (Note 7) | **611,391** | 361,218 |
| | **1,323,161** | 1,100,911 |
| Long-term | | |
| Retirement allowance (Note 8a) | **120,000** | 129,000 |
| | **1,443,161** | 1,229,911 |
| Commitments (Note 9) | | |
| ***CAPITAL DEFICIENCY*** | | |
| Deficit | **(1,335,719)** | (1,120,338) |
| | **$ 107,442** | $ 109,573 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# ANIMAL SERVICES - SPECIAL OPERATING AGENCY

## STATEMENT OF LOSS AND DEFICIT

*For the years ended December 31*

| | **2008** | 2007 (Restated Note 12) |
|---|---|---|
| ***REVENUES*** | **$ 956,278** | $ 975,855 |
| ***EXPENSES*** | | |
| Salaries and benefits | **1,248,732** | 1,308,963 |
| Services (Note 10) | **549,263** | 547,167 |
| Rent (Note 10) | **208,532** | 169,338 |
| Material, parts and supplies | **18,165** | 30,360 |
| Other | | |
| Administrative expenses (Note 10) | **155,902** | 173,484 |
| Depreciation | **9,479** | 8,349 |
| Interest (Note 7) | **7,826** | 1,647 |
| | **2,197,899** | 2,239,308 |
| Loss from operations | **(1,241,621)** | (1,263,453) |
| Other | | |
| Grant from the Province of Manitoba | **21,964** | 21,769 |
| Grant from The City of Winnipeg (Note 11) | **1,004,276** | 1,018,850 |
| ***NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR*** | **(215,381)** | (222,834) |
| ***DEFICIT, BEGINNING OF YEAR, as restated (Note 12)*** | **(1,120,338)** | (897,504) |
| ***DEFICIT, END OF YEAR*** | **$ (1,335,719)** | $ (1,120,338) |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# ANIMAL SERVICES - SPECIAL OPERATING AGENCY

## STATEMENT OF CASH FLOWS

*For the years ended December 31*

| | **2008** | 2007 (Restated Note 12) |
|---|---|---|
| ***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:*** | | |
| ***OPERATING*** | | |
| Net loss for the year | **$ (215,381)** | $ (222,834) |
| Non-cash items related to operations | | |
| Depreciation | **9,479** | 8,349 |
| (Decrease) increase in retirement allowance | **(9,000)** | 12,000 |
| Working capital from operations | **(214,902)** | (202,485) |
| Net change in working capital other than cash assets | **(30,677)** | 128,094 |
| | **(245,579)** | (74,391) |
| ***FINANCING*** | | |
| Increase in Due to The City of Winnipeg - General Revenue Fund | **250,173** | 86,030 |
| ***INVESTING*** | | |
| Purchase of equipment | **(2,419)** | (6,387) |
| Increase in cash | **2,175** | 5,252 |
| ***CASH, BEGINNING OF YEAR*** | **7,334** | 2,082 |
| ***CASH, END OF YEAR*** | **$ 9,509** | $ 7,334 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# ANIMAL SERVICES - SPECIAL OPERATING AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*

### *1. Description of Business*

Animal Services - Special Operating Agency (the "Agency") commenced operations on January 1, 2000. Goals since the establishment of the Agency have been to become financially self-sustaining to the greatest degree possible and to improve both the services provided to the public and the public's perception of Animal Services.

### *2. Significant Accounting Policies*

The financial statements have been prepared on the basis of Canadian generally accepted accounting principles. The financial statements are based on the following significant accounting policies:

**Revenue recognition**

License revenues are recognized over the license validation period.

**Inventory**

Inventory is stated at the lower of cost and net realizable value.

**Equipment**

Equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful life of the asset using the following annual rates:

| | |
|---|---|
| Computer equipment | 25% |
| Furniture and other equipment | 20% |

**Deferred revenue**

Included in deferred revenue is $24,098 (2007 - $32,130) received from The City of Winnipeg for the purchase of communication equipment. This amount is recognized as income at the same rate that the related assets are being depreciated.

### *3. Changes in Accounting Policies*

On January 1, 2008, the Agency retroactively adopted, without restatement of prior periods, the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3862, Financial Instruments – Disclosures; 3863, Financial Instruments – Presentation; and 1535, Capital Disclosures.

The adoption of Sections 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation is designed to enable users of financial statements to evaluate the significance of financial instruments to an entity’s financial position, performance and cash flows, as well as the nature and extent of risks arising from financial instruments to which an entity is exposed and how those risks are managed.

### *3. Changes in Accounting Policies (continued)*

Section 1535, Capital Disclosures requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing its capital.

### *4. Financial Instruments*

The Agency's financial assets and liabilities are comprised of cash, accounts receivable, accounts payable and accrued liabilities, vacation and overtime payable, and due to The City of Winnipeg - General Revenue Fund. The Agency is exposed to financial risks arising from its financial assets and liabilities.

Financial instruments are classified into one of the following five categories: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Initial measurement of financial instruments is at fair value; subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. The Agency's cash is classified as held-for-trading and the accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, vacation and overtime payable, and due to The City of Winnipeg - General Revenue Fund have been classified as other liabilities. Financial assets classified as held-for-trading are reported at fair value with changes in fair value recognized in the Statement of Loss and Deficit and transaction costs related to this classification of financial instruments are expensed as incurred. Financial assets and liabilities classified as loans and receivables and other liabilities are measured at amortized cost. The Agency will recognize changes in the fair value of loans and receivables only if realized, or impairment in the value of an asset occurs. The Agency has not classified any financial instrument as held-to-maturity or as available-for-sale. The book value of the Agency's financial assets and liabilities approximates their fair value.

**Credit Risk**

Credit risk is the risk a customer will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Agency. Financial instruments affected the most by credit risk are accounts receivable.

The Agency does not have significant exposure to credit risk given it does not have a significant amount of accounts receivable or amounts owing by parties related to the Agency. A reasonable allowance for noncollectible amounts is established, which is netted against accounts receivable on the Statement of Financial Position. The Agency does not hold collateral as security for these balances.

**Liquidity Risk**

Liquidity risk is the risk the Agency will encounter difficulty in meeting obligations associated with financial liabilities. Due to the Agency's relationship with The City of Winnipeg, it can rely upon sufficient financial resources from that source in the event internally generated cash flows or cash flows accessible through external sources are insufficient. Amounts due to The City of Winnipeg - General Revenue Fund are treated as subordinate to other obligations and have no fixed terms of repayment.

**Market Risk**

Market risk is the risk the Agency is exposed to concerning the fair value or the future cash flows of a financial instrument fluctuating because of changes in market price. For the Agency, the most significant aspect of market risk would be interest risk. The financial instrument affected the most by interest rate risk is The City of Winnipeg - General Revenue Fund.

The Agency's due to The City of Winnipeg - General Revenue Fund is subject to floating interest rates and is used for short term financing, which limits the Agency's exposure to this risk.

## *5. Capital Management*

On January 1, 2008, the Agency adopted the CICA Handbook Section 1535, Capital Disclosures, which requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing its capital. There is no financial impact to previously reported financial statements as a result of the implementation of this new accounting standard.

The Agency does not have any externally imposed capital requirements requiring compliance.

## *6. Accounts Receivable*

| | **2008** | 2007 |
|---|---|---|
| Trade accounts receivable | **$ 28,405** | $ 45,482 |
| Allowance for doubtful accounts | **(9,650)** | (36,021) |
| | **18,755** | 9,461 |
| Provincial grant | **22,188** | 22,675 |
| | **$ 40,943** | $ 32,136 |

## *7. Due to The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. Interest is charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2008 interest rate was 1.5% (2007 - 4.2%). City Council approved, in the Agency's 2008 budget, an operating line of credit up to $615,000 from The City of Winnipeg.

During the year, the Agency paid $7,826 (2007 - $1,647) in interest costs.

## *8. Employee Benefits*

### a) Retirement allowance

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions and experience gains and losses are amortized on a straight-line basis over 10.0 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report of the obligation was prepared effective December 31, 2005. The results of this valuation were extrapolated to December 31, 2008.

## *8. Employee Benefits (continued)*

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

| | 2008 | 2007 |
|---|---|---|
| Retirement allowance - accrued obligation: | | |
| Balance, beginning of year | **$ 135,000** | $ 139,000 |
| Current service cost | **5,000** | 5,000 |
| Interest cost | **6,000** | 6,000 |
| Net actuarial gain | **-** | (3,000) |
| Benefit payments | **(21,000)** | (12,000) |
| Balance, end of year | **125,000** | 135,000 |
| Unamortized net actuarial loss | **(5,000)** | (6,000) |
| Retirement allowance - accrued liability | **$ 120,000** | $ 129,000 |

Retirement allowance expense consists of the following:

| | 2008 | 2007 |
|---|---|---|
| Current service cost | **$ 5,000** | $ 5,000 |
| Interest cost | **6,000** | 6,000 |
| Amortization of net actuarial loss | **1,000** | 1,000 |
| | **$ 12,000** | $ 12,000 |

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

| | 2008 | 2007 |
|---|---|---|
| Valuation interest rate | **4.80%** | 4.70% |
| General increases in pay | **3.00%** | 3.00% |

**b) Pensions**

The Agency's employees are eligible for pension under the Winnipeg Civic Employees' Benefits Program. The City of Winnipeg allocates its pension costs to various departments. During the year, $65,780 (2007 - $63,973) of pension costs were allocated to Animal Services. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has an actuarial surplus.

## *9. Commitments*

The Agency and the Winnipeg Humane Society have entered into a contract that is in force from January 1, 2006 to December 31, 2008. Subject to the Winnipeg Humane Society complying with the terms of the agreement, the Agency agrees to pay the Winnipeg Humane Society the sum of $200,000 per year, payable in quarterly installments of $50,000. In addition, the Agency agrees to pay $20 for every spay/neuter that the Winnipeg Humane Society performs up to an annual maximum of $50,000.

### *10. Related Party Transactions*

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred are as follows:

Included in the Agency's expenditures is a transfer to The City of Winnipeg Civic Accommodations Fund for rent of $208,532 (2007 - $169,338) and a transfer to The City of Winnipeg - General Revenue Fund for administrative services of $80,396 (2007 - $88,026). Also included are lease costs of $85,116 (2007 - $85,336) to The City of Winnipeg Fleet Management - Special Operating Agency and $69,582 (2007 - $69,582) for general government charges that has been paid to the City of Winnipeg - General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to the Agency.

### *11. Grant from The City of Winnipeg*

This year, the general grant from The City of Winnipeg decreased by 1.43% or $14,574 to $1,004,276. This follows a decrease in 2007 of 0.12%.

| | |
|---|---|
| 2004 | $ 950,000 |
| 2005 | 895,877 |
| 2006 | 1,020,101 |
| 2007 | 1,018,850 |
| 2008 | 1,004,276 |

### *12. Correction of Prior Period Error*

During 2008, it was discovered that the vacation liability was incorrectly calculated. The correction was accounted for retroactively with restatement of all prior periods reported. The effect of these changes on the 2007 comparative figures are as follows:

| *Financial Statement Item* | Previously Reported | Change | Balance as Restated |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Accounts payable and accrued liabilities | $ 106,040 | $ 2,796 | $ 108,836 |
| Vacation and overtime payable | $ 52,790 | $ 52,386 | $ 105,176 |
| Deficit | $ (1,065,156) | $ (55,182) | $ (1,120,338) |
| **Statement of Loss and Deficit** | | | |
| Salaries and benefits | $ 1,253,781 | $ 55,182 | $ 1,308,963 |
| **Statement of Cash Flows** | | | |
| Net loss for the year | $ (167,652) | $ (55,182) | $ (222,834) |
| Net change in working capital other than cash assets | $ 72,912 | $ 55,182 | $ 128,094 |

### *13. Comparative Figures*

Certain comparative figures have been reclassified to conform with the current year's presentation.

# THE CITY OF WINNIPEG
# GOLF SERVICES - SPECIAL OPERATING AGENCY

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Accounts receivable | **$ 257** | $ 67 |
| Inventory | **56** | 51 |
| Prepaid expenses | **5** | 5 |
| | **318** | 123 |
| Capital assets (Note 6) | **23,476** | 23,479 |
| | **$ 23,794** | $ 23,602 |
| ***LIABILITIES*** | | |
| Current | | |
| Due to The City of Winnipeg - General Revenue Fund (Note 7) | **$ 3,042** | $ 2,008 |
| Accounts payable and accrued liabilities | **53** | 82 |
| Deferred revenue | **57** | 43 |
| Vacation payable | **52** | 49 |
| Current portion of long-term debt (Note 8) | **94** | 87 |
| | **3,298** | 2,269 |
| Retirement allowance (Note 9a) | **169** | 161 |
| Environmental liability (Note 10) | **30** | - |
| Long-term debt - The City of Winnipeg (Note 8) | **3,953** | 3,774 |
| | **7,450** | 6,204 |
| ***SURPLUS*** | | |
| Contributed surplus | **20,574** | 20,574 |
| Deficit | **(4,230)** | (3,176) |
| | **16,344** | 17,398 |
| | **$ 23,794** | $ 23,602 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# GOLF SERVICES - SPECIAL OPERATING AGENCY

## STATEMENT OF OPERATIONS AND DEFICIT

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Green fees | **$ 1,831** | $ 1,985 |
| Equipment rentals | **258** | 247 |
| Net revenue from leasing operations | **120** | 121 |
| Merchandise sales | **111** | 107 |
| Other | **68** | 27 |
| Concessions | **37** | 101 |
| Total Revenues | **2,425** | 2,588 |
| ***EXPENSES*** | | |
| Salaries and employee benefits (Note 9) | **1,295** | 1,359 |
| Services (Note 11) | **620** | 569 |
| Debt, finance charges and interest (Notes 7 and 8) | **320** | 308 |
| Municipal tax equivalency charge (Note 12) | **281** | 272 |
| Amortization | **277** | 265 |
| Material, parts and supplies | **263** | 278 |
| Provision for doubtful accounts | **78** | 36 |
| Rent (Note 11b) | **17** | 17 |
| Total Expenses | **3,151** | 3,104 |
| Net loss and comprehensive loss for the year from operations | **(726)** | (516) |
| ***DEFICIT, BEGINNING OF YEAR*** | **(3,176)** | (2,355) |
| Transfer to The City of Winnipeg - General Revenue Fund | **(328)** | (305) |
| ***DEFICIT, END OF YEAR*** | **$ (4,230)** | $ (3,176) |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# GOLF SERVICES - SPECIAL OPERATING AGENCY

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*

***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:***

| | **2008** | 2007 |
|---|---|---|
| ***OPERATING*** | | |
| Net loss for the year | **$ (726)** | $ (516) |
| Non-cash items related to operations | | |
| Increase in retirement allowance | **8** | 9 |
| Increase in environmental liability | **30** | - |
| Amortization | **277** | 265 |
| Working capital from operations | **(411)** | (242) |
| Net change in working capital | **(207)** | 35 |
| | **(618)** | (207) |
| ***FINANCING*** | | |
| Increase in due to The City of Winnipeg - General Revenue Fund | **1,034** | 572 |
| Increase (decrease) in long-term debt - The City of Winnipeg | **186** | (48) |
| Transfer to The City of Winnipeg - General Revenue Fund | **(328)** | (305) |
| | **892** | 219 |
| ***INVESTING*** | | |
| Purchase of capital assets | **(274)** | (12) |
| ***CASH, END OF YEAR*** | **$ -** | $ - |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# GOLF SERVICES - SPECIAL OPERATING AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*

### *1. Description of Business*

On February 23, 2000, City Council directed that a Business Plan and Operating Charter for a Golf Services - Special Operating Agency (the "Agency") be prepared and further that the municipal golf course operations be realigned under the purview of the Planning, Property and Development Department.

The Agency manages the golf courses operated by the City of Winnipeg and administers the agreements for those courses under lease or contract to other parties. The intent of the Agency is to maximize the annual return to The City of Winnipeg on golf operations and ensure the long-term sustainability of the City's golf course assets.

The Agency commenced operations on January 1, 2002.

### *2. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends on future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

The financial statements have been prepared on the basis of Canadian generally accepted accounting principles and include the following significant accounting policies:

**Inventory**

Inventory is recorded at the lower of cost and net realizable value. The amount of inventory expensed during the year was $60 thousand.

**Capital assets**

Land and buildings are stated at assessed values as of January 1, 2002, which were determined by The City of Winnipeg Assessment and Taxation Department. All golf course improvements incurred up to January 1, 2002 are assumed to be fully amortized. Equipment on hand as at January 1, 2002 is recorded at its estimated net realizable value on that date. Subsequent acquisitions are recorded at cost.

Capital assets are amortized over their estimated useful lives using the following rates and methods:

| | | |
|---|---|---|
| Building | 4% | Straight-line |
| Equipment | 10% | Straight-line |
| Golf course improvements | 5% | Straight-line |

**Revenue recognition**

Green fees and equipment rentals income are recognized when the services are provided. Sale of goods are recorded when the customer receives the product. Income from prepaid passes is recognized in the year in which the rounds are played. Any sales of prepaid passes that have not yet been redeemed are included in deferred revenue.

### *3. Changes in Accounting Policies*

On January 1, 2008, the Agency retroactively adopted, without restatement of prior periods, the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3862, Financial Instruments – Disclosures; 3863, Financial Instruments – Presentation; and 1535, Capital Disclosures. The Agency has also adopted CICA Handbook Section 3031, Inventories.

The adoption of Sections 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation is designed to enable users of financial statements to evaluate the significance of financial instruments to an entity's financial position, performance and cash flows, as well as the nature and extent of risks arising from financial instruments to which an entity is exposed and how those risks are managed.

Section 1535, Capital Disclosures requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing its capital.

Section 3031, Inventories provides guidance on measurement and disclosure requirements for inventories. The adoption of these new recommendations had no impact on the Agency's financial statements.

### *4. Financial Instruments*

The Agency's financial assets and liabilities are comprised of accounts receivable, due to The City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, vacation payable and long-term debt. The Agency is exposed to financial risks arising from its financial assets and liabilities.

Financial instruments are classified into one of the following five categories: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Initial measurement of financial instruments is at fair value; subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. The Agency's accounts receivable are classified as loans and receivables. Due to The City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, vacation payable and long-term debt have been classified as other liabilities. Financial assets and liabilities classified as loans and receivables and other liabilities are measured at amortized cost. The Agency will recognize changes in the fair value of loans and receivables only if realized, or impairment in the value of an asset occurs. The Agency has not classified any financial instrument as held-for-trading, held-to-maturity or available-for-sale. The book value of the Agency's financial assets and liabilities approximates their fair value.

**Credit Risk**

Credit risk is the risk a customer will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Agency. Financial instruments affected the most by credit risk are accounts receivable.

The Agency does not have significant exposure to credit risk given it does not have a significant amount of accounts receivable or amounts owing by parties related to the Agency. A reasonable allowance for noncollectible amounts is established, which is netted against accounts receivable on the Statement of Financial Position. The Agency does not hold collateral as security for these balances.

## *4. Financial Instruments (continued)*

### Liquidity Risk

Liquidity risk is the risk the Agency will encounter difficulty in meeting obligations associated with financial liabilities. Due to the Agency's relationship with The City of Winnipeg, it can rely upon sufficient financial resources from that source in the event internally generated cash flows or cash flows accessible through external sources are insufficient. Amounts due to The City of Winnipeg - General Revenue Fund are treated as subordinate to other obligations and have no fixed terms of repayment.

### Market Risk

Market risk is the risk the Agency is exposed to concerning the fair value or the future cash flows of a financial instrument fluctuating because of changes in market price. For the Agency, the most significant aspect of market risk would be interest rate risk. Financial instruments affected mostly by interest rate risk are long-term debt and due to The City of Winnipeg - General Revenue Fund.

As the Agency's long-term debt is comprised entirely of fixed rate instruments, the Agency is not exposed to this risk. The Agency's due to The City of Winnipeg - General Revenue Fund is subject to floating interest rates and is used for short term financing, which limits the Agency's exposure to this risk.

## *5. Capital Management*

On January 1, 2008, the Agency adopted the CICA Handbook Section 1535, Capital Disclosures, which requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing its capital. There is no financial impact to previously reported financial statements as a result of the implementation of this new accounting standard.

The Agency does not have any externally imposed capital requirements requiring compliance.

## *6. Capital Assets*

| | Cost | Accumulated Amortization | Net Book Value 2008 | 2007 |
|---|---|---|---|---|
| Land | **$ 20,376** | **$ -** | **$ 20,376** | $ 20,376 |
| Building | **2,540** | **710** | **1,830** | 1,931 |
| Equipment | **1,556** | **823** | **733** | 714 |
| Golf course improvements | **625** | **88** | **537** | 458 |
| | **$ 25,097** | **$ 1,621** | **$ 23,476** | $ 23,479 |

## *7. Due to The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due (to)/from" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term earnings (cost of funds) on the single bank account. The limit of this line of credit is $3 million at a varying overnight rate that is a function of the Bank of Canada rate. As of December 31, 2008, the rate was 1.5% (2007 - 4.2%). The interest paid in 2008 was $66 thousand (2007 - $61 thousand).

## *8. Long-Term Debt - The City of Winnipeg*

| | 2008 | 2007 |
|---|---|---|
| **Golf Course Reserve** | | |
| Golf course improvement loans, interest at 6%, with principal repayments scheduled over 10 years, commencing in: | | |
| - 2004 | **$ 43** | $ 50 |
| - 2005 | **50** | 57 |
| - 2006 | **87** | 97 |
| - 2007 | **207** | 226 |
| - 2008 | **282** | 305 |
| - 2009 | **13** | 13 |
| - 2010 | **274** | - |
| | **956** | 748 |
| **General Revenue Fund** | | |
| Start-up loan, interest at 6%, repayable in annual payments of $208 thousand, including interest and principal | **3,091** | 3,113 |
| | **4,047** | 3,861 |
| Current portion of long-term debt | **(94)** | (87) |
| | **$ 3,953** | $ 3,774 |

a) Principal repayments due within the next five years and thereafter are as follows:

| | |
|---|---|
| 2009 | $ 94 |
| 2010 | 121 |
| 2011 | 128 |
| 2012 | 136 |
| 2013 | 144 |
| Thereafter | 3,424 |
| | $ 4,047 |

b) Interest on the golf course improvement loans during the year was $53 thousand (2007 - $47 thousand) and has been paid to the Golf Course Reserve.

Interest on the start-up loan was $187 thousand (2007 - $188 thousand) during the year and has been paid to the General Revenue Fund.

c) Cash paid for interest during the year was $240 thousand (2007 - $235 thousand).

## *9. Employee Benefits*

### a) Retirement allowance

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions and experience gains and losses are amortized on a straight-line basis over 11.2 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

## *9. Employee Benefits (continued)*

The Agency measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report of the obligation was prepared effective December 31, 2005. The results of this valuation were extrapolated to December 31, 2008.

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

| | **2008** | 2007 |
|---|---|---|
| Retirement allowance - accrued obligation: | | |
| Balance, beginning of year | **$ 142** | $ 134 |
| Current service cost | **4** | 5 |
| Interest cost | **7** | 6 |
| Net actuarial gain | **(1)** | (3) |
| Balance, end of year | **152** | 142 |
| Unamortized net actuarial gain | **17** | 19 |
| Retirement allowance - accrued liability | **$ 169** | $ 161 |

Retirement allowance expense consists of the following:

| | **2008** | 2007 |
|---|---|---|
| Current service cost | **$ 4** | $ 5 |
| Interest cost | **7** | 6 |
| Amortization of net actuarial gain | **(3)** | (2) |
| | **$ 8** | $ 9 |

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

| | **2008** | 2007 |
|---|---|---|
| Valuation interest rate | **4.80%** | 4.70% |
| General increases in pay | **3.00%** | 3.00% |

### b) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year $54 thousand (2007 - $57 thousand) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has an actuarial surplus.

## *10. Environmental Liability*

The Agency has included an estimate of the cost to remediate a fuel site. A third party has estimated the cost at $30 thousand.

### *11. Related Party Transactions*

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred to the Agency's revenues/expenses are as follows:

a) In Services, an amount of $63 thousand (2007 - $61 thousand) for general government charges has been included and paid to the General Revenue Fund, which represents the estimated share of The City of Winnipeg's general expenses applicable to the Agency;

b) An amount of $17 thousand (2007 - $17 thousand) has been charged by The City of Winnipeg Civic Accommodations Fund for the rental of office space;

c) An amount of $118 thousand (2007 - $48 thousand) has been charged by The City of Winnipeg General Revenue Fund for various supporting services provided by The City of Winnipeg Planning, Property and Development Department;

d) An amount of $114 thousand (2007 - $91 thousand) has been charged by the City of Winnipeg Building Services Fund for services provided at the various golf courses; and

e) An amount of $19 thousand (2007 - $20 thousand) has been charged by The City of Winnipeg Fleet Management - Special Operating Agency for insurance and rental on vehicles owned/leased by the Agency.

### *12. Municipal Tax Equivalency Charge*

Municipal realty tax equivalency charges are applicable to the five facilities owned and previously operated by The City of Winnipeg - Windsor, Kildonan, Crescent Drive, Harbour View and John Blumberg. These charges are based on estimated assessments and the mill rate that would have been applicable had these facilities been privately owned. Estimated business tax equivalency amounts are also included with respect to the three facilities operated entirely by the Agency, based on rates applicable to private golf course businesses. The municipal tax equivalency charge also includes payroll tax of $25 thousand (2007 - $25 thousand).



# THE CITY OF WINNIPEG
# FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Due from The City of Winnipeg - General Revenue Fund (Note 6) | **$ -** | $ 289 |
| Accounts receivable | **282** | 149 |
| Inventory (Note 7) | **1,736** | 1,511 |
| Prepaid expenses | **245** | 243 |
| | **2,263** | 2,192 |
| Capital assets (Note 8) | **63,914** | 47,643 |
| | **$ 66,177** | $ 49,835 |
| ***LIABILITIES*** | | |
| Current | | |
| Due to The City of Winnipeg - General Revenue Fund (Note 6) | **$ 19,741** | $ - |
| Accounts payable and accrued liabilities | **2,535** | 482 |
| Vacation payable | **542** | 591 |
| Current portion of long-term debt (Note 9) | **3,403** | 14,406 |
| | **26,221** | 15,479 |
| Long-term debt (Note 9) | **23,975** | 27,000 |
| Deferred revenue | **1,292** | 2,135 |
| Retirement allowance (Note 10a) | **572** | 633 |
| Environmental liability (Note 11) | **420** | 420 |
| Asset retirement obligations (Note 12) | **182** | 176 |
| | **26,441** | 30,364 |
| | **52,662** | 45,843 |
| Commitments (Note 13) | | |
| ***SURPLUS*** | | |
| Contributed surplus (Note 14e) | **11,425** | 390 |
| Retained earnings | **2,090** | 3,602 |
| | **13,515** | 3,992 |
| | **$ 66,177** | $ 49,835 |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Fleet leases | **$ 17,954** | $ 15,475 |
| Fuel sales | **8,276** | 6,542 |
| Services and parts revenue (Schedule 1) | **7,371** | 7,308 |
| Rental income | **2,507** | 2,715 |
| Gain on sale of capital assets | **736** | 465 |
| Amortization of deferred revenue | **540** | 870 |
| Total Revenues | **37,384** | 33,375 |
| ***EXPENSES*** | | |
| Supplies | **10,029** | 8,076 |
| Services | **9,155** | 8,216 |
| Salaries and employee benefits | **7,374** | 7,012 |
| Amortization (Note 15) | **6,979** | 6,500 |
| Interest (Note 9) | | |
| Short-term | **105** | 72 |
| Long-term | **1,363** | 802 |
| Other | **771** | 552 |
| Total Expenses | **35,776** | 31,230 |
| Net income and comprehensive income for the year | **1,608** | 2,145 |
| ***RETAINED EARNINGS, BEGINNING OF YEAR*** | **3,602** | 2,951 |
| Transfer to The City of Winnipeg - General Revenue Fund (Note 14g) | **(3,120)** | (1,494) |
| ***RETAINED EARNINGS, END OF YEAR*** | **$ 2,090** | $ 3,602 |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*

***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:***

| | **2008** | 2007 |
|---|---|---|
| ***OPERATING*** | | |
| Net income for the year | **$ 1,608** | $ 2,145 |
| Non-cash items related to operations | | |
| Amortization | **6,979** | 6,500 |
| Amortization of deferred revenue | **(540)** | (870) |
| Gain on sale of capital assets | **(736)** | (465) |
| Retirement allowance | **(61)** | (22) |
| Accretion expense | **6** | 7 |
| Working capital from operations | **7,256** | 7,295 |
| Net change in working capital | **1,341** | (462) |
| | **8,597** | 6,833 |
| ***FINANCING*** | | |
| Increase in Due to/from The City of Winnipeg - General Revenue Fund | **20,030** | 2,103 |
| Proceeds from term loans | **-** | 13,500 |
| Repayment of term loans | **(2,883)** | (1,316) |
| Repayment of debt - The City of Winnipeg | **(110)** | (5,165) |
| Transfer to The City of Winnipeg - General Revenue Fund | **(3,120)** | (1,494) |
| | **13,917** | 7,628 |
| ***INVESTING*** | | |
| Purchase of capital assets | **(23,579)** | (15,429) |
| Decrease in loan receivable | **-** | 87 |
| Proceeds from sale of capital assets | **1,065** | 880 |
| | **(22,514)** | (14,462) |
| Increase (decrease) in cash | **-** | (1) |
| ***CASH, BEGINNING OF YEAR*** | **-** | 1 |
| ***CASH, END OF YEAR*** | **$ -** | $ - |

*See accompanying notes and schedule to the financial statements*

# THE CITY OF WINNIPEG
# FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*

### *1. Commencement of Operations*

On May 28, 2003, City Council adopted the Fleet Management Agency Selection Report, that recommended the Equipment and Material Services operation of the Public Works Department commence operations as a Special Operating Agency (the "Agency") effective January 1, 2003.

The Agency provides economical, state-of-the-art, safe and eco-friendly fleet vehicle, equipment and other asset management services to The City of Winnipeg and other public sector organizations, in support of their service delivery.

### *2. Significant Accounting Policies*

The financial statements have been prepared on the basis of Canadian generally accepted accounting principles and include the following significant accounting policies:

**Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions are based on the Agency's best information and judgment and may differ significantly from actual results.

**Inventory**

Inventory is recorded at the lower of cost and net realizable value.

**Capital assets**

Capital assets, other than land and buildings, transferred from The City of Winnipeg on January 1, 2003 are recorded at their estimated net realizable value on that date. Subsequent acquisitions are recorded at cost. Land and buildings are stated at assessed values as of January 1, 2003, which were determined by The City of Winnipeg Assessment and Taxation Department.

Capital assets are amortized on the basis of their cost less approximate residual value over their estimated useful lives using the following rates and methods:

| | | |
|---|---|---|
| Buildings | 4% to 8% | Straight-line |
| Fleet assets | | |
| Acquired at start-up | 30% | Declining balance |
| Purchased | Lease term | Straight-line |
| Equipment | 3% to 30% | Straight-line |

Amortization begins once an asset is placed into service.

## *2. Significant Accounting Policies (continued)*

### Revenue recognition

The Agency enters into operating lease agreements to supply and maintain vehicles and equipment to lessees for specified lease periods. The Agency recognizes the monthly lease payments from the lessees as income each month. Services and parts revenue, including insurance and fuel sales, are recognized upon the completion of the work or transfer of the goods or service. Revenue from short-term rentals of vehicles or equipment is recognized as income evenly over the rental period.

### Deferred revenue

Deferred revenue represents the value of fleet assets acquired from The City of Winnipeg at start-up. This amount is recognized as income at the same rate that the related assets are being amortized.

In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year in which services are performed.

### Asset retirement obligations

Asset retirement obligations are measured initially at fair value in the period in which the obligations are incurred, provided that a reasonable estimate of the fair value can be made. The retirement cost is added to the carrying amount of the related asset. In subsequent periods, the retirement cost is amortized over the useful life of the asset and the carrying value of the liability is increased to recognize increases in the liability's present value with the passage of time.

## *3. Changes in Accounting Policies*

On January 1, 2008, the Agency retroactively adopted, without restatement of prior periods, the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3862, Financial Instruments – Disclosures; 3863, Financial Instruments – Presentation; and 1535, Capital Disclosures. The Agency has also adopted CICA Handbook Section 3031, Inventory.

The adoption of Sections 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation is designed to enable users of financial statements to evaluate the significance of financial instruments to an entity’s financial position, performance and cash flows, as well as the nature and extent of risks arising from financial instruments to which an entity is exposed and how those risks are managed.

Section 1535, Capital Disclosures, requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity’s objectives, policies and procedures for managing its capital.

Section 3031, Inventories, provides guidance on measurement and disclosure requirements for inventories.

The adoption of these new recommendations had no impact on the Agency's financial statements.

## *4. Financial Instruments*

The Agency’s financial assets and liabilities are comprised of accounts receivable, due to The City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, vacation payable and long-term debt. The Agency is exposed to financial risks arising from its financial assets and liabilities.

## *4. Financial Instruments (continued)*

Financial instruments are classified into one of the following five categories: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Initial measurement of financial instruments is at fair value; subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. The Agency's accounts receivable are classified as loans and receivables. Due to The City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, vacation payable and long-term debt have been classified as other liabilities.

Financial assets and liabilities classified as loans and receivables and other liabilities are measured at amortized cost. The Agency will recognize changes in the fair value of loans and receivables only if realized, or impairment in the value of an asset occurs. The Agency has not classified any financial instrument as held-for-trading, held-to-maturity or available-for-sale. The book value of the Agency's financial assets and liabilities approximates their fair value.

### Credit Risk

Credit risk is the risk a customer will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Agency. The financial instrument affected the most by credit risk are accounts receivable.

The Agency does not have significant exposure to credit risk given it does not have a significant amount of accounts receivable. A reasonable allowance for noncollectible amounts is established, which is netted against accounts receivable on the Statement of Financial Position. The Agency does not hold collateral as security for these balances.

### Liquidity Risk

Liquidity risk is the risk the Agency will encounter difficulty in meeting obligations associated with financial liabilities. Due to the Agency's relationship with The City of Winnipeg, it can rely upon sufficient financial resources from that source in the event internally generated cash flows or cash flows accessible through external sources are insufficient. Amounts due to The City of Winnipeg - General Revenue Fund are treated as subordinate to other obligations and have no fixed terms of repayment. The Agency's most recent business plan indicates that cash resources will be sufficient to meet its obligations.

### Market Risk

Market risk is the risk the Agency is exposed to concerning the fair value of future cash flows of a financial instrument fluctuating because of changes in market price. For the Agency, the most significant aspect of market risk would be interest rate risk. Financial instruments affected the most by interest rate risk are long-term debt and due to The City of Winnipeg - General Revenue Fund.

As the Agency’s long-term debt is comprised entirely of fixed rate instruments, the Agency is not exposed to this risk. The Agency's due to The City of Winnipeg - General Revenue Fund is subject to floating interest rates and is used for short term financing, which limits the Agency's exposure to this risk.

## *5. Capital Management*

On January 1, 2008, the Agency adopted the CICA Handbook Section 1535, Capital Disclosures, which requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity’s objectives, policies and procedures for managing its capital. There is no financial impact to previously reported financial statements as a result of the implementation of this new accounting standard.

The Agency does not have any externally imposed capital requirements requiring compliance.

### *6. Due to/from The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due (to)/from" account when they are processed through the bank. Interest is credited or charged based on The City of Winnipeg's average short-term cost of funds, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.3%). As well, the Agency has negotiated an operating line of credit up to $300 thousand and a line of credit for short-term financing from The City of Winnipeg.

Funds were advanced during the year as short-term bridge financing between the time when cash is needed and term financing is arranged for capital acquisitions.

Interest paid to The City of Winnipeg - General Revenue Fund was $106 thousand (2007 - $72 thousand)

### *7. Inventory*

The amount of inventory expensed during the year was $8,177 thousand. Inventory totalling $63 thousand was also written off during the year.

### *8. Capital Assets*

| | Cost | Accumulated Amortization | Net Book Value 2008 | 2007 |
|---|---|---|---|---|
| Land | **$ 390** | **$ -** | **$ 390** | $ 390 |
| Buildings | **3,413** | **541** | **2,872** | 2,979 |
| Fleet assets | | | | |
| Acquired at start-up | **9,932** | **8,763** | **1,169** | 1,914 |
| Purchased | **75,541** | **18,659** | **56,882** | 41,298 |
| Equipment | **4,093** | **1,492** | **2,601** | 1,062 |
| | **$ 93,369** | **$ 29,455** | **$ 63,914** | $ 47,643 |

The net book value of fleet assets not yet in service is $3,513 thousand (2007 - $1,619 thousand), and equipment not yet in service is $1,570 thousand (2007 - $nil).

### *9. Long-term Debt*

| Lender | Maturity Dates | Interest Rate | 2008 | 2007 |
|---|---|---|---|---|
| Royal Bank of Canada (Note 9b) | 2011 - 2019 | 4.53% - 5.20% | **$ 27,000** | $ 29,883 |
| The City of Winnipeg Equipment and Material Services - non-interest bearing, no repayment schedule (Note 14e) | | | **-** | 1,148 |
| The City of Winnipeg - non-interest bearing, no repayment schedule (Notes 9c and 14e) | | | **378** | 10,375 |
| | | | **27,378** | 41,406 |
| Current portion of long-term debt | | | **(3,403)** | (14,406) |
| | | | **$ 23,975** | $ 27,000 |

## *9. Long-term Debt (continued)*

a) Principal repayments due within the next five years and thereafter are as follows:

| | |
|---|---|
| 2009 | $ 3,403 |
| 2010 | 3,173 |
| 2011 | 3,327 |
| 2012 | 3,038 |
| 2013 | 3,072 |
| Thereafter | 11,365 |
| | $ 27,378 |

b) The Agency has a revolving facility by way of a series of term loans in the amount of $35,000 thousand. The term loans bear a fixed rate of interest quoted by the bank at the time of each borrowing. As at December 31, 2008, $27,000 thousand (2007 - $29,883 thousand) was outstanding under this facility. The effective interest rate at December 31, 2008 was 5.0% (2007 - 4.6%).

c) On May 28, 2003, City Council approved the transfer of the Equipment Replacement Reserve Fund balance at January 1, 2003 to the Agency, to be used as a source of financing for fleet replacement, thereby resulting in the termination of the Fund at January 1, 2003. On January 1, 2008 the Agency's long-term debt due to The City of Winnipeg, excluding funds specified for communications equipment, was transferred to contributed surplus (Note 14e).

d) Cash paid for interest during the year is $1,471 thousand (2007 - $786 thousand).

## *10. Employee Benefits*

### a) Retirement allowance

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions and experience gains and losses are amortized on a straight-line basis over 10.4 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report of the obligation was prepared effective December 31, 2005. The results of this valuation were extrapolated to December 31, 2008.

### *10. Employee Benefits (continued)*

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

| | **2008** | 2007 |
|---|---|---|
| Retirement allowance - accrued obligation: | | |
| Balance, beginning of year | **$ 618** | $ 652 |
| Current service cost | **33** | 31 |
| Interest cost | **27** | 28 |
| Net actuarial gain | **(3)** | (12) |
| Benefit payments | **(120)** | (81) |
| Balance, end of year | **555** | 618 |
| Unamortized net actuarial gain | **17** | 15 |
| Retirement allowance - accrued liability | **$ 572** | $ 633 |

Retirement allowance expense consists of the following:

| | **2008** | 2007 |
|---|---|---|
| Current service cost | **$ 33** | $ 31 |
| Interest cost | **27** | 28 |
| Amortization of net actuarial gain | **(1)** | - |
| | **$ 59** | $ 59 |

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

| | **2008** | 2007 |
|---|---|---|
| Valuation interest rate | **4.80%** | 4.70% |
| General increases in pay | **3.00%** | 3.00% |

**b) Pension**

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $425 thousand (2007 - $397 thousand) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has an actuarial surplus.

### *11. Environmental Liability*

The Agency has included an estimate of the cost to remediate fuel sites. A third party has estimated the cost at $420 thousand (2007 - $420 thousand).

### *12. Asset Retirement Obligations*

Asset retirement obligations have been recognized for the decommissioning of the Agency's petroleum storage tank systems. The Agency estimated the amount to settle the asset retirement obligations which will be incurred prior to December 31, 2009 for decommissioning seven petroleum tank systems. The estimates are based on a third party engineering firm valuation. Funds have not been set aside to settle the asset retirement obligations.

### *12. Asset Retirement Obligations (continued)*

Asset retirement obligations are as follows:

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 176** | $ 169 |
| Accretion expense | **6** | 7 |
| Balance, end of year | **$ 182** | $ 176 |

### *13. Commitments*

The Agency has entered into lease agreements mainly for the lease of fleet equipment. Future minimum lease payments are as follows:

| | Operating Leases |
|---|---|
| 2009 | $ 878 |
| 2010 | 688 |
| 2011 | 484 |
| 2012 | 111 |
| 2013 | - |
| | $ 2,161 |

### *14. Related Party Transactions*

The Agency is wholly-owned by The City of Winnipeg. Transactions between the Agency and The City of Winnipeg are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Agency is economically dependent on The City of Winnipeg, as it derives most of its revenue from The City of Winnipeg.

In addition to those disclosed elsewhere in the financial statements, the transactions that occurred are as follows:

a) Revenues include sales of goods and services of $34,217 thousand (2007 - $30,039 thousand) to The City of Winnipeg.

b) An amount of $215 thousand (2007 - $179 thousand) has been transferred to the Civic Accommodations Fund for the rental of office and garage space.

c) An amount of $369 thousand (2007 - $325 thousand) has been transferred to the Public Works Department - General Revenue Fund for operator training services.

d) During the year, transfers were made to The City of Winnipeg Funds for miscellaneous services as follows:

| | **2008** | 2007 |
|---|---|---|
| General Revenue Fund | **$ 147** | $ 251 |
| Winnipeg Parking Authority - Special Operating Agency | **-** | 1 |
| | **$ 147** | $ 252 |

### *14. Related Party Transactions (continued)*

e) During the year, changes to The City of Winnipeg loans were due to the following:

| | **2008** | 2007 |
|---|---|---|
| Transfers to/from: | | |
| General Revenue Fund | **$ (110)** | $ 4,836 |
| Building Services Fund | **-** | 8 |
| Animal Services - Special Operating Agency | **-** | 6 |
| | **(110)** | 4,850 |
| Transfers to contributed surplus: | | |
| The City of Winnipeg Equipment and Material Services | **(1,148)** | - |
| The City of Winnipeg | **(9,887)** | - |
| | **$ (11,145)** | $ 4,850 |

On November 21, 2007, City Council adopted the Agency's 2008 Selection Report (Business Plan Summary) thereby approving the transfer of the Agency's long-term debt due to The City of Winnipeg to contributed surplus.

f) During the year, transfers were made to The City of Winnipeg Funds for insurance rebates as follows:

| | **2008** | 2007 |
|---|---|---|
| General Revenue Fund | **$ 75** | $ - |
| Waterworks System | **6** | - |
| Sewage Disposal System | **6** | - |
| Building Services Fund | **3** | - |
| Transit System | **3** | - |
| Animal Services - Special Operating Agency | **1** | - |
| Winnipeg Parking Authority - Special Operating Agency | **1** | - |
| Solid Waste Disposal | **1** | - |
| | **$ 96** | $ - |

g) Transfer to The City of Winnipeg - General Revenue Fund

An amount of $3,120 thousand (2007 - $1,494 thousand) was transferred to The City of Winnipeg - General Revenue Fund as a return on investment.

### *15. Change in Accounting Estimate*

As of January 1, 2008, the Agency revised the estimated useful lives and residual values of fleet assets on a prospective basis. This change resulted in a decrease of $851 thousand to amortization expense in the current year as estimated useful lives were extended from an average of five years to seven years.

# THE CITY OF WINNIPEG
# FLEET MANAGEMENT - SPECIAL OPERATING AGENCY

**Schedule 1**

## SCHEDULE OF SERVICES AND PARTS REVENUE

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| Consumables and corrective maintenance | **$ 3,840** | $ 3,333 |
| Insurance revenue | **1,553** | 1,488 |
| Power tools | **672** | 656 |
| Manufacturing sales | **435** | 544 |
| Autopac rebate | **381** | 370 |
| Other | **353** | 761 |
| Provincial support grant | **130** | 132 |
| Interest | **7** | 24 |
| | **$ 7,371** | $ 7,308 |

# THE CITY OF WINNIPEG
# WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 72** | $ 7 |
| Accounts receivable, net | **2,039** | 1,670 |
| Inventory | **133** | 155 |
| | **2,244** | 1,832 |
| Property, equipment and leasehold improvements (Note 6) | **16,629** | 14,661 |
| | **$ 18,873** | $ 16,493 |
| ***LIABILITIES*** | | |
| Current | | |
| Due to The City of Winnipeg - General Revenue Fund (Note 7) | **$ 9,286** | $ 8,829 |
| Accounts payable and accrued liabilities | **295** | 648 |
| Vacation payable | **148** | 106 |
| Customer deposits | **7** | 7 |
| Current portion of long-term debt (Note 8) | **13,012** | 12,939 |
| | **22,748** | 22,529 |
| Retirement allowance (Note 9b) | **87** | 95 |
| Long-term debt (Note 8) | **3,910** | 1,929 |
| | **3,997** | 2,024 |
| | **26,745** | 24,553 |
| ***CAPITAL DEFICIENCY*** | | |
| Contributed surplus | **172** | 172 |
| Deficit | **(8,044)** | (8,232) |
| | **(7,872)** | (8,060) |
| | **$ 18,873** | $ 16,493 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

## STATEMENT OF OPERATIONS AND DEFICIT

*For the years ended December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Enforcement (Note 10) | **$ 6,030** | $ 5,242 |
| Parking fees (Note 12a) | | |
| Winnipeg Square parkade | **2,564** | 2,431 |
| Millennium Library parkade | **1,317** | 1,157 |
| Civic Centre parkade | **752** | 616 |
| Surface parking lots | **746** | 790 |
| Meters | **2,989** | 2,494 |
| Ground lease | **325** | 325 |
| Parking permits | **94** | 334 |
| Sundry | **18** | 38 |
| Total Revenues | **14,835** | 13,427 |
| ***EXPENSES*** | | |
| Services (Note 12c, g, and i) | | |
| Enforcement | **2,305** | 1,912 |
| Utilities | **930** | 834 |
| Parkade management | **443** | 471 |
| Other | **2,095** | 1,044 |
| Salaries and employee benefits (Note 9) | **1,280** | 1,130 |
| Debt and finance charges (Notes 7 and 8b) | **1,222** | 1,258 |
| Material, parts and supplies | **1,153** | 986 |
| Amortization | **1,010** | 911 |
| Recoveries | **(2)** | (11) |
| Provision for bad debts | **(82)** | 1,173 |
| Total Expenses | **10,354** | 9,708 |
| Income before other item and The City of Winnipeg charges | **4,481** | 3,719 |
| ***OTHER ITEM*** | | |
| Loss on disposal of assets | **(118)** | (32) |
| Income before The City of Winnipeg charges | **4,363** | 3,687 |
| ***THE CITY OF WINNIPEG CHARGES*** | | |
| Transfer to The City of Winnipeg Land Operating Reserve Fund | **-** | (48) |
| Overhead charge (Note 12d) | **(203)** | (195) |
| Income tax equivalency charge (Note 11) | **(500)** | (772) |
| Allocated departmental charges (Notes 12b, e, and f) | **(544)** | (504) |
| Municipal tax equivalency charge (Note 12h) | **(658)** | (663) |
| Net income and comprehensive income for the year | **2,458** | 1,505 |
| ***DEFICIT, BEGINNING OF YEAR*** | **(8,232)** | (6,137) |
| Transfer to The City of Winnipeg - General Revenue Fund | **(2,270)** | (3,600) |
| ***DEFICIT, END OF YEAR*** | **$ (8,044)** | $ (8,232) |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

## STATEMENT OF CASH FLOWS

*For the years ended December 31*
*(in thousands of dollars)*

***NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:***

| | **2008** | 2007 |
|---|---|---|
| ***OPERATING*** | | |
| Net income and comprehensive income for the year | **$ 2,458** | $ 1,505 |
| Non-cash items related to operations | | |
| Loss on disposal of assets | **118** | 32 |
| Amortization | **1,010** | 911 |
| Retirement allowance | **(8)** | 9 |
| Working capital from operations | **3,578** | 2,457 |
| Net change in working capital | **(658)** | 1 |
| | **2,920** | 2,458 |
| ***FINANCING*** | | |
| Increase in due to The City of Winnipeg - General Revenue Fund | **457** | 1,072 |
| Proceeds from long-term debt | **2,797** | - |
| Repayment of long-term debt | **(743)** | (435) |
| Transfer to The City of Winnipeg - General Revenue Fund | **(2,270)** | (3,600) |
| | **241** | (2,963) |
| ***INVESTING*** | | |
| Proceeds from the sale of capital assets | **-** | 486 |
| Purchase of capital assets | **(3,096)** | - |
| | **(3,096)** | 486 |
| ***INCREASE (DECREASE) IN CASH POSITION*** | **65** | (19) |
| ***CASH POSITION, BEGINNING OF YEAR*** | **7** | 26 |
| ***CASH POSITION, END OF YEAR*** | **$ 72** | $ 7 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# WINNIPEG PARKING AUTHORITY - SPECIAL OPERATING AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*

### *1. Description of Business*

On March 20, 1997, City Council adopted the Reshaping Our Civic Government document identifying the development of Special Operating Agencies ("SOA") as one of five strategic initiatives needed to create a more affordable City government.

On February 24, 1999, City Council adopted the 1999 Alternative Service Delivery Review Agenda which identified the municipal parking services operations as an Alternative Services Delivery ("ASD") candidate. A feasibility study was subsequently prepared and presented to the ASD Committee.

On December 11, 2002, City Council adopted the recommendation of the ASD Committee that an Operating Charter and Business Plan for a SOA with a mandate to manage and be accountable for city-owned parking resources and be prepared for consideration by City Council.

The Winnipeg Parking Authority - Special Operating Agency ("the Agency") was created effective October 27, 2004 and commenced operations on January 1, 2005.

The Agency manages the parking facilities and related assets owned and previously operated by The City of Winnipeg ("the City"). The intent of the Agency is to provide excellent customer service, maximize the annual return of parking operations, and ensure its long-term sustainability.

### *2. Significant Accounting Policies*

The financial statements have been prepared on the basis of Canadian generally accepted accounting principles ("GAAP") and include the following significant accounting policies:

**a) Revenue recognition**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which it is earned provided it is measurable and collection is reasonably certain. Expenses are recorded in the period in which they are incurred as a result of receipt of goods or services and the creation of a legal obligation to pay.

**b) Inventory**

Inventory is recorded at the lower of cost and net realizable value.

**c) Use of estimates**

The preparation of financial statement in conformity with Canadian GAAP requires management to make estimates and assumptions. These estimates and assumptions are based on the City's best information and judgment and may differ significantly from actual results.

## *2. Significant Accounting Policies (continued)*

### d) Property, equipment and leasehold improvements

Land and equipment were transferred January 1, 2005 from the City at a fair market value as determined by independent consultants.

Property, equipment and leasehold improvements are amortized on a straight-line basis over the estimated useful life of the asset. In the year of acquisition 50% of the applicable amortization rates are used. The amortization rates are as follows:

| | |
|---|---|
| Leasehold improvements | 15 Years |
| Surface parking lots | 5% |
| Parkades | 2% |
| Vehicles | 20% |
| Meters and paystations | 10% |
| Equipment | 10-20% |
| Computer and advanced license plate recognition | 33% |
| Office furniture and equipment | 20% |
| Parkade betterments | 5% |

### e) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the 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.

## *3. Changes in Accounting Policies*

On January 1, 2008, the Agency retroactively adopted, without restatement of prior periods, the Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3862, Financial Instruments – Disclosures; 3863, Financial Instruments – Presentation; and 1535, Capital Disclosures. The Agency has also adopted CICA Handbook Section 3031, Inventories.

The adoption of Sections 3862, Financial Instruments – Disclosures and 3863, Financial Instruments – Presentation is designed to enable users of financial statements to evaluate the significance of financial instruments to an entity's financial position, performance and cash flows, as well as the nature and extent of risks arising from financial instruments to which an entity is exposed and how those risks are managed.

Section 1535, Capital Disclosures requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing its capital.

Section 3031, Inventories provides guidance on measurement and disclosure requirements for inventories.

The adoption of these new recommendations had no impact on the Agency's financial statements.

## *4. Financial Instruments*

The Agency's financial assets and liabilities are comprised of cash, accounts receivable, due to The City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, vacation payable, customer deposits and long-term debt. The Agency is exposed to financial risks arising from its financial assets and liabilities.

Financial instruments are classified into one of the following five categories: held-for-trading, loans and receivables, held-to-maturity, available-for-sale or other liabilities. Initial measurement of financial instruments is at fair value; subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. The Agency's cash is classified as held-for-trading and the accounts receivable are classified as loans and receivables. Due to The City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, vacation payable, customer deposits and long-term debt have been classified as other liabilities. Financial assets classified as held-for-trading are reported at fair value with changes in fair value recognized in the Statement of Operations and Deficit and transaction costs related to this classification of financial instruments are expensed as incurred. Financial assets and liabilities classified as loans and receivables and other liabilities are measured at amortized cost. The Agency will recognize changes in the fair value of loans and receivables only if realized, or impairment in the value of an asset occurs. The Agency has not classified any financial instrument as held-to-maturity or available-for-sale. The book value of the Agency's financial assets and liabilities approximates their fair value.

**Credit Risk**

Credit risk is the risk a customer will fail to perform an obligation or fail to pay amounts due causing a financial loss to the Agency. Financial instruments affected the most by credit risk are accounts receivable.

As the Agency is in the business of managing all city-owned parking facilities and enforcing parking related bylaws, included in accounts receivable are amounts from various City of Winnipeg departments and other customers, which use the Agency's facilities and have outstanding citations. The Agency does not have significant exposure to credit risk given it does not have a significant concentration of accounts receivable owing from any one party. The Agency does not hold collateral as security for these balances. A reasonable allowance for noncollectible amounts is established, which is netted against accounts receivable on the Statement of Financial Position.

The age of accounts receivable and the allowance for doubtful accounts as at December 31, 2008 are as follows:

| | | |
|---|---|---|
| Current | $ | 377 |
| Less than one year past due | | 1,490 |
| Greater than one year past due | | 2,319 |
| | | 4,186 |
| Allowance for doubtful accounts | | (2,147) |
| | $ | 2,039 |

## *4. Financial Instruments (continued)*

### Liquidity Risk

Liquidity risk is the risk the Agency will encounter difficulty in meeting obligations associated with financial liabilities. Due to the Agency's relationship with The City of Winnipeg, it can rely upon sufficient financial resources from that source in the event internally generated cash flows or cash flows accessible through external sources are insufficient. Amounts due to The City of Winnipeg - General Revenue Fund are treated as subordinate to other obligations and have no fixed terms of repayment. The Agency's most recent business plan indicates that cash resources will be sufficient to meet its obligations.

### Market Risk

Market risk is the risk the Agency is exposed to concerning the fair value or the future cash flows of a financial instrument fluctuating because of changes in market price. For the Agency, the most significant aspect of market risk would be interest rate risk. Financial instruments affected the most by interest rate risk are long-term debt and due to The City of Winnipeg - General Revenue Fund.

As the Agency's long-term debt is comprised entirely of fixed rate instruments, the Agency is not exposed to this risk. The Agency's due to The City of Winnipeg - General Revenue Fund is subject to floating interest rates and is used for short term financing, which limits the Agency's exposure to this risk.

## *5. Capital Management*

On January 1, 2008, the Agency adopted the CICA Handbook Section 1535, Capital Disclosures, which requires entities to disclose qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing its capital. There is no financial impact to previously reported financial statements as a result of the implementation of this new accounting standard.

The Agency does not have any externally imposed capital requirements requiring compliance.

## *6. Property, Equipment and Leasehold Improvements*

| | **Cost** | **Accumulated Amortization** | **Net Book Value 2008** | 2007 |
|---|---|---|---|---|
| Land | **$ 73** | **$ -** | **$ 73** | $ 73 |
| Leasehold improvements | **413** | **92** | **321** | 349 |
| Parking surfaces | **79** | **14** | **65** | 69 |
| Parkades | **10,724** | **857** | **9,867** | 10,058 |
| Vehicles | **164** | **72** | **92** | 38 |
| Meters and paystations | **6,589** | **1,118** | **5,471** | 3,275 |
| Equipment | **962** | **291** | **671** | 645 |
| Computer equipment | **355** | **342** | **13** | 63 |
| Office furniture and equipment | **176** | **120** | **56** | 91 |
| | **$ 19,535** | **$ 2,906** | **$ 16,629** | $ 14,661 |

## *7. Due to The City of Winnipeg - General Revenue Fund*

The City of Winnipeg operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Consequently, the Agency does not have a bank account. Bank transactions are credited or charged to the "Due (to)/from" account when they are processed through the bank. Interest is charged or credited based on the City's average short-term earnings (cost of funds) on the single bank account. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

Interest paid to The City of Winnipeg General Revenue Fund on the line of credit was $220 thousand for the year (2007 - $259 thousand).

## *8. Long-Term Debt*

| | **2008** | 2007 |
|---|---|---|
| **The City of Winnipeg - General Revenue Fund** | | |
| Start-up loan, interest at 6%, with no specific terms of repayment | **$ 12,218** | $ 12,218 |
| **Equipment financing** | | |
| Capital lease loans repayable in annual installments of $7 thousand to $482 thousand, including an imputed interest rate of 6.9% with maturity dates between August 2009 and March 2011 | **1,907** | 2,650 |
| Capital lease loan repayable at $780 thousand per year including imputed interest at 4.5% with a 12 month deferral on the first payment and maturing December 31, 2012 | **2,797** | - |
| | **16,922** | 14,868 |
| Current portion of long-term debt | **(13,012)** | (12,939) |
| | **$ 3,910** | $ 1,929 |

a) Principal repayments on the equipment financing loans due within the next five years are as follows:

| | |
|---|---|
| 2009 | $ 794 |
| 2010 | 1,428 |
| 2011 | 1,022 |
| 2012 | 714 |
| 2013 | 746 |
| | $ 4,704 |

b) Interest paid to The City of Winnipeg General Revenue Fund on the start-up loan was $733 thousand (2007 - $733 thousand).

## *9. Employee Benefits*

### a) Pension

The Agency's employees are eligible for pensions under the Winnipeg Civic Employees' Benefits Program. The Plan is a defined benefit plan. The City of Winnipeg allocates its pension costs to various departments. During the year, $68 thousand (2007 - $62 thousand) of pension costs were allocated to the Agency. An actuarial valuation for the Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 and has an actuarial surplus.

## *9. Employee Benefits (continued)*

### b) Retirement allowance

Under the retirement allowance plan, qualifying employees become entitled to a cash payment upon retirement, death or termination of service under certain conditions (not resignation). The costs are actuarially determined using the projected benefit valuation method pro-rated on services and reflects management's best estimate of retirement ages of employees, salary escalation and length of service. In addition, adjustments arising from plan amendment, changes in assumptions, and experience gains and losses are amortized on a straight-line basis over 9.7 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

The Agency measures its accrued retirement allowance obligation as at December 31 of each year. An actuarial valuation report of the obligation was prepared effective December 31, 2005. The results of this valuation were extrapolated to December 31, 2008.

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

| | **2008** | 2007 |
|---|---|---|
| Retirement allowance - accrued obligation: | | |
| Balance, beginning of year | **$ 93** | $ 86 |
| Current service cost | **6** | 5 |
| Interest cost | **4** | 4 |
| Net actuarial gain | **-** | (2) |
| Benefit payments | **(18)** | - |
| Balance, end of year | **85** | 93 |
| Unamortized net actuarial gain | **2** | 2 |
| Retirement allowance - accrued liability | **$ 87** | $ 95 |

Retirement allowance expense consists of the following:

| | **2008** | 2007 |
|---|---|---|
| Current service cost | **$ 6** | $ 5 |
| Interest cost | **4** | 4 |
| | **$ 10** | $ 9 |

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

| | **2008** | 2007 |
|---|---|---|
| Valuation interest rate | **4.80%** | 4.70% |
| General increases in pay | **3.00%** | 3.00% |

## *10. Enforcement Revenue*

Prior to 2005, enforcement revenue was accounted for using the cash basis of accounting by the City. At January 1, 2005 a gross enforcement receivable was estimated at $12,182 thousand, which was assumed by the Agency, and a corresponding allowance for doubtful accounts set up. The Agency will recognize revenue as these accounts are recovered. Collections of pre-2005 citations amounted to $712 thousand (2007 - $573 thousand).

### *11. Income Tax Equivalency*

As part of the municipal government, the Agency is not subject to corporate income taxes. However, in order to approximate a business model, the operation of the Agency is assessed with an income tax equivalency charge which is payable to the City based on the following rates:

| | |
|---|---|
| Small business rate on the first $400 thousand of net income | 16.10% |
| Regular corporate rate on the balance | 36.10% |

The loss on disposal of assets is excluded from net income for the purposes of the tax calculation.

An amount of $500 thousand (2007 - $772 thousand) has been transferred to The City of Winnipeg General Revenue Fund.

### *12. Related Party Transactions*

The Agency is wholly-owned by the City. Transactions between the Agency and the City are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

a) Revenues include sales of $533 thousand (2007 - $351 thousand) to the City.

b) An amount of $36 thousand (2007 - $36 thousand) for general government charges has been included and paid to The City of Winnipeg General Revenue Fund which represents the estimated share of the City's general expenses applicable to the Agency.

c) In Services, an amount of $114 thousand (2007 - $113 thousand) has been charged by The City of Winnipeg Civic Accommodations Fund for the rental of office space.

d) An amount of $203 thousand (2007 - $195 thousand) has been charged by The City of Winnipeg General Revenue Fund, which represents a transfer to the City as determined by the Corporate Finance Department.

e) An amount of $241 thousand (2007 - $209 thousand) has been transferred to The City of Winnipeg General Revenue Fund for the cost of support services.

f) An amount of $267 thousand (2007 - $259 thousand) has been charged by The City of Winnipeg Building Services Fund for services provided at the various locations.

g) In Services, an amount of $48 thousand (2007 - $48 thousand) has been charged by The City of Winnipeg Transit System Department for coin counting and deposit services.

h) An amount of $658 thousand (2007 - $663 thousand) has been transferred to The City of Winnipeg General Revenue Fund for payments-in-lieu of municipal taxes. These charges are based on estimated assessments and the mill rate that would have been applicable had these facilities been privately owned.

i) In Services, an amount of $315 thousand (2007 - $291 thousand) has been charged by The City of Winnipeg Fleet Management - Special Operating Agency for insurance, fuel, maintenance and rental on vehicles owned/leased by the Agency.

j) In Accounts receivable, an amount of $27 thousand (2007 - $213 thousand) is included for parking charges owing from the City.



# WHOLLY-OWNED CORPORATIONS 2008 DETAILED FINANCIAL STATEMENTS



# THE CONVENTION CENTRE CORPORATION

## BALANCE SHEET

*As at December 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current: | | |
| Cash | **$ 2,480,159** | $ 2,804,882 |
| Accounts receivable | **1,662,198** | 1,310,663 |
| Inventory | **149,967** | 131,510 |
| Prepaid expenses | **33,085** | 60,748 |
| | **4,325,409** | 4,307,803 |
| Capital assets (note 3) | **9,287,825** | 10,111,025 |
| Feasibility studies - future expansion (note 4) | **464,082** | 300,654 |
| | **$ 14,077,316** | $ 14,719,482 |
| ***LIABILITIES*** | | |
| Current: | | |
| Accounts payable and accrued liabilities | **$ 1,873,969** | $ 1,920,043 |
| Customer deposits | **463,397** | 468,746 |
| Current portion of City of Winnipeg debentures (note 6) | **258,031** | 246,800 |
| Current portion of City of Winnipeg term loan (note 7) | **44,348** | 44,348 |
| Current portion of capital lease obligation (note 8) | **56,005** | 47,184 |
| | **2,695,750** | 2,727,121 |
| City of Winnipeg debentures (note 6) | **1,368,745** | 1,626,776 |
| City of Winnipeg term loan (note 7) | **80,477** | 124,828 |
| Capital lease obligation (note 8) | **10,304** | 66,309 |
| Deferred contributions related to capital assets (note 9) | **1,720,829** | 1,873,837 |
| Deferred funding - wall cladding replacement and stabilization (note 10) | **4,596,877** | 4,926,836 |
| | **10,472,982** | 11,345,707 |
| ***FUND BALANCES*** | | |
| Operating fund (note 11) | **-** | - |
| Restricted fund (note 12) | **2,302,925** | 2,015,240 |
| Invested in capital assets (note 13) | **1,301,409** | 1,358,535 |
| | **3,604,334** | 3,373,775 |
| | **$ 14,077,316** | $ 14,719,482 |

*The accompanying notes are an integral part of this Balance Sheet.*

# THE CONVENTION CENTRE CORPORATION

## STATEMENT OF FUND BALANCES

*Year ended December 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| **BALANCE**, beginning of year | **$ 3,373,775** | $ 3,458,068 |
| Excess (deficiency) of revenue over expenditures | **230,559** | (84,293) |
| **BALANCE**, end of year | **$ 3,604,334** | $ 3,373,775 |

*The accompanying notes are an integral part of this Statement.*

# THE CONVENTION CENTRE CORPORATION

## STATEMENT OF REVENUE AND EXPENDITURES

*Year ended December 31, 2008*

| | **2008** | 2007 |
|---|---|---|
| Operating revenue | **$ 12,564,106** | $ 11,091,640 |
| Operating costs | **5,680,090** | 4,985,714 |
| Net operating revenue | **6,884,016** | 6,105,926 |
| General operating grant (note 14): | | |
| City of Winnipeg | **1,340,742** | 1,246,244 |
| Province of Manitoba | **1,215,811** | 1,120,739 |
| | **2,556,553** | 2,366,983 |
| | **9,440,569** | 8,472,909 |
| Expenditures: | | |
| Accounting and financial services and human resources | **719,210** | 701,497 |
| Administration | **1,131,991** | 985,089 |
| Building maintenance | **4,062,331** | 3,833,531 |
| Client services | **1,238,342** | 1,091,102 |
| Interest on capital lease | **15,974** | 23,406 |
| Sales and promotion | **782,408** | 774,122 |
| Security | **490,507** | 454,420 |
| | **8,440,763** | 7,863,167 |
| Net operating revenue less expenditures before under-noted | **999,806** | 609,742 |
| City of Winnipeg debt servicing grants: | | |
| Debentures (note 14) | **499,370** | 498,796 |
| Term loan (note 14) | **44,348** | 44,348 |
| Recognition of deferred contributions related to capital assets (notes 9 and 10) | **863,344** | 820,430 |
| Amortization to expense of capital assets (note 3) | **(1,925,066)** | (1,793,815) |
| Interest on City of Winnipeg debentures | **(251,243)** | (263,794) |
| Excess (deficiency) of revenue over expenditures for the year | **$ 230,559** | $ (84,293) |

*The accompanying notes are an integral part of this Statement.*

# THE CONVENTION CENTRE CORPORATION

## STATEMENT OF CASH FLOWS

*Year ended December 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***OPERATING ACTIVITIES*** | | |
| Excess (deficiency) of revenue over expenditures | **$ 230,559** | $ (84,293) |
| Adjustments for: | | |
| - amortization of capital assets | **1,925,066** | 1,793,815 |
| - recognition of deferred contributions related to capital assets | **(863,344)** | (820,430) |
| | **1,292,281** | 889,092 |
| Net changes in working capital balances | | |
| Accounts receivable | **(351,535)** | 213,997 |
| Inventory | **(18,457)** | 11,817 |
| Prepaid expenses | **27,663** | (12,641) |
| Accounts payable and accrued liabilities | **(46,074)** | 542,139 |
| Customer deposits | **(5,349)** | (25,840) |
| | **898,529** | 1,618,564 |
| ***FINANCING ACTIVITIES*** | | |
| Capital lease obligation | **(47,184)** | (39,752) |
| City of Winnipeg term loan repayments | **(44,351)** | (44,348) |
| City of Winnipeg debenture repayments | **(246,800)** | (234,997) |
| City of Winnipeg/Province of Manitoba major repair and replacement grant received | **380,377** | 570,521 |
| | **42,042** | 251,424 |
| ***INVESTING ACTIVITIES*** | | |
| Feasibility studies - future expansion | **(163,428)** | (93,543) |
| Major repair and replacement expenditures | **(1,101,866)** | (1,265,095) |
| | **(1,265,294)** | (1,358,638) |
| ***(DECREASE) INCREASE IN CASH DURING THE YEAR*** | **(324,723)** | 511,350 |
| **CASH**, beginning of year | **2,804,882** | 2,293,532 |
| **CASH**, end of year | **$ 2,480,159** | $ 2,804,882 |

*The accompanying notes are an integral part of this Statement.*

# THE CONVENTION CENTRE CORPORATION

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2008*

### *1. Purpose of the Organization*

The corporation was incorporated by special act under the laws of Manitoba to operate and promote the Winnipeg Convention Centre. The corporation is a not-for-profit organization and is therefore not subject to income taxes.

### *2. Significant Accounting Policies*

**Fund Method of Accounting:**

The fund method of accounting was adopted prospectively by the corporation in 2006, replacing the deferral method previously utilized.

In prior periods, excess of revenue over expenditures was, by Board of Directors resolution, reserved from surplus for future major repairs and replacements. As assets were acquired the reserve was deferred and amortized to income at the same rate as the assets were amortized.

Under the fund method of accounting the excess of revenue over expenses is allocated to the Operating Fund. By Board of Directors resolution, any additions to the Operating Fund are to be transferred to the Restricted Fund for future expenditures or major repairs and replacements.

As assets are acquired a like amount is transferred from the Restricted Fund to the Invested in Capital Asset Fund. The resulting balance represents the unamortized investment in major repairs and replacements net of amounts funded by grants. The Invested in Capital Asset Fund is reduced by the amortization of such assets and the amount amortized is transferred to the operating fund.

**Inventory:**

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis.

**Capital Assets:**

Capital assets are recorded at cost.

Amortization is calculated at the following rates and basis:

| | | |
|---|---|---|
| Major capital expenditures | - | at rate of related debenture repayment |
| Revitalization program | - | at rate of related debenture repayment |
| Major repair and replacement | - | 20%, straight line |
| Wall cladding replacement and stabilization | - | on a straight line basis over 20 years |
| Equipment under capital lease | - | 20%, straight line |

## *2. Significant Accounting Policies (continued)*

**Vacation Pay:**

Vacation pay is accrued and expensed as the related service is performed.

**Employee Sick Leave Entitlement:**

Certain employees hired before February 1996 are entitled to cash payment for unused sick leave credits upon retirement or death. The amounts of these accumulated sick leave credits have not been actuarially determined and are not recorded in the financial statements. The credits are expensed when paid.

The estimated maximum unused sick leave credits at year end totalled $501,715 (2007 - $497,718).

Union agreements after February 1996 exclude any cash payment entitlements for employees hired thereafter.

**Revenue Recognition:**

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably assured.

Operating revenue, which consists mainly of room rentals and food and beverage sales from events held at the Winnipeg Convention Centre are recognized as revenue when the events are held.

**Measurement Uncertainty:**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes its estimates to be appropriate; however, actual results could differ from the amounts estimated.

**Financial Instruments:**

The corporation's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, City of Winnipeg debentures and term loan and capital lease obligation. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

*3. Capital Assets*

| | Cost | Accumulated Amortization | Net Carrying Value 2008 | 2007 |
|---|---|---|---|---|
| Major capital expenditures | **$ 2,000,000** | **$ 1,710,051** | **$ 289,949** | $ 368,614 |
| Revitalization program: | | | | |
| - City of Winnipeg portion | **3,000,000** | **1,663,171** | **1,336,829** | 1,504,964 |
| - Province of Manitoba portion | **2,000,000** | **1,101,670** | **898,330** | 1,010,415 |
| Major repair and replacement | **10,522,785** | **8,398,878** | **2,123,907** | 2,221,956 |
| Wall cladding replacement | **6,599,175** | **2,002,298** | **4,596,877** | 4,926,836 |
| Equipment under capital lease | **181,543** | **139,610** | **41,933** | 78,240 |
| | **$ 24,303,503** | **$ 15,015,678** | **$ 9,287,825** | $ 10,111,025 |

**Major Capital Expenditures:**

Major capital expenditures represent expenditures for major capital projects incurred in the years 1987 to 1995 inclusive.

Major capital expenditures are carried at cost and are equal to the related debentures (note 6). The costs are amortized in an amount equal to the principal repayments on the related debentures, which approximates the estimated useful life of the assets.

**Revitalization Program:**

In the years 1991 to 1996 inclusive, the corporation incurred costs for revitalization programs funded by the City of Winnipeg and the Province of Manitoba.

**City of Winnipeg Portion**

The revitalization programs expenditures funded by the City are carried at cost and are equal to the related debentures (note 6). The costs are amortized in an amount equal to the principal repayments on the debentures, which approximates the estimated useful life of the assets.

**Provincial Portion**

The revitalization programs funded by the Province are carried at cost and amortized at the same rate as the City of Winnipeg revitalization program assets.

**Major Repair and Replacement:**

A portion of major repairs and replacements incurred after 1993 have been funded by grants from the City of Winnipeg and the Province of Manitoba. The assets are recorded at cost and amortized over their estimated useful life. The funded portion included with deferred contributions related to capital assets, is recognized on the same basis.

*3. Capital Assets (continued)*

**Wall Cladding Replacement and Stabilization:**

This amount represents the expenditures for the replacement of the exterior tyndall stone cladding of the Winnipeg Convention Centre. Pursuant to a funding agreement dated March 21, 2002, the City of Winnipeg and the Province of Manitoba agreed to equally fund the project up to $6.6 million.

The expenditures are carried at cost and are being amortized on a straight line basis over 20 years. The funding for this project is recorded as deferred revenue and will be amortized to income at the same rate as the asset is amortized.

**Equipment Under Capital Lease:**

In 2005, the corporation entered into a leasing agreement with the Royal Bank of Canada to finance the acquisition of the new parkade equipment.

The equipment is amortized on a straight line basis over 5 years.

**Amortization Expense:**

The amortization of the capital assets is as follows:

| | **2008** | 2007 |
|---|---|---|
| Major capital expenditures | **$ 78,665** | $ 74,869 |
| Revitalization program: | | |
| - City of Winnipeg portion | **168,135** | 160,128 |
| - Province of Manitoba portion | **112,085** | 106,740 |
| Major repair and replacement | **1,199,915** | 1,085,810 |
| Wall cladding replacement | **329,959** | 329,959 |
| Equipment under capital lease | **36,307** | 36,309 |
| | **$ 1,925,066** | $ 1,793,815 |

*4. Feasibility Studies - Future Expansion*

The corporation has incurred certain costs to evaluate the feasibility of expanding the existing facility to ensure it is competitive with similar facilities in other cities. Such costs are deferred and will be capitalized when an expansion occurs. Total additions in the year are $163,428.

*5. Demand Operating Loan*

The corporation has a demand operating loan credit facility from the Royal Bank of Canada of $250,000, which bears interest at the bank's prime rate and is secured by a general security agreement. The balance at December 31, 2008 and 2007 is nil.

*6. City of Winnipeg Debentures*

| | 2008 | | | 2007 |
|---|---|---|---|---|
| | **Debenture** | **Sinking Fund** | **Net** | Net |
| **For major capital expenditures:** | | | | |
| Sinking Fund Debenture, bearing interest at 10%, maturing December 14, 2009, with annual Sinking Fund contributions of $15,121 earning interest at 5% | **$ 500,000** | **$ 462,865** | **$ 37,135** | $ 73,611 |
| Serial Debenture. Principal payments vary under the terms of the debenture, payable January 17th yearly, ending in 2013. The debenture bears interest between 3.05% and 5.35% per annum with interest payable semi-annually | **131,603** | **-** | **131,603** | 154,119 |
| Sinking Fund Debenture, bearing interest at 9.375%, maturing February 11, 2013, with annual Sinking Fund contributions of $6,805 earning interest at 5% | **225,000** | **153,330** | **71,670** | 85,739 |
| Sinking Fund Debenture, bearing interest at 9.125%, maturing May 12, 2015, with annual Sinking Fund contributions of $3,024 earning interest at 5% | **100,000** | **55,279** | **44,721** | 50,326 |
| | **956,603** | **671,474** | **285,129** | 363,795 |
| **For revitalization program expenditures:** | | | | |
| Bearing interest at 9.125%, maturing May 12, 2015, with annual Sinking Fund contributions of $90,728 earning interest at 5% | **3,000,000** | **1,658,353** | **1,341,647** | 1,509,781 |
| | **$ 3,956,603** | **$ 2,329,827** | **1,626,776** | 1,873,576 |
| Current portion | | | **258,031** | 246,800 |
| | | | **$ 1,368,745** | $ 1,626,776 |

### *6. City of Winnipeg Debentures (continued)*

Principal due within each of the next five years is as follows:

| | | |
|---|---|---|
| 2009 | $ | 258,031 |
| 2010 | $ | 232,001 |
| 2011 | $ | 243,663 |
| 2012 | $ | 255,821 |
| 2013 | $ | 258,821 |

Debt service costs will be funded by grants from the City of Winnipeg. The corporation annually allocates an amount from grants received from the City of Winnipeg to cover debt service costs and the grants are recorded to income when those costs are incurred.

### *7. City of Winnipeg - Term Loan*

| | **2008** | 2007 |
|---|---|---|
| Term loan | **$ 124,825** | $ 169,176 |
| Less: current portion | **(44,348)** | (44,348) |
| | **$ 80,477** | $ 124,828 |

The loan was advanced in 1991 to fund the corporation's deficit. The term loan is non-interest bearing and repayable in 14 annual principal payments of $44,348 each, beginning August 17, 1997 with the remaining balance due on August 17, 2011.

### *8. Capital Lease Obligation*

| | **2008** | 2007 |
|---|---|---|
| Parkade equipment lease - payable to the Royal Bank of Canada, bearing interest at approximately 8%, 48 monthly payments of $5,263 (plus PST and GST) beginning March 20, 2006 with a purchase option of $1 at the end of the lease term. | **$ 73,684** | $ 136,838 |
| Less: imputed interest | **(7,375)** | (23,345) |
| | **66,309** | 113,493 |
| Less: current portion | **(56,005)** | (47,184) |
| | **$ 10,304** | $ 66,309 |

Minimum lease payments, including PST, over the next two years are as follows:

| | | |
|---|---|---|
| 2009 | $ | 63,158 |
| 2010 | $ | 10,526 |

### *9. Deferred Contributions Related to Capital Assets*

Deferred contributions related to capital assets represent externally restricted contributions including the provincial portion of the revitalization program assets and funds granted for major repair and replacement assets. These amounts are recognized as income as the related assets are amortized.

| | **2008** | 2007 |
|---|---|---|
| Beginning balance | **$ 1,873,837** | $ 1,793,787 |
| Deferred contributions for major repair and replacement expended on major repair and replacement assets during the year (note 14) | **380,377** | 570,521 |
| Deduct amounts recognized as revenue: | | |
| - Major repair and replacement expenditures | **(421,300)** | (383,731) |
| - Provincial portion of revitalization program expenditures | **(112,085)** | (106,740) |
| | **$ 1,720,829** | $ 1,873,837 |

### *10. Deferred Funding - Wall Cladding Replacement and Stabilization*

Deferred funding - wall cladding replacement and stabilization represent restricted contributions from the City of Winnipeg and the Province of Manitoba for the funding of the wall cladding replacement and stabilization project more fully disclosed in note 3. This amount is being amortized into income as the related asset is amortized.

| | **2008** | 2007 |
|---|---|---|
| Beginning balance | **$ 4,926,836** | $ 5,256,795 |
| Deduct amount amortized to revenue | **(329,959)** | (329,959) |
| | **$ 4,596,877** | $ 4,926,836 |

### *11. Operating Fund*

Transactions in the operating fund during the year are as follows:

| | **2008** | 2007 |
|---|---|---|
| Opening balance | **$ -** | $ - |
| Excess (deficiency) of revenues over expenditures | **230,559** | (84,293) |
| Amortization of invested in capital assets | **778,615** | 702,079 |
| Amounts transferred to the restricted fund by board resolution | **(1,009,174)** | (617,786) |
| | **$ -** | $ - |

### *12. Restricted Fund*

The restricted fund represents the excess of revenues over expenditures that are internally restricted by board resolution for future expenditures on capital assets. The fund is reduced by annual expenditures on capital assets net of any externally restricted amounts.

| | **2008** | 2007 |
|---|---|---|
| Opening balance | **$ 2,015,240** | $ 2,092,028 |
| Capital assets purchased in the year, net of externally restricted amounts ($380,377-2008; $570,521-2007) | **(721,489)** | (695,974) |
| Disposals in year | **-** | 1,400 |
| Amounts internally restricted by board resolution (note 11) | **1,009,174** | 617,786 |
| | **$ 2,302,925** | $ 2,015,240 |

### *13. Invested in Capital Assets*

Invested in capital assets represents total capital assets less amounts amortized less specific deferred contributions.

| | **2008** | 2007 |
|---|---|---|
| Opening balance | **$ 1,358,535** | $ 1,366,040 |
| Capital assets purchased in the year, net of disposals | **1,101,866** | 1,265,095 |
| Externally restricted amounts (note 9) | **(380,377)** | (570,521) |
| | **721,489** | 694,574 |
| Amortization of invested in capital assets | **(778,615)** | (702,079) |
| | **$ 1,301,409** | $ 1,358,535 |

### *14. Grants*

The corporation operates with the assistance of grants from the City of Winnipeg and the Province of Manitoba.

| | **2008** | 2007 |
|---|---|---|
| City of Winnipeg | **$ 2,074,648** | $ 2,074,648 |
| Province of Manitoba | **1,406,000** | 1,406,000 |
| | **$ 3,480,648** | $ 3,480,648 |

The grants are allocated as follows:

| | | |
|---|---|---|
| General operating grant | **$ 2,556,553** | $ 2,366,983 |
| Debt service | | |
| City of Winnipeg debenture | **499,370** | 498,796 |
| City of Winnipeg term loan | **44,348** | 44,348 |
| Major repairs and replacement expenditures | **380,377** | 570,521 |
| | **$ 3,480,648** | $ 3,480,648 |

## *15. Commitments*

The corporation has contracts with Correia Enterprises Ltd. (operating as Bee-Clean), Winnipeg Elevator (1978) Ltd. and Securitas Canada Limited for the provision of housekeeping, elevator and security services. These contracts expire during 2011 with an option to renew for a further five-year term.

Future payments to the expiry of the contracts are as follows:

| | |
|---|---|
| 2009 | $ 1,198,740 |
| 2010 | $ 1,211,569 |
| 2011 | $ 921,121 |

## *16. Pension Plan*

**Description of Benefit Plans:**

The employees of the corporation are members of the City of Winnipeg Civic Employees Defined Benefit Pension Plan. The corporation funds its required portion of pension costs in monthly amounts specified by the City of Winnipeg.

**Total Cash Payments:**

Total cash payments for employee future benefits for fiscal year 2008, consisting of cash contributed by the Centre to the Plan was $541,703 (2007 - $510,488).

## *17. Economic Dependency*

The corporation is dependent on the City of Winnipeg and the Province of Manitoba for funding and financing which is essential to its continuing operations.


Winnipeg
Convention
Centre

# DESTINATION WINNIPEG INC.

## BALANCE SHEET

*December 31, 2008, with comparative figures for 2007*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current assets: | | |
| Cash | **$ 212,801** | $ 145,278 |
| Investments (note 3) | **763,219** | 749,480 |
| Accounts receivable | **76,508** | 120,157 |
| Prepaid expenses | **131,985** | 128,509 |
| | **1,184,513** | 1,143,424 |
| Capital assets (note 4) | **190,531** | 238,259 |
| | **$ 1,375,044** | $ 1,381,683 |
| ***LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS*** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | **$ 77,768** | $ 84,097 |
| Deferred rent | **47,220** | 51,359 |
| Deferred contributions: | | |
| Future expenses (note 5) | **37,513** | 9,790 |
| Capital assets (note 6) | **152,724** | 184,322 |
| | **190,237** | 194,112 |
| Net assets: | | |
| Unappropriated: | | |
| Invested in capital assets (note 7) | **37,807** | 53,937 |
| Unrestricted | **468,788** | 425,887 |
| | **506,595** | 479,824 |
| Appropriated for contingency reserve (note 8) | **400,531** | 399,902 |
| Appropriated for homecoming initiative reserve (note 9) | **152,693** | 172,389 |
| | **1,059,819** | 1,052,115 |
| Commitments (note 10) | | |
| | **$ 1,375,044** | $ 1,381,683 |

*See accompanying notes to financial statements*

# DESTINATION WINNIPEG INC.

## STATEMENT OF REVENUE AND EXPENDITURES

*Year ended December 31, 2008, with comparative figures for 2007*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUE:*** | | |
| Funding: | | |
| City of Winnipeg | **$ 1,313,000** | $ 1,313,000 |
| Province of Manitoba | **1,277,000** | 1,248,000 |
| Partners on projects | **610,120** | 505,369 |
| Other | **32,116** | 39,267 |
| Interest | **32,917** | 60,480 |
| Amortization of deferred contributions - capital assets | **31,598** | 31,598 |
| | **3,296,751** | 3,197,714 |
| ***EXPENDITURES:*** | | |
| Initiatives and marketing | **1,328,265** | 1,315,682 |
| Personnel | **1,563,706** | 1,473,591 |
| Administrative | **178,456** | 182,629 |
| Occupancy and facilities | **218,620** | 219,209 |
| | **3,289,047** | 3,191,111 |
| ***EXCESS OF REVENUE OVER EXPENDITURES*** | **$ 7,704** | $ 6,603 |

*See accompanying notes to financial statements*

# DESTINATION WINNIPEG INC.

## STATEMENT OF CHANGES IN NET ASSETS

*Year ended December 31, 2008, with comparative figures for 2007*

| | Unappropriated | Contingency Reserve | Homecoming Initiative Reserve | 2008 Total | 2007 Total |
|---|---|---|---|---|---|
| Balance, beginning of year | **$ 479,824** | **$ 399,902** | **$ 172,389** | **$ 1,052,115** | $ 1,045,512 |
| Excess of revenue over expenditures | **7,704** | **-** | **-** | **7,704** | 6,603 |
| Allocation to/(from) unappropriated (note 8) | **19,067** | **629** | **(19,696)** | **-** | - |
| Balance, end of year | **$ 506,595** | **$ 400,531** | **$ 152,693** | **$ 1,059,819** | $ 1,052,115 |

*See accompanying notes to financial statements*

# DESTINATION WINNIPEG INC.

## STATEMENT OF CASH FLOWS

*Year ended December 31, 2008, with comparative figures for 2007*

| Cash provided by (used in): | **2008** | 2007 |
|---|---|---|
| ***OPERATING ACTIVITIES:*** | | |
| Excess of revenue over expenditures | **$ 7,704** | $ 6,603 |
| Adjustments for: | | |
| Amortization of capital assets | **61,120** | 57,668 |
| Amortization of deferred contributions - capital assets | **(31,598)** | (31,598) |
| Amortization of deferred rent | **(4,139)** | (3,389) |
| Change in non-cash operating working capital: | | |
| Accounts receivable | **43,649** | (66,220) |
| Prepaid expenses | **(3,476)** | (42,983) |
| Accounts payable and accrued liabilities | **(6,329)** | 24,359 |
| Increase (decrease) in deferred contributions - future expenses, net | **27,723** | (8,537) |
| | **94,654** | (64,097) |
| ***FINANCING AND INVESTING ACTIVITIES:*** | | |
| Acquisition of capital assets | **(13,392)** | (52,005) |
| Investments, net | **(13,739)** | 131,740 |
| | **(27,131)** | 79,735 |
| ***INCREASE IN CASH*** | **67,523** | 15,638 |
| ***CASH, beginning of year*** | **145,278** | 129,640 |
| ***CASH, end of year*** | **$ 212,801** | $ 145,278 |

*See accompanying notes to financial statements*

# DESTINATION WINNIPEG INC.

## NOTES TO FINANCIAL STATEMENTS

*Year ended December 31, 2008*

### *1. General:*

Destination Winnipeg Inc. (the organization) is Winnipeg's economic and tourism services agency, an arm's length organization led by an independent board appointed by the members. The City of Winnipeg and the Province of Manitoba are the members and provide core funding to the agency.

### *2. Significant accounting policies:*

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

**a) Revenue recognition:**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

**b) Financial instruments:**

The organization has designated cash and investments as held-for-trading; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other liabilities.

**c) Capital assets:**

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis to amortize the cost of the assets less their residual values over their estimated useful lives as follows:

| Asset | Rate |
|---|---|
| Computer hardware and software | 2 - 3 years |
| Office furniture and fixtures | 5 years |
| Leasehold improvements | over the term of the related lease |

**d) Deferred rent:**

As part of the organization's operating premise lease, a period of free rent was incurred and is being amortized over the term of the related lease.

**e) Investments:**

Investments are classified as held-for-trading financial instruments and are carried at fair value. The change in the difference between the fair value and the cost of investments at the beginning and end of each year is reflected in excess of revenue over expenditures. The fair value of investments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

*2. Significant accounting policies (continued):*

**f) Income taxes:**

The organization is a not-for-profit organization under the Income Tax Act and, accordingly, is exempt from income taxes, providing certain requirements of the Income Tax Act are met.

**g) Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**h) Future accounting policy changes:**

The Canadian Institute of Chartered Accountants (CICA) issued the following accounting standards that will come into effect for the organization's next fiscal year. The organization is in the process of determining the impact that these standards will have on its financial reporting.

On January 1, 2009, the organization will adopt CICA Section 3862 - Financial Instruments - Disclosures and Section 3863 - Financial Instruments - Presentation replacing the existing Section 3861 - Financial Instruments - Disclosure and Presentation. These new sections revise and enhance disclosure requirements, and carry forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

In September 2008, a number of standards applicable to not-for-profit organizations were amended and new Section 4470 - Disclosures of Allocated Expenses by Not-for-Profit Organizations, was issued. The new Section 4470 requires entities that make allocations of general support and fundraising costs to other functions to disclose the policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated, the basis on which such allocations have been made, and the functions to which they have been allocated. In addition, the amendments to the not-for-profit organization standards include clarification of when revenues and expenses are to be reported on a gross basis; clarification of the treatment of internal and external restriction on net assets; and improved guidance related to application of GAAP hierarchy, capital asset standards and statement of cash flows. The organization will adopt these standards on January 1, 2009.

*3. Investments:*

Investments consist of investments in money market instruments and a guaranteed investment certificate to fund the contingency reserve (note 8), homecoming initiative reserve (note 9) and other expenses.

*4. Capital assets:*

| | 2008 | | | 2007 |
|---|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | **Net Book Value** | Net Book Value |
| Computer hardware and software | **$ 98,064** | **$ 77,136** | **$ 20,928** | $ 25,811 |
| Office furniture and fixtures | **102,754** | **70,329** | **32,425** | 46,871 |
| Leasehold improvements | **283,262** | **146,084** | **137,178** | 165,577 |
| | **$ 484,080** | **$ 293,549** | **$ 190,531** | $ 238,259 |

***5. Deferred contributions - future expenses:***

The deferred contributions are externally restricted contributions that have been received and relate to expenses to be incurred in future years.

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 9,790** | $ 18,327 |
| Amounts received during the year | **181,930** | 165,674 |
| | **191,720** | 184,001 |
| Less: amounts recognized into revenue in the year | **(154,207)** | (174,211) |
| Balance, end of year | **$ 37,513** | $ 9,790 |

***6. Deferred contributions - capital assets:***

Deferred contributions - capital assets represent the unamortized amount of externally restricted contributions that have been received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of revenue and expenses.

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 184,322** | $ 215,920 |
| Amount amortized to revenue | **(31,598)** | (31,598) |
| Balance, end of year | **$ 152,724** | $ 184,322 |

***7. Invested in capital assets:***

| | **2008** | 2007 |
|---|---|---|
| Capital assets | **$ 190,531** | $ 238,259 |
| Deferred contributions - capital assets | **(152,724)** | (184,322) |
| Invested in capital assets | **$ 37,807** | $ 53,937 |

***8. Contingency reserve:***

A contingency reserve was established to accumulate funds to be available for employee contractual obligations in the event that operating funding for the organization is terminated by the City of Winnipeg and the Province of Manitoba. As at December 31, 2008, $629 (2007 - $28,320) was added to the contingency reserve and deducted from unappropriated surplus, based on the calculation of the contingency reserve requirement as at December 31, 2008.

***9. Homecoming initiative reserve:***

A homecoming initiative reserve was established in prior years to reserve funds to be used for a future initiative, Manitoba Homecoming 2010.

***10. Commitments:***

The organization is committed under leases for office premises and equipment for a total of $871,136. The minimum lease payments over the next five years are as follows:

| | |
|---|---|
| 2009 | $ 178,367 |
| 2010 | 178,367 |
| 2011 | 179,120 |
| 2012 | 182,881 |
| 2013 | 152,401 |

***11. Segregated funds:***

The organization holds funds that are segregated for partners (including the organization) in a separate convention development account. These funds are held in an interest-bearing account for the benefit of convention development.

The balance of these funds and the income and expenditure associated therewith, is not included in these financial statements.

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 125,524** | $ 104,686 |
| Additional funds received during the year | **13,768** | 32,532 |
| Funds used during the year | **(10,000)** | (15,000) |
| Interest earned | **2,761** | 3,306 |
| Balance, end of year, and amount of funds held | **$ 132,053** | $ 125,524 |

***12. Financial instruments:***

Interest rate risk:

Interest rate risk is the risk to the organization's earnings that arises from fluctuations in the interest rates and the degree of volatility of those rates. The organization is exposed to interest rate risk on its money market investments.

Fair value:

The fair value of accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to their short term to maturity.

# WINNIPEG HOUSING REHABILITATION CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current Assets | | |
| Cash (Note 7) | **$ 1,470,275** | $ 612,083 |
| Rents receivable | **22,690** | 17,135 |
| Other receivables | **54,816** | 58,290 |
| Grants receivable | **56,490** | 191,357 |
| GST receivable | **25,018** | 84,971 |
| Subsidy due from CMHC (Note 3) | **3,184** | 11,742 |
| Subsidy due from MHRC (Note 3) | **268,389** | 260,488 |
| Operating deficiency recoverable from MHRC (Note 4) | **119,657** | 128,233 |
| Prepaid expenses | **98,665** | 102,586 |
| Housing inventory (Note 2(a)) | **81,763** | 1,983,763 |
| | **2,200,947** | 3,450,648 |
| Restricted Cash and Deposits | | |
| Replacement Reserve Fund (Notes 2(b) and 5) | | |
| CMHC funded | **140,650** | 141,465 |
| MHRC funded | **3,134,957** | 2,962,330 |
| WHRC funded | **211,007** | 18,869 |
| | **3,486,614** | 3,122,664 |
| Capital Assets (Notes 2(c) and 6) | **31,778,968** | 30,197,110 |
| | **$ 37,466,529** | $ 36,770,422 |

# WINNIPEG HOUSING REHABILITATION CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

*March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***LIABILITIES AND NET ASSETS*** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | **$ 461,064** | $ 294,161 |
| Accrued interest payable | **228,661** | 233,528 |
| Security deposits and prepaid rent | **188,819** | 188,281 |
| Current portion of forgivable loans (Notes 2(d) and 8) | **185,786** | 59,653 |
| Current portion of long-term debt (Note 9) | **861,893** | 783,341 |
| | **1,926,223** | 1,558,964 |
| Deferred Revenue | **1,673** | 192,862 |
| Restricted Surplus (Deficit) (Note 10) | **-** | 16,775 |
| Forgivable Loans (Notes 2(d) and 8) | **2,220,347** | 2,266,931 |
| Long-term Debt (Note 9) | **29,345,196** | 29,852,359 |
| Replacement Reserves | | |
| Replacement Reserves - CMHC | **140,650** | 141,465 |
| Replacement Reserves - MHRC | **3,134,957** | 2,962,330 |
| Replacement Reserves - WHRC | **211,007** | - |
| | **3,486,614** | 3,103,795 |
| WHRC Building and Acquisition Reserve (Note 11) | **312,047** | - |
| ***NET ASSETS*** | | |
| Internally Restricted Net Assets (Note 12) | **562,200** | 244,996 |
| Unrestricted Net Assets | **(387,771)** | (466,260) |
| | **174,429** | (221,264) |
| | **$ 37,466,529** | $ 36,770,422 |

# WINNIPEG HOUSING REHABILITATION CORPORATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

*Year ended March 31, 2008*

| | **2008** | 2007 |
|---|---|---|
| ***REVENUE*** | | |
| City of Winnipeg operating grant | **$ 200,000** | $ 200,000 |
| CMHC subsidy (Note 3) | **38,207** | 164,111 |
| Development fees | **31,500** | 44,650 |
| Home Ownership Training Initiative grant | **54,446** | 43,333 |
| Interest and other income | **41,810** | 44,441 |
| Loan forgiveness | **11,000** | 38,342 |
| MHRC subsidy (Note 3) | **3,737,227** | 3,584,511 |
| Other grants | **23,327** | 12,000 |
| Parking and laundry | **67,835** | 64,284 |
| Property management fees | **250,431** | 242,875 |
| Rental revenue | | |
| Residential | **2,484,866** | 2,382,517 |
| Commercial | **50,351** | 52,369 |
| Winnipeg Housing and Homelessness Initiative grant | **-** | 16,388 |
| Gain on sale of rental properties | **567,587** | 235,663 |
| Realized gain on forgivable loans | **-** | 60,000 |
| | **7,558,587** | 7,185,484 |
| ***EXPENDITURES*** | **7,065,643** | 6,998,398 |
| **EXCESS OF REVENUE OVER EXPENDITURES** | **492,944** | 187,086 |
| **UNRESTRICTED NET ASSETS, BEGINNING OF YEAR** | **(466,260)** | (504,502) |
| **OPERATING DEFICIENCY RECOVERABLE FROM MHRC** (Note 4) | **40,785** | 78,873 |
| **TRANSFER TO INTERNALLY RESTRICTED NET ASSETS** (Note 12) | **(455,240)** | (227,717) |
| **UNRESTRICTED NET ASSETS, END OF YEAR** | **$ (387,771)** | $ (466,260) |

# WINNIPEG HOUSING REHABILITATION CORPORATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (continued)

*Year ended March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***EXPENDITURES*** | | |
| Administration | **$ 294,902** | $ 271,192 |
| Advertising | **2,638** | 829 |
| Allocation to Replacement Reserve (Note 5) | **275,349** | 305,661 |
| Amortization (Note 2(c)) | **855,884** | 856,596 |
| Bad debts | **13,963** | 39,830 |
| Bank charges and other interest | **2,627** | 3,887 |
| Cable T.V. | **949** | 1,126 |
| Collection fees | **2,580** | 2,647 |
| Disallowed GST | **1,385** | 3,495 |
| Garbage removal | **15,056** | 8,510 |
| Heat | **295,079** | 285,988 |
| Home Ownership Training Initiative | **54,446** | 43,333 |
| Hydro | **322,471** | 278,131 |
| Insurance | **116,066** | 117,133 |
| Janitorial services | **259,086** | 258,921 |
| Licenses and permits | **340** | 340 |
| Maintenance and repairs (Note 5) | **596,652** | 626,695 |
| Mortgage interest (Note 9) | **2,733,635** | 2,795,580 |
| Office operations | **55,601** | 60,358 |
| Office salaries and benefits | **412,186** | 361,599 |
| Other grants | **23,327** | 12,000 |
| Pest control | **-** | 327 |
| Professional fees | **27,252** | 30,932 |
| Property taxes | **320,617** | 307,945 |
| Security | **3,545** | 2,428 |
| Snow removal | **5,572** | 6,380 |
| Tenant charge backs (recovery) | **(2,639)** | (12,567) |
| Utilities | **9,010** | 6,860 |
| Water | **368,064** | 316,401 |
| Unrealized projects | **-** | 5,841 |
| Total Expenditures | **$ 7,065,643** | $ 6,998,398 |

# WINNIPEG HOUSING REHABILITATION CORPORATION
## CONSOLIDATED STATEMENT OF CASH FLOW
*Year ended March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***CASH PROVIDED BY (USED IN):*** | | |
| ***OPERATING ACTIVITIES*** | | |
| Excess of revenue over expenditures | **$ 492,944** | $ 187,086 |
| Add non cash item(s): | | |
| Amortization | **855,884** | 856,596 |
| Loan forgiveness | **(11,000)** | (38,342) |
| Transfer to internally restricted net assets | **-** | 9,944 |
| Transfer to WHRC replacement reserve | **80,799** | - |
| Transfer to WHRC building and acquisition reserve | **312,047** | - |
| Gain on sale of rental properties | **(567,587)** | (235,663) |
| | **1,163,087** | 779,621 |
| Change in non-cash working capital: | | |
| Rents receivable | **(4,395)** | 6,933 |
| Other receivables | **2,314** | (5,014) |
| Grants receivable | **134,867** | 424 |
| GST receivable | **59,953** | (45,761) |
| Subsidy due from CMHC | **8,558** | (688) |
| Subsidy due from MHRC | **(7,901)** | 12,741 |
| Prepaid expenses | **3,921** | (4,995) |
| Housing inventory | **1,902,000** | (1,508,953) |
| Accounts payable and accrued liabilities | **166,904** | (90,521) |
| Accrued interest payable | **(4,867)** | (7,575) |
| Security deposits and prepaid rent | **538** | 4,318 |
| Deferred revenue | **(191,189)** | (17,051) |
| | **3,233,790** | (876,521) |
| ***INVESTING ACTIVITIES*** | | |
| Purchase of capital assets | **(3,001,962)** | (279,943) |
| Proceeds on sale of capital assets | **980,034** | 795,981 |
| Increase in MHRC replacement reserve | **172,627** | 214,935 |
| Increase (decrease) in CMHC replacement reserve | **(815)** | 109,425 |
| Decrease in subsidy surplus reserve | **-** | (79,324) |
| | **(1,850,116)** | 761,074 |
| ***FINANCING ACTIVITIES*** | | |
| Decrease in restricted surplus (deficit) | **(16,775)** | (20,712) |
| Increase in forgivable loans | **225,149** | 1,930,378 |
| Advance of long-term debt | **844,200** | 102,000 |
| Repayment of long-term debt | **(1,272,811)** | (1,204,673) |
| Interest on internally restricted net assets | **9,345** | - |
| MHRC recoveries | **49,360** | 114,228 |
| | **(161,532)** | 921,221 |
| Increase in cash | **1,222,142** | 805,774 |
| Cash, beginning of year | **3,734,747** | 2,928,973 |
| Cash, end of year (Note 13) | **$ 4,956,889** | $ 3,734,747 |

# WINNIPEG HOUSING REHABILITATION CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Year ended March 31, 2008*

### *1. Accounting Entity*

The corporation is engaged in providing assisted housing in the Core Area of Winnipeg. The corporation is mandated by the City of Winnipeg, but receives assistance by way of government sponsorship through Canada Mortgage and Housing Corporation (CMHC) and Manitoba Housing and Renewal Corporation (MHRC). The corporation's activities include a property management head office, management of individual properties and a housing rehabilitation program. The corporation is not taxable under section 149 of the Income Tax Act. For GST purposes, the corporation is designated as a municipality and is able to recover 100% of the GST paid for its CMHC and MHRC portfolios.

These financial statements consolidate Winnipeg Housing Rehabilitation Corporation (WHRC) and Winnipeg Partners in Housing Inc. (WPH). WHRC controls WPH by virtue of appointing the board of directors. Individual financial statements for both entities are available.

### *2. Significant Accounting Policies*

The consolidated financial statements of the corporation have been prepared solely for the information and use of CMHC and MHRC to comply with each of their operating agreements. The corporation follows certain accounting principles as determined by CMHC and MHRC for administration and funding purposes in recording expenditures.

#### a) Housing Inventory

Housing inventory is recorded at cost. For properties acquired from the City of Winnipeg, cost is defined as the negotiated value plus acquisition cost. No amortization is being taken on the housing inventory. These buildings are either in the pre-renovation or renovation stages.

#### b) Replacement Reserve Fund

The Replacement Reserve Fund accounts are maintained to provide for future asset replacement. The accounts are established by an annual charge against operations. Interest earned is added and replacement costs are charged directly against the accumulated reserves.

#### c) Capital Assets

Capital assets are recorded at cost. For properties acquired from the City of Winnipeg, cost is defined as the negotiated value plus acquisition cost. Government grants received to assist in the development of rental properties are applied against the capital cost of the respective property. Interest expense, project costs and rental revenue, incurred prior to the determined interest adjustment date, are applied towards the capital cost of the property. Furniture and equipment costing less than $1,000 are expensed. Options and feasibility studies are added to the cost of acquired property or expensed if the property is not acquired. Any forgivable loans received are charged against the capital cost of the property.

## *2. Significant Accounting Policies (continued)*

### c) Capital Assets (continued)

Amortization is provided for as follows:

| | | |
|---|---|---|
| Computer equipment | - | straight-line over 3 years |
| Furniture and equipment | - | straight-line over 5 years |
| Office building | - | straight-line over 20 years |
| Rental properties | - | an amount equal to the principal reduction of the mortgage, in accordance with the requirements of the organization's funding bodies |
| General | - | a replacement reserve is maintained to provide for future asset replacement |

### d) Forgivable Loans

The corporation receives funding from different organizations. These loans are to be forgiven over 15 years from the completion date of the property.

### e) Revenue Recognition

The corporation follows the deferral method in accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenditures are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable, and when collectability is reasonably assured.

Rental, parking and laundry revenue and property management fees are recognized over the term of the lease.

The corporation enters into rent to own agreements with some of its tenants. The intent is to have the tenant purchase the home at an agreed upon price at the end of the lease so that a portion of the rent paid goes towards reducing the purchase price. Rent is recognized as revenue when due and includes any amount which would be applied to reducing the purchase price. Upon sale of the property, the purchase price will be recorded net of rent paid.

### f) Change in Accounting Policy

The organization has adopted the following new accounting pronouncements for its fiscal period beginning April 1, 2007. The adoption of these new pronouncements did not have an effect on the organization's financial position or results of operations.

CICA Handbook Section 3855 : "Financial Instruments - Recognition and Measurement" and Section 3861 : "Financial Instruments - Disclosure and Presentation", effective for fiscal years beginning on or after October 1, 2006, establishes standards for the recognition, classification and measurement of financial instruments including presentation of any resulting gain or losses.

## *3. Subsidy Due from CMHC and MHRC*

The CMHC properties are subsidized for mortgage interest on a monthly basis. The MHRC properties are subsidized for mortgage interest and property taxes on a monthly basis. The amounts represent the accrued interest and property taxes for the month of March 2008 and March 2007, for comparative purposes.

### *4. Operating Deficiency Recoverable from MHRC*

Pursuant to the current operating agreement with MHRC, and the agreements with CMHC which expired March 31, 1999, on a cumulative basis for each portfolio of properties, any excess funding provided to the corporation is to be repaid. Where a cumulative deficiency exists for MHRC properties, the shortfall is the responsibility of MHRC subject to MHRC approval of project costs.

| | **2008** | 2007 |
|---|---|---|
| Operating deficiency recoverable from MHRC | **$ 119,657** | $ 128,233 |

### *5. Replacement Reserve Fund*

Under the terms of the agreements with CMHC/MHRC, the Replacement Reserve account has been credited with an annual charge against earnings. These funds along with the accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC/MHRC from time to time. The funds in the account may only be used as approved by CMHC/MHRC. Withdrawals are credited to interest first and then principal. At year end, the funds in the reserve consisted of the following:

| | **2008** | 2007 |
|---|---|---|
| Allocation | | |
| Annual charge | **$ 275,349** | $ 305,661 |
| Security and safety - maintenance and repairs charge | **100,000** | 85,200 |
| Transfer from subsidy surplus | **-** | 79,324 |
| | **$ 375,349** | $ 470,185 |
| Year end balance | | |
| Cash | **$ 27,244** | $ 29,371 |
| Canadian Treasury Bills, Bonds and Guaranteed Investment Certificates | **3,459,370** | 3,093,293 |
| | **$ 3,486,614** | $ 3,122,664 |

### *6. Capital Assets*

| | **2008** | | 2007 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | Cost | Accumulated Amortization |
| Rental properties | **$ 40,154,245** | **$ 8,383,742** | $ 37,767,041 | $ 7,569,931 |
| Furniture and equipment | **201,742** | **193,277** | 191,584 | 191,584 |
| | **$ 40,355,987** | **$ 8,577,019** | $ 37,958,625 | $ 7,761,515 |
| Net book value | **$ 31,778,968** | | $ 30,197,110 | |

### *7. Bank Indebtedness*

The corporation has a line of credit with the Assiniboine Credit Union with an approved maximum of $1,800,000 which is due on demand and bears interest at the credit union's prime rate, payable monthly. This line of credit is secured by a $2,000,000 guarantee by the City of Winnipeg. As of March 31, 2008 there is still $1,777,304 available from this line of credit.

## *8. Forgivable Loans*

| | **2008** | 2007 |
|---|---|---|
| Forgivable loans | **$ 2,406,133** | $ 2,326,584 |
| Less: current portion | **185,786** | 59,653 |
| | **$ 2,220,347** | $ 2,266,931 |

WHRC has entered into various forgivable loan agreements with MHRC under various programs. These loans are forgivable over a period of fifteen years, in equal monthly amounts, commencing from the date of execution of the agreement. In the event a housing unit is sold or otherwise transferred before the entire loan is forgiven, any unforgiven portion shall become payable to MHRC.

These loans will be forgiven for the years ended as follows:

| | |
|---|---|
| March 31, 2009 | $ 185,786 |
| 2010 | 185,786 |
| 2011 | 179,786 |
| 2012 | 171,786 |
| 2013 | 171,786 |
| Thereafter | 1,511,203 |
| | $ 2,406,133 |

## *9. Long-Term Debt*

| Lender | Interest Rate | Maturity Dates | **2008** | 2007 |
|---|---|---|---|---|
| Royal Bank of Canada | 4.64% - 5.10% | 2007-2010 | **$ 15,104** | $ 29,415 |
| Assiniboine Credit Union | 5.80% - 6.85% | 2008-2010 | **443,914** | 889,043 |
| TD Canada Trust | 5.10% | 2017 | **839,814** | - |
| Canada Mortgage and Housing Corporation | 4.52% - 5.50% | 2017-2021 | **4,940,800** | 5,170,611 |
| Manitoba Housing and Renewal Corporation | 6.63% - 12.50% | - | **23,967,457** | 24,546,631 |
| | | | **30,207,089** | 30,635,700 |
| Less: current portion | | | **861,893** | 783,341 |
| | | | **$ 29,345,196** | $ 29,852,359 |

All mortgages are secured by a charge registered against the properties.

Although some of the mortgages may become due within the next fiscal period, these mortgages have not been shown as current as they are expected to be refinanced on similar terms when they come due.

### *9. Long-Term Debt (continued)*

Principal repayments due within the next five years are as follows:

| | |
|---|---|
| March 31, 2009 | $ 861,893 |
| 2010 | 939,450 |
| 2011 | 1,024,756 |
| 2012 | 1,118,631 |
| 2013 | 1,218,337 |
| Thereafter | 23,948,151 |
| CMHC second mortgages | 1,095,871 |
| | $ 30,207,089 |

### *10. Restricted Surplus (Deficit)*

Restricted surplus (deficit) is used to record the gains and losses on the sale of properties that were in construction. The net gains must ultimately be used in the specific communities in which they were earned. In the current year, these funds were transferred to the WHRC Building and Acquisition Reserve.

### *11. WHRC Building and Acquisition Reserve*

The WHRC building and acquisition reserve consists of the net gains/losses on buildings that were sold, the accumulated operation surplus/deficits of those buildings and the realized gain on forgivable loans. These funds are restricted for use acquiring or building properties and adding them to WHRC's rental portfolio.

### *12. Internally Restricted Net Assets*

The internally restricted net assets consist of the net gains/losses on buildings that were sold, the accumulated operation surplus/deficits of those buildings and the realized gain on forgivable loans. These funds are restricted for use on housing projects in the future and are not to be used for operating expenses. In the current year, these funds were transferred to the WHRC Building and Acquisition Reserve.

### *13. Additional Information to Cash Flow Statement*

| | **2008** | 2007 |
|---|---|---|
| Cash is represented by: | | |
| Cash | **$ 1,470,275** | $ 612,083 |
| Restricted cash and deposits | **3,486,614** | 3,122,664 |
| | **$ 4,956,889** | $ 3,734,747 |
| Additional information: | | |
| Interest received | **$ 178,125** | $ 146,407 |
| Interest paid | **2,698,219** | 2,792,565 |

### *14. Use of Estimates*

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenditures during the reporting periods presented. Actual results could differ from these estimates.

### *15. Financial Instruments*

The organization has designated all of its financial instruments as held-for-trading which means that they are measured at fair value with gains or losses recognized in operations with the exception of the WHRC Rental and Development long-term debt which is classified as other liabilities and recorded at amortized cost. Due to the short-term nature of the following financial instruments held by the organization, including cash, rents receivable, other receivables, grants receivable, subsidy due from CMHC, subsidy due from MHRC, operating deficiency recoverable from MHRC, restricted cash and deposits, accounts payable and accrued liabilities and accrued interest payable, the carrying values as presented in the financial statements are reasonable estimates of fair value. The carrying value of the long-term debt at the balance sheet date approximates the fair market value as represented by the present value of future cash flows given that the interest rate risk is protected by agreements with CMHC and MHRC. The carrying value of the WHRC Rental and Development long-term debt at the balance sheet date approximates the fair market value as represented by the present value of future cash flows. The carrying value of Winnipeg Partners in Housing Inc. long-term debt approximates the fair market value as represented by the present value of future cash flows. The carrying value of the forgivable loans approximates fair market value as management intends to fulfill the requirements of the loan forgiveness. It is management's opinion that the organization is not exposed to significant interest rate, currency or credit risk arising from any of its financial instruments.


THE FORKS MARKET

# WINNIPEG ENTERPRISES CORPORATION

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Cash | **$ 243,091** | $ 13,738 |
| Accounts receivable | **-** | 219,657 |
| Due from City of Winnipeg (Note 3) | **4,705,915** | 5,439,304 |
| | **$ 4,949,006** | $ 5,672,699 |
| ***LIABILITIES*** | | |
| Due to City of Winnipeg - General Revenue Fund (Note 4) | **$ 1,424,774** | $ 1,334,874 |
| Accounts payable and accrued liabilities | **4,600** | 221,221 |
| Debt (Note 5) | **1,664,671** | 2,072,056 |
| | **3,094,045** | 3,628,151 |
| ***NET ASSETS*** | **1,854,961** | 2,044,548 |
| | **$ 4,949,006** | $ 5,672,699 |

*See accompanying notes to the financial statements*

# WINNIPEG ENTERPRISES CORPORATION

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

*For the years ended December 31*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUES*** | | |
| Entertainment funding tax - Winnipeg Football Club (Note 6) | **$ 698,043** | $ 445,157 |
| Other | **19,265** | 31,034 |
| Transfer from City of Winnipeg - General Revenue Fund | **-** | 75,000 |
| | **717,308** | 551,191 |
| ***EXPENSES*** | | |
| Write-off of long-term receivable (Note 3) | **733,389** | 733,389 |
| Interest on debt and other finance charges | **169,022** | 229,541 |
| Professional fees, office supplies and other | **4,484** | 24,105 |
| | **906,895** | 987,035 |
| ***NET LOSS FOR THE YEAR*** | **(189,587)** | (435,844) |
| ***NET ASSETS - BEGINNING OF YEAR*** | **2,044,548** | 2,480,392 |
| ***NET ASSETS - END OF YEAR*** | **$ 1,854,961** | $ 2,044,548 |

*See accompanying notes to the financial statements*

# WINNIPEG ENTERPRISES CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(unaudited)*

### *1. Entity Definition and Wind-Up of Operations*

Winnipeg Enterprises Corporation ("the Corporation") is a not-for-profit organization established by the Winnipeg Enterprises Corporation Incorporation Act on July 26, 1952 under the laws of the Province of Manitoba. As at March 31, 2005, the Corporation has wound-down its operations and is being managed by The City of Winnipeg ("the City"), its sole director. The City has assumed all remaining and prospective debt and liabilities of the Corporation.

### *2. Significant Accounting Policies*

The 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 and services and/or the creation of a legal obligation to pay.

**Financial instruments**

Financial instruments include cash, due to City of Winnipeg - General Revenue Fund, accounts payable and accrued liabilities, debt and an interest rate swap on a portion of the debt. Unless otherwise stated, the book value of the Corporation's financial assets and liabilities approximates their fair value. It is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments except as per Note 5.

The Corporation uses interest rate swap contracts to manage interest rate risk on certain floating rate debt. Payments and receipts under the interest rate swap contracts are recognized as adjustments to interest expense on a basis which matches the related fluctuations in the interest payments under floating rate debt.

**Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from these estimates.

### *3. Due from City of Winnipeg*

The due from City of Winnipeg represents the net book value of the property and equipment that was owned by the Corporation and transferred to the City based on the assignment agreement dated June 1, 2004 between The City, the Corporation and the Winnipeg Football Club. The receivable is being written-down based on the amortization of the property and equipment using the straight-line method over 10 years on the remaining unamortized balance.

### *4. Due to City of Winnipeg - General Revenue Fund*

The City operates a centralized treasury function with a single operating bank account in the General Revenue Fund. Bank transactions are credited or charged to the "Due to" account when they are processed through the bank. Interest is credited or charged based on the City's average short-term earnings (cost of funds) on the single bank account, which is a function of the Bank of Canada rate. The December 31, 2008 effective interest rate was 1.5% (2007 - 4.2%).

## *5. Debt*

| | 2008 | 2007 |
|---|---|---|
| Demand loan (credit facility A); bearing interest at a swap rate of 5.94% per annum until May 30, 2014; after which bears interest at prime; repayable in quarterly instalments of $70,833 plus interest | **$ 1,549,950** | $ 1,819,715 |
| Demand loan (credit facility B); bearing interest at 7.24% per annum until October 21, 2009, after which, bears interest at prime plus 0.25%; repayable in blended monthly instalments of $11,735; secured by a specific fixed charge on certain equipment | **114,721** | 252,341 |
| | **$ 1,664,671** | $ 2,072,056 |

Credit facility A is secured by a limited guarantee from the City of Winnipeg of $7,650,000.

## *6. Entertainment Funding Tax - Winnipeg Football Club*

On May 18, 2005, City Council approved the amendment to the Canad Inns Stadium lease with the Corporation. The amendment included a provision which allows the City to use the entertainment funding tax, which relates to one pre-season game and nine regular season games, to first repay the remaining amount invested by the Corporation in the Winnipeg Football Club by way of income debentures totalling $1,194,000. This has been repaid in its entirety. Thereafter, this entertainment funding tax will be used to reduce the debt in the Corporation associated with Winnipeg Football Club, which totalled approximately $3,265,244 as at December 31, 2004. The unamortized amount of this debt, based on an interest rate of 5% net of the entertainment funding tax applied against the debt, as at December 31, 2008 is $2,820,110 (2007 - $3,346,919). Once the debt has been repaid, this entertainment funding tax will be transferred to a fund to be administered by the City for the benefit of the stadium at 1465 Maroons Road.

# CENTREVENTURE DEVELOPMENT CORPORATION

## STATEMENT OF FINANCIAL POSITION

*December 31*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current Assets | | |
| Cash and bank (Note 2) | **$ 3,982,287** | $ 2,794,262 |
| Restricted cash (Note 3) | **22,488** | - |
| Accounts receivable (Note 4) | **3,070,059** | 126,210 |
| Prepaid expenses | **12,271** | 12,988 |
| Property held for resale (Note 5) | **2,117,788** | 2,150,412 |
| Current portion of mortgages receivable (Note 6) | **1,307,460** | 1,745,000 |
| Current portion of loans receivable (Note 7) | **277,079** | 505,000 |
| | **10,789,432** | 7,333,872 |
| Mortgages receivable (Note 6) | **730,654** | 1,523,446 |
| Loans receivable (Note 7) | **2,249,275** | 1,755,106 |
| Capital assets (Note 8) | **986,107** | 2,159,054 |
| | **$ 14,755,468** | $ 12,771,478 |
| ***LIABILITIES AND NET ASSETS*** | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | **$ 1,206,946** | $ 75,577 |
| Holdbacks payable (Note 3) | **22,488** | - |
| Deferred grant revenue (Note 9) | **1,313,381** | 890,826 |
| | **2,542,815** | 966,403 |
| Commitments and contingencies (Note 10) | | |
| ***NET ASSETS (Note 13)*** | | |
| Invested in capital assets | **986,107** | 2,159,054 |
| General | **1,915,660** | 1,722,126 |
| Urban Development Bank | **9,310,886** | 7,923,895 |
| | **12,212,653** | 11,805,075 |
| | **$ 14,755,468** | $ 12,771,478 |

*The accompanying summary of significant accounting policies and notes are an integral part of these financial statements*

# CENTREVENTURE DEVELOPMENT CORPORATION

## STATEMENT OF CHANGES IN NET ASSETS

*For the year ended December 31*

| | Invested in Capital Assets | General | Urban Development Bank | Total 2008 | Total 2007 |
|---|---|---|---|---|---|
| Balance, beginning of year | **$ 2,159,054** | **$ 1,722,126** | **$ 7,923,895** | **$ 11,805,075** | $ 12,040,409 |
| Excess (deficiency) of revenue over expenditures for the year | **1,160,442** | **210,145** | **(963,009)** | **407,578** | (235,334) |
| Net change in invested in capital assets | **(2,333,389)** | **(16,611)** | **2,350,000** | **-** | - |
| Balance, end of year | **$ 986,107** | **$ 1,915,660** | **$ 9,310,886** | **$ 12,212,653** | $ 11,805,075 |

*The accompanying summary of significant accounting policies and notes are an integral part of these financial statements*

# CENTREVENTURE DEVELOPMENT CORPORATION

## STATEMENT OF OPERATIONS

*For the year ended December 31*

| | 2008 | | | 2007 |
|---|---|---|---|---|
| | **General** | **Urban Development Bank** | **Total** | Total |
| ***Revenue*** | | | | |
| Grant | | | | |
| City of Winnipeg | **$ 100,000** | **$ -** | **$ 100,000** | $ 250,000 |
| Designated grants | **-** | **76,423** | **76,423** | 122,693 |
| Interest | **460,999** | **-** | **460,999** | 468,761 |
| Commissions and development fees | **228,033** | **-** | **228,033** | 10,000 |
| Rental | **164,421** | **-** | **164,421** | 183,398 |
| Sale of properties | **-** | **1,870,001** | **1,870,001** | 20,000 |
| | **953,453** | **1,946,424** | **2,899,877** | 1,054,852 |
| ***Expenditures*** | | | | |
| Administration | **532,590** | **-** | **532,590** | 368,440 |
| Amortization | **115,408** | **-** | **115,408** | 67,596 |
| Bank charges and interest | **5,256** | **-** | **5,256** | 1,151 |
| Cost of properties | **-** | **1,655,455** | **1,655,455** | 192,575 |
| Grants paid out | | | | |
| Designated revenues | **-** | **76,423** | **76,423** | 122,693 |
| General | **-** | **4,000** | **4,000** | 99,019 |
| Insurance | **9,852** | **-** | **9,852** | 9,040 |
| Office | **66,526** | **-** | **66,526** | 78,280 |
| Professional fees | | | | |
| Contract management | **10,947** | **59,949** | **70,896** | 37,675 |
| IT and other | **14,413** | **-** | **14,413** | 20,797 |
| Accounting, legal and transaction costs | **25,738** | **76,733** | **102,471** | 61,256 |
| Marketing | **56,322** | **17,934** | **74,256** | 73,281 |
| Project development | **-** | **18,939** | **18,939** | 27,615 |
| Property rental | **8,281** | **-** | **8,281** | 15,900 |
| Public destinations | **13,383** | **-** | **13,383** | 114,868 |
| Central Park (Note 14) | **-** | **1,000,000** | **1,000,000** | - |
| | **858,716** | **2,909,433** | **3,768,149** | 1,290,186 |
| **Excess (deficiency) of revenue over expenditures before other items** | **94,737** | **(963,009)** | **(868,272)** | (235,334) |
| **Other Items** | | | | |
| Gain on sale of building | **-** | **1,275,850** | **1,275,850** | - |
| **Excess (deficiency) of revenue over expenditures for the year** | **$ 94,737** | **$ 312,841** | **$ 407,578** | $ (235,334) |
| **Allocated to:** | | | | |
| General | **$ 210,145** | **$ -** | **$ 210,145** | $ 224,879 |
| Urban Development Bank | **-** | **(963,009)** | **(963,009)** | (392,617) |
| Invested in capital assets | **(115,408)** | **1,275,850** | **1,160,442** | (67,596) |
| **Excess (deficiency) of revenue over expenditures for the year** | **$ 94,737** | **$ 312,841** | **$ 407,578** | $ (235,334) |

*The accompanying summary of significant accounting policies and notes are an integral part of these financial statements*

# CENTREVENTURE DEVELOPMENT CORPORATION

## STATEMENT OF CASH FLOWS

*For the year ended December 31*

| | 2008 | 2007 |
|---|---|---|
| ***CASH FLOWS FROM OPERATING ACTIVITIES*** | | |
| Excess (deficiency) of revenue over expenditures for year | **$ 407,578** | $ (235,334) |
| Adjustments for amortization of capital assets | **115,408** | 67,596 |
| Gain on disposal of assets | **(1,275,850)** | - |
| Accrued interest on mortgages | **6,395** | (13,317) |
| Accrued interest on loans receivable | **(2,569)** | (7,541) |
| | **(749,038)** | (188,596) |
| Changes in non-cash working capital balances | | |
| Short-term investments | **-** | 4,082,422 |
| Accounts receivable | **(2,943,849)** | 238,179 |
| Prepaid expenses | **717** | 651 |
| Property held for resale | **32,624** | (676,409) |
| Accounts payable and accrued liabilities | **1,131,369** | (23,552) |
| Holdbacks payable | **22,488** | - |
| Deferred grant revenue | **422,555** | 517,390 |
| | **(1,334,096)** | 4,138,681 |
| | **(2,083,134)** | 3,950,085 |
| ***CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES*** | | |
| Purchase of capital assets | **(16,611)** | (272,319) |
| Proceeds on sale of capital assets | **2,350,000** | - |
| Advances of mortgages receivable | **(214,780)** | (1,508,562) |
| Advances of loans receivable | **(615,132)** | (962,919) |
| Receipts from mortgages receivable | **1,445,113** | 69,039 |
| Receipts from loans receivable | **345,057** | 184,895 |
| | **3,293,647** | (2,489,866) |
| **Increase in cash and cash equivalents during the year** | **1,210,513** | 1,460,219 |
| **Cash and cash equivalents**, beginning of year | **2,794,262** | 1,334,043 |
| **Cash and cash equivalents**, end of year | **$ 4,004,775** | $ 2,794,262 |
| **Comprised of** | | |
| Cash and bank | **$ 3,982,287** | $ 2,794,262 |
| Restricted cash | **22,488** | - |
| | **$ 4,004,775** | $ 2,794,262 |

*The accompanying summary of significant accounting policies and notes are an integral part of these financial statements*

# CENTREVENTURE DEVELOPMENT CORPORATION

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*December 31, 2008*

### Basis of Financial Presentation

The corporation records its financial transactions on the deferred fund accounting basis as follows:

General

General includes transactions related to general operations and administration of the corporation.

Urban Development Bank

The Urban Development Bank was initiated in 1999 through a contribution by the City of Winnipeg. Funds are intended to enable CentreVenture Development Corporation to facilitate economic development initiatives with private and non-profit sectors and provide creative financing options to encourage downtown investment. The assets of the Urban Development Bank are invested in loans, receivables and property held for development.

The Urban Development Bank funds, as defined by Board policy, shall not be used to fund the day-to-day operations of the corporation. The Urban Development Bank is funded by various levels of government and other funding organizations.

### Revenue Recognition

CentreVenture Development Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income and rental revenue is recognized on an accrual basis consistent with the terms of the related mortgages and agreements and collection is reasonably assured. Reasonable assurance is based upon the corporation's past experience with its claims and collections associated with clients and similar transactions.

Sale proceeds on properties and the related cost of properties are recognized when the risks and rewards of ownership are transferred to the purchaser and collection is reasonably assured. Reasonable assurance is based upon the corporation's past experience with its claims and collections associated with clients and similar transactions. A transaction fee is levied by the Corporation on these sales.

### Special Projects - Restricted Funding Arrangements

In addition to regular operating revenues, CentreVenture Development Corporation receives grants from time to time for specific programs or initiatives to be administered by CentreVenture Development Corporation which are accounted for through the Urban Development Bank. The following special funding arrangements were ongoing during the year:

**Province of Manitoba:**

**North Main Economic Development Program Grant**
The purpose of this grant is to attract business investment to the North Main area of downtown Winnipeg.

**Special Projects - Restricted Funding Arrangements (continued)**

**City of Winnipeg:**

**Downtown Housing Strategy**
The purpose of this grant is to encourage unique and innovative approaches that support downtown housing developments and result in quality, affordable housing by providing financial assistance to proponents.

**City of Winnipeg:**

**Gail Parvin Hammerquist**
The purpose of these grants is to fund innovative measures to attract new investment, occupants and uses for heritage buildings, as well as to conserve the heritage character, architectural elements and detailing of designated buildings.

**Mortgages and Loans Receivable**

Mortgages and loans are carried at the unpaid principal plus accrued interest, less allowances for doubtful loans. Amounts considered uncollectible are written-off in the year in which the uncollectible amount is determined. Recoveries on mortgages and loans previously written-off are taken into income in the year the income is received.

**Allowance for Doubtful Loans**

The allowance for doubtful loans is maintained at a level considered adequate to absorb credit losses existing in the corporation's portfolio. The allowance is evaluated on an ongoing basis and increased as deemed necessary, which is charged against income and is reduced by write-offs.

**Financial Instruments**

The CentreVenture Development Corporation utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the CentreVenture Development Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.

All transactions related to financial instruments are recorded on a settlement date basis.

The CentreVenture Development Corporation classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The CentreVenture Development Corporation's accounting policy for each category is as follows:

**Held-for-trading**

This category is comprised of cash. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

**Financial Instruments (continued)**

**Loans and Receivables**

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary assets comprised of trade receivable, mortgages receivable and loans receivables. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

**Other Financial Liabilities**

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises trade payables. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are netted against the amount initially recognized.

**Capital Assets**

Purchased capital assets are recorded at cost. Amortization is provided for on a straight-line basis in accordance with the following terms:

| | |
|---|---|
| Building | 25 years |
| Computer equipment | 3 years |
| Furniture and fixtures | 5 years |
| Leasehold improvements | 3 years |

The acquisition costs of capital assets which are funded from capital financing sources are charged to operations and matched with the applicable revenue sources in the year of expenditure. Where capital is financed using prior year's equity, the cost will be charged to the related net asset balance. These expenditures are recorded as an addition to assets with a corresponding increase in Invested in Capital Assets.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Income Tax**

The corporation is exempt from income tax by virtue of p.149(1)(e) of the Income Tax Act. The corporation files a corporate tax return and a non-profit organization information return annually as required by the Canada Revenue Agency.

**New Accounting Pronouncements**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the corporation, are as follows:

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The corporation is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

Financial Statement Presentation

Section 4400 has been amended for the treatment of net assets invested in capital assets and for the presentation of revenues and expenses. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The corporation is currently assessing the impact of the new standard.

Disclosure of Allocated Expenses

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The corporation is currently assessing the impact of the new standard.

Financial Instruments – disclosures and presentation

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The corporation is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

# CENTREVENTURE DEVELOPMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

*December 31, 2008*

### *1. Nature and Purpose of the Corporation*

CentreVenture Development Corporation is a non-profit organization incorporated without share capital under the laws of Manitoba on July 9, 1999. The goal of the corporation is to promote and foster economic, residential and cultural growth and development in the downtown district of the City of Winnipeg.

### *2. Cash and Bank*

The corporation has an approved operating line of credit with the Assiniboine Credit Union Limited to a maximum amount of $4,500,000. The line of credit bears interest at Assiniboine Credit Union prime rate less 0.25% and is secured by an authorization letter from The City of Winnipeg and a general security agreement on all assets of the corporation. As at December 31, 2008, the line of credit was unutilized.

### *3. Restricted Cash*

The corporation has a holdback account that is jointly controlled with one of its contractors for a specific project.

### *4. Accounts Receivable*

| | **2008** | 2007 |
|---|---|---|
| Sale proceeds receivable | **$ 2,344,105** | $ - |
| Grants receivable | **500,000** | - |
| GST receivable | **82,520** | 50,983 |
| Other | **143,434** | 75,227 |
| | **$ 3,070,059** | $ 126,210 |

### *5. Property Held for Resale*

Under the asset agreement between CentreVenture Development Corporation and the City of Winnipeg, CentreVenture Development Corporation has the option to acquire an interest in surplus City-owned properties and buildings within the downtown area for the consideration of one dollar or a maximum of three years back property taxes. Any properties obtained under either of these options are recorded at the consideration price.

Property held for resale also includes properties acquired at fair market value from third parties for the purpose of development and/or resale. Material costs associated with the acquisition, development and resale of these properties are capitalized at cost. Property held for resale at year end consists of the following:

| | **2008** | 2007 |
|---|---|---|
| Property for sale | **$ 1,936,245** | $ 1,916,570 |
| Property development costs | **181,543** | 233,842 |
| | **$ 2,117,788** | $ 2,150,412 |

## 6. *Mortgages Receivable*

| | 2008 | 2007 |
|---|---|---|
| Mortgages receivable | **$ 2,075,294** | $ 3,299,231 |
| Accrued interest receivable | **12,820** | 19,215 |
| Allowance for doubtful loans | **(50,000)** | (50,000) |
| | **2,038,114** | 3,268,446 |
| Current portion of mortgages receivable | **1,307,460** | 1,745,000 |
| | **$ 730,654** | $ 1,523,446 |

Mortgages receivable on various properties in downtown Winnipeg with terms ranging from demand to maturity of 5 years, monthly instalments applied to interest first, compounded semi-annually not in advance, and secured by recourse to the related underlying property, personal and corporate guarantees, and other forms of security. Interest rates charged for CentreVenture Development Corporation mortgages range from 5.25% to 8.0% and are both fixed and variable in reference to the bank of Canada's prime rate of lending at the time of loan disbursement.

Mortgage principal receipts are expected as follows:

| | |
|---|---|
| 2009 | **$ 1,307,460** |
| 2010 | **277,515** |
| 2011 | **490,320** |
| Accrued interest | **12,819** |
| | **2,088,114** |
| Allowance | **(50,000)** |
| | **$ 2,038,114** |

The above schedule lists the expected receipts based on mortgages maturing during the year. Negotiations to renew mortgages may occur as terms expire throughout 2009.

## 7. *Loans Receivable*

| | 2008 | 2007 |
|---|---|---|
| Loans receivable | **$ 2,611,899** | $ 2,348,220 |
| Accrued interest receivable | **14,455** | 11,886 |
| Allowance for doubtful loans | **(100,000)** | (100,000) |
| | **2,526,354** | 2,260,106 |
| Current portion of loans receivable | **277,079** | 505,000 |
| | **$ 2,249,275** | $ 1,755,106 |

Loans receivable from various borrowers have a maximum term to maturity of 10 years, payable in monthly interest instalments plus annual principal payment, and secured by an assignment of Heritage Tax Credits or other forms of security. Interest rates charged, ranging from 4.75% to 8.0%, are both fixed and variable in reference to the bank of Canada's prime rate of lending at the time of loan disbursement.

### *7. Loans Receivable (continued)*

Loan principal receipts are expected as follows:

| | |
|---|---|
| 2009 | **$ 277,079** |
| 2010 | **305,360** |
| 2011 | **244,021** |
| 2012 | **192,889** |
| 2013 | **187,220** |
| Thereafter | **1,405,330** |
| Accrued interest | **14,455** |
| | **2,626,354** |
| Allowance | **(100,000)** |
| | **$ 2,526,354** |

The above schedule lists the expected receipts based on loans maturing during the year. Negotiations to renew loans may occur as terms expire throughout 2009.

### *8. Capital Assets*

| | **2008** | | 2007 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated Amortization** | Cost | Accumulated Amortization |
| Land | **$ 864,774** | **$ -** | $ 864,774 | $ - |
| Building | **-** | **-** | 1,485,000 | 356,400 |
| Computer equipment | **67,879** | **59,056** | 60,211 | 52,789 |
| Furniture and fixtures | **25,352** | **15,173** | 25,352 | 11,647 |
| Leasehold improvements | **153,496** | **51,165** | 144,553 | - |
| | **$ 1,111,501** | **$ 125,394** | $ 2,579,890 | $ 420,836 |
| Net book value | **$ 986,107** | | $ 2,159,054 | |

### *9. Deferred Grant Revenue*

Deferred grant revenue represents externally restricted funding received from various sources for the operation of the project to which the funding relates.

Deferred grant revenue for externally restricted projects during the year is as follows:

| | **2008** | 2007 |
|---|---|---|
| Downtown Housing Strategy | **$ 14,887** | $ 30,767 |
| Gail Parvin Hammerquist 2003 | **18,836** | 18,836 |
| Gail Parvin Hammerquist 2004 | **142,225** | 198,540 |
| Gail Parvin Hammerquist 2005 | **35,544** | 35,544 |
| Gail Parvin Hammerquist 2006/2007 | **599,289** | 604,539 |
| Gail Parvin Hammerquist 2008 | **500,000** | - |
| North Main Economic Development Program Grant | **2,600** | 2,600 |
| | **$ 1,313,381** | $ 890,826 |

### *10. Commitments and Contingencies*

CentreVenture Development Corporation has made commitments for grants that had not been disbursed by the December 31, 2008 year end in the approximate amount of $939,635 (2007 - $790,772). These grants will be funded by use of deferred grant revenue (Note 9).

CentreVenture Development Corporation has made commitments for loans that had not been disbursed by the December 31, 2008 year end in the approximate amount of $882,000 (2007 - $868,801).

CentreVenture Development Corporation has made commitments for property development and property purchases with the maximum amount committed to be $0 (2007 - $1,081,262) pending the recipient's ability to meet the requirements of the agreement.

### *11. Related Party Transactions*

The following table summarizes CentreVenture Development Corporation's related party transactions for the year:

| | **2008** | 2007 |
|---|---|---|
| ***REVENUE*** | | |
| City of Winnipeg (parent) - Operating grant | **$ 100,000** | $ 250,000 |
| ***SELLING, GENERAL AND ADMINISTRATIVE EXPENSES*** | | |
| City of Winnipeg (parent) - Property taxes | **50,349** | 40,334 |
| City of Winnipeg (parent) - Property purchases | **4** | 1 |
| ***OTHER*** | | |
| City of Winnipeg (parent) - Assigned Heritage Tax Credits applied against loans receivable | **227,072** | 155,714 |

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

### *12. Fair Value of Financial Instruments*

The carrying amount of the corporation's financial assets and liabilities approximate their fair value. In the absence of readily ascertainable market values, management has estimated that fair value would not differ materially from carrying value. Factors considered in this determination include underlying collateral, market conditions, financial data and projections of the borrowers. Because of the inherent uncertainty of valuation, the estimate of fair value may differ significantly from the values that would have been used had a ready market for the assets existed.

### *13. Capital Management*

The Corporation manages its capital according to the following principles:

- Each year's operations are budgeted on a break-even basis, so that the Corporation's equity over the long-term neither grows nor diminishes on account of annual operations. The current year operating surplus of $94,737 arose principally as a result of a $100,000 fee earned on a transaction that was originally expected to close in 2009. This current year surplus will be notionally carried over to 2009 to offset the annual deficit that is now expected for 2009, since that year's budgeted revenues included the transaction fee.

- The Corporation's invested equity includes the land included in "invested in capital assets", as well as its general net assets and the balance of the Urban Development Bank. In aggregate, this invested equity amounts to approximately $12.1 million. The Corporation's business plan contemplates that over the next two years this amount may be reduced to approximately $10 million as a result of several community investments that will contribute to the revitalization of Winnipeg's downtown.

- The Corporation's equity should not be allowed to be reduced less than $10 million, which is the original amount of the City's seed contribution to establish the Urban Development Bank. This ongoing base of capital will continue to be used to make investments that provide a return to the Corporation and which will be fully recovered. For example, this equity is currently invested in loans, mortgages and property that has been acquired for redevelopment.

### *14. Central Park Redevelopment Project*

CentreVenture Development Corporation has authorized a contribution of $1 million dollars under its Public Destinations Plan to the revitalization of Central Park. Central Park is one of the City's historic parks and the project will help to revitalize the downtown area. The project is a collaborative initiative between The City of Winnipeg, Province of Manitoba, The Winnipeg Foundation and the Gray Family. In addition to its cash contribution, CentreVenture will play a key role in administering the project over the construction period of 2009/2010.

In 2009, the Corporation will become party to funding agreements with certain of the partners in this initiative. The agreement(s) will identify the Corporation as the recipient of the contributions and require it to oversee the project according to various terms and conditions. At the time such contributions are received, they will be recorded as designated grants with an immediate and offsetting expense being recorded to reflect their specific designation for this project. It is currently expected that the aggregate community investment to revitalize Central Park, including the Corporation's contribution will be approximately $4.5 million.

### *15. Comparative Figures*

Certain of the comparative figures for the year ended December 31, 2007 have been reclassified to provide better comparison with the current year's presentation.



# WINNIPEG ARTS COUNCIL INC.
## (Incorporated under the Laws of Manitoba)
### BALANCE SHEET
*As At December 31, 2008 (With Comparative Figures As At December 31, 2007)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current Assets: | | |
| Cash | **$ 8,514** | $ 33,824 |
| Term Deposits | **1,353,253** | 1,700,000 |
| Accounts Receivable | **-** | 7,621 |
| Goods and Services Tax Rebate | **7,241** | 9,101 |
| Accrued Interest | **14,622** | 745 |
| Prepaid Expenses | **19,908** | 3,542 |
| | **1,403,538** | 1,754,833 |
| Administrative Capital Assets, at cost | | |
| Leasehold Improvements | **104,258** | 101,886 |
| Furnishings and Equipment | **27,013** | 25,611 |
| Computer Hardware | **20,516** | 20,516 |
| Telephone Hardware | **6,574** | 6,574 |
| | **158,361** | 154,587 |
| Less: Accumulated Amortization (Note 3) | **(39,660)** | (18,684) |
| | **118,701** | 135,903 |
| | **$ 1,522,239** | $ 1,890,736 |
| ***LIABILITIES*** | | |
| Current Liabilities: | | |
| Overdraft | **$ 52,220** | $ - |
| Accounts Payable and Accrued Expenses | **17,644** | 15,225 |
| Grant Holdbacks (Note 4) | **128,778** | 357,456 |
| | **198,642** | 372,681 |
| ***UNRESTRICTED NET ASSETS*** | | |
| Invested in Administrative Capital Assets (Note 3) | **118,701** | 135,903 |
| Public Art Fund (Note 5) | **945,188** | 1,130,471 |
| | **1,063,889** | 1,266,374 |
| ***RESTRICTED NET ASSETS*** | | |
| Internally Restricted for Cash Flow Assistance (Note 6) | **100,000** | 100,000 |
| Internally Restricted for Municipal Arts and Culture Development (Note 7) | **87,041** | 60,614 |
| Internally Restricted for Future Programs | **72,667** | 72,667 |
| Internally Restricted for Future Youth Initiatives | **-** | 18,400 |
| | **259,708** | 251,681 |
| | **$ 1,522,239** | $ 1,890,736 |

# WINNIPEG ARTS COUNCIL INC.
## (Incorporated under the Laws of Manitoba)
### STATEMENT OF NET RESULT
*For the Year Ended December 31, 2008 (With Comparative Figures As At December 31, 2007)*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUES:*** | | |
| Grants from the City of Winnipeg | **$ 4,032,552** | $ 4,174,551 |
| Interest Income | **39,883** | 35,752 |
| Other Income | **12,492** | 4,927 |
| | **4,084,927** | 4,215,230 |
| ***GRANTS AWARDED AND DIRECT EXPENSES THEREOF:*** | | |
| Operating Grants | **2,918,650** | 2,905,000 |
| Individual Artists Grants | **150,000** | 235,643 |
| Project Grants (Note 4) | **183,100** | 200,000 |
| Downtown Festivals Grants (Note 4) | **101,000** | 186,000 |
| New Creations Grants (Note 4) | **239,000** | 113,485 |
| Professional Development Grants | **75,589** | 85,000 |
| Youth Arts Initiative Pilot Program | **29,500** | 52,000 |
| Carol Shields Winnipeg Book Award | **3,750** | 3,750 |
| Jury Honoraria and Expenses | **17,093** | 18,119 |
| Translation Services | **7,293** | 8,970 |
| | **3,724,975** | 3,807,967 |
| ***ADMINISTRATIVE EXPENSES:*** | | |
| Salaries and Benefits | **217,808** | 199,024 |
| Supplies and Other Office Expenses | **26,687** | 28,956 |
| Office Rent and Amortization of Leaseholds | **45,822** | 26,240 |
| Hospitality and Promotion | **14,810** | 16,282 |
| Professional and Consultants Fees | **17,236** | 12,661 |
| Professional Development, Memberships, and Conferences | **7,154** | 10,088 |
| Telecommunications | **4,439** | 4,617 |
| Board and Committee Meetings | **4,117** | 4,680 |
| | **338,073** | 302,548 |
| | **4,063,048** | 4,110,515 |
| ***EXCESS OF REVENUES OVER AWARDS AND EXPENSES FOR THE YEAR*** | **$ 21,879** | $ 104,715 |

# WINNIPEG ARTS COUNCIL INC.
## (Incorporated under the Laws of Manitoba)
### STATEMENT OF CHANGES IN NET ASSETS
*For the Year Ended December 31, 2008 (With Comparative Figures As At December 31, 2007)*

| | | **2008** | 2007 |
|---|---|---|---|
| ***UNRESTRICTED NET ASSETS, BEGINNING OF THE YEAR*** | | **$ -** | $ - |
| Excess of Revenues over Expenses for the Year | **$ 21,879** | | 104,715 |
| Add Back: Amortization of Administrative Capital Assets | **20,976** | **42,855** | 15,922 |
| | | **42,855** | 120,637 |
| Internally Restricted for Municipal Arts and Culture Development | | **(57,481)** | (50,000) |
| Internally Restricted for Future Programs | | **-** | (25,077) |
| Internally Restricted for Future Youth Arts Initiatives | | **18,400** | (18,400) |
| | | **3,774** | 27,160 |
| Invested in Administrative Capital Assets: | | | |
| Leasehold Improvements | **(2,372)** | | |
| Furnishings and Equipment | **(1,402)** | **(3,774)** | (27,160) |
| ***UNRESTRICTED NET ASSETS, END OF THE YEAR*** | | **$ -** | $ - |

# WINNIPEG ARTS COUNCIL INC.

## NOTES TO THE FINANCIAL STATEMENTS

*For the Year Ended December 31, 2008*

***1. Purpose of the Organization:***

Winnipeg Arts Council Inc. funds, supports, and fosters development of the arts on behalf of the people of Winnipeg.

***2. Financial Dependency:***

Winnipeg Arts Council Inc. is financially dependent upon an annual allocation from the City of Winnipeg.

***3. Fixed Assets Continuity:***

Financing of Fixed Assets was originally established by a charge against an operating surplus. Amortization of these assets accordingly is being charged against this Fund. In the year $3,774 (2007 - $27,160) of leasehold improvements and equipment were added to the Fund.

The Computer Hardware is being written off over three years from the month of the acquisition of each item. The Telephone Hardware is being written off over five years from the month of the acquisition of this system. The Furnishings and Office Equipment is being written off over ten years from the month of the acquisition of each item. In the current year $20,976 (2007 - $9,716) of these write-offs was included in administrative expenses.

***4. Grant Holdbacks:***

The Council has a policy of holding back a proportion of grants awarded in a year until certain completion criteria have been satisfied. Furthermore, some awards will be disbursed according to a cash-flow schedule developed with the agreement of the client organizations. Accordingly, this account represents those award balances which will be disbursed in the future according to those guidelines.

The composition of these holdbacks according to award category is as follows:

| | | |
|---|---|---|
| New Creations | $ | 59,400 |
| Project Grants | | 54,328 |
| Downtown Festivals | | 9,400 |
| Youth Arts Initiative | | 5,650 |
| | $ | 128,778 |

***5. Public Art Fund:***

Winnipeg Arts Council Inc. maintains a separate fund for the financing of the design and execution of particular artworks to be created in public areas of the city. This fund is supported by a specified allocation from the City of Winnipeg. Financial support to individual artists is awarded on the recommendations of juries selected by the Council.

The commissioning and installation of public art projects is a multi-year process. At the year-end, the following unexpended balances remain from the original financial commitments made by the City of Winnipeg.

***5. Public Art Fund (continued):***

| | Unexpended Commitment |
|---|---|
| Artwork for a Major Street | $ 197,000 |
| Transit Project | 151,632 |
| Redwood Bridge | 122,237 |
| La Maison des artistes | 93,616 |
| Private/Public Collaboration | 64,400 |
| With Art: Community Arts Projects | 73,309 |
| Bishop Grandin Greenway | 47,729 |
| Playground Project | 42,000 |
| St. Boniface Museum | 39,700 |
| Public Education Program | 10,494 |
| Exchange BIZ Collaboration | 3,446 |
| Assiniboine Park | 1,567 |
| City of Winnipeg Archives Artist-in-Residence | 1,548 |
| Public Art Projects in Process | 848,678 |
| Reserved for Public Art Development | 96,510 |
| Total Fund Balance | $ 945,188 |

The City of Winnipeg in 2008 allocated $97,087 for administration of the Public Art Fund. In 2007 $464,200 was allocated for the support of both existing and new projects for public art.

***6. Cash Flow Assistance Reserve:***

This allocation was made in order to provide cash-flow assistance to client organizations until such time as operating grants for their use have been received by Winnipeg Arts Council Inc. from the City of Winnipeg.

***7. Municipal Arts and Culture Development Reserve:***

This allocation was made to finance future projects to engage the overall community in support of the arts in the City of Winnipeg. In 2008 $31,055 was expended on a major promotional event and on cultural mapping.

***8. Lease Commitment:***

Winnipeg Arts Council Inc. has entered into a lease agreement at an annual cost of $35,464 until March of the year 2012, after which this amount will be subject to an escalation. The lease expires in the year 2017.

***9. Provision for Income Taxes:***

Winnipeg Arts Council Inc. was incorporated as a Not-for-Profit Organization and, as such, no provision has been made in these financial statements for income taxes.

***10. Directors' Remuneration:***

Winnipeg Arts Council Inc. is governed by a volunteer board of directors, who receive no remuneration for their services.

# WINNIPEG ARTS COUNCIL INC.
## (Incorporated under the Laws of Manitoba)
### SCHEDULE OF CONTINUITY OF THE PUBLIC ART FUND
*For the Year Ended December 31, 2008 (With Comparative Figures As At December 31, 2007)*

| | 2008 | 2007 |
|---|---|---|
| ***UNEXPENDED FUND BALANCE, BEGINNING of the YEAR*** | **$ 1,130,471** | $ 889,635 |
| ***INCREASE IN FUND BALANCE:*** | | |
| Grants from the City of Winnipeg | **97,087** | 464,200 |
| Interest Income | **13,080** | 21,168 |
| | **110,167** | 485,368 |
| ***DECREASE IN FUND BALANCE:*** | | |
| Artists' Fees | **150,203** | 140,583 |
| Jury Honoraria and Expenses | **16,996** | 10,832 |
| Artists' Proposal Honoraria | **16,620** | 10,162 |
| Artists' Legal Agreements | **5,583** | 4,380 |
| Project Publicity | **10,857** | 3,599 |
| Candidates' Interview Expenses | **-** | 2,277 |
| Public Art Workshop for Artists | **4,599** | - |
| Research, Planning, and Marketing | **17,057** | - |
| Administration | **73,535** | 72,699 |
| | **295,450** | 244,532 |
| ***NET (DECREASE) INCREASE for the YEAR*** | **(185,283)** | 240,836 |
| ***UNEXPENDED FUND BALANCE, END of the YEAR*** | **$ 945,188** | $ 1,130,471 |

# WINNIPEG PUBLIC LIBRARY BOARD

## STATEMENT OF FINANCIAL POSITION

*As at December 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash (Note 3) | **$ 19,430** | $ 3,299 |
| Guaranteed investment certificates (Note 4) | **10,000** | 15,000 |
| Prepaid expenses | **223** | 396 |
| | **$ 29,653** | $ 18,695 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable | | |
| Regular | **$ 5,206** | $ 391 |
| Library Advisory Committees (Note 5) | **57** | 534 |
| | **5,263** | 925 |
| ***NET ASSETS*** | **24,390** | 17,770 |
| | **$ 29,653** | $ 18,695 |

*The accompanying notes form an integral part of these financial statements*

# WINNIPEG PUBLIC LIBRARY BOARD

## STATEMENT OF OPERATIONS AND NET ASSETS

*For the year ended December 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUE*** | | |
| City of Winnipeg operating grant | **$ 68,128** | $ 68,128 |
| Sponsorship, parking rebate | **1,116** | - |
| Interest | **278** | 613 |
| | **69,522** | 68,741 |
| ***EXPENSES*** | | |
| Administrative | **31,545** | 35,894 |
| Development and research | **5,189** | 23,888 |
| Donation - Baby Grand Piano | **-** | 1,500 |
| Sponsorship | **8,131** | 6,298 |
| Promotion, advertising and community outreach | **8,037** | 7,989 |
| Foundation donation | **10,000** | 10,000 |
| | **62,902** | 85,569 |
| **Excess (deficiency) of revenues over expenditures** | **6,620** | (16,828) |
| **Net assets, beginning of year** | **17,770** | 34,598 |
| **Net assets, end of year** | **$ 24,390** | $ 17,770 |

*The accompanying notes form an integral part of these financial statements*

# WINNIPEG PUBLIC LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*

### *1. Purpose and Organization*

The Winnipeg Library Board (the Board) was organized to provide the City of Winnipeg with the guidance with respect to improving the City's library-system.

The Board was created by a by-law of the City of Winnipeg. As a not-for-profit organization, the Winnipeg Public Library Board is a tax-exempt organization under the provisions of the Income Tax Act.

### *2. Summary of Significant Accounting Policies*

Investments:

The company follows the cost method of accounting for its investments.

### *3. Cash*

| | **2008** | 2007 |
|---|---|---|
| Bank | **$ 19,280** | $ 3,139 |
| Petty Cash | | |
| Treasurer | **-** | 17 |
| Executive Assistant | **150** | 143 |
| | **$ 19,430** | $ 3,299 |

### *4. Investments*

| | **2008** | 2007 |
|---|---|---|
| RBC GIC #0006 variable interest rate paid semi-annually maturing October 31, 2009 | **$ 10,000** | $ 10,000 |
| RBC non redeemable GIC #0001, 2.150% rate of interest paid at maturity on December 31, 2007, reinvested by bank without consent of the board. Amount withdrawn from investment on January 10, 2008 and deposited into current account | **-** | 5,000 |
| | **$ 10,000** | $ 15,000 |

### *5. Library Advisory Committees*

| | **2008** | 2007 |
|---|---|---|
| Trust Funds | | |
| Assiniboia | **$ (20)** | $ 119 |
| City Centre | **-** | - |
| EK-Transcona | **(1)** | - |
| LS/WC | **69** | 390 |
| Riel | **9** | 25 |
| | **$ 57** | $ 534 |

### *6. Statement of Cash Flows*

A statement of cash flows has not been prepared as the cash flows are evident from the statement of financial position and the statement of operations and net assets.


NAME ON A GRAIN OF RICE
DANGER
Cutlass Cierra



OTHER 2008 DETAILED FINANCIAL STATEMENTS


MTS
MTS

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

His Worship the Mayor
and Members of the Council
of the City of Winnipeg

Ladies and Gentlemen:

Pursuant to the requirements of The City of Winnipeg Charter, the Sinking Fund Trustees submit the 2008 audited financial statements of the Sinking Fund.

You will note in the financial statements that the Sinking Fund reported net income of $726,000 for the year ended December 31, 2008 and a balance of surplus in the amount of $1,817,000 as at December 31, 2008.

The rates of interest earned by the Fund for the years 1999 to 2008 are shown below:

| | |
|---|---|
| 1999.....7.10% | 2004.....6.27% |
| 2000.....7.43% | 2005.....5.55% |
| 2001.....6.91% | 2006.....5.41% |
| 2002.....6.61% | 2007.....5.46% |
| 2003.....6.02% | 2008.....5.15% |

Changes in the sinking fund reserve during 2008 are summarized as follows. The total reserve for retirement of debenture debt increased to $403,786,000 as at December 31, 2008 (2007 - $378,090,000) of which $131,500,000 represents full funding of all future Sinking Fund installments and interest on the Winnipeg Hydro portion of the City's Sinking Fund debt as provided for by the Manitoba Hydro Electric Board bonds held by the Sinking Fund.

Sinking funds are invested in securities with maturities which closely match the current position of related reserves.

Respectfully submitted,

**J. S. McCALLUM** Chairman

**J. L. FERRIER** Trustee

**E. STEFANSON** Trustee

**L. J. DERRY** Secretary

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Investment in bonds and debentures (Schedule 1) | **$ 369,536** | $ 347,082 |
| Call loans - City of Winnipeg (Note 4) | **34,612** | 31,552 |
| Accrued interest receivable | **4,195** | 4,191 |
| Cash | **8** | 5 |
| | **$ 408,351** | $ 382,830 |
| ***LIABILITIES, RESERVE AND SURPLUS*** | | |
| Accounts payable - City of Winnipeg | **$ -** | $ 900 |
| Accrued interest payable (Note 6) | **2,734** | 2,734 |
| Accrued liabilities | **14** | 15 |
| | **2,748** | 3,649 |
| Reserve for retirement of debenture debt (Note 7) | **403,786** | 378,090 |
| Surplus | **1,817** | 1,091 |
| | **$ 408,351** | $ 382,830 |

*See accompanying notes and schedules to the financial statements*

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

## STATEMENT OF INCOME

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| Interest income (Schedule 2) | **$ 23,060** | $ 22,573 |
| Interest requirements - debenture debt reserves | **(12,737)** | (11,513) |
| Interest requirements - Manitoba Hydro bonds (Note 6) | **(9,473)** | (9,558) |
| Excess of interest earned over requirements | **850** | 1,502 |
| Administration expenses | **124** | 115 |
| Net income for the year | **$ 726** | $ 1,387 |

*See accompanying notes and schedules to the financial statements*

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

## STATEMENT OF SURPLUS

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 1,091** | $ 604 |
| Add: | | |
| Net income for the year | **726** | 1,387 |
| | **1,817** | 1,991 |
| Deduct: | | |
| Appropriations for City of Winnipeg - provision for levies | **-** | 900 |
| Balance, end of year | **$ 1,817** | $ 1,091 |

*See accompanying notes and schedules to the financial statements*

# THE SINKING FUND TRUSTEES
# OF THE CITY OF WINNIPEG

## STATEMENT OF RESERVE FOR RETIREMENT OF DEBENTURE DEBT

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 378,090** | $ 356,369 |
| Add: | | |
| Installments - City of Winnipeg | **12,959** | 12,958 |
| Interest credited - debenture debt reserves | **12,737** | 11,513 |
| | **403,786** | 380,840 |
| Deduct: | | |
| Applied to debt redemption | **-** | 2,750 |
| Balance, end of year | **$ 403,786** | $ 378,090 |

*See accompanying notes and schedules to the financial statements*

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

## NOTES TO THE FINANCIAL STATEMENTS

*As at December 31, 2008*
*(in thousands of dollars)*

### *1. Status of The Sinking Fund Trustees of The City of Winnipeg*

The Sinking Fund Trustees of The City of Winnipeg (the "Fund") was established as a body corporate by subsection 314(1) of The City of Winnipeg Act, a statute of the Legislature of the Province of Manitoba ("the province"). The City of Winnipeg Act was repealed by the province effective January 1, 2003 and replaced by The City of Winnipeg Charter, a statute of the province. Under section 520 of The City of Winnipeg Charter, The Sinking Fund Trustees continues to have the same rights and obligations as outlined under the former City of Winnipeg Act for Sinking Fund debentures issued prior to December 31, 2002 and any future refinancing of these debentures.

### *2. Change in Accounting Policy*

Effective January 1, 2007 the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 and 3861 and accordingly formally designated the investments in bonds and debentures as Held to Maturity and continued to account for them at amortized cost. As the CICA has decided that non-publicly accountable enterprises will not be required to continue to apply these Sections of the CICA Handbook, the Fund has elected to use this exemption as of January 1, 2008 and therefore has applied the requirements of Section 3860 and Accounting Guideline 13 of the CICA Handbook retroactively to January 1, 2007. This change in accounting policy has no impact to the Fund's income for the years ended December 31, 2008 and 2007 and has no impact to the Reserve for Retirement of Debenture Debt or the Surplus held by the Fund as at December 31, 2008 and 2007. The change in accounting policy has been applied in accordance with CICA Handbook Section 1506.

### *3. Significant Accounting Policies*

As new financial instruments standards will be included in the proposed set of generally accepted accounting principles ("GAAP") standards for non-publicly accountable enterprises presently under development by the CICA, CICA has decided that non-publicly accountable enterprises will not be required to apply the following Sections of the CICA Handbook: 1530, 3855, 3862, 3863 and 3865 which would otherwise have applied to the financial statements of the Fund for the year ended December 31, 2008. The Fund has elected to use this exemption and applies the requirements of Section 3860 and of Accounting Guideline 13 (AcG-13) of the CICA Handbook.

These financial statements have been prepared in accordance with Canadian GAAP. The significant accounting policies are summarized as follows:

**a) Bonds and debentures**

Bonds and debentures are carried at cost plus accumulated amortization. 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.

**b) Bond residues and coupons**

Bond residues and coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield on the investment.

## *3. Significant Accounting Policies (continued)*

### c) Statement of cash flows

A statement of cash flows has not been prepared as its presentation would not provide additional information.

### d) Use of estimates

Financial statements prepared in accordance with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### e) Future accounting policy changes

In December 2006, the CICA issued Section 1535, Capital Disclosures. This Section will be applicable to financial statements relating to fiscal years beginning on or after August 1, 2008. Accordingly, the Fund will adopt the new standards for its fiscal year beginning January 1, 2009. Section 1535 requires the disclosure of information about externally imposed capital requirements. The Fund is currently evaluating the impact of the adoption of this new Section on its financial statements. The Fund does not expect that the adoption of this new Section will have a material impact on its financial statements.

## *4. Call Loans - City of Winnipeg*

Call loans represent short-term investments with The City of Winnipeg which are callable by the Fund upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

## *5. Interest Rate and Credit Risk*

### a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates.

The effective rate of interest earned by the Fund for the year ended December 31, 2008 was 5.15% (2007 - 5.46%).

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2008 are as follows:

| Term To Maturity | Par Value | Book Value |
|---|---|---|
| Less than one year | $ 98,154 | $ 97,143 |
| Two to five years | 86,380 | 84,623 |
| Greater than five years | 187,884 | 187,770 |
| | $ 372,418 | $ 369,536 |

## *5. Interest Rate and Credit Risk (continued)*

### b) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Fund.

At December 31, 2008 the Fund's maximum credit risk exposure at fair market value was $421,971.

The Fund limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy Guideline monitoring process.

## *6. Purchase of Winnipeg Hydro by Manitoba Hydro*

Manitoba Hydro purchased Winnipeg Hydro from The City of Winnipeg on September 3, 2002. In accordance with the Asset Purchase Agreement between The City of Winnipeg and Manitoba Hydro and The Purchase of Winnipeg Hydro Act, a statute of the Legislature of the Province of Manitoba, the Sinking Fund is required to:

**a)** Hold the Manitoba Hydro Electric Board bonds issued by Manitoba Hydro to the City in connection with the Winnipeg Hydro portion of the City's debt. The bonds were issued for the purpose of enabling the City to repay the Winnipeg Hydro portion of the City's debt, and were issued with identical terms and conditions as to par value, interest and date of maturity as the Winnipeg Hydro portion of the City's debt. The bonds are guaranteed by the Province of Manitoba and are non-transferable and non-redeemable prior to maturity.

The book value of the Manitoba Hydro Electric Board bonds as at December 31, 2008 amounted to $131,500 (2007 - $131,500).

**b)** Pay all principal and interest received on the Manitoba Hydro bonds to the City for the payment of principal and interest on the Winnipeg Hydro portion of the City's debt.

As the receipt of the Manitoba Hydro bonds represents full funding of all future Sinking Fund installments and interest related to the Winnipeg Hydro portion of the City's Sinking Fund debt, no further amounts are required to be levied and contributed to the Sinking Fund in respect of this portion of the debt.

## *7. Reserve for Retirement of Debenture Debt*

As at December 31, 2008 the reserve for retirement of debenture debt is allocated towards Sinking Fund debentures as follows:

| Maturity Year | Amortized Cost | | | Maturity Value |
|---|---|---|---|---|
| | Hydro Portion | Other Purposes | Total | |
| 2009 | $ 14,500 | $ 96,582 | $ 111,082 | $ 119,020 |
| 2013 | 10,000 | 61,332 | 71,332 | 100,000 |
| 2014 | 15,000 | 52,761 | 67,761 | 100,000 |
| 2015 | 12,000 | 48,645 | 60,645 | 100,000 |
| 2017 | 20,000 | 12,966 | 32,966 | 50,000 |
| 2029 | 60,000 | - | 60,000 | 60,000 |
| | $ 131,500 | $ 272,286 | $ 403,786 | $ 529,020 |

### *7. Reserve for Retirement of Debenture Debt (continued)*

The amortized cost of the reserve for retirement of debenture debt is calculated using an assumed annual discount rate of 5% which was set by The City of Winnipeg in the applicable Sinking Fund Debenture By-laws.

As at December 31, 2008, the reserve for retirement of debenture debt includes $131,500 (2007 - $131,500) representing full funding of all future Sinking Fund installments and interest on the Winnipeg Hydro portion of the City's Sinking Fund debt as provided for by the Manitoba Hydro Electric Board bonds held by the Sinking Fund.

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

**Schedule 1**

## SCHEDULE OF INVESTMENTS

*As at December 31*
*(in thousands of dollars)*

| | 2008 | | | | | 2007 | |
|---|---|---|---|---|---|---|---|
| | **Par Value** | **Market Value** | **%** | **Book Value** | **%** | Book Value | % |
| ***Investment in bonds and debentures*** | | | | | | | |
| Government of Canada and Government of Canada guaranteed | **$ 38,000** | **$ 39,071** | **10** | **$ 38,108** | **10** | $ 27,896 | 8 |
| Provincial and Provincial guaranteed (Notes 6 and 7) | **220,953** | **226,899** | **59** | **220,726** | **60** | 211,360 | 61 |
| Municipal | **57,581** | **60,651** | **16** | **57,477** | **16** | 57,458 | 17 |
| City of Winnipeg | **6,013** | **6,567** | **1** | **5,909** | **2** | 5,844 | 2 |
| Supranationals | **7,000** | **7,513** | **2** | **7,066** | **2** | 7,076 | 2 |
| | **$ 329,547** | **340,701** | **88** | **329,286** | **90** | 309,634 | 90 |
| ***Bond residues and coupons*** | | | | | | | |
| Government of Canada | | **21,176** | **6** | **19,656** | **5** | 18,173 | 5 |
| Provincial | | **21,287** | **6** | **20,594** | **5** | 19,275 | 5 |
| | | **$ 383,164** | **100** | **$ 369,536** | **100** | $ 347,082 | 100 |

# THE SINKING FUND TRUSTEES OF THE CITY OF WINNIPEG

**Schedule 2**

## SCHEDULE OF INTEREST INCOME

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| Interest on bonds and debentures | **$ 19,170** | $ 18,588 |
| Income accrued - bond residues and coupons | **2,802** | 2,604 |
| Call fund interest | **1,023** | 1,205 |
| Securities lending income | **51** | 41 |
| Net bond discount amortization | **14** | 135 |
| | **$ 23,060** | $ 22,573 |


THE ROYAL TRUST COMPANY

# THE CITY OF WINNIPEG
# SINKING FUND

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Investment in bonds and debentures (Schedule 1) | **$ 1,937** | $ 963 |
| Call loans - General Revenue Fund (Note 3) | **85** | 26 |
| Due from General Revenue Fund | **-** | 4 |
| Accrued interest receivable | **34** | 10 |
| | **$ 2,056** | $ 1,003 |
| ***RESERVE*** | | |
| Reserve for retirement of debenture debt | **$ 2,056** | $ 1,003 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SINKING FUND

## STATEMENT OF RESERVE FOR RETIREMENT OF DEBENTURE DEBT

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| Balance, beginning of year | **$ 1,003** | $ - |
| Add: | | |
| Installments - Waterworks System | **984** | 984 |
| Interest income (Schedule 2) | **73** | 21 |
| | **2,060** | 1,005 |
| Deduct: | | |
| Administration expenses | **4** | 2 |
| Balance, end of year | **$ 2,056** | $ 1,003 |

*See accompanying notes and schedules to the financial statements*

# THE CITY OF WINNIPEG
# SINKING FUND

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*
*(unaudited)*

### *1. Status of The City of Winnipeg Sinking Fund*

The City of Winnipeg Act was repealed by the Province of Manitoba ("Province") effective January 1, 2003 and replaced by The City of Winnipeg Charter, a statute of the Province. Under the new charter the Public Service became responsible for managing the sinking funds of any sinking fund debenture issued after January 1, 2003.

### *2. Significant Accounting Policies*

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

**a) Bonds and debentures**

Bonds and debentures are carried at cost plus accumulated amortization. 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.

**b) Bond residues and coupons**

Bond residues and coupons are carried at cost plus accrued income. Income is accrued on the book value of the investments at a rate equivalent to the effective yield of each investment.

### *3. Call Loans - General Revenue Fund*

Call loans represent short-term investments held by the General Revenue Fund which are callable by The City of Winnipeg Sinking Fund ("Fund") upon one business day notice. Call loans are recorded at cost, which together with accrued interest income, approximates fair value.

### *4. Interest Rate and Credit Risk*

**a) Interest rate risk**

Interest rate risk refers to the adverse consequences of interest rate changes on the Fund's cash flows, financial position and income. This risk arises from differences in the timing and amount of cash flows related to the Fund's assets and liabilities. The value of the Fund's assets is affected by short-term changes in nominal interest rates.

The effective rate of interest earned by the Fund for the year ended December 31, 2008 was 5.1% (2007 - 4.5%).

***4. Interest Rate and Credit Risk (continued)***

The term to maturity and related book and par values of investments in bonds and debentures held by the fund at December 31, 2008 are as follows:

| Term To Maturity | Par Value | Book Value |
|---|---|---|
| Greater than five years | $ 1,872 | $ 1,937 |

**b) Credit risk**

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Fund.

At December 31, 2008 the Fund's maximum credit risk exposure at fair market value was $2,081 thousand.

The Fund limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy adopted by City Council.

# THE CITY OF WINNIPEG
# SINKING FUND

**Schedule 1**

## SCHEDULE OF INVESTMENT

*As at December 31*
*(in thousands of dollars)*
*(unaudited)*

| | 2008 | | | | | 2007 | |
|---|---|---|---|---|---|---|---|
| | **Par Value** | **Market Value** | **%** | **Book Value** | **%** | **Book Value** | **%** |
| ***Investment in bonds and debentures*** | | | | | | | |
| Provincial and Provincial guaranteed | **$ 1,872** | **$ 1,962** | **100** | **$ 1,937** | **100** | $ 963 | 100 |

# THE CITY OF WINNIPEG
# SINKING FUND

**Schedule 2**

## SCHEDULE OF INTEREST INCOME

*For the years ended December 31*
*(in thousands of dollars)*
*(unaudited)*

| | **2008** | 2007 |
|---|---|---|
| Interest on bonds and debentures | **$ 75** | $ 15 |
| Call fund interest | **(2)** | 6 |
| | **$ 73** | $ 21 |

# NORTH PORTAGE DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| CURRENT | | |
| Cash | **$ 560,011** | $ 371,628 |
| Investments - held for trading (Note 2) | **19,039,637** | 9,042,367 |
| Accounts receivable | **666,833** | 725,627 |
| Inventory (Note 2) | **8,567** | 5,445 |
| Prepaid expenses | **521,355** | 497,851 |
| Current portion of loans receivable (Note 5) | **11,137** | 10,438 |
| | **20,807,540** | 10,653,356 |
| LOANS RECEIVABLE (Note 5) | **425,907** | 199,636 |
| CAPITAL ASSETS (Notes 2, 6) | **20,066,619** | 20,222,892 |
| INVESTMENT IN PROPERTIES | | |
| AND INFRASTRUCTURE ENHANCEMENTS (Note 8) | **58,644,075** | 59,361,270 |
| DEFERRED CHARGES (Note 2) | **262,500** | 312,500 |
| | **$ 100,206,641** | $ 90,749,654 |
| ***LIABILITIES*** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | **$ 1,654,717** | $ 1,722,254 |
| Security deposits received | **55,637** | 60,297 |
| Deferred income | **22,430** | 38,491 |
| Current portion of long term debt (Note 12) | **257,139** | - |
| Current portion of obligations under capital lease (Note 13) | **388,227** | 297,718 |
| Accrual for unsettled land expropriation claims (Note 9) | **-** | 1,500,000 |
| Loan payable (Note 1) | **1,711,636** | 1,711,636 |
| | **4,089,786** | 5,330,396 |
| LONG TERM DEBT (Note 12) | **12,939,620** | - |
| OBLIGATIONS UNDER CAPITAL LEASE (Notes 2, 13) | **831,628** | 793,027 |
| DEFERRED CONTRIBUTIONS (Notes 1, 2) | **23,032,855** | 24,780,479 |
| PREPAID LAND RENTS (Note 2) | **655,814** | 663,900 |
| | **41,549,703** | 31,567,802 |
| ***NET ASSETS*** | | |
| Share capital (Note 14) | **3** | 3 |
| Donated land equity (Notes 2, 11) | **8,000,000** | 8,000,000 |
| Contributed surplus (Note 1) | **39,310,266** | 39,310,266 |
| Net assets | **11,346,669** | 11,871,583 |
| | **58,656,938** | 59,181,852 |
| | **$ 100,206,641** | $ 90,749,654 |

CONTINGENT LIABILITY (Note 16)

COMMITMENTS (Note 17)

# NORTH PORTAGE DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF REVENUES AND EXPENDITURES

*Year ended March 31, 2008*

| | 2008 | 2007 |
|---|---|---|
| ***REVENUE*** | | |
| Parking | **$ 4,194,272** | $ 3,871,043 |
| The Forks Market | **1,722,573** | 1,711,305 |
| Lease and land rents | **1,349,388** | 1,448,051 |
| IMAX Theatre | **1,278,867** | 1,125,743 |
| Interest income | **596,069** | 239,211 |
| Rental | **368,600** | 429,316 |
| Sponsorship | **344,022** | 308,172 |
| Forks site recoveries | **183,379** | 171,294 |
| Events | **67,662** | 80,018 |
| Miscellaneous | **4,968** | 46,664 |
| | **10,109,800** | 9,430,817 |
| ***EXPENDITURES*** | | |
| General and administration | **1,082,857** | 1,037,752 |
| Interest on long term debt | **453,118** | - |
| Investment fees | **63,842** | - |
| Marketing | **512,306** | 459,831 |
| Parking | **1,639,322** | 1,731,093 |
| Planning and development | **400,510** | 412,803 |
| Programs and events | **446,924** | 472,198 |
| Forks Site | **1,074,566** | 1,033,028 |
| Rental | **220,876** | 277,225 |
| Sponsorship | **126,063** | 113,584 |
| The Forks Market | **1,701,168** | 1,619,877 |
| IMAX Theatre | **1,452,439** | 1,468,550 |
| | **9,173,991** | 8,625,941 |
| ***INCOME FROM OPERATIONS*** | **935,809** | 804,876 |
| ***OTHER INCOME (EXPENSES)*** | | |
| Gain on disposal of assets | **-** | 776,655 |
| Depreciation (Note 15) | **(1,393,163)** | (1,626,167) |
| Unrealized gains (losses) | **(129,255)** | - |
| | **(1,522,418)** | (849,512) |
| ***DEFICIENCY OF REVENUE OVER EXPENDITURES*** | **$ (586,609)** | $ (44,636) |

# NORTH PORTAGE DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF NET ASSETS

*Year ended March 31, 2008*

| | **2008** | 2007 |
|---|---|---|
| ***NET ASSETS - BEGINNING OF YEAR*** | | |
| As previously reported | **$ 11,871,583** | $ 11,916,219 |
| Adjustment of investments to fair value | **61,695** | - |
| As restated | **11,933,278** | 11,916,219 |
| *DEFICIENCY OF REVENUE OVER EXPENDITURES* | **(586,609)** | (44,636) |
| ***NET ASSETS - END OF YEAR*** | **$ 11,346,669** | $ 11,871,583 |

# NORTH PORTAGE DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

*Year ended March 31, 2008*

| | **2008** | 2007 |
|---|---|---|
| ***OPERATING ACTIVITIES*** | | |
| Cash receipts from tenants and customers | **$ 9,612,636** | $ 9,315,636 |
| Cash paid to suppliers and employees | **(10,274,917)** | (8,578,754) |
| Interest received | **596,069** | 239,211 |
| Interest paid | **(512,156)** | (70,405) |
| Cash flow from (used by) operating activities | **(578,368)** | 905,688 |
| ***INVESTING ACTIVITIES*** | | |
| Purchase of capital assets and investments in properties and infrastructure enhancements | **(2,024,571)** | (1,659,959) |
| Proceeds on disposal of capital assets | **-** | 8,192,320 |
| Loans receivable issued | **(362,676)** | (31,990) |
| Repayment of loan receivable | **135,705** | 23,057 |
| Increase in investments - held for trading | **(10,064,830)** | (7,646,867) |
| Cash flow used by investing activities | **(12,316,372)** | (1,123,439) |
| ***FINANCING ACTIVITIES*** | | |
| Proceeds from long term financing | **13,320,000** | - |
| Repayment of long term debt | **(123,241)** | - |
| Repayment of obligations under capital lease | **(393,312)** | (266,443) |
| Receipt of deferred contributions | **279,676** | 298,644 |
| Cash flow from financing activities | **13,083,123** | 32,201 |
| ***INCREASE (DECREASE) IN CASH FLOWS*** | **188,383** | (185,550) |
| ***CASH - BEGINNING OF YEAR*** | **371,628** | 557,178 |
| ***CASH - END OF YEAR*** | **$ 560,011** | $ 371,628 |

# NORTH PORTAGE DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Year ended March 31, 2008*

### *1. Description of Business*

The mission of North Portage Development Corporation (the "Corporation" or "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. The company is responsible for the continuing renewal and stewardship of two sites in Winnipeg's downtown: the North Portage area and The Forks.

The merger of the operations of The Forks Renewal Corporation ("FRC") and the North Portage Development Corporation in 1994, established one management structure to oversee development and operations at the two sites. Since the time of implementation of the Initial Concept and Financial Plans for the North Portage site (1984) and The Forks (1987), the Corporation has carried out its mandate through a mixed use approach to renewal activities, resulting in a diverse mix of developments and uses to bring people downtown.

North Portage Theatre Corporation, ("NPTC") a subsidiary of NPDC, owns and operates an Imax theatre within the Portage Place Retail Complex.

FNP Parking Inc. (FNP) was incorporated under the Corporations Act of Manitoba November 6, 2006 and commenced operations at that time. The corporation operates various parking locations in downtown Winnipeg and at The Forks.

The company is not subject to tax under provision 149(1)(d).

**(a) North Portage Development Corporation**

NPDC is owned equally by the following shareholders: the Government of Canada, the Province of Manitoba and the City of Winnipeg. Funding provided by the shareholders, as noted below, was utilized to acquire capital assets.

| | |
|---|---|
| The Government of Canada's Special Capital Recovery Projects Program | $ 22,000,000 |
| The Province of Manitoba | 22,000,000 |
| The City of Winnipeg | 22,000,000 |
| Winnipeg Core Area Initiative - Program 7 | 5,000,000 |
| | $ 71,000,000 |

The funding has been allocated as follows:

| | **2008** | 2007 |
|---|---|---|
| Deferred contributions | **$ 13,198,363** | $ 14,014,927 |
| Amortization of deferred contributions recognized in income | **19,037,065** | 18,220,501 |
| Contributed surplus | **37,052,933** | 37,052,933 |
| Applied to operations | **1,711,639** | 1,711,639 |
| | **$ 71,000,000** | $ 71,000,000 |

*1. Description of Business (continued)*

**(b) The Forks Renewal Corporation**

FRC has received its funding from the following sources:

| | **2008 (cumulative)** | 2007 (cumulative) |
|---|---|---|
| Nature Conservancy | **$ 226,005** | $ 226,005 |
| Winnipeg Core Area Initiative - I | | |
| Program 8.2 | **657,000** | 657,000 |
| Winnipeg Core Area Initiative - II | | |
| Program 3 | **20,000,000** | 20,000,000 |
| Program 5.7 | **5,000,000** | 5,000,000 |
| The Canada - Manitoba Tourism Development Agreement | **1,250,000** | 1,250,000 |
| The Western Diversification Program | **2,914,816** | 2,914,816 |
| Equivalency contribution - Canada | **4,000,000** | 4,000,000 |
| Equivalency contribution - Province of Manitoba | **5,000,000** | 5,000,000 |
| Equivalency contribution - The City of Winnipeg | **6,736,946** | 6,736,946 |
| Winnipeg Core Initiative - Public Amenity | **931,000** | 931,000 |
| Canada - Manitoba Infrastructure Works Program | **2,020,011** | 2,020,011 |
| Province of Manitoba WDA | | |
| Program 12 Riverbank Development | **363,268** | 363,268 |
| The City of Winnipeg WDA | | |
| Program 12 Riverbank Development | **159,764** | 159,764 |
| The Canada - Manitoba Economic Development | | |
| Partnership Program | **598,527** | 598,527 |
| The Forks Foundation Inc. | **1,706,819** | 1,427,143 |
| CentreVenture Development Corporation | **510,696** | 510,696 |
| The Winnipeg Foundation | **150,000** | 150,000 |
| Energy Development Initiative | **25,000** | 25,000 |
| | **$ 52,249,852** | $ 51,970,176 |

| | | |
|---|---|---|
| The funding has been allocated as follows: | | |
| Deferred contributions | **$ 9,834,492** | $ 10,765,552 |
| Amortization of deferred contributions recognized into income | **24,430,520** | 23,219,784 |
| Contributed surplus | **2,257,333** | 2,257,333 |
| Applied to operations | **15,727,507** | 15,727,507 |
| | **$ 52,249,852** | $ 51,970,176 |

During the year, the Corporation received funding of $279,676 in support of the skateboard park.

*1. Description of Business (continued)*

**(c) North Portage Theatre Corporation**

NPTC includes the accounts of 3898211 Manitoba Ltd. Funding of NPTC was provided as follows:

| | **2008** | 2007 |
|---|---|---|
| Repayable loan - Manitoba Development Corporation | **$ 1,800,000** | $ 1,800,000 |
| Contributions from shareholders | | |
| North Portage Development Corporation | **1,800,000** | 1,800,000 |
| North Portage Development Corporation Development Agreement | **3,900,000** | 3,900,000 |
| | **$ 7,500,000** | $ 7,500,000 |

The repayable loan is non-interest bearing until demand at which time it will bear interest at 10% per annum. The loan payable to the Manitoba Development Corporation is secured by a fixed and specific mortgage and charge on the theatre air rights and the equipment as well as a floating charge over the assets of NPTC. NPTC is required to make principal payments annually equal to 33 1/3% of net income of the Imax Theatre at Portage Place. Cumulative repayments to date have been $88,364. At March 31, 2008 no demand had been made.

*2. Summary of Significant Accounting Policies*

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized below:

**Consolidation policies**

The consolidated financial statements included the financial statements of the Corporation and those of The Forks Renewal Corporation, FNP Parking Inc., and North Portage Theatre Corporation in which the Corporation holds a 100% interest.

**Investments - held for trading**

Investments are classified as held for trading and are stated at market values, unrealized gains and/or losses are recorded on the income statement.

**Inventory**

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

*2. Summary of Significant Accounting Policies (continued)*

**Capital assets**

Capital assets are recorded at cost. Depreciation is calculated at the following rates based on the estimated useful lives of the assets:

| | |
|---|---|
| Office equipment | 20% declining balance method |
| Computers | 30% declining balance method |
| Parking equipment | 30% declining balance method |
| Parking improvements and equipment | 5-10 years straight-line method |
| Rental buildings | 10-20 years straight-line method |
| Plaza and pavilion furniture and equipment | 20-30% declining balance method |
| Leasehold improvements | 10 years straight-line method |
| 3D projector | 10 years straight-line method |
| Theatre equipment | 5-10 years straight-line method |
| | |
| The Forks site: | |
| Buildings | 40 years straight-line method |
| Parking structure | 40 years straight-line method |
| Roads and service | 20 years straight-line method |
| Parks and plaza | 20 years straight-line method |
| Tenant allowances and pre-opening costs | 5 years straight-line method |
| Furniture and equipment | 20-30% declining balance method |
| Equipment under capital lease | 5 years straight-line method |
| | |
| North Portage properties and infrastructure enhancements: | |
| Site servicing costs and infrastructure enhancements | 20-40 years straight-line method |
| Land carrying costs and development projects | 10 years straight-line method |
| | |
| The Forks infrastructure enhancements: | |
| Land carrying costs | 10 years straight-line method |
| Development projects | 10 years straight-line method |
| Site servicing | 20 years straight-line method |
| Infrastructure enhancements | 10-20 years straight-line method |

**Donated land**

Donated land was recorded at fair market value as approved by the Board of Directors of FRC in 1989.

**Deferred charges**

Deferred charges relate to a prepayment of rent for a 10 year lease of a building for redevelopment purposes. The deferred charges are being amortized over 10 years.

**Deferred contributions**

Contributions utilized to acquire capital assets are deferred and amortized to income on the same basis as the related capital asset.

## *2. Summary of Significant Accounting Policies (continued)*

### Land rents

Land rents for land leases that are considered to be operating leases are recognized in income as earned. Land rents received in advance are recorded as prepaid land rents and are recognized in income over the term of the related leases of 75 to 99 years.

### Leases

Leases are classified as either capital or operating leases. Leases which transfer substantially all the benefits and risk of ownership of the property to the NPDC Group of companies are accounted for as capital leases. Capital lease obligations reflect the present value of future lease payments, discounted at the appropriate interest rate. All other leases are accounted for as operating leases whereby rental payments are expensed as incurred.

### Revenue recognition

Rental revenue and monthly parking is recognized in the period in which the rental agreement relates. Revenue from casual parking and theatre is recognized when the service is provided. Cost recoveries are recognized as revenue in the period the related costs are incurred. Event and sponsorship revenue are recognized in the period in which the event occurs.

### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of property, plant and equipment and goodwill. Actual results could differ from these estimates.

### Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

## *3. Change in Accounting Policy*

In April 2005, The Accounting Standards Board issued two new Handbook sections on financial instruments that affect the Corporation, Section 3855 and Section 3861. Section 3855 Financial instruments - Recognition and Measurement address when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements.

The Corporation adopted both of the sections for the fiscal year ended March 31, 2008. These standards were applied retroactively without restatement of comparative financial statements. As at April 1, 2007 the Corporation recorded a non-cash credit of $61,695 to net assets for the change in accounting for financial assets which are classified as held-for-trading and are measured at fair value instead of cost.

## *4. Financial Instruments*

### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from customers. In order to reduce its credit risk, the Corporation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers which minimizes concentration of credit risk.

### Fair Value

The Corporation's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of the amounts due to shareholders are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Corporation for debt with similar terms.

### Currency Risk

Currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

### Interest Rate Risk

The Corporation is exposed to interest rate risk in relation to its investments held for trading. Certain of these investments are held as bonds with fixed interest rates ranging from 3.70% to 5.15%. As market interest rates change the Corporation is exposed to risk related to these bonds, in so far as the fixed rate may be below the market interest rate.

## 5. *Loans Receivable*

| | 2008 | 2007 |
|---|---|---|
| Loan receivable, bearing interest at 6.5% per annum, receivable in quarterly instalments of $2,500 including interest, due July 2028, secured by specific equipment | **$ -** | $ 121,924 |
| Loan receivable, bearing interest at 6.5% per annum, receivable in monthly instalments of $1,148 including interest, due July 2012, secured by specific equipment | **105,054** | 88,150 |
| Loan receivable, non-interest bearing, no specific terms of repayment, unsecured | **31,990** | - |
| Loan receivable, non-interest bearing, receivable by earlier of grant funding or from operating cash flows from the project and five years from the date of advance. The loan is secured by a first charge mortgage against the leasehold interest of the Canadian Hostelling Association Inc. | **300,000** | - |
| | **437,044** | 210,074 |
| Amount receivable within one year | **(11,137)** | (10,438) |
| | **$ 425,907** | $ 199,636 |

## 6. *Capital Assets*

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated depreciation** | Cost | Accumulated depreciation |
| The Forks site (Note 7) | **$ 33,586,017** | **$ 17,087,776** | $ 33,116,666 | $ 15,781,184 |
| 3D projector | **1,375,781** | **309,550** | 1,375,781 | 171,972 |
| Theatre equipment | **132,426** | **25,088** | 128,365 | 11,885 |
| Box office | **26,162** | **21,821** | 26,162 | 20,289 |
| Theatre facilities | **3,216,531** | **3,203,614** | 3,207,007 | 3,200,797 |
| Theatre renovation | **298,589** | **14,930** | - | - |
| Fixtures and signage | **72,061** | **72,061** | 72,261 | 72,261 |
| Rental buildings | **1,550,294** | **685,102** | 1,528,624 | 524,127 |
| Parking equipment | **1,113,267** | **134,354** | 291,106 | 18,703 |
| Office equipment | **301,494** | **222,670** | 300,326 | 203,058 |
| Leasehold improvements | **297,598** | **195,870** | 297,598 | 176,494 |
| Computers | **494,281** | **425,046** | 461,742 | 401,976 |
| | **$ 42,464,501** | **$ 22,397,882** | $ 40,805,638 | $ 20,582,746 |
| Net book value | | **$ 20,066,619** | | $ 20,222,892 |

### *7. The Forks Site*

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated depreciation** | Cost | Accumulated depreciation |
| Land | **$ 120,694** | **$ -** | $ 120,694 | $ - |
| Building | **7,904,146** | **3,433,465** | 7,670,330 | 3,238,808 |
| Roads and services | **7,063,143** | **5,619,297** | 7,050,734 | 5,287,527 |
| Parks and plaza | **9,043,383** | **3,725,216** | 8,947,663 | 3,288,981 |
| Parking structure | **5,002,682** | **652,218** | 5,002,682 | 523,490 |
| Furniture and equipment | **1,459,132** | **1,037,545** | 1,347,226 | 941,080 |
| Equipment under capital lease | **283,275** | **56,655** | 283,275 | 28,327 |
| Tenant allowances and pre-opening costs | **2,709,562** | **2,563,380** | 2,694,062 | 2,472,971 |
| | **$ 33,586,017** | **$ 17,087,776** | $ 33,116,666 | $ 15,781,184 |
| Net book value | | **$ 16,498,241** | | $ 17,335,482 |

### *8. Investment in Properties and Infrastructure Enhancements*

| | 2008 | 2007 |
|---|---|---|
| North Portage Properties and infrastructure enhancements (Note 9) | **$ 44,590,948** | $ 45,056,251 |
| The Forks infrastructure enhancements (Note 10) | **6,358,481** | 6,610,373 |
| The Forks donated land (Note 11) | **7,694,646** | 7,694,646 |
| | **$ 58,644,075** | $ 59,361,270 |

### *9. North Portage Properties and Infrastructure Enhancements*

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated depreciation** | Cost | Accumulated depreciation |
| Land assembly and demolition | **$ 28,592,935** | **$ -** | $ 28,557,536 | $ - |
| Site servicing | **4,306,438** | **5,982,617** | 6,306,438 | 4,028,350 |
| Development projects | **2,334,884** | **-** | 1,801,848 | 1,770,369 |
| Infrastructure enhancements | **33,993,622** | **18,654,314** | 31,993,622 | 17,804,474 |
| | **$ 69,227,879** | **$ 24,636,931** | $ 68,659,444 | $ 23,603,193 |
| Net book value | | **$ 44,590,948** | | $ 45,056,251 |

Certain properties within the boundary defined for redevelopment have been expropriated by the Province of Manitoba pursuant to the Corporation's Unanimous Shareholders' Agreement. The Province of Manitoba, as the expropriating authority, has made advances and final settlements with the owners and tenants of certain expropriated properties as compensation for the acquisition of land and has incurred various related costs to date amounting to $33,042,156. During the year ended March 31, 2008 the land expropriation claim was settled for $140,768; the Corporation had previously accrued $1,500,000.

### *10. The Forks Infrastructure Enhancements*

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | **Cost** | **Accumulated depreciation** | Cost | Accumulated depreciation |
| Clearing and relocation | **$ 2,257,333** | **$ -** | $ 2,257,333 | $ - |
| Land carrying costs | **1,771,316** | **1,769,673** | 1,771,316 | 1,769,440 |
| Site servicing | **5,457,628** | **4,157,669** | 5,389,619 | 3,885,791 |
| Development projects | **586,744** | **579,991** | 586,744 | 577,966 |
| Infrastructure enhancements | **6,369,058** | **3,576,265** | 6,117,573 | 3,279,015 |
| | **$ 16,442,079** | **$ 10,083,598** | $ 16,122,585 | $ 9,512,212 |
| Net book value | | **$ 6,358,481** | | $ 6,610,373 |

### *11. The Forks Donated Land*

The Corporation acquired title and possession of 55.9 acres of land donated by the Government of Canada, the Province of Manitoba and the City of Winnipeg as follows:

| From Canada | From Winnipeg | From Core Area Initiative | Total |
|---|---|---|---|
| 49.6 acres | 3.3 acres | 3.0 acres | 55.9 acres |

These lands were acquired pursuant to the Land Exchange Agreement. Donated land was recorded at fair market value as approved by the Board of Directors on June 5, 1989. During the 1992/93 fiscal year, 3.8 acres of Pioneer Blvd. and The Forks Market Road were dedicated as public rights-of-way to the City of Winnipeg. During 2003, 0.5 acres of donated land were transferred to the City of Winnipeg. During 2007, 1.65 acres of donated land was sold to the City of Winnipeg.

The remaining lands under the FRC's ownership is 49.95 acres.

### *12. Long Term Debt*

| | **2008** | 2007 |
|---|---|---|
| Montrose Mortgage Corporation loan bearing interest at 5.71% per annum, repayable in monthly blended payments of $82,940. The loan matures on August 1, 2032 and is secured by a general security agreement represented by a first charge on the following lease agreements: Cityscape Residence Corp, The Kiwanis Club of Winnipeg Seniors Building Inc., 2700760 Manitoba Ltd, Fred Douglas Place Ltd. and Portage Place Centre Inc. | **$ 13,196,759** | $ - |
| Amounts payable within one year | **(257,139)** | - |
| | **$ 12,939,620** | $ - |

Principal repayment terms are approximately:

| | |
|---|---|
| 2009 | $ 257,139 |
| 2010 | 272,031 |
| 2011 | 287,786 |
| 2012 | 304,453 |
| 2013 | 322,086 |
| Thereafter | 11,753,264 |
| | $ 13,196,759 |

### *13. Obligations Under Capital Lease*

Under the terms of a capital lease signed by NPTC dated December 22, 2005, lease payments are payable to Imax Corporation for the use of the 3D projector. The contract is denominated in US dollars and has an assumed interest rate of 5.75% per annum.

In fiscal 2006, FRC entered into a capital lease contract to purchase $283,275 in equipment. The obligation has an assumed interest rate of 5.87% per annum.

In the current year FNP entered into a capital lease contract to purchase automated parking equipment. The obligation has an assumed interest rate of 5.71% per annum.

Interest relating to capital lease obligations has been recorded in Forks Market expenses in the amount of $11,424 (2007 - $13,535), in Theatre expenses in the amount of $39,501 (2007 - $56,730), and in FNP in the amount of $8,113 (2007 - $NIL).

The payment terms in Canadian dollars are as follows:

| | |
|---|---|
| 2009 | $ 444,935 |
| 2010 | 218,400 |
| 2011 | 213,976 |
| 2012 | 157,470 |
| 2013 | 157,470 |
| Thereafter | 166,424 |
| Total minimum lease payments | 1,358,675 |
| Less: amounts representing interest at various rates | (138,820) |
| Present value of minimum lease payments | 1,219,855 |
| Less: current portion | (388,227) |
| | $ 831,628 |

### *14. Share Capital*

Authorized:
Unlimited Common shares

| | | **2008** | 2007 |
|---|---|---|---|
| Issued: | | | |
| 3 | Common shares | **$ 3** | $ 3 |

### *15. Depreciation and Amortization*

Included in depreciation and amortization is the following:

| | **2008** | 2007 |
|---|---|---|
| Depreciation of capital assets | **$ (3,420,463)** | $ (3,607,446) |
| Amortization of deferred contributions | **2,027,300** | 1,981,279 |
| | **$ (1,393,163)** | $ (1,626,167) |

### *16. Contingent Liability*

The statement of claim for unspecified damages was filed against the FRC for an alleged breach of contract. FRC has filed a statement of defence. No liability has been recorded as the outcome is undeterminable at this time.

## *17. Commitments*

**Facilities:**

(i) NPDC has leased land to 2700760 Manitoba Limited ("2700760") for the development of an office and computer facility, which in turn, has been leased to ISM Information Systems Management Corporation ("ISM").

NPDC has the option, within 105 days after the 15th anniversary of the opening date of March 1, 1993, to sell the land to 2700760 for a price of $2.3 million.

2700760 has the option to purchase the land on the 15th anniversary of the opening date for a price which is the greater of $2.3 million and the fair market value at those times. In addition, ISM has the option to purchase the land and improvements from 2700760.

During the year ended March 31, 2008 NPDC agreed to an extension of the option dates for one year.

(ii) FRC has leased parking, storage and an office site at The Forks to December 2011. The lease, containing renewal options, calls for base monthly payments of $1,667 and provides for payment of utilities and property taxes. This lease is being administered by FNP.

**Equipment Maintenance:**

(i) Under the terms of an equipment maintenance agreement signed by NPTC dated December 22, 2005 for the 3D projector, a maintenance fee is payable to Imax Corporation. The commitment is denominated in U.S. dollars. The payment terms in Canadian dollars are as follows:

(ii) FNP Parking Ltd. is administering the obligation of a long term lease from FRC concerning its parking, storage and office site at The Forks. The lease contains renewal options and provides for payment of utilities and property taxes. Future minimum lease payments as at March 31, 2008 are as follows:

| | | |
|---|---|---|
| 2009 | $ | 82,804 |
| 2010 | | 68,304 |
| 2011 | | 68,304 |
| 2012 | | 68,304 |
| 2013 | | 63,303 |
| | $ | 351,019 |

## *18. Subsequent Event*

The NPDC purchased the Downtowner Motor Hotel, which the Canadian Hostelling Association Inc. has developed into a hostel. Per agreement the NPDC has loaned the Canadian Hostelling Association Inc. a further $150,000 to cover their short-term bridge financing needs. This amount will be paid in full when the Canadian Hostelling Association Inc.'s funding comes through from CentreVenture and the Province of Manitoba.

## *19. Comparative Figures*

Some of the comparative figures have been reclassified to conform to the current year's presentation.



# THE CITY OF WINNIPEG
# COUNCIL PENSION PLAN

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

*As at December 31*

| | **2008** | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Investments, at market (Note 3) | | |
| Cash and short-term deposits | **$ 684,925** | $ 443,531 |
| Bonds | **945,230** | 964,445 |
| Canadian equities | **207,383** | 309,244 |
| | **1,837,538** | 1,717,220 |
| Due from The City of Winnipeg (Note 4) | **8,743** | 7,435 |
| Accrued interest receivable | **1,960** | 2,623 |
| Total Assets | **1,848,241** | 1,727,278 |
| ***LIABILITIES*** | | |
| Accounts payable and accrued liabilities | **32,316** | 8,204 |
| ***NET ASSETS AVAILABLE FOR BENEFITS*** | **$ 1,815,925** | $ 1,719,074 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# COUNCIL PENSION PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

*For the years ended December 31*

| | **2008** | 2007 |
|---|---|---|
| ***INCREASE IN ASSETS*** | | |
| Contributions | | |
| The City of Winnipeg | **$ 204,716** | $ 202,277 |
| Plan members | **43,526** | 42,686 |
| | **248,242** | 244,963 |
| Investment income from | | |
| Bonds | **31,892** | 36,791 |
| Cash and short-term deposits | **13,769** | 20,516 |
| Canadian equities | **7,236** | 1,494 |
| | **52,897** | 58,801 |
| Current period change in market value of investments | **(121,076)** | (2,653) |
| Total increase in assets | **180,063** | 301,111 |
| ***DECREASE IN ASSETS*** | | |
| Administrative expenses | | |
| Investment management and audit fees | **12,934** | 13,315 |
| Actuarial fees | **11,966** | 19,219 |
| | **24,900** | 32,534 |
| Refunds, transfers and pension payments (Note 5) | | |
| Pension payments | **58,312** | 36,297 |
| Transfer to other plans | **-** | 67,660 |
| Refund of contributions | **-** | 19,437 |
| | **58,312** | 123,394 |
| Total decrease in assets | **83,212** | 155,928 |
| Increase in net assets | **96,851** | 145,183 |
| Net assets available for benefits at beginning of year | **1,719,074** | 1,573,891 |
| Net assets available for benefits at end of year | **$ 1,815,925** | $ 1,719,074 |

*See accompanying notes to the financial statements*

# THE CITY OF WINNIPEG
# COUNCIL PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*

### *1. Description of Plan*

#### a) General

The City of Winnipeg Council Pension Plan (the "Plan") was established on July 18, 2001 by The City of Winnipeg Council Pension Plan By-law No. 7869/2001, which deemed the Plan to have come into existence on January 1, 2001. The Plan is a defined benefit pension plan, which provides pension benefits for City of Winnipeg Council (the "Council") members. All members of Council were required to become members of the Plan on January 1, 2001.

#### b) Contributions

Plan members contribute 6 1/2% of their Canada Pension Plan earnings plus 7 1/2% of any earnings in excess of their Canada Pension Plan earnings. The City of Winnipeg ("City") makes contributions as required, based on the recommendation of the Plan's actuary. The City is responsible for ensuring that the actuarial liabilities of the Plan are adequately funded over time.

Any surplus disclosed in an actuarial valuation of the Plan may be used to reduce the City's required contributions to the Plan or used as a contingency reserve to offset possible future losses of the Plan.

#### c) Retirement pensions

The Plan allows for retirement at or after the age of 55, or following completion of 30 years of service, or when the sum of a Plan member's age plus years of credited service equals 80, or if the Plan member becomes totally and permanently disabled.

The pension formula prior to age 65 is equal to 2%, multiplied by the Plan member's best 5-year average earnings, multiplied by the number of years of credited service. The pension formula after the age of 65 is equal to the Plan member's years of credited service multiplied by the aggregate of 1.5% of the Plan member's best 5-year average Canada Pension Plan earnings plus 2% of the Plan member's best 5-year average non-Canada Pension Plan earnings.

#### d) Deemed retirement

Any Plan member who is not retired on December 1 of the taxation year in which the Plan member attains age 71 shall be deemed to have retired on that day.

#### e) Survivor's benefits

The Plan provides for survivor's benefits on the member's death before or after retirement.

#### f) Termination benefits

Upon application and subject to locking-in provisions, deferred pensions or equivalent lump sum benefits are payable to the Plan member when the Plan member ceases to be an elected official with the City.

## *1. Description of Plan (continued)*

### g) Re-election

If a Plan member who is receiving a pension from the Plan is re-elected, the Plan member's pension will be suspended prior to the Plan member becoming an elected official with the City and their years of credited service will be added to the Plan member's years of credited service after re-election.

### h) Administration

The Plan is administered by the Council Pension Benefits Board which is comprised of three representatives appointed by the Council, only one of whom may be a Councillor, and the Chief Financial Officer of the City or his or her designate.

## *2. Significant Accounting Policies*

### a) Basis of presentation

These financial statements are prepared on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period.

The financial statements of the Plan are prepared in accordance with Canadian generally accepted accounting principles.

### b) Investments

Investments are stated at market value. Equity investments are valued using published closing market prices. Fixed income investments are valued using published mid-market quotations. Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

Cash and short-term deposits are comprised of cash and investments that are readily convertible to cash with maturities of less than 90 days. The effective interest rate during the year was 2.4% (2007 - 4.5%).

## *3. Interest Rate, Credit and Market Risks*

### a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's asset values, future investment income and actuarial liabilities. This risk arises from the differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's interest bearing assets is affected by short-term changes in nominal interest rates.

Pension liabilities are exposed to the long-term expectation of rate of return on investments as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet pension obligations.

The Plan has approximately 51% (2007 - 56%) of its assets invested in fixed income securities as at December 31, 2008. The effective interest rate on the securities is 3% (2007 - 3%). The returns of fixed income securities are particularly sensitive to changes in nominal interest rates.

### *3. Interest Rate, Credit and Market Risks (continued)*

All investments in bonds held by the Plan at December 31, 2008 have a term to maturity in excess of five years.

**b) Credit risk**

Credit risk arises from the potential for an investee to fail or default on its contractual obligations to the Plan. At December 31, 2008, the Plan's maximum credit risk exposure relates to bonds, accrued interest and short-term deposits totalling $1,632,115. The Plan's concentration of credit risk as at December 31, 2008 related to bonds is categorized amongst the following:

| Type of Issuer | Market Value |
|---|---|
| Government of Canada and Government of Canada guaranteed | $ 945,230 |

The Plan limits credit risk by investing in bonds of investees that are considered to be of high quality and by utilizing an internal Investment Policy Guideline monitoring process.

**c) Market risk**

Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

### *4. Contributions Receivable*

The City's contributions to the Plan are due within four weeks of the required date. The City is charged interest on all balances outstanding past the due date.

### *5. Obligation for Pension Benefits*

The actuarial present value of accrued pension benefits was determined using the projected benefit method pro-rated on service and using assumptions recommended by the actuary and approved by the Council Pension Benefits Board. An actuarial funding valuation of the Plan was prepared, effective December 31, 2006, by Mercer, a firm of consulting actuaries. The results of this valuation were extrapolated to December 31, 2008.

***5. Obligation for Pension Benefits (continued)***

The extrapolated actuarial present value of benefits, as at December 31, and the principal components of changes in the actuarial present value during the year, were as follows:

| | **2008** | 2007 (Restated) |
|---|---|---|
| Actuarial present value of accrued pension benefits at beginning of year | **$ 1,580,268** | $ 2,234,501 |
| Interest accrued on benefits | **89,330** | 95,979 |
| Benefits accrued (service costs) | **138,718** | 183,119 |
| Benefits paid | **(58,312)** | (101,661) |
| Actuarial loss (gain) | **70,440** | (831,670) |
| Actuarial present value of accrued pension benefits at end of year | **$ 1,820,444** | $ 1,580,268 |

The significant long-term assumptions used in the valuation of accrued pension benefits provided for a discount rate on liabilities of 4.5% (2007 - 5.25%) per annum, a rate of return on assets of 4.5% (2007 - 5.25%) per annum and a general rate of salary increase of 2.4% (2007 - 2.7%) per annum.

The December 31, 2007 extrapolated actuarial present value of accrued pension benefits at end of year has been restated by $94,750. Specifically, $65,364 of benefits paid were omitted in undertaking the extrapolation. As well, benefits accrued inadvertently included plan expenses in the calculation resulting in a $29,386 understatement of the actuarial gain. There is no impact on the financial statements as a result of this restatement.

The actuarial value of net assets available for benefits has been determined at fair market value.

The actuarial value of net assets at December 31, was as follows:

| | **2008** | 2007 |
|---|---|---|
| Actuarial value of net assets available for benefits | **$ 1,815,925** | $ 1,719,074 |

The next actuarial funding valuation of the Plan is scheduled to be filed as at December 31, 2009 and will be completed in 2010.

***6. Comparative Figures***

Certain comparative figures have been reclassified to conform with the current year's presentation.

# THE TRUSTEES OF THE DENTAL SERVICES AND VISION CARE PLANS OF THE CITY OF WINNIPEG EMPLOYEES

## STATEMENT OF FINANCIAL POSITION

*As at December 31*
*(in thousands of dollars)*

| | 2008 | 2007 |
|---|---|---|
| ***ASSETS*** | | |
| Current | | |
| Cash | **$ 648** | $ 628 |
| Accounts receivable (Note 3) | **729** | 608 |
| Prepaid claims (Note 4) | **100** | 100 |
| | **$ 1,477** | $ 1,336 |
| ***LIABILITIES*** | | |
| Current | | |
| Accounts payable (Note 5) | **$ 883** | $ 740 |
| ***EQUITY*** | | |
| Dental Services Plan | **439** | 441 |
| Vision Care Plan | **155** | 155 |
| | **594** | 596 |
| | **$ 1,477** | $ 1,336 |

*See accompanying notes to the financial statements*

# THE TRUSTEES OF THE DENTAL SERVICES AND VISION CARE PLANS OF THE CITY OF WINNIPEG EMPLOYEES

## STATEMENT OF CHANGES IN TRUST ACCOUNTS

*For the years ended December 31*
*(in thousands of dollars)*

| | **2008** | 2007 |
|---|---|---|
| ***DENTAL SERVICES PLAN*** | | |
| Opening balance | **$ 441** | $ 435 |
| Add: | | |
| Contributions - The City of Winnipeg | **7,490** | 7,333 |
| Interest earned | **17** | 19 |
| | **7,948** | 7,787 |
| Deduct: | | |
| Dental claims | **7,170** | 7,012 |
| Administration fees | **339** | 334 |
| | **7,509** | 7,346 |
| Ending balance | **$ 439** | $ 441 |
| ***VISION CARE PLAN*** | | |
| Opening balance | **$ 155** | $ 154 |
| Add: | | |
| Contributions - The City of Winnipeg | **1,055** | 986 |
| Interest earned | **3** | 3 |
| | **1,213** | 1,143 |
| Deduct: | | |
| Vision claims | **995** | 929 |
| Administration fees | **63** | 59 |
| | **1,058** | 988 |
| Ending balance | **$ 155** | $ 155 |

*See accompanying notes to the financial statements*

# THE TRUSTEES OF THE DENTAL SERVICES AND VISION CARE PLANS OF THE CITY OF WINNIPEG EMPLOYEES

## NOTES TO THE FINANCIAL STATEMENTS

*December 31, 2008*
*(all tabular amounts are in thousands of dollars, unless otherwise noted)*

### *1. Significant Accounting Policies*

The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These financial statements have been prepared by management within reasonable limits of materiality and within the framework of accounting policies summarized below.

**a) Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are earned and measurable. Expenditures 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.

**b) Allocation of interest**

The funds of the Dental Services and Vision Care Plans (the Plans) are deposited in a single bank account. Interest earned is apportioned on the basis of the ratio of the contributions received from The City of Winnipeg by the Plans.

### *2. Status of the Trustees of the Dental Services and Vision Care Plans for The City of Winnipeg Employees*

City Council, on October 15, 1980, authorized the appointment of the City Treasurer, the Medical Health Officer and the Director of Personnel as trustees of the Dental Services Plan for The City of Winnipeg Employees.

City Council, on June 9, 1989, authorized the appointment of the aforementioned officers as trustees of the Vision Care Plan for The City of Winnipeg Employees.

The revenue for both plans consists of contributions from The City of Winnipeg equal to dental and vision claims paid by the Trustees and bank interest earned. The disbursements are limited to eligible dental and vision claims processed and administration fees of the servicing organization.

### *3. Accounts Receivable*

The accounts receivable is due from The City of Winnipeg for unpaid claims and administration charges as follows:

| | **2008** | 2007 |
|---|---|---|
| Dental Services Plan | **$ 627** | $ 535 |
| Vision Care Plan | **102** | 73 |
| | **$ 729** | $ 608 |

### *4. Prepaid Claims*

The prepaid claims represents the amount held by Manitoba Blue Cross for incurred but unreported claims.

### *5. Accounts Payable*

The accounts payable include amounts due to the servicing organization for claims and administration, along with amounts due to The City of Winnipeg as follows:

| | **2008** | 2007 |
|---|---|---|
| Dental Services Plan - Claims | **$ 599** | $ 511 |
| Prepaid claims - Due to City of Winnipeg | **100** | 100 |
| Vision Care Plan - Claims | **96** | 68 |
| Due to City of Winnipeg | **54** | 33 |
| Dental Care Plan - administration | **28** | 24 |
| Vision Care Plan - administration | **6** | 4 |
| | **$ 883** | $ 740 |

### *6. Termination of the Plans*

On January 28, 2009, City Council approved the termination of the Plans as a result of the Trustees no longer being required to manage the dental and vision claims incurred under the supplemental health benefit plan.

# THE CITY OF WINNIPEG
# TABLE OF FINANCIAL STATISTICS AND SELECTED RATIOS

## FIVE-YEAR REVIEW

*As at December 31*

*("$" amounts in thousands of dollars, except as noted)*

| | | **2008** | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|
| Population (Statistics Canada) | | **660,000** | 653,300 | 649,300 | 647,400 | 646,700 |
| Consolidated debt (1) | **$** | **753,092** | 646,148 | 670,330 | 613,667 | 702,675 |
| Net tax-supported debt (2) | **$** | **217,815** | 237,624 | 287,338 | 322,617 | 332,936 |
| Debt per capita: | | | | | | |
| Consolidated (dollars) | **$** | **1,141** | 989 | 1,032 | 948 | 1,087 |
| Net tax-supported (dollars) | **$** | **330** | 364 | 443 | 498 | 515 |
| Non-portioned taxable assessments (millions) (3) | **$** | **31,959** | 31,475 | 30,923 | 25,772 | 25,512 |
| Debt as a % of non-portioned taxable assessments | | | | | | |
| Consolidated | | **2.4%** | 2.1% | 2.2% | 2.4% | 2.8% |
| Net tax-supported | | **0.7%** | 0.8% | 0.9% | 1.3% | 1.3% |
| Consolidated revenues (4) | **$** | **1,274,966** | 1,220,814 | 1,105,533 | 1,039,124 | 968,883 |
| Consolidated debt as a % of consolidated revenues | | **59.1%** | 52.9% | 60.6% | 59.1% | 72.5% |

**Notes:**

(1) Consolidated debt is gross debt outstanding for all municipal purposes - tax-supported, City-owned utilities, special operating agencies, and wholly-owned corporations.

(2) Net tax-supported debt is gross debt less accumulated sinking funds, less City-owned utilities (except Transit System) net of sinking funds, less special operating agencies and Winnipeg Enterprises Corporation.

(3) Non-portioned taxable assessments exclude fully exempt properties and does not include all converted grants.

(4) Consolidated revenues are comprised of general revenues, City-owned utilities, revenue from the wholly-owned corporations, investment in government businesses and special operating agencies, but excludes revenues collected on behalf of school authorities. The 2004 figures have not been restated to reflect the change in accounting policies concerning tangible capital assets, revenue from contributed assets and government transfers related to tangible capital assets acquisitions, and to record the City's investment in government businesses.

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## STATEMENT OF OUTSTANDING CAPITAL BORROWING AUTHORIZATIONS

*As at December 31, 2008*

| | | General Municipal Purposes | City-owned Utilities | | | Special Operating Agencies | |
|---|---|---|---|---|---|---|---|
| By-Law Number | Minister of Finance/Council Approval | General | Transit System | Waterworks System | Sewage Disposal System | Fleet Management | Total |
| 6520/94 | December 2/94 | $ 7,000,000 | $ - | $ - | $ - | $ - | $ 7,000,000 |
| 6774/96 | April 16/96 | 14,801,000 | 1,144,000 | - | - | - | 15,945,000 |
| 6973/97 | March 17/97 | 27,254,138 | 463,325 | - | - | - | 27,717,463 |
| 6976/97 | March 17/97 | 18,213,000 | 650,000 | - | - | - | 18,863,000 |
| 7125/98 | January 22/98 | - | 1,062,000 | - | - | - | 1,062,000 |
| 7751/01 | March 9/01 | 14,699,820 | 770,000 | - | - | - | 15,469,820 |
| 183/2004 | January 13/05 | - | - | - | 16,084,000 | - | 16,084,000 |
| 72/2006 | March 22/06 | 5,452,000 | 6,808,000 | | - | - | 12,260,000 |
| | March 21/07 | - | - | - | - | 14,100,000 | 14,100,000 |
| | November 21/07 | - | - | - | - | 20,500,000 | 20,500,000 |
| 32/2007 | February 21/07 | 1,696,000 | 3,417,000 | 16,800,000 | 7,638,000 | - | 29,551,000 |
| 219/2007 | | 3,488,000 | - | - | 37,200,000 | - | 40,688,000 |
| | | $ 92,603,958 | $ 14,314,325 | $ 16,800,000 | $ 60,922,000 | $ 34,600,000 | $ 219,240,283 |

City Council has the authority under the City of Winnipeg Charter to approve the borrowing authority for Special Operating Agencies. Therefore, the City is not required to obtain approval from the Minister of Finance and to create a by-law.

| | |
|---|---|
| Outstanding Capital Borrowing Authorization at December 31, 2007 | $ 278,552,283 |
| Add: | |
| By-law 194/2007 | 11,100,000 |
| By-law 219/2007 | 40,688,000 |
| Deduct: | |
| Debt Issued | (100,000,000) |
| | (11,100,000) |
| Outstanding Capital Borrowing Authorization at December 31, 2008 | $ 219,240,283 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## DEBENTURE DEBT ISSUES

*As at December 31, 2008*

| Term | Month | Interest Rate | By-Law Number | Payable at | Cities | Amount of Debt | |
|---|---|---|---|---|---|---|---|
| ***The City of Winnipeg*** | | | | | | | |
| **Sinking Fund Debt** | | | | | | | |
| 1999-2009 | Feb. 2 | 5.350 | 7368/99 | Bank of Montreal | Any branch in Canada | $ 50,000,000 | |
| 1989-2009 | Dec. 14 | 10.000 | 5286/89 | Royal Bank | Any branch in Canada | 85,500,000 | $ 135,500,000 |
| 1993-2013 | Feb. 11 | 9.375 | 6090/93 | Royal Bank | Any branch in Canada | | 90,000,000 |
| 1994-2014 | Jan. 20 | 8.000 | 6300/94 | Royal Bank | Any branch in Canada | | 85,000,000 |
| 1995-2015 | May 12 | 9.125 | 6620/95 | Bank of Montreal | Any branch in Canada | | 88,000,000 |
| 1997-2017 | Nov. 17 | 6.250 | 7000/97 | Bank of Montreal | Any branch in Canada | | 30,000,000 |
| 2006-2036 | July 17 | 5.200 | 183/2004 and 72/2006 | Royal Bank | Any branch in Canada | | 60,000,000 |
| 2008-2036 | July 17 | 5.200 | 72/2006B | Royal Bank | Any branch in Canada | | 100,000,000 |
| | | | | | | | 588,500,000 |
| **Serial Debt** | | | | | | | |
| 2003-2013 | Jan. 17 | 4.899 | 8138/02 | Royal Bank | Any branch in Canada | 54,772,000 | |
| 2004-2014 | Mar. 24 | 3.940 | 86/2003 | Royal Bank | Any branch in Canada | 30,061,000 | 84,833,000 |
| **Total Debt** | | | | | | | $ 673,333,000 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## SUMMARY OF DEBENTURE DEBT AND SINKING FUND BY PURPOSE

*As at December 31, 2008*

| Description | Debenture Debt | | |
|---|---|---|---|
| | Gross | Sinking Fund | Net |
| **Tax-Supported** | | | |
| General | $ 324,745,844 | $ 159,915,726 | $ 164,830,118 |
| Unallocated Sinking Fund Surplus | - | 1,817,142 | (1,817,142) |
| Total Tax-Supported | 324,745,844 | 161,732,868 | 163,012,976 |
| **Other Funds** | | | |
| Civic Accommodations | 22,239,962 | 10,085,934 | 12,154,028 |
| Transit System | 24,914,480 | 14,088,724 | 10,825,756 |
| Total Tax-Supported and Other Funds | 371,900,286 | 185,907,526 | 185,992,760 |
| **City-Owned Utilities** | | | |
| Solid Waste Disposal | 2,935,000 | 2,344,071 | 590,929 |
| Waterworks System | 204,500,000 | 28,738,673 | 175,761,327 |
| Sewage Disposal System | 93,997,714 | 59,167,063 | 34,830,651 |
| Total City-Owned Utilities | 301,432,714 | 90,249,807 | 211,182,907 |
| | $ 673,333,000 | $ 276,157,333 | $ 397,175,667 |

| Description | 2009 Fixed Annual Charges | | |
|---|---|---|---|
| | Interest | Principal | Total |
| **Tax-Supported** | $ 24,076,245 | $ 19,481,961 | $ 43,558,206 |
| **Other Funds** | | | |
| Civic Accommodations | 1,502,666 | 1,225,711 | 2,728,377 |
| Transit System | 2,067,362 | 1,226,812 | 3,294,174 |
| Total Tax-Supported and Other Funds | 27,646,273 | 21,934,484 | 49,580,757 |
| **City-Owned Utilities** | | | |
| Solid Waste Disposal | 284,750 | 88,762 | 373,512 |
| Waterworks System | 12,260,000 | 187,529,795 | 199,789,795 |
| Sewage Disposal System | 7,980,441 | 3,967,830 | 11,948,271 |
| Total City-Owned Utilities | 20,525,191 | 191,586,387 | 212,111,578 |
| | $ 48,171,464 | $ 213,520,871 | $ 261,692,335 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## DEBENTURE DEBT CHANGES DURING 2008

| | | | |
|---|---|---|---|
| **Gross Debt as at January 1, 2008** | | | $ 587,039,000 |
| **Debt Issued During 2008** | | | |
| ***Utilities Debt:*** | | | |
| Waterworks System | | | 100,000,000 |
| **Debt Retired During 2008** | | | |
| ***Tax-Supported Debt:*** | | | |
| Streets and Bridge System | $ 5,470,784 | | |
| Land Drainage | 1,448,560 | | |
| Culture and Recreation | 1,115,231 | | |
| Parks and Recreation | 62,672 | | |
| Libraries | 25,272 | | |
| Protection | 567,458 | | |
| Fire | 31,175 | | |
| Police | 6,065 | | |
| Health and Social Development | 351,542 | | |
| Special Projects | 507,960 | | |
| Convention Centre | 22,516 | | |
| Overhead Walkways | 16,287 | | |
| Core Area Programs | 1,425,862 | | |
| Land Acquisition | 15,179 | | |
| North Portage Development | 139,650 | $ 11,206,213 | |
| ***Utilities Debt:*** | | | |
| Transit | 549,760 | | |
| Sewage Disposal System | 1,302,464 | | |
| Civic Accommodations | 647,563 | 2,499,787 | (13,706,000) |
| **Gross Debt as at December 31, 2008** | | | $ 673,333,000 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## DEBENTURE DEBT - MATURITY BY YEARS

*As at December 31, 2008*

| Maturity Year | Sinking Fund Debt | | Serial and Installment Debt | Total | % |
|---|---|---|---|---|---|
| 2009 | $ 135,500,000 | (1) | $ 14,378,000 | $ 149,878,000 | 22.3 |
| 2010 | - | | 15,083,000 | 15,083,000 | 2.2 |
| 2011 | - | | 15,824,000 | 15,824,000 | 2.4 |
| 2012 | - | | 16,600,000 | 16,600,000 | 2.5 |
| 2013 | 90,000,000 | | 17,415,000 | 107,415,000 | 15.9 |
| 2014 | 85,000,000 | | 5,533,000 | 90,533,000 | 13.4 |
| 2015 | 88,000,000 | | - | 88,000,000 | 13.1 |
| 2017 | 30,000,000 | | - | 30,000,000 | 4.5 |
| 2036 | 160,000,000 | | - | 160,000,000 | 23.7 |
| Gross Debt | $ 588,500,000 | | $ 84,833,000 | 673,333,000 | 100.0 |
| Less: Sinking Fund Reserve | | | | 276,157,333 | |
| Net Debt | | | | $ 397,175,667 | |

(1) Of the $135,500,000 sinking fund debt that matures in 2009, there will be a maturity shortfall of $30,980,600, which will need to be refinanced.

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## DEBENTURE DEBT SUMMARY OF MATURITIES BY PURPOSES

*As at December 31, 2008*

| Maturity Year | General Tax-Supported | Transit System | Waterworks System | Sewage Disposal System | Solid Waste Disposal | Civic Accommodations | Total |
|---|---|---|---|---|---|---|---|
| 2009 | $ 121,676,868 | $ 3,576,597 | $ 1,500,000 | $ 12,366,967 | $ 1,935,000 | $ 8,822,568 | $ 149,878,000 |
| 2010 | 12,333,582 | 604,744 | - | 1,434,674 | - | 710,000 | 15,083,000 |
| 2011 | 12,940,282 | 634,326 | - | 1,505,849 | - | 743,543 | 15,824,000 |
| 2012 | 13,575,688 | 665,299 | - | 1,580,430 | - | 778,583 | 16,600,000 |
| 2013 | 52,444,078 | 5,697,818 | 5,000,000 | 41,658,804 | - | 2,614,300 | 107,415,000 |
| 2014 | 26,925,877 | 6,735,696 | 13,000,000 | 35,450,990 | - | 8,420,437 | 90,533,000 |
| 2015 | 54,849,469 | 7,000,000 | 25,000,000 | - | 1,000,000 | 150,531 | 88,000,000 |
| 2016 | - | - | - | - | - | - | - |
| 2017 | 30,000,000 | - | - | - | - | - | 30,000,000 |
| 2036 | - | - | 160,000,000 | - | - | - | 160,000,000 |
| | $ 324,745,844 | $ 24,914,480 | $ 204,500,000 | $ 93,997,714 | $ 2,935,000 | $ 22,239,962 | $ 673,333,000 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## ANNUAL DEBENTURE DEBT SERVICE CHARGES ON EXISTING DEBT

*For the years ending December 31*

| | Tax-Supported | | | Utilities (Includes Transit System) | | | |
|---|---|---|---|---|---|---|---|
| **Year** | **Principal** | **Interest** | **Sub-total** | **Principal** | **Interest** | **Sub-total** | **Total** |
| 2009 | $ 19,481,961 | $ 24,076,245 | $ 43,558,206 | $ 194,038,910 | $ 24,095,219 | $ 218,134,129 | $ 261,692,335 |
| 2010 | 16,734,894 | 14,546,961 | 31,281,855 | 193,393,107 | 21,714,296 | 215,107,403 | 246,389,258 |
| 2011 | 17,341,593 | 13,927,065 | 31,268,658 | 193,527,407 | 21,577,167 | 215,104,574 | 246,373,232 |
| 2012 | 17,977,000 | 13,253,665 | 31,230,665 | 193,668,000 | 21,428,167 | 215,096,167 | 246,326,832 |
| 2013 | 18,644,389 | 12,532,951 | 31,177,340 | 193,815,611 | 21,268,582 | 215,084,193 | 246,261,533 |
| 2014 | 7,686,219 | 8,725,314 | 16,411,533 | 190,169,949 | 16,357,563 | 206,527,512 | 222,939,045 |
| 2015 | 2,565,990 | 6,880,014 | 9,446,004 | 187,186,558 | 11,344,986 | 198,531,544 | 207,977,548 |
| 2016 | 907,200 | 1,875,000 | 2,782,200 | 186,184,000 | 8,320,000 | 194,504,000 | 197,286,200 |
| 2017 | 907,200 | 1,875,000 | 2,782,200 | 186,184,000 | 8,320,000 | 194,504,000 | 197,286,200 |
| 2018 | - | - | - | 186,184,000 | 8,320,000 | 194,504,000 | 194,504,000 |
| 2019-2036 | - | - | - | 3,351,312,000 | 149,760,000 | 3,501,072,000 | 3,501,072,000 |
| | $ 102,246,446 | $ 97,692,215 | $ 199,938,661 | $ 5,255,663,542 | $ 312,505,980 | $ 5,568,169,522 | $ 5,768,108,183 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***STREETS AND BRIDGE SYSTEM*** **(street improvements, street lighting, bridges and underpasses)** | | | | | | | | |
| 7368/99 | $ 25,364,600 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | $ 1,357,006 | $ 767,091 | $ 8,843,063 |
| 5286/89 | 28,210,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 2,821,000 | 853,143 | 26,114,823 |
| 8138/02 | 20,690,938 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 887,712 | 3,725,895 | - |
| 6090/93 | 14,067,475 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 1,318,826 | 425,437 | 9,586,513 |
| 6300/94 | 11,509,146 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 920,732 | 348,066 | 7,144,016 |
| 86/2003 | 13,388,754 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 505,093 | 2,010,919 | - |
| 6620/95 | 22,633,969 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 2,065,350 | 684,510 | 12,511,704 |
| 7000/97 | 20,700,000 | Nov. 17, 1997-2017 | CAN | 5.000 | 6.250 | 1,293,750 | 625,968 | 8,946,596 |
| | 156,564,882 | | | | | 11,169,469 | 9,441,029 | 73,146,715 |
| ***LAND DRAINAGE*** **(storm water relief sewers, drainage sewers and flood control)** | | | | | | | | |
| 7368/99 | 1,535,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 82,123 | 46,422 | 535,159 |
| 5286/89 | 7,950,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 795,000 | 240,429 | 7,359,548 |
| 8138/02 | 5,600,710 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 240,289 | 1,008,541 | - |
| 6090/93 | 1,300,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 121,875 | 39,315 | 885,907 |
| 6300/94 | 2,625,312 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 210,025 | 79,396 | 1,629,597 |
| 86/2003 | 3,400,178 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 128,272 | 510,689 | - |
| 6620/95 | 2,251,500 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 205,449 | 68,091 | 1,244,594 |
| 7000/97 | 4,900,000 | Nov. 17, 1997-2017 | CAN | 5.000 | 6.250 | 306,250 | 148,176 | 2,117,793 |
| | 29,562,700 | | | | | 2,089,283 | 2,141,059 | 13,772,598 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***CULTURE AND RECREATION*** **(parks, swimming pools, arenas, golf courses, zoo, libraries, etc.)** | | | | | | | | |
| 5286/89 | 10,967,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 1,096,700 | 331,670 | 10,152,473 |
| 8138/02 | 5,756,395 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 246,969 | 1,036,576 | - |
| 86/2003 | 904,004 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 34,104 | 135,777 | - |
| | 17,627,399 | | | | | 1,377,773 | 1,504,023 | 10,152,473 |
| ***PARKS AND RECREATION*** | | | | | | | | |
| 7368/99 | 2,739,900 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 146,585 | 82,862 | 955,233 |
| 6090/93 | 5,360,525 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 502,549 | 162,116 | 3,653,018 |
| 6300/94 | 5,648,659 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 451,893 | 170,830 | 3,506,265 |
| 86/2003 | 434,601 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 16,395 | 65,275 | - |
| 6620/95 | 850,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 77,563 | 25,706 | 469,867 |
| | 15,033,685 | | | | | 1,194,985 | 506,789 | 8,584,383 |
| ***LIBRARIES*** | | | | | | | | |
| 7368/99 | 376,500 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 20,143 | 11,386 | 131,261 |
| 6090/93 | 100,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 9,375 | 3,024 | 68,147 |
| 6300/94 | 73,040 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 5,843 | 2,209 | 45,338 |
| 86/2003 | 175,242 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 6,611 | 26,321 | - |
| 6620/95 | 10,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 913 | 303 | 5,527 |
| | 734,782 | | | | | 42,885 | 43,243 | 250,273 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***PROTECTION*** **(firehalls, police garage and public safety building)** | | | | | | | | |
| 5286/89 | 940,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 94,000 | 28,428 | 870,186 |
| 8138/02 | 2,639,803 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 113,256 | 475,359 | - |
| 86/2003 | 803,090 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 30,297 | 120,620 | - |
| | 4,382,893 | | | | | 237,553 | 624,407 | 870,186 |
| ***FIRE*** | | | | | | | | |
| 7368/99 | 403,500 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 21,587 | 12,203 | 140,675 |
| 6090/93 | 1,300,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 121,875 | 39,315 | 885,907 |
| 6300/94 | 13,791 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 1,103 | 417 | 8,560 |
| 86/2003 | 216,179 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 8,155 | 32,470 | - |
| 6620/95 | 2,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 183 | 60 | 1,106 |
| 7000/97 | 1,800,000 | Nov. 17, 1997-2017 | CAN | 5.000 | 6.250 | 112,500 | 54,432 | 777,965 |
| | 3,735,470 | | | | | 265,403 | 138,897 | 1,814,213 |
| ***POLICE*** | | | | | | | | |
| 7368/99 | 2,066,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 110,531 | 62,481 | 720,286 |
| 6090/93 | 1,600,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 150,000 | 48,388 | 1,090,346 |
| 6300/94 | 335,678 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 26,854 | 10,152 | 208,364 |
| 86/2003 | 42,059 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 1,587 | 6,317 | - |
| 6620/95 | 100,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 9,125 | 3,024 | 55,278 |
| | 4,143,737 | | | | | 298,097 | 130,362 | 2,074,274 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***HEALTH AND SOCIAL DEVELOPMENT*** **(urban renewal, community health centres and hospital capital grants)** | | | | | | | | |
| 5286/89 | 1,030,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 103,000 | 31,150 | 953,502 |
| 8138/02 | 1,400,289 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 60,077 | 252,155 | - |
| 6090/93 | 150,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 14,063 | 4,536 | 102,220 |
| 6300/94 | 12,723 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 1,018 | 385 | 7,897 |
| 86/2003 | 776,416 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 29,290 | 116,614 | - |
| | 3,369,428 | | | | | 207,448 | 404,840 | 1,063,619 |
| ***SPECIAL PROJECTS*** | | | | | | | | |
| 5286/89 | 4,800,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 480,000 | 145,164 | 4,443,501 |
| 8138/02 | 2,208,144 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 94,736 | 397,629 | - |
| 6090/93 | 14,098,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 1,321,688 | 426,360 | 9,607,315 |
| 6300/94 | 2,267,324 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 181,386 | 68,570 | 1,407,385 |
| 86/2003 | 902,640 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 34,052 | 135,572 | - |
| 6620/95 | 667,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 60,864 | 20,172 | 368,707 |
| | 24,943,108 | | | | | 2,172,726 | 1,193,467 | 15,826,908 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***CONVENTION CENTRE*** | | | | | | | | |
| 5286/89 | 500,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 50,000 | 15,121 | 462,865 |
| 8138/02 | 131,603 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 5,646 | 23,698 | - |
| 6090/93 | 225,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 21,094 | 6,805 | 153,330 |
| 6620/95 | 3,100,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 282,875 | 93,752 | 1,713,631 |
| | 3,956,603 | | | | | 359,615 | 139,376 | 2,329,826 |
| ***OVERHEAD WALKWAYS*** | | | | | | | | |
| 86/2003 | 112,943 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 4,261 | 16,963 | - |
| ***CORE AREA PROGRAM*** | | | | | | | | |
| 5286/89 | 12,000,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 1,200,000 | 362,911 | 11,108,752 |
| 8138/02 | 5,921,292 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 254,043 | 1,066,269 | - |
| 86/2003 | 2,862,433 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 107,986 | 429,922 | - |
| 6620/95 | 235,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 21,444 | 7,107 | 129,904 |
| 7000/97 | 1,000,000 | Nov. 17, 1997-2017 | CAN | 5.000 | 6.250 | 62,500 | 30,240 | 432,203 |
| | 22,018,725 | | | | | 1,645,973 | 1,896,449 | 11,670,859 |
| ***NORTH PORTAGE DEVELOPMENT*** | | | | | | | | |
| 8138/02 | 816,230 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 35,019 | 146,982 | - |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***LAND ACQUISITION*** | | | | | | | | |
| 86/2003 | 105,259 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 3,971 | 15,809 | - |
| ***INFRASTRUCTURE*** | | | | | | | | |
| 7368/99 | 2,100,000 | Feb. 2, 1999-2007 | CAN | 5.000 | 5.350 | 112,350 | 63,509 | 732,140 |
| 6620/95 | 25,000,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 2,281,250 | 756,065 | 13,819,609 |
| | 27,100,000 | | | | | 2,393,600 | 819,574 | 14,551,749 |
| ***INFRASTRUCTURE - STREETS AND BRIDGE*** | | | | | | | | |
| 7000/97 | 1,600,000 | Nov. 17, 1997-2017 | CAN | 5.000 | 6.250 | 100,000 | 48,384 | 691,524 |
| ***COMMUNITY IMPROVEMENT PROGRAM*** | | | | | | | | |
| 7368/99 | 1,250,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 66,875 | 37,803 | 435,798 |
| ***WINNIPEG DEVELOPMENT AGREEMENT*** | | | | | | | | |
| 7368/99 | 2,000,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 107,000 | 60,485 | 697,276 |
| ***SPECIAL PROJECTS - PARKS AND RECREATION*** | | | | | | | | |
| 7368/99 | 1,215,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 65,003 | 36,745 | 423,595 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## TAX-SUPPORTED DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***SPECIAL PROJECTS - COMMUNITY SERVICES*** | | | | | | | | |
| 7368/99 | 428,500 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 22,925 | 12,959 | 149,391 |
| ***SPECIAL PROJECTS - LAND AND DEVELOPMENT*** | | | | | | | | |
| 7368/99 | 2,367,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 126,635 | 71,584 | 825,226 |
| ***SPECIAL PROJECTS - ASSESSMENT*** | | | | | | | | |
| 7368/99 | 1,582,500 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 84,664 | 47,859 | 551,720 |
| ***SPECIAL PROJECTS - CORPORATE FINANCE*** | | | | | | | | |
| 7368/99 | 90,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 4,815 | 2,722 | 31,377 |
| ***SPECIAL PROJECTS - BUSINESS LIAISON*** | | | | | | | | |
| 7368/99 | 5,000 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 267 | 151 | 1,743 |
| **Tax-Supported Total** | **324,745,844** | | | | | **24,076,245** | **19,481,961** | **159,915,726** |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***TRANSIT SYSTEM*** | | | | | | | | |
| 5286/89 | 3,000,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 300,000 | 90,728 | 2,777,188 |
| 8138/02 | 2,133,935 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 91,553 | 384,266 | - |
| 6090/93 | 5,000,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 468,750 | 151,213 | 3,407,333 |
| 6300/94 | 6,500,000 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 520,000 | 196,577 | 4,034,713 |
| 86/2003 | 1,280,545 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 48,309 | 192,331 | - |
| 6620/95 | 7,000,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 638,750 | 211,698 | 3,869,490 |
| | 24,914,480 | | | | | 2,067,362 | 1,226,813 | 14,088,724 |
| ***WATERWORKS SYSTEM*** | | | | | | | | |
| 5286/89 | 1,500,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 150,000 | 45,364 | 1,388,593 |
| 6090/93 | 5,000,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 468,750 | 151,213 | 3,407,333 |
| 6300/94 | 13,000,000 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 1,040,000 | 393,153 | 8,069,427 |
| 6620/95 | 25,000,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 2,281,250 | 756,065 | 13,819,609 |
| 72/2006 | 60,000,000 | July17, 2006-2036 | CAN | 5.000 | 5.200 | 3,120,000 | 984,000 | 2,053,711 |
| 72/2006B | 100,000,000 | July17, 2008-2036 | CAN | 4.500 | 5.200 | 5,200,000 | 185,200,000 | - |
| | 204,500,000 | | | | | 12,260,000 | 187,529,795 | 28,738,673 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***SEWAGE DISPOSAL SYSTEM*** | | | | | | | | |
| 5286/89 | 11,000,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 1,100,000 | 332,668 | 10,183,022 |
| 8138/02 | 5,547,466 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 238,005 | 998,953 | - |
| 6090/93 | 40,000,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 3,750,000 | 1,209,703 | 27,258,661 |
| 6300/94 | 35,000,000 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 2,800,000 | 1,058,491 | 21,725,380 |
| 86/2003 | 2,450,248 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 92,436 | 368,014 | - |
| | 93,997,714 | | | | | 7,980,441 | 3,967,829 | 59,167,063 |
| ***SOLID WASTE DISPOSAL*** | | | | | | | | |
| 5286/89 | 1,935,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 193,500 | 58,519 | 1,791,287 |
| 6620/95 | 1,000,000 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 91,250 | 30,243 | 552,784 |
| | 2,935,000 | | | | | 284,750 | 88,762 | 2,344,071 |

# THE CITY OF WINNIPEG
# TAX-SUPPORTED AND CITY-OWNED UTILITIES

## CITY-OWNED UTILITIES DEBENTURE DEBT BY PURPOSE (continued)

*As at December 31, 2008*

| By-law Number | Amount of Debt | Term of Debt | Payable | Interest Rates % Sinking Fund | Interest Rates % Debt | Annual Charges 2009 Interest | Annual Charges 2009 Principal | Sinking Fund Reserve at Dec. 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| ***CIVIC ACCOMMODATIONS*** | | | | | | | | |
| 7368/99 | 6,476,500 | Feb. 2, 1999-2009 | CAN | 5.000 | 5.350 | 346,493 | 195,866 | 2,257,954 |
| 5286/89 | 1,668,000 | Dec. 14, 1989-2009 | CAN | 5.000 | 10.000 | 166,800 | 50,445 | 1,544,117 |
| 8138/02 | 1,925,195 | Jan. 17, 2003-2013 | CAN | Serial | 5.350 | 82,597 | 346,677 | - |
| 6090/93 | 1,799,000 | Feb. 11, 1993-2013 | CAN | 5.000 | 9.375 | 168,656 | 54,406 | 1,225,958 |
| 6300/94 | 8,014,327 | Jan. 20, 1994-2014 | CAN | 5.000 | 8.000 | 641,146 | 242,374 | 4,974,694 |
| 86/2003 | 2,206,409 | Mar. 24, 2004-2014 | CAN | Serial | 4.600 | 83,238 | 331,391 | - |
| 6620/95 | 150,531 | May 12, 1995-2015 | CAN | 5.000 | 9.125 | 13,736 | 4,552 | 83,211 |
| | 22,239,962 | | | | | 1,502,666 | 1,225,711 | 10,085,934 |
| **Utility Total** | **348,587,156** | | | | | **24,095,219** | **194,038,910** | **114,424,465** |
| **Unallocated Sinking Fund Surplus** | | | | | | | | **1,817,142** |
| **Grand Total** | **$ 673,333,000** | | | | | **$ 48,171,464** | **$ 213,520,871** | **$ 276,157,333** |

Note: With passing of the new City of Winnipeg Charter in 2003, the City is no longer required to pass a by-law when it issues debentures.






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